



September 30, 2021

The Honorable Jack Reed
Chairman, Committee on Armed Services
United States Senate

The Honorable Adam Smith
Chairman, Committee on Armed Services
United States House of Representatives

The Honorable Jim Inhofe
Ranking Member, Committee on Armed Services
United States Senate

The Honorable Mike Rogers
Ranking Member, Committee on Armed Services
United States House of Representatives

Dear Chairman Reed, Chairman Smith, Ranking Member Inhofe, and Ranking Member Rogers:

As owners and leaders of innovative, growing small businesses serving the Department of Defense, we strongly support Section 843 of S. 2792, and we respectfully request that the conferees include this provision in the conference report of the National Defense Authorization Act for Fiscal Year 2022.

Owners of small but growing government contracting firms like ours often have two interrelated goals. First, we want to reward our employees who have worked so hard and sacrificed alongside us by securing their jobs and the future of our companies as successful enterprises. Second, some of us seek a transition to new ownership to discover what is next both for our companies and for ourselves. Sec. 843 creates a new mechanism and a pathway to achieve both these goals at once.

Sec. 843 creates a new incentive for business owners to consider selling their businesses to their employees. By creating a sole-source contracting authority for the continuation of successful work by 100-percent employee-owned businesses ("100% ESOPs"), Sec. 843 will help companies secure their existing revenue streams following the transition from limited ownership to full employee ownership.

Sec. 843 would enable serial entrepreneurs to continue innovating in new small businesses, and it would improve the overall quality of businesses serving the U.S. Government. Study after study demonstrates that 100% ESOPs are more innovative and provide better outcomes for their customers. 100% ESOPs also offer more job and retirement security and reduce income inequality, including for women and workers of color.

Each of us joining this letter own small businesses that are not 100% ESOPs. However, the pilot program established by Sec. 843 would create a new incentive for us to consider transition to full employee ownership. We hope you will include Sec. 843 of S. 2792 in the final National Defense Authorization Act for Fiscal Year 2022. Thank you for your consideration of our views.

Very respectfully,



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