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March 19, 2018

Chairman Knight
Subcommittee on Contracting and
Workforce
2361 Rayburn House Office Building
Washington, DC 20515

Ranking Member Murphy
Subcommittee on Contracting and
Workforce
2361 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Knight and Ranking Member Murphy:

As the President and CEO of the largest U.S. defense and aerospace association, I am writing in support of new legislation being introduced in the House Small Business Committee upholding accelerated payment methods to small businesses and to small business subcontractors. The National Defense Industrial Association (NDIA) represents more than 1,600 corporate and over 80,000 individual members from small, medium, to large-scaled U.S. contractors. Our members directly feel the impact of any policy change made in how the U.S. equips its warfighters.

As you know, it is extremely important for small businesses to receive payments in a timely manner. Since the inception of the Office of Management and Budget's (OMB) accelerated payment policy in 2011 that sought to expedite payments to small businesses, payment times for many small business subcontractors have been cut from 30 days to 15 days or less. Paying small business suppliers faster facilitates access to working capital at lower costs and helps facilitate growth opportunities. While OMB Memo M-11-32 presently gives relief to small businesses, OMB Memo M-12-16 – accelerating payments to large primes with small business subcontractors – expired in December 2017. While the U.S. Government states that OMB Memo M-12-16 was always a temporary fix, it has been extended multiple times, signaling to small businesses a long term solution. The failure to renew OMB M-12-16 is creating uncertainty for our members, as reduced cash flows stemming from the termination would result in increased debt for many of our members. We also fear this would discourage commercial companies from choosing to do business with the U.S. Government.

Small Business growth is vital for the U.S. economy, as nearly half of all private sector employees in the U.S. work for a small business. We hope you will appreciate the concerns of our members and act to extend these policies. If you or your staff has any questions, please contact Wes Hallman, SVP of Policy, at whallman@ndia.org or (703) 247-2595.

Sincerely,

A handwritten signature in black ink, which appears to read "H. J. Carlisle" with a stylized flourish.

Herbert J. Carlisle
General, USAF (Ret)
President & CEO