

Senate Small Business Committee Hearing on “Running Government Like a Small Business: Cut Waste, Crush Fraud”

Statement by Senator Dan Sullivan | December 10, 2025

Fraud, waste, and abuse have no place in federal programs. We should root out bad actors and hold those violating the law accountable.

But in doing so, we shouldn't jeopardize the thousands of small businesses that are doing critical work for the federal government, particularly through contracting programs such as the Small Business Administration's (SBA) 8(a) Business Development Program. For more than 40 years, this program has been one of the most effective engines of economic mobility for disadvantaged communities.

The 8(a) Program is a voluntary contracting tool established under Section 8(a) of the Small Business Act. Its participants are among the nation's most capable, mission-driven small businesses. Most deliver specialized, high-quality performance; provide pricing transparency; and save the government significant time and money, with lower administrative costs than large contractors and the avoidance of months, if not years, of procurement protests and delays.

Why is the 8(a) Program so important? Many of these firms directly support the Department of Defense, and over a dozen senior DoD leaders have repeatedly told me that the 8(a) Program is central to our national security and to this Administration's goal of restoring lethality at the Pentagon. For example, I visited an 8(a) firm that designed, built, and delivered modified Harpoon MRAP vehicles to the beaches of Taiwan in under a year. Under a large-contractor award, those vehicles would likely have taken many months, if not years, due to higher overhead and the procurement protests that routinely slow traditional contracting. Moreover, contracting with 8(a) firms ensures that the DoD retains ownership of intellectual property (IP), allowing the government to maintain greater control over sensitive technologies and capabilities, thereby safeguarding the nation's security interests. The success of the 8(a) Program in delivering high-quality, mission-critical services is reflected in the consistent exemplary Contractor Performance Assessment Reporting System (CPARS) ratings that these businesses receive. This strong track record is a testament to their ability to meet and exceed the DoD's mission requirements, contributing to a more robust and effective national defense in an era of heightened authoritarian aggression. Don't just take my word for it; here is what *some* Pentagon leaders said in response to my questions during their nomination hearings:

- General Wilsbach, Chief of Staff for the Air Force: We will definitely continue to seek opportunities to match their outstanding capabilities and value with our pressing warfighter requirements. We need to get the best bang for our dollar, so their combination of efficiency and effectiveness – and ability to deliver rapidly and with agility – gives our Air Force warfighters a needed edge. The DAF is firmly committed to leveraging the capabilities of small businesses, including those participating in the SBA 8(a) program, to equip our warfighters with cutting-edge technology and agile solutions.

- Michael Cadenazzi, Assistant Secretary of Defense for Industrial Base Policy: This infusion of speed and innovation strengthens the defense industrial base, resulting in effective outcomes for the Department.
- Under Secretary of Defense for Acquisition and Sustainment, Michael Duffey: I am aware of the SBA's 8(a) program and that the Department has multiple programs that have successfully connected with 8(a) firms to bring their speed and innovation into the industrial base. To the extent those firms deliver accelerated capability to the warfighter, I would agree that the 8(a) program is a valuable contracting tool for the Department of Defense.
- Justin Overbaugh, Deputy Under Secretary of Defense for Intelligence & Security: I recognize that rapid response capabilities are critical for warfighters, and the 8(a) program offers a valuable avenue for achieving this through flexible, secure, and efficient contracting.
- Daniel Zimmermann, Assistant Secretary of Defense for International Security Affairs: I appreciate the unique value brought to the DoD through programs like 8(a) that are known for efficiency and high CPARS marks. If confirmed, I will work to ensure such programs continue to deliver cost-effective solutions.

Recently, I retired after 30 years in the U.S. Marine Corps, where I saw firsthand the destructive DEI policies the Biden Administration imposed on our military that had nothing to do with warfighting. I am a full supporter of Secretary Hegseth's focus on getting rid of DEI in the ranks. However, let me also address a misconception: Native American participation in the 8(a) Program is not a DEI initiative or race-based affirmative action, and, as noted above, has repeatedly made our military more lethal. It is grounded in Congress's explicit recognition of the political and legal status of American Indians, Alaska Natives, and Native Hawaiians – a status reaffirmed repeatedly by federal statute, the Courts, and the SBA itself, when Administrator Loeffler recently stated in writing to me that Executive Order 14151 does not apply to Native programs. This is about self-determination, not race.

Further, the SBA should focus on innovation and on strengthening small businesses' ability to grow and compete in the American free market. And as part of that effort, the agency should regularly evaluate its own policies to ensure they are not inadvertently creating barriers to entry. For example, the "bona fide place of business" rule, which forced an 8(a) firm to open and staff a physical office in a state outside of where it is headquartered, before even bidding on a contract, was an ill-conceived, unworkable barrier to entry, and quintessential red tape designed to keep small businesses down. I appreciate that, after years of pushing the SBA, the agency issued a policy notice this week eliminating this pre-award requirement. This is a positive step that will help small firms participate more fully and effectively in federal contracting.

To my colleagues, the 8(a) Program also closely aligns with conservative principles of limited government, market-based solutions, and respect in helping meet the federal trust obligation to Indigenous communities. It encourages Native American communities to build sustainable businesses rather than rely on direct federal aid and leverages private-sector efficiency rather than expanding entitlement programs.

I support rigorous oversight so that these success stories of the 8(a) Program continue and generate economic opportunity in the communities that need it most, promote self-reliance, deliver value to taxpayers, and fulfill the United States' trust and treaty obligations.