



Federal Contract Reforms Are Shutting Out Small Businesses

Trevor Walter | July 11, 2025

Federal contracting has always been a battlefield – but until now, small businesses at least had a fighting chance. Today, that chance is being stripped away.

Under the sweeping procurement reforms by the Trump administration, thousands of contracts are being consolidated into massive government-wide vehicles managed by the General Services Administration (GSA). On the surface, this may seem efficient. However, in reality, it's a system that favors big corporations, leaving small businesses unfairly exposed and without cover.

These new policies funnel contracts into giant pools that only the largest firms can navigate. Small manufacturers and local service providers, who have spent years building compliance systems to meet federal requirements, are now finding themselves locked out simply because they don't have entire proposal departments or the financial weight to compete in these mega-awards.

Worse, these changes are paired with a radical rewrite of the Federal Acquisition Regulation, stripping out non-statutory rules that once protected small businesses. The cornerstone safeguard known as the "Rule of Two," which required agencies to set aside contracts for small businesses when at least two qualified firms could perform the work, is at risk of being sidestepped. Without it, small businesses are forced to watch from the sidelines while agencies hand out contracts to corporate giants.

And let's be clear: only Congress has the power to repeal statutory small-business protections under the Small Business Act. Executive orders alone can't erase them. But suppose Congress remains silent while agencies rewrite the rules and the courts gut enforcement. In that case, those protections become meaningless on the ground.

For America's small businesses, this is not just about paperwork or politics. It's a direct assault on their survival. These are the manufacturers that keep our supply chains running, the local firms that employ veterans and young tradespeople, and the innovators that drive American competitiveness. Without fair access to federal contracts, many will be forced to lay off staff, close their doors, or abandon federal work entirely, ceding yet another sector of our economy to the dominance of multinational corporations.

If we care about economic freedom, national security, and true American resilience, Congress must step back onto the field. Lawmakers need to enforce the Rule of Two, restore strong small-business set-aside requirements within GSA contracts, and hold agencies accountable for meeting their small-business goals.

Because in this fight, it's not just small businesses that stand to lose. It's every community, every worker, and every American who believes that the government should serve the people – not just the powerful.

Contact your senators today and demand they protect small businesses by enforcing the Rule of Two and restoring strong set-aside requirements within GSA and federal contracts. Remind them that without these safeguards, America's small businesses will be pushed off the field, leaving our economy weaker and our communities poorer. The fight for fair access to government contracts starts now!