

**Congress of the United States**  
**U.S. House of Representatives**  
**Committee on Small Business**  
2361 Rayburn House Office Building  
Washington, DC 20515-6315

**NOTICE OF HEARING**

**October 6, 2011**

**10:00 A.M. 2360 Rayburn House Office Building**

**TO: Members, House Small Business Subcommittee on Contracting and Workforce**

**FROM: Mick Mulvaney, Chairman**

**DATE: Thursday, September 29, 2011**

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The House Small Business Subcommittee on Contracting and Workforce will meet for a hearing titled, *Subpar Subcontracting: Challenges for Small Businesses Contractors*. The hearing is scheduled to begin at **10:00 A.M. on October 6, 2011, in Room 2360 of the Rayburn House Office Building.**

The hearing will address challenges small businesses face with subcontracting, both when the small business is the prime contractor and when it is the subcontractor. Specifically, the Subcommittee will look at three issues: problems with laws intended to prevent pass-through contracts, the issue of large prime contractors not fulfilling their subcontracting plans, and finally problems with the systems designed to track subcontracting. Pass-through contracts are violations of the limitation on subcontracting provisions in the Small Business Act, and result from large businesses hiding behind small prime contractors and then performing the majority of the work. This denies opportunities to legitimate small businesses, but the current rules and systems create both compliance and enforcement challenges. With subcontracting plans, large businesses are required to provide opportunities for small businesses as subcontractors on government contracts, but again there are enforcement and compliance problems which translate to lost opportunities for small businesses. In both cases, the Subcommittee will examine whether the underlying computer systems – ESRS and FSRS – are failing to adequately address compliance and fraud issues.

A staff briefing will be held on Monday, October 3, 2011, at 2:00 P.M. in Room 2360 of the Rayburn House Office Building.

If you or your staff has questions, please call Emily Murphy, Senior Counsel for the Committee, at x55821.