



**Opening Statement of
Chairman Sam Graves
House Committee on Small Business
Hearing: “Beyond the Size Standards: Sustainability of Small Business Graduates”
September 14, 2011**

Good afternoon. The hearing will come to order.

We are here today to talk about what happens to companies once they outgrow the Small Business Administration’s definition of small. According to the Small Business Act, a small business is one that is independently owned and operated, and which is not dominant in its field of operation. The Small Business Administration further restricts the definition by applying size standards, which cap the number of employees or the amount of annual receipts a firm may have if it wishes to qualify as small.

One reason for the definitions is to establish which companies will have access to small business government contracting programs. As our country spent over half a trillion dollars through federal contracts last year, and given that there is a goal of awarding 23% of those dollars to small business prime contractors, access to these programs translates into real opportunities for small firms. It also creates a tension – what happens to firms when they no longer qualify as small according to SBA size standards, but which still meet the Small Business Act definition of small.

I am joined today on the dais by Congressmen Mike Rogers, and our first witness is Congressman Gerry Connolly. Both of these gentlemen have seen the challenges faced by firms that are independently owned, operated and not dominant in their field of operations when they outgrow the SBA’s size standards. Consequently, both of my colleagues have proposed pilot programs to address the challenges facing medium-sized businesses. I look forward to hearing more about their proposals.

However, as the Committee considers these proposals, we do so with two mandates in mind. First, any medium-sized pilot must benefit taxpayers and the government. Even the best crafted pilot will incur costs, and will create an additional requirement for contracting personnel. It would be fiscally irresponsible to pursue such a policy unless we save the government money, create jobs, and improve the health of the industrial base.

The second mandate is fundamental to this Committee: we must protect small businesses, so that they can continue creating jobs, introducing innovations, and increasing competition. I strongly believe in the value of a vigorous small business contracting community, and advocate increasing the small business goal from 23% to 25%, but at this time the Administration is awarding only a little more than 20% of prime contracts dollars to small firms. Given that the

current small business goals are not being met, how do we ensure that a new program for larger businesses will not make it harder for small businesses to compete?

With us today, we have advocates for and against a medium-sized business pilot, which should help the Committee analyze these important issues. I thank our witnesses for their participation and welcome our guest, Congressman Rogers, to the dais.

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