<u>Opening Statement</u>
Chairman Mick Mulvaney
House Subcommittee on Contracting and Workforce
"Unlocking Opportunities: Recidivism versus Fair Competition in Federal Contracting"
June 28, 2012

Good morning. I call this hearing to order.

The existence of prison labor industries has been a contentious issue in the United States for over a hundred years, particularly due to their effect on private industries. In today's tough economy, tension surrounding this issue has intensified as Federal Prison Industries, or UNICOR, contracts with the government in industries that face declining growth in America and small businesses fight to survive in this tough economy.

While the Federal Bureau of Prisons highlights UNICOR's benefits to society by reducing recidivism rates, small firms attest to the difficulties in competing on contracts with an organization does not need to account for healthcare, taxes, and minimum wage upon submitting a bid. Further, despite previous efforts to move UNICOR from being strictly a mandatory source to an entity that competes for contracts, small businesses are still concerned that UNICOR is allowed to compete for set-aside contracts. These include contracts set aside for small business, as well as contracts set aside for socially and economically disadvantaged firms, service-disabled veterans, women, and HUBZones. Additionally, remaining mandatory source provisions requiring that the government contract with UNICOR reduces opportunities for small business growth.

In light of this, it is no surprise that over the past twenty years Congress has been active in enacting legislation to reduce unfair competition and mitigate the effects of UNICOR on small business. Today, this trend is continuing in Congress with bipartisan support and we are fortunate to have Rep. Bill Huizenga from Michigan testifying on our second panel about H.R. 3634, the *Federal Prison Industries Competition in Contracting Act of 2011*.

In addition to Rep. Huizenga's testimony, we will also examine several other small business concerns with UNICOR's program. The first panel will feature Mr. Phil Sibal the Deputy Assistant Director of UNICOR, and the third panel will include small business owners and representatives from associations affected by Federal Prison Industries competition in the federal procurement marketplace. We also are fortunate today to have Rep. Bill Flores from Texas joining us today to introduce Ms. Boenigk, who hails from his district. I'd like to thank all our witnesses for being here today, and I look forward to your testimony on this critical issue.

As small firms struggle to overcome this tough economy, this Subcommittee has been active in ensuring small business contractors receive equitable contracting opportunities. It is imperative that the government does not unfairly compete at the expense of small contractors through its wholly owned-subsidiary corporation, Federal Prison Industries. While reducing recidivism is a worthy goal, it must be achieved without negatively effecting small firms. It is my hope that today's examine will provide insight into this important topic.

I now yield to Ranking Member Chu for her opening remarks.