



Testimony of

Jackie Ferrari

CEO and Founder, American Fashion Network  
East Syracuse, NY

House Committee on Small Business Subcommittee on  
Contracting and Infrastructure

“Leveling the Playing Field: The State of Small Business  
Contracting”

May 11, 2023

Chair LaLota, Ranking Member Scholten and Members of the Subcommittee, it is an honor to appear before you on behalf of my company, American Fashion Network (AFN). My name is Jackie Ferrari and I'm the Founder and CEO of AFN, a women-owned small business based in Syracuse, New York. I am also a member of the Women's Procurement Circle, which advocates for policies that strengthen women-owned companies that do business with the Federal Government. Over the last decade, I have seen firsthand how Congressional and Presidential attention to domestic manufacturing policies can significantly benefit small businesses like mine. I am particularly pleased that this seems to be, at least where I am sitting, a bipartisan effort. I am deeply engaged in the movement to balance global manufacturing and reduce our dependency on China. At the beginning of the COVID-19 pandemic, AFN made the decision to pursue federal work, as we watched the retail industry suffer under the economic strain of lockdowns. Thanks to these policies, AFN is able to support American workers in the process.

It has always been my goal to continue to keep manufacturing in the United States. Born and raised in Los Angeles County, California, I was able to experience the glory of American-made firsthand in the 1970s and 1980s, before many of the jobs moved overseas. Together with the U.S. government, I believe we can keep it alive. I founded AFN in 2005, and have since grown into a full manufacturing enterprise, providing clothing, fabric and promotional specialty products to the world's most prestigious retailers and corporations including, but not limited to: Amazon, Kohl's, JCPenney, American Eagle, Lucky Brand, H&M, Express, Comcast, Charter/Spectrum, Syracuse University, PETCO, and WESCO. Collectively in our supply chain, AFN fuels more than 650 jobs in the U.S. and Central America.

AFN is committed to quality and innovation through customization to our corporate partners. Our domestic manufacturing footprint features three offices in Syracuse, New York, Milwaukee, Wisconsin, and Los Angeles, California. Despite AFN's monumental growth and success in the corporate retail industry, the COVID-19 pandemic was a major setback for us. When millions of dollars in sales were canceled, I knew I had to pivot to keep my business and employees afloat. I decided to enter the federal market to diversify my business model. With the help of my partners, we began producing masks for COVID-19 protection, from design to shipping— in just five days. Domestic mask recipients of our masks included the U.S. Postal Service, Charter/Spectrum, Comcast, and America's retail sector. AFN kept Americans safe from week one of the pandemic by manufacturing Centers for Disease Control and Prevention (CDC) compliant, reusable, and washable masks.

Policies like "Buy American" that encourage small business participation and give domestic preferences in the federal procurement marketplace have allowed my business to thrive. Federal contracting opportunities provide small businesses with security and long-term stability, and an emphasis on domestic production allows us to participate in serving the federal sector.

In the fashion industry, there is a constant ebb and flow of business. In 2021, AFN won a \$52 million contract from the U.S. Marine Corps to produce a new line of fitness training uniforms for service members. I cannot express enough how grateful and proud I am for the opportunity to provide garments for U.S. military personnel. This is the biggest federal contract AFN has won to date, giving me the ability to hire an additional five employees at our headquarters, and I am looking to hire even more. This apparel is manufactured Garden Grove, California, which employs

workers 70 workers and Rochester, New York which employs 56 workers. Our contract with the Marine Corps lays the foundation and provides opportunity to steadily build our federal work.

However, this contract has not come without its challenges. We are anxiously waiting for the contract to kick-in – there have been delays and redesigns that have taken two years, and we still have not delivered a single uniform to the Marine Corps. I know this is not the only contract that experiences long delays. Speaking to my peers across industry, I know delays are commonplace. Yet, from a small business perspective, they are difficult to manage. Over these two years we have delivered two wear tests, a total of 300 pieces of samples, which required AFN’s resources. For apparel designers and manufacturers, delays disrupt our supply chain because we cannot hire or keep employees without a promise of work. Additionally, in my sector and for many small federal contractors, it is challenging to obtain capital for an indefinite delivery, indefinite quantity (IDIQ) contract. Although a five-year IDIQ provides great opportunity, since there are no guaranteed orders, it is a challenge to finance. When we receive an order – typically with a three-to-six-month delivery date – it is challenging to find a financial partner that can accommodate the need for significant capital in a short amount of time. Additionally, you do not know what to expect after delivery, which makes planning, capital, and employee retention a challenge.

On that note, a way to help U.S. apparel manufacturers stay strong is to require federal contractors to use apparel and uniforms made in the USA. While the Congress should without a doubt require all uniforms for federal employees, contractors should be required to do that as well. Not only is this a matter of pride (who wants to see a “Made in China” label on a patrol cap). Some Members of Congress have expressed interest in looking at this requirement further and I hope it will come to fruition.

From my point of view, I see a number of changes across all industries that would help increase the number of small companies that want to do business with the government, and increase the contracts awarded to small businesses:

**Better Utilization of the WOSB/EDWOSB Federal Contract Program.** According to the SBA, the government has only met its women-owned contracting goal twice since its inception. If the government is serious about doing business with women-owned companies, it should take the following steps:

- Remove the ability for firms to self-certify that they are owned and controlled by a woman by requiring an SBA certification. The SBA established a women-owned small business (WOSB)/economically disadvantaged women-owned small business (EDWOSB) certification in 2020 due to Congressional direction, as well as in response to a concern about the integrity of the program voiced by the SBA’s Office of Inspector General (OIG)<sup>1</sup>. An SBA certification is only required for WOSBs/EDWOSBs that want to use the set-aside program, which totals a relatively small number of women-owned companies—around 10,000. The number of women-owned companies listed in SAM as WOSBs, is closer to 70,000.<sup>2</sup> Congress should move to close this discrepancy and require all WOSBs/EDWOSBs who want to do business with the Federal Government to obtain this

---

<sup>1</sup> U.S. Small Business Admin. Office of Inspector Gen., Report No. 18-18, *SBA’s Women-Owned Small Business Federal Contracting Program* (2018)

<sup>2</sup> 85 Fed. Reg. 27650 (May 11, 2020)

certification. In the Senate, S.1470, the *Accountability in Women-Owned Small Business Contracting Act* does just that – increases the integrity of the program and gives federal buyers assurance that these companies are ready to do business. I encourage Members of this Committee to consider introducing similar legislation.

- Increase the goal for women-owned companies and establish a separate goal for EDWOSBs. The 5% goal for women-owned companies has only been met twice since established in 1996. It is time to raise the goal – as well as raise the total small business goal to accommodate the increase. In addition, economically disadvantaged women-owned companies deserve their own goal, considering governmentwide goals for other socioeconomic groups have increased.

**Properly Fund the Women-Owned Small Business Program Office.** The WOSB program has undergone several changes – one of the most significant is the ending of self-certification, required by the FY2015 National Defense Authorization Act (NDAA). Despite this mandate, the SBA's WOSB program has never been appropriated designated funding to ensure efficient implementation of a certification and recertification process. Currently, the program has a 6-month backlog of new applications and many pending recertification submissions. The SBA estimates the program needs 14 additional positions and approximately \$1.5 million dollars in pre-screening application and call center help desk contracts, for a total of \$3.6 million in dedicated funding for FY2024.

**Increase Utilization of Small Businesses to Counteract the Impact of Category Management.** The practice of category management, pushed by the Office of Management and Budget's (OMB) Office of Federal Procurement Policy (OFPP), has resulted in a shrinking industrial base. While I understand the attractiveness and efficiencies of large, government-wide contracts to the acquisition teams at federal agencies, this practice has decimated the number of prime awards to small businesses. Due to the growing popularity of category management, the government has begun to favor large, long-term contracts, in lieu of smaller, direct contracts. For example, Best in Class (BIC) contract spending totaled a record \$51 billion in FY2020, up 74% since FY2016. These long term governmentwide contracts require substantial resources to bid and win task orders, creating a barrier to entry for many innovative small businesses to enter or remain competitive in the federal marketplace. Additionally, the President directed a rollback on this acquisition practice in memo M-22-03. However, there does not appear to have been significant implementation of these five management actions governmentwide, and I would encourage the Committee to request a progress report on these initiatives.

**Expand Sole Source Contract Opportunities for Women, Veterans and HUBZone companies.** As government buying continues to trend toward buying through large vehicles and moving away from direct contracts, the ability for small companies to win sole source awards is more critical than ever. Sole source thresholds must be increased to make them a viable contracting solution. The current thresholds of \$4.5 million/\$7 million for manufacturers are too low to be utilized by agency acquisition teams. For a 5-year contract, these thresholds equate to less than \$1 million a year. Given the size of a typical government contract which far exceeds this amount, the justification required to award a sole source through these programs requires more time and effort than contracting officers can devote to make these small awards. Thus, dollars are pulled away

from small businesses and are increasingly awarded through larger contract vehicles and vendors. There are countless examples of small businesses missing out on sole source awards because the contract awards exceed the current sole source thresholds. WOSB, service-disabled veteran-owned small business (SDVOSB), HUBZone and individually-owned 8(a) companies are missing out on opportunities, as these limits have not kept pace with government buying.

The thresholds should be raised to allow the amounts each year, which was passed by the House via the bipartisan bill H.R. 190 in the 116th Congress. I would note that other programs like those for tribal 8(a) companies, allow much higher awards – more than \$100 million – so \$4.5/\$7 million pales in comparison. Additionally, the WOSB, SDVOSB and HUBZone programs require contracting officers to jump through too many hoops and justifications to make awarding sole source contracts in these socioeconomic categories a practicable option. Sole source authority is an important tool contracting officers can use to award contracts to small businesses expeditiously. Small businesses and the federal government will benefit from this change.

**Accurately Report Contract Set-Asides and Increase Data on WOSB Awards.** I recommend agencies report progress toward small business goals based on how the contract was solicited. Agencies often count the same contract award value towards multiple socioeconomic program goals, even though the contract was only set-aside through one small business contracting program. For example, if a contract is set-aside for the WOSB program and the winning company is also a certified 8(a), those contract dollars count toward the agency's small business goals for each of the programs. This results in an inaccurate picture of agency spend for WOSBs each year in the annual small business scorecard. Last Congress, H.R. 9016, the *Small Business Scorecard Enhancements Act of 2022* fixed this issue, but it was not enacted. Further, the *WOSB Transparency Act* requires the SBA to report extensive data on the utilization of the WOSB/EDWOSB program. By furthering transparency of the utilization of the program, SBA can work with agencies to increase contracts awarded to women-owned small businesses.

In summary, all of the specific changes requested in my testimony will give much needed transparency and data necessary to make good policy decisions for small business contractors. It is no surprise to this Committee that being a successful federal contractor comes with unique challenges, especially with the acquisition workforce's inherent bias toward favoring large vendors. With respect to women-owned companies, we need the government to procure goods and services from WOSBs/EDWOSBs at a much higher level. Increasing utilization of these firms will strengthen the U.S. industrial base and the U.S. manufacturer base. As we learned during COVID, a heavy reliance on foreign sources for critical needs ends up in a supply chain disruption, at a cost to the U.S. taxpayer. Small businesses built a strong industrial base previously and will build it up again with help from Members of this Committee.

Broad bipartisan support for increasing small business participation in the federal marketplace dictates changes are needed to bolster awards to these businesses. Thank you for considering my testimony on this important matter. I applaud the Committee's effort to address these issues and look forward to future opportunities to share my input on ways Congress can support small manufacturers.