

**WRITTEN STATEMENT FOR THE RECORD BEFORE THE U.S. SENATE  
COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP  
PROMOTING OPPORTUNITY: THE NEED FOR TARGETED FEDERAL BUSINESS  
PROGRAMS TO ADDRESS ONGOING RACIAL DISCRIMINATION**

**Brenda Doles  
Co-Founder, HealthCare Resolution Services, Inc  
May 6, 2024**

Dear Chair Shaheen, Ranking Member Ernst, and members of the U.S. Senate Committee on Small Business and Entrepreneurship:

Thank you for the opportunity to provide a statement for the record regarding the need to address ongoing racial discrimination in targeted federal business programs supporting minority-owned businesses. My name is Brenda Doles, and I'm the co-founder of HealthCare Resolution Services, Inc (HRCS), a consulting firm in the health information management industry with nearly 30 years of experience in federal and private contracting.

First, I would like to share how thankful I am that targeted federal programs such as the U.S. Small Business Administration's (SBA) 8(a) and the Minority Business Development Agency (MBDA) exist to provide the support, guidance and assistance for small, minority-owned businesses like mine. These programs have served as a launching pad to better position my business to work with federal agencies and departments, but they have also enabled me to get in touch and build relationships with prime contractors. In fact, my small business graduated from the SBA's 8 (a) program in 2009, which better prepared me to compete for federal contracts, set my business up for success and secure opportunities with the federal government.

However, it is concerning to see how recent developments in both the federal and corporate industries are impacting programs and initiatives that support underserved and disadvantaged communities. They come at a time when even the best of efforts to reach gaps in resources and funding are falling short of levelling the playing field for minority-owned businesses like mine.

In the last few years, I've seen a steep increase in certifications and requirements to be eligible for federal contracts. Some of those requirements, although understandable, are cost-prohibitive and time-consuming, which creates barriers for my business and other small businesses, leaving us behind and taking us out of the competition. What's more, this rise in requirements and certifications for minority-owned businesses is laying bare a problematic trend—only older, well-established and well-funded businesses can meet those requirements. This, in turn, pushes smaller businesses out of the competition and makes it harder for any new small business to enter the federal contracting space.

Despite the recent increase in compliance requirements, my business has met most of them, albeit not without setbacks. One of our longest-standing contracts with the U.S. Department of Defense, awarded to us for more than 15 years, recently implemented a new requirement for small businesses to have a line of credit from a traditional financial institution. Unfortunately, due to financial challenges related to the COVID-19 pandemic, our business line of credit was terminated. And while we had sufficient funds to fulfill the contract, the lack of a line of credit disqualified us from this crucial source of funding, creating a cash flow strain on my business.

Similarly, a recent requirement from a prime contractor mandated a \$5 million cybersecurity insurance policy for my business to fulfill a contract. This requirement seems excessive for a small business, especially when our annual revenue is only \$2 million a year. These are only two examples of how increases in compliance requirements are creating barriers for small businesses like mine to participate in federal contracting but are certainly not the only harm coming our way.

What's more troubling these days is the persistent contract bundling that's plagued the industry. The federal government, in their efforts to ensure minority-owned businesses can participate in the space, are requiring contractors to have certifications and standards, which may include the Minority Business

Enterprise certification, the Women's Business Enterprise certification, or the Asian-American/Minority-Owned Business certification, to name a few. To ensure contractors can meet all the qualifications and requirements, federal agencies bundle different suppliers, big and small, so they can get a piece of the pie by combining their qualifications. But once that contract is awarded and the project starts, I never hear again from the prime contractor. I call, send emails, visit their offices and try to set up appointments, but they choose not to follow up and respond. By this time, I've already hired and purchased the equipment for said contract, making an investment that I never get back. Ultimately, the prime contractor, which is often a bigger business with more resources and funding, moves ahead and fulfills the entirety of the contract without my business or the other small businesses that were originally bundled into that contract. The prime contractor gets paid, and the sub-contractors, which hold a portion of the certifications and requirements of the initial contract, never do. So not only are we being pushed out of the contract, but we are losing thousands of dollars in equipment and staff because we didn't get to participate. This is an ongoing practice that's been the norm for years, which is detrimental to small enterprises and is running us out of business.

Therefore, it's imperative for the federal government to step in and monitor their targeted programs serving minority-owned businesses, while also mandating reasonable requirements for smaller businesses that are trying to compete in federal contracting. Despite federal agencies' efforts of creating set-aside contracts for small businesses, we still have work to do to remove and address biases and discriminatory practices in the structure of these programs.

I would encourage Congress to reassess the requirements and certifications they're asking of small businesses because they are simply outrageous, and it's effectively pushing us out of the competition and leaving us behind. If the federal government is truly serious about building equitable federal contracts, agencies need to pay close attention to contract bundling, and create checkpoints and guardrails to prevent bigger businesses from stealing, using and leveraging minority-owned businesses to win contracts.

Thank you for your time.

Sincerely,

Brenda Doles  
Co-Founder  
HealthCare Resolution Services, Inc.