



ASSISTANT SECRETARY OF DEFENSE

3011 DEFENSE PENTAGON
WASHINGTON, DC 20301-3011

INDUSTRIAL BASE POLICY

AUG 25 2025

The Honorable Dan Sullivan
Chairman
Subcommittee on Readiness
Committee on Armed Services
United States Senate
Washington, DC 20510

Dear Chairman Sullivan:

Thank you for your letter dated July 12, 2025, on the Small Business Administration's (SBA) 8(a) Business Development Program. I share your view on the program's significant value and positive outcomes, particularly for Alaska Native Corporations, Indian Tribes, and Native Hawaiian Organizations, as it enhances their ability to thrive in the American economy. The Department of Defense (DoD) awarded approximately \$29 billion to over 4,200 8(a) program participants from Fiscal Year 2024 through the second quarter of Fiscal Year 2025.

The Department is also strategically leveraging its programs to connect 8(a) firms with prime contractors, thereby injecting speed and innovation into the defense industrial base. Specifically, the DoD Mentor-Protégé Program (DoD MPP), authorized in title 10 U.S.C. §4902, serves as a crucial link, strengthening and modernizing the defense industrial base with the goal of transferring knowledge, improving performance, and positioning small firms for long-term success. This creates broader and deeper capabilities within the military supply chain. Successful Mentor-Protégé Agreements reward the protégé, the mentor, and the Department. In fact, over the past five years, this program has supported more than 190 small businesses in strengthening their technical capacity and becoming more competitive. As a result of recent process reforms, contracting timelines have been reduced from 18+ months to 60 days or less, while enabling protégé firms' contributions to the defense industrial base to grow to \$4.9 billion (6% of total small business contracts).

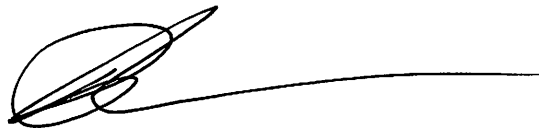
The APEX Accelerator Program, authorized in title 10 U.S.C. §§ 4951-4959, and 10 U.S.C. § 4961, provides a critical front door for industry and 8(a) program participants. APEX Accelerators collaborate with federal, state, and local partners to bring in new government contractors by helping businesses acquire the essential skills and know-how. Importantly, many APEX centers are co-located or work closely with the SBA's Small Business Development Centers, facilitating 8(a) training and certification efforts. A strong defense industrial base creates a strong military that deters potential adversaries. APEX Accelerators serve approximately 23,000 new business clients annually, averaging over 62 per day. Consequently, APEX Accelerator clients land contracts and subcontracts worth approximately \$80 billion annually, with a return on each federal dollar invested exceeding \$1,450.

The Indian Incentive Program (IIP), authorized by section 504 of the Indian Financing Act of 1974, also serves as an important link between the Department and 8(a) participants. This program incentivizes contracting with native-owned firms by providing a 5 percent incentive payment to a prime contractor on the total amount subcontracted to a Native American-owned Economic Enterprise or Native American Organization, in accordance with defense federal regulations. The latest incentive payment data indicates a substantial number of native-owned business enterprises are serving as first tier subcontractors in support of these prime contracts. Therefore, through the generation of subcontract opportunities, the IIP serves as an economic multiplier for Native American communities and strengthens the nation's defense industrial base.

The Department also has a resource – Project Spectrum – to help 8(a) participants adapt to federal cybersecurity requirements, including the National Institute of Standards and Technology (NIST) security requirements and the forthcoming Cybersecurity Maturity Model Certification (CMMC) requirements. In addition to providing these and other small and mid-size firms with tools, training, and education to adapt to these important cybersecurity protections, Project Spectrum also assesses and helps mitigate business risk presented by foreign ownership, control, or influence (FOCI) threats. Nearly 50% of cyberattacks in the defense industrial base are linked to FOCI. To date, Project Spectrum has helped 8,400 businesses and 19,000 individuals with tools and training courses, cyber readiness checks and risk assessments, and policy guidance and security system plan reviews.

Thank you again for your letter in support of the 8(a) program. I am sending an identical letter to the other signatories of your letter.

Sincerely,

A handwritten signature in black ink, consisting of a stylized 'V' followed by a long horizontal line that extends to the right.

Vic S. Ramdass, PhD.
Acting Assistant Secretary of Defense
for Industrial Base Policy