

Congress of the United States
Washington, DC 20515

July 11, 2024

The Honorable Isabella Casillas Guzman
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, D.C. 20416

Dear Administrator Guzman,

We write to express concerns regarding the Small Business Administration's (SBA) planned Certification upgrade.¹ During this upgrade, the SBA intends to halt certification for new applications beginning on August 1, 2024, and is currently encouraging prospective small business applicants to wait until the upgrade is finished to apply.² While we agree with the decision to improve this critical technology platform, we are deeply concerned with the ill-conceived timeline and lack of consideration the SBA has shown towards small businesses in making this decision. SBA should delay this upgrade until after the close of Fiscal Year (FY) 2024 rather than continue with this harmful timeline.

On June 13, 2024, the SBA held a last-minute call with SBA's House and Senate authorizing Committees to alert staff about the SBA's intention to close the certification system for upgrade during the entire month of August.³ It was relayed that no new applications would be processed during this time.⁴ The sudden announcement of an impending certification shutdown does not provide enough time for small businesses to react or reorganize. Many small businesses are likely to remain unaware of this development until the moment they seek to access the certification portal, only to discover it is nonoperational. Further, the SBA does not seem to have a clear or comprehensive communications strategy. It is unreasonable for the SBA to assume full public awareness by simply posting information buried on its website, less than six weeks prior to the system shutdown. It is also unclear whether the SBA has appropriately informed its resource partners, as it will impact the services those entities can provide.

We have serious concerns with the SBA's decision to shut down the certification portal at the end of the fiscal year. Historically, a large portion of contracts are awarded in September.⁵ Therefore, small businesses risk missing valuable contracting opportunities as contracting

¹ <https://certify.sba.gov/upgrade>

² SBA Certification Upgrade, <https://certify.sba.gov/upgrade> (last accessed June 21, 2024).

³ In a calendar invitation titled "*SBA Certification Update*" sent from George Holman, Associate Administrator for the SBA's Office of Congressional and Legislative Affairs, to House and Senate Small Business Committee staff. It was relayed during the call that "Next week, SBA plans to announce a system upgrade to our certifications system and we wanted to give the Hill a heads up before it is public. We expect you could hear from your constituents or other House/Senate offices. Larry Stubblefield with GCBD will be available to answer your questions."

⁴ *Id.*

⁵ <https://www.usaspending.gov/search/?hash=cc987dd0150b592a60d37401e448a0c1> – last accessed June 24, 2024 at 2:48PM

officers attempt to obligate funds by the end of the fiscal year to meet certain small business goals. Closing the certification portal during this critical juncture, especially as such upgrades do not appear to be time-sensitive or essential, displays a worrisome insensitivity to small businesses new to federal contracting.

Additionally, the SBA's fact sheet on the certification upgrade provides little to no information as to what upgrades the SBA plans to pursue.⁶ It tells the public only two things: 1) new certifications are halted starting August 1, 2024, with a loose restart date of "early September"; and 2) all of the SBA's certification programs are affected.⁷ For small businesses seeking answers, the fact sheet simply directs them to contact the agency via email, without any reassurances as to how the agency plans to address concerns. Furthermore, an undefined relaunch date fails to provide the public or Congress with any measure of confidence regarding when normal operations will resume, or what contingency plans the agency may have if the project faces unexpected delays. Lacking such information, it is unclear why the SBA needs to undertake this massive disruption in services in August.

The timeline of the certification update is especially concerning as the final rule to eliminate self-certification for Service-Disabled Veteran-Owned Small Businesses (SDVOSBs) was published only a few weeks ago.⁸ It is unclear whether the certification upgrade will impact the SBA's VetCert or MySBA portals. As SDVOSBs have recently been told that they need to apply for certification, new registrants may be dismayed to learn they are unable to do so. After serving our country with honor, America's service-disabled veterans should not face unnecessary hardships or delays in pursuing contract opportunities as they seek new certification. In addition, the recent implementation of the VetCert program⁹ is evidence that much forethought and planning is necessary to execute a successful certification system at the SBA. We see no such evidence here.

Moreover, in a call with Congressional staff, SBA indicated that there was little need for concern as SBA had an excellent technical team.¹⁰ However, the SBA's Chief Information Office was not present, nor did SBA explain whether another entity would be contracted to perform the work. An agency's Chief Information Officer (CIO) is responsible for "promoting the effective and efficient design and operation of all major information resources management processes... including improvement to work processes."¹¹ The SBA is on its third CIO in either an acting or

⁶ <https://sbaone.atlassian.net/wiki/spaces/CHDB/pages/3153690633/SBA+Certifications+Upgrade#> According to my staff, the Congressional briefing provided on June 13th similarly provided very little information as to what the SBA is planning during this shutdown period.

⁷ *Id.*

⁸ 89 FR 48266, <https://www.federalregister.gov/documents/2024/06/06/2024-12252/eliminating-self-certification-for-service-disabled-veteran-owned-small-businesses>

⁹ The National Defense Authorization Act for Fiscal Year 2021 (NDAA 2021) transferred the certification function from the U.S. Department of Veterans Affairs (VA) to the SBA as of January 1, 2023. https://www.sba.gov/sites/default/files/2022-12/VetCert_FAQs_121322_508c.pdf

¹⁰ June 13th call with SBA

¹¹ 40 U.S.C. 1425 (b)(3), <https://uscode.house.gov/view.xhtml?req=granuleid:USC-1999-title40-section1425&num=0&edition=1999>

permanent role during this Administration¹² and, given the instability in that office and uncertainty whether the CIO, acting or otherwise, has been properly involved, we are unconvinced that SBA can ensure the effective upgrade of this system.

To further assist our understanding, please respond to the following no later than July 19, 2024:

1. Why has the SBA decided to close the portal to new applicants during the upgrade?
2. Has the SBA considered any alternatives that would allow for the acceptance and processing of a reduced number of applications, as opposed to a full shutdown?
3. Please explain why the SBA has decided to make these upgrades in August, just weeks before the end of the federal government's fiscal year.
4. Please provide a list of intended upgrades, with accompanying descriptions of their purpose. Please indicate how these changes will improve the customer experience for small businesses, as well as aid the Agency in detecting fraudulent applications. After completion, please provide a list of upgrades that have actually been implemented.
5. What is SBA's communication plan to ensure existing and potential firms are aware? What outreach has SBA done as of today? What gaps has SBA identified in communicating this pause that would prevent relevant firms, and those interested in certification, from preparing?
6. Does the SBA have any additional plans to inform its resource partners of this upgrade? If so, when will the SBA undertake these outreach efforts?
7. Will this upgrade impact the VetCert portal or MySBA functionality? If so, does the SBA have a plan to address any concerns that may be raised by VetCert applicants?
8. Has any guidance from the SBA's various certification programs been disseminated to any participating firms, and what information does such guidance contain?
9. How does the SBA plan to respond to inquiries received by firms facing critical deadlines? What guidance can a such a firm expect to receive from the SBA? Can the SBA commit to responding to such firms in a timely manner, within 1-3 days of receipt?
10. Please explain if and how the SBA is equipped to execute a certification system upgrade, which will impact all of its small business contracting programs, in this short timeframe.
11. SBA's website indicates that Mr. Kucharski is the Acting CIO. Is this accurate? If the website is inaccurate, who is the CIO or Acting CIO and when was this change made? Was the CIO or acting CIO involved in this decision to upgrade the Certification platform?
12. Will the SBA's activities regarding its IT Governance Framework interfere with SBA's work in upgrading the certification system?¹³
13. Are the upgrades being executed directly by SBA staff or by a contractor? If a contractor, please share the statement of work, period of performance, and deliverables as specified within the contract.
14. What are the Agency's contingency plans in the event that the planned upgrades take longer than anticipated according to the stated timeframe of "early September?" How will this be communicated to small businesses?

¹² Steve Kucharski, as acting CIO, replaces Luis Campudoni, who had also been acting since January 2022 when he took over for Keith Bluestein, the agency's CIO following Bluestein's leave of absence.

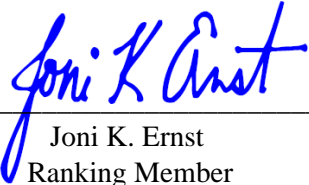
<https://federalnewsnetwork.com/reporters-notebook-jason-miller/2022/08/sba-shuffles-its-cio-chair-once-again/>

¹³ <https://www.sba.gov/sites/default/files/2024-03/SBA%20OIG%20Report%2024-10.pdf>

15. In the event that the upgrades are being done by a contractor, what penalties or remedies are included in the contract for failing to meet the timeframes required by the Agency?

Thank you for your attention to this important matter. If you have any questions, please do not hesitate to contact us or Vivian Ling on Ranking Member Ernst's staff at (202) 224-5175, or Ryan Lambert on Chairman Williams's staff at (202) 225-5821.

Sincerely,



Joni K. Ernst
Ranking Member
Senate Committee on Small Business
and Entrepreneurship



Roger Williams
Chairman
House Committee on Small Business