



**Opening Statement of Chairman Hardy
Subcommittee on Contracting and Workforce
Subcommittee on Investigations, Oversight and Regulations
“The Blacklist: Are Small Businesses Guilty Until Proven Innocent?”
Tuesday, September 29, 2015 10:00 A.M.**

Thank you Chairman Hanna. I am pleased that our Subcommittees are holding this hearing to examine the impact of Executive Order 13,673 on small businesses. In my opinion, this executive order is just another example of executive overreach that has become the hallmark of the Obama Administration, and it could have devastating effects on small government contractors.

I agree that the companies who are considered “bad actors” in their field should not be rewarded with federal contracts, but there is already a process that allows the federal government to weed out these “bad actors.” Instead of using the existing process, the Obama Administration is going to impose significant new burdens on all federal contractors, even though it says that “the vast majority of federal contractors play by the rules.”

Small businesses should not be forced to settle unproven claims, they should not be forced to disclose commercially sensitive information to their competitors, and they also should not be forced to report information that the federal government already has. Most importantly, they should not be blacklisted from participating in federal contracting based on accusations where they may ultimately be proven innocent, or for past labor law violations in which they have already paid fines and otherwise corrected.

I am particularly concerned that this executive order will lead to fewer small businesses selling goods and services to the federal government. We need a healthy industrial base, with many small businesses working to provide the government with innovative goods and cost-effective services. When fewer small businesses compete for federal contracts, the outcome will be less innovation and higher cost for taxpayers. This is not good for the United States.

I cannot help but think that the additional mandates that have been piled onto government contractors by the Obama Administration has led some small businesses to leave the federal marketplace and discouraged others from entering it. After all, increasing the cost and complexity of government contracting makes it more difficult for small businesses to sell goods and services to the federal government.

I would like to thank the witnesses for appearing before the Subcommittees today. I look forward to hearing the concerns of the small government contractors, and I look forward to discussing their concerns with the representatives from the Department of Labor and the Federal Acquisition Regulatory Council.

Mr. Chairman, I yield back.

