

## SUBCONTRACT FLOWDOWN REFORM

VEVRAA Flowdown to Software Subs, Consultants, and Small Tech Partners Creates Impossible Compliance Cascade

VEVRAA Recordkeeping | 38 U.S.C. §4212 | Due: MARCH 9, 2026 | [regulations.gov](https://www.regulations.gov)

### ⚠️ URGENT — COMMENT DEADLINE: MARCH 9, 2026 ⚠️

File at [regulations.gov](https://www.regulations.gov) | Docket OFCCP-2025-0100 | DOL-OFCCP, 200 Constitution Ave NW, Room C-3325, Washington DC 20210

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| <b>Filer</b>      | James Hunter Poole, Executive Chairman & CEO — Obelisk Tech Systems Inc.   |
| <b>CAGE / UEI</b> | 9S0L8   U34MSJ6A6413   Thomasville, Thomas County, Georgia (Rural, ~23% poverty, ~14% BA attainment)   |
| <b>Contracts</b>  | Navy · Army · SOCOM · AFSOC — Cybersecurity, AI, Quantum Comms, Encrypted Comms, Submarine/Aerial Drone Systems  |
| <b>Standing</b>   | ETAAC Nominee   DARPA SBIR HR0011SB20254-12   14-Patent Portfolio   DTIC AD1348980   NIST 800-171   ITAR DS-2032   BIS SNAP-R S745686   FinCEN MSB   DOE Energy-AI Nexus |
| <b>Entity</b>     | Delaware Corporation — Defense Technology   CAGE 9S0L8   SAM.gov Active   SBIR Applicant   |

## I. THE FLOWDOWN MULTIPLIER PROBLEM

VEVRAA requires federal contractors to include VEVRAA clauses in subcontracts of \$200,000 or more. For a prime contractor like Obelisk delivering cybersecurity platforms, 'subcontractors' in a modern defense technology context include: commercial software vendors (API licenses), cloud infrastructure providers (AWS, Azure, GCP), specialized AI model providers, cybersecurity tool vendors, and research institution partners. The VEVRAA flowdown obligation — flowing down to any subcontractor receiving \$200,000+ — creates compliance obligations for entities that may have no federal contracting history, no VEVRAA awareness, and no HR infrastructure.

The OMB estimate does not include any burden for flowdown management — the time and cost Obelisk must spend to: identify which subcontractors cross the \$200,000 threshold; provide them with VEVRAA clause language; document their compliance; and monitor their performance. For Obelisk's projected contract structure, subcontractor VEVRAA flowdown management will add 10–20 hours per contract per year to the prime contractor's burden — with no corresponding entry in the 48.18-hour estimate.

## II. DEMANDED FLOWDOWN REFORMS

- Raise the VEVRAA flowdown threshold from \$200,000 to \$1,000,000 for subcontracts with commercial software vendors, cloud infrastructure providers, and technology platform companies — entities that are already subject to comprehensive federal employment law through their own business operations.
- Exempt from VEVRAA flowdown any subcontract for COTS software, SaaS subscriptions, API access, or cloud infrastructure services — these are commercial transactions, not employment relationships subject to affirmative action obligations.
- Create a simplified VEVRAA flowdown certification for small technology subcontractors (under 50 employees): a one-page certification that the subcontractor does not discriminate against protected veterans, replacing the full clause flowdown obligation.
- Require OFCCP to publish a revised VEVRAA flowdown guide specifically addressing defense technology prime contractor supply chains — covering open-source software vendors, AI model providers, and cloud infrastructure subcontractors.

## III. NATIONAL SECURITY CONTEXT

For contracts involving submarine systems, aerial drone platforms, and other national security-sensitive defense technology (Obelisk's core market areas), VEVRAA flowdown to technology subcontractors creates a perverse incentive: prime contractors avoid awarding subcontracts above \$200,000 to small specialist technology vendors to avoid triggering VEVRAA obligations — instead consolidating work with large prime-tier vendors who already have VEVRAA infrastructure. This subcontract consolidation trend reduces the diversity and innovation depth of the defense technology supply chain. OFCCP's flowdown threshold is inadvertently harming the very small veteran-owned technology companies it is trying to help.

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*Respectfully submitted,*

**James Hunter Poole**

Executive Chairman & CEO | Obelisk Tech Systems Inc.

CAGE: 9S0L8 | UEI: U34MSJ6A6413 | Thomasville, Georgia

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