

March 30, 2018

The Honorable Mick Mulvaney  
Director Office of Management and Budget  
Eisenhower Executive Office Building  
1650 Pennsylvania Avenue  
Washington D.C. 20502

Dear Director Mulvaney:

On behalf of the member companies of the Professional Services Council (PSC), I write to convey our association's concerns regarding the expiration of the OMB policy providing accelerated payments to small businesses and to urge you to act to restore prompt payments to small businesses and small business subcontractors.

Originally established in 2011 by Office of Management and Budget (OMB) Memorandum M-11-32, "Accelerating Payments to Small Businesses for Goods and Services," and most recently extended through Memo M-17-13, "Extension of Policy to Provide Accelerated Payment to Small Business and Small Business Subcontractors," this directive helped ensure that small businesses who work with the federal government are paid in a timely manner for the goods and services provided. Unfortunately, OMB has not renewed the subcontract part of the directive, which lapsed on December 31, 2017.

PSC is the voice of the government technology and professional services industry, representing the full range and diversity of the government services sector, including businesses of all sizes that are impacted by this policy—and now by its expiration.

This policy is a critical life line for small businesses who work in the federal market and its impacts are wide-spread. Small business primes and subcontractors rely on a predictable and steady cash flow to finance their day to day operations, while concurrently investing in growth and job creation. Large primes depend on the small business subcontractors' participation in the marketplace to maintain a healthy supply chain and meet the government's small business goals. The government relies on a diverse business base to foster greater competition and drive down prices.

PSC first expressed our concerns about this on June 22, 2017 in response to your memo: M-17-26 titled "Reducing Burden for Federal Agencies by Rescinding and Modifying OMB Memoranda." In our letter<sup>1</sup> we noted the confusion among contracting officers related to the reporting requirements and urged you to issue a new memo restating the underlying policy.

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<sup>1</sup> See: <https://www.pscouncil.org/Downloads/documents/PSC%20Letter%20on%20OMB%20Memos%206.22.17.pdf>

In recognition of the importance and the impact of this policy's expiration, members of the House Small Business Committee—including the Chairman and Ranking Member, and the Chairman of the Subcommittee on Contracting and Workforce—have introduced the Accelerated Payments for Small Businesses Act of 2018 (H.R. 5337), which will permanently and statutorily require the policy of prompt payments for small businesses and small business subcontractors. PSC has endorsed this legislation.<sup>2</sup>

While PSC and our member companies believe codifying this policy on a permanent basis will provide the contractor community with payment predictability and help companies of all sizes assist government agencies in meeting mission needs, we do not believe that OMB should wait for Congress to act before restoring this policy. Accordingly, we urge you to expeditiously issue a new memo that directs federal agencies to ensure small business prime contractors and subcontractors receive accelerated payments appropriately.

Thank you for your time and your attention to this important issue. If you have any questions or need additional information, please do not hesitate to contact me.

Respectfully,



Alan Chvotkin  
Executive Vice President and Counsel

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<sup>2</sup> See: <https://www.pscouncil.org/Downloads/documents/Advocacy-Policy%20Docs/Accelerated%20Payments%20for%20Small%20Businesses%20Act-%20Letter%20of%20Support%20FINAL.pdf>