

May 9, 2018

The Honorable Steve Knight
1023 Longworth House Office Building
Washington, D.C. 20515

Dear Congressman Knight:

On behalf of the member companies of the Professional Services Council (PSC), I write to convey our association's strong support for your amendment to the Fiscal Year 2019 National Defense Authorization Act, to restore prompt payments to small businesses and small business subcontractors who support the Department of Defense. 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 impacted by this policy.

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," the directive has helped ensure that small businesses who work with any federal agency 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.

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.

Accordingly, PSC urges the Committee to adopt this amendment today and work to extend the policy government-wide. Codifying this policy would provide the government contractor community with stability on a permanent basis.

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

Respectfully,



Alan Chvotkin
Executive Vice President and Counsel

CC: House Armed Services Committee Chairman Mac Thornberry and Ranking Member Adam Smith