Luke Rosiak, Investigative Reporter, The Daily Wire

Thank you Senator Ernst, Senator Markey, committee members. It's an honor to appear before all of you.

I've been an investigative reporter for nearly 20 years, focused on waste, fraud and abuse in the federal government. Based on all my research, I concluded years ago that the most openly abused and shockingly corrupt program in the federal government is "set-aside" contracting.

Contracts are set aside from open competition for women- and minority-owned businesses and other groups. The Small Business Administration coordinates so-called 8(a) contracting for agencies across the government.

The program was created in 1978 to help black Americans start businesses since they'd been discriminated against by the government. But I don't believe any member of this committee would support this program if you see how it works a half century later.

At least five percent of all federal contracting dollars are diverted through set-asides, but these billions don’t go to poor minorities in your states. They go to insiders in the suburbs of D.C., which are already the wealthiest counties in the country.

Very little goes to black Americans. The racial composition of America is more complex than in 1978. In the case of first-generation immigrants, this means the policy of the U.S. government is to prioritize foreigners over Americans. By one measure South Asians, from the country of India, gobble up a lion's share of 8(a) contracts, while black Americans get only 15%.

The scandal isn't that there have been a few examples of abuse. The scandal is that it's hard to find one that isn't. Pick a random set-aside contract on USASpending.gov. I quickly chose OCT Consulting LLC when preparing this testimony.

It's a guy named Atul Kathuria who lists a home in McLean, Virginia as his company address. He received 19 contracts from the federal government totaling $43 million without having to show that he had the best price or the best services. The government didn't even consider anyone else.

Normally it would be illegal to give a contract to a company with no competition. That can enable bribery and kickbacks. It's the sort of thing corrupt countries like Russia do. In this case it was legal because the government certified OCT Consulting as a "Subcontinent Asian Indian-American Owned Small Business 8(a) Participant."

Perhaps the Small Business Administration forgot to check with the U.S. Census Bureau: Indian-Americans are the wealthiest demographic in America, with a higher median income than whites. The contracts are in the field of IT, which didn't even exist during the era of government discrimination. Indians have never been underrepresented in IT, they're overrepresented.

A listing of D.C.'s most expensive real estate transactions shows that earlier this year, Atul bought an 11,000-square foot estate, replete with a wine cellar, for $7 million.

Minority ownership is just to win a contract, not to fix societal disparities at any meaningful scale. Every staff member listed on OCT Consulting's website is a white man, except for the owner and his wife.

What did Atul do before he became a disadvantaged businessman and overcame all odds to become a millionaire? He went to George Washington University and worked for 15 years as a financial consultant at Ernst and Young and Booz Allen Hamilton.

This is a disgrace.

You've all seen the video where an exec from Native American 8(a) ATI Consulting was caught on camera saying they just subcontract the work out to companies like Accenture, and keep a huge cut.

But the story isn't that a wily businessman concealed this from the government. It's that 8(a) is actually a corrupt conspiracy between government procurement officers and big companies, the Beltway Bandits like Accenture, Booz Allen, Deloitte, Lockheed Martin.

Someone in government will be talking to a friend at one of these giant corporations, and say they have a project in mind they'd like to work together on. But if Booz Allen has to compete for it, it will have to make sure it charges less than Deloitte. The process would take forever and there's no guarantee they'll get it.

So the contracting officer encourages the Beltway Bandit to seek out a random 8(a) that's listed, waiting like a shell company, on one of the contract vehicles. The government can immediately award the contract to the 8(a), knowing that they will subcontract the work to the big firm. It’s just a way to bypass competitive bidding, a process we have in place for a reason.

The guy in the James O'Keefe video didn't swindle the government. We all knew. The government knew.

There are skyscrapers down the street in Tysons Corner, defense contractors working on advanced weapons, that don't have to bid competitively for contracts because we say they're Alaskan Native Corporations. But every one of us here knows there aren’t native Alaskans in those buildings.

8(a) creates a random group of influence-peddlers who, like lobbyists, get rich by selling their access to government insiders, for the benefit of big business, while driving up the costs for all of us.

It's what people hate about Washington.

And we owe it to voters to end it.

This committee is going to have to address 8(a) because of recent court rulings related to the Supreme Court’s Students for Fair Admissions ruling.

Since July 2023, SBA has been barred from assuming that minorities are disadvantaged for purposes of 8(a) contracting. In a case called Ultima, a judge put an injunction in place, which the Biden administration implemented by having people write essays about how they are socially disadvantaged, instead of just looking at their race.

Last month a lawsuit was filed pointing out that there's still a legal problem: The injunction changes how SBA does 8(a) contracting, but the 8(a) regulatory language is also used by other government programs too. SBA will likely be required to rewrite the 8(a) rule to settle this lawsuit.

The Department of Transportation runs an almost identical program to 8(a), and in 2024 a judge also put an injunction on it (Mid-America Milling Co.). The solicitor general has told Congress that he can't defend the constitutionality of these programs.

Now you have a minority set-aside contracting without the minority. The courts ban the racial part, but the set-aside program is still in the law. That's created a program that I don't think either party would support.

It dangles billions of dollars in front of people of any race who can write sob-story essays, which are totally unverifiable and subjective, about how they are "socially disadvantaged." The only requirements for being economically disadvantaged are that you have less than $6.5 million in assets and $850,000 in personal net worth, not including your home. And of course there are companies, like the ones that help the children of Hollywood celebrities get into college, who will write these essays for you.

There are political and legal minds who object to the government steering money to people based on their race, but I look at it primarily from a fraud vulnerability standpoint. Set-aside contracts are inherently vulnerable to fraud, and the amount of money at stake here makes it virtually guaranteed that as long as we have them, the free market will find ways to make them essentially pass-throughs that subvert the intent of the program and result in more expensive and lower quality services in every facet of government.

Bio:

Luke Rosiak is an investigative reporter for The Daily Wire who has covered waste in the federal government for nearly 20 years. He is a database expert who uses computer programming to analyze procurement records on USASpending.gov and has written extensively about set-aside contracting. He is the winner of the 2025 Dao Prize for Best Reporting on Government Waste and the 2022 Media Research Center Bulldog Award for Outstanding Investigative Journalism. He lives on a hobby goat farm in Virginia.

His stories on set-aside contracting include:

- New Lawsuit Could Topple The Heart Of Race-Based Federal Programs
- Trump Orders All Beneficiaries Of The Largest DEI Program To Turn Over Internal Financial Records
- The Core Part Of This Federal Race-Based Contracting Program Is Illegal, Judge Says
- Feds Crack Down On Minority Contracting Schemes, D.C.'s Worst-Kept Secret
- USAID Official, Three Contractors Plead Guilty To Half-Billion Dollar Bribery Scheme
- USAID's $800M 'Root Causes Of Migration' Plan Included Company That Feds Knew Previously Bribed Agency
- Foreign Aid Official Who Resisted DOGE Took Secret Payments After Steering Africa Money To Friend

- Governor Candidate Blacklisted By Veterans Affairs After Evidence He Sold His Disabled-Vet Status
- Conflict of interest in $4 billion government minority program
- $4 billion program for disadvantaged businesses lacks oversight
- Phantom Contractors
- Stimulus funds fed minority businesses that served as middlemen
- Local business contract takes the long route; government allows pass-through costs
- Minority contractors ‘game the system,’ find havens in D.C. homes
- Maryland’s minority-contracting program gets failing grade on ‘graduation’
- Md. couple indicted in scheme to cheat SBA on minority contracts