

December 6, 2017

The Honorable Mick Mulvaney
Director, Office of Management and Budget
Eisenhower Executive Office Building
1650 Pennsylvania Avenue, NW
Washington, DC 20502

Subject: Accelerated Payment to Small Business and Small Business Subcontractors
OMB Memo M-17-13, "Extension of Policy to Provide Accelerated Payment to
Small Business and Small Business Subcontractors," dated January 11, 2017

Dear Director Mulvaney:

We are writing to urge the Office of Management and Budget (OMB) to permanently extend the objectives contained in OMB Memo M-17-13, "Extension of Policy to Provide Accelerated Payment to Small Business and Small Business Subcontractors," prior to its expiration on December 31, 2017. Ending this government-wide policy would present a significant cash flow challenge for small businesses, which represent a fundamental part of the government contracting supply chain.

The economic benefits of accelerated payments for small businesses are substantial. In 2014, the federal government purchased \$83 billion in goods and services from small businesses through prime contracting procurements. Across the entire U.S. economy, nearly half of all private sector employees in the U.S. work for a small businesses. Moreover, small businesses accounted for over 60 percent of net new jobs created over the past two decades.

Since the inception of the OMB program in 2011, payment times for many small business subcontractors have been cut from 30 to under 15 days. Paying small business suppliers faster facilitates access to working capital at lower costs and helps facilitate growth opportunities.

Failure to renew this policy would have an immediate negative economic impact on small businesses supporting government contracts across all agencies. Most immediately, reduced cash flow stemming from the policy's termination would result in increased debt for many small businesses. While profit margins do not generally draw companies into the federal marketplace, prompt cash flow does. Ending the accelerated payment policy could discourage many commercial companies from choosing to do business with the government.

In order to continue increasing the economic strength of American small businesses, we strongly support a permanent policy on government-wide accelerated payments. We believe such action would enhance the strength and stability of the supply chain and further incentivize small business to participate in government contracting.

Sincerely,

Aerospace Industries Association
Air Conditioning Contractors of America
America's Small Business Development Centers
American Road & Transportation Builders Association
American Subcontractors Association
Associated Builders and Contractors
Associated General Contractors of America
Global Cold Chain Alliance
IT Alliance for Public Sector
National Association for the Self-Employed
National Association of Electrical Distributors
National Defense Industrial Association
National Federation of Independent Business
National Small Business Association
Promotional Product Association International
Secondary Materials and Recycled Textiles Association
Small Business & Entrepreneurship Council
Small Business Legislative Council
Specialty Equipment Market Association
Specialty Tools & Fasteners Distributors Association
The Latino Coalition
U.S. Chamber of Commerce
Women Impacting Public Policy