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Bill would increase oversight of prime-subcontractor relations

The bill would pressure companies to keep a clean performance record by paying subcontractors on time

- By [Matthew Weigelt](#)
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A prime contractor's reputation could be tarnished if it fails to pay its subcontractors on time under a newly introduced bill.

Prime contractors would have to notify an agency's contracting officer whenever they reduce payment to subcontractors or when they are three months late in paying them even though the government has paid for the services, according to the Small Business Revitalization Act (S. 2989), which was introduced Feb. 4.

If the payment delays happen, contracting officers would be required to consider the company's failure to pay the subcontractors on time when evaluating the company's past performances as a government contractor, the bill states.

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Furthermore, contracting officers may require a company with a history of slow payments to subcontractors to enter into a funds control agreement so subcontractors would be paid, according to the bill.

An underlying reason for the bill is aiding small business in today's economy. The bill's sponsor, Sen. Mary Landrieu (D-La.), chairwoman of the Senate Small Business and Entrepreneurship Committee, said government contracting is one of the easiest ways to increase sales for small businesses.

The legislation also makes sure small businesses are actually small. The bill would irrefutably presume that a company stole money from the United States if it lied about its size in order to be awarded a small-business set-aside contract. And a company is saying it is indeed a small business when a company bids or submits a proposal for a set-aside contract, the bill states.

The bill also would require annual certifications of a small business' size or status in the Small Business Administration's Central Contractor Registration database or a similar database.

About the Author

Matthew Weigelt is acquisition editor for Federal Computer Week.



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