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INC. PREMIUM FOUNDER FOCUS

# **DOGE Says It Saved the Government Money by Killing This Founder's HR Contract. That's Not Quite True** Complying with security rules and processes is important, as the country learned this week after a group chat about war plans accidentally looped in a journalist.

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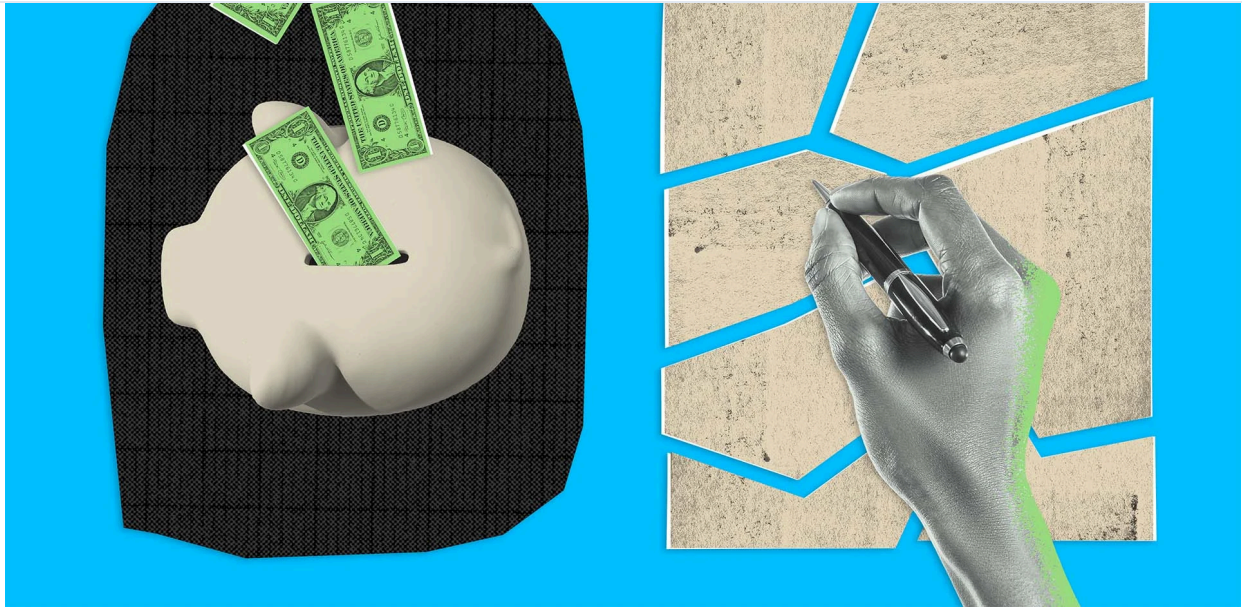


Illustration: Inc; Photo: Getty Images

*Welcome to this week's Founder Focus! I'm Melissa Angell, Inc.'s policy correspondent, and each week I'll be dissecting some of the top policy issues small businesses face. You can sign up to get this in your inbox every week [here](#).*

When small-business contractor Nancy Segal found out that her federal contract with the Small Business Administration was terminated, she didn't hear of it from the government. It was a cold call from a media outlet, letting her know that she was on the Department of Government Efficiency's self-compiled database of recently cancelled contracts.

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contract that the agency inked with her HR business, Solutions for the Workplace, she explains. And apparently, neither did DOGE, which claims to have saved \$367,000 by axing the contract, which covered training SBA personnel on federal HR practices. Which, by the way, is a requirement engrained within the U.S. Code.

“DOGE claimed credit, but it’s not accurate,” Segal tells me. “There was no real savings here, because they didn’t spend the money and they weren’t going to spend it on me anyway.”

The reason: While Segal had a five-year contract, the government funded her contract one fiscal year at a time. Part of that can be chalked up to quality assurance, so the government can ensure that it’s pleased with the work.

And vice versa. At the start of each fiscal year, the SBA would ask Segal if she’d like to continue. But Segal, who is in her 70s, declined last year, as she started winding down parts of her business. She offered her last class with the SBA in September.

“For the SBA, I did not agree to accept the option for 2025,” she said.

“That was a personal decision, before the election.”

The faux savings isn’t much of a surprise, is it, considering how DOGE has faced criticism for bloating its cost-cutting claims? (In February,

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saved \$8 billion by cutting one contract. Actual figure: \$8 million.)

Even though Segal didn't re-engage with the agency, she says that the SBA then hired someone else to take on HR training. That makes sense given the unique, and sometimes sensitive, information managed by federal employees. The country got that reminder just this week when Trump cabinet members, among others, accidentally looped a journalist into a sensitive group chat containing war plans.

The work Segal took on with the agency was a bit less sensitive. She had contracted with the SBA for about a decade, namely by providing a five-day course that gave supervisors the rundown on everything they needed to know about HR. That included things like merit principles, prohibited personnel practices, how to pay employees, hiring, performance management, and discipline.

Her business, which opened in 2005, supports federal agencies and individuals navigating the federal HR process. Federal HR differs from that of the traditional corporate HR landscape because it's far more structured, Segal says, than anything in the private sector, and it's "not even comparable to [what's in] large corporations." That makes sense, considering that most of America doesn't have to engage in the nuances of obtaining a security clearance.

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bureaucracy. Another small-business federal contractor, who was granted anonymity to speak candidly, reported having an excellent meeting with a federal agency over work on their existing contract, only to receive an email a month later saying that their work was no longer a priority.

“I don’t think you can beat these people in DOGE,” the contractor told me. “I think the best hope is to try to outlast them.”

When asked what they’re prioritizing now, the contractor said they’re trying to stay engaged in projects, federal or otherwise. They also reported taking on smaller projects that help maintain past performance—which is a contractor’s requisite in obtaining future contracts—even if they don’t receive the same income.

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student loan portfolio off the Education Department's hands. But does the agency have the bandwidth after slashing its head count by 43 percent?

**Taking it further:** "I have decided that the SBA headed by Kelly Loeffler will handle all of the student loan portfolio. We have a portfolio that's very large, lots of loans, tens of thousands of loans, pretty complicated deal. And that's coming out of the Department of Education immediately." —President Donald Trump

**Eye on Washington:** The House Committee on Small Business will hold a hearing on Wednesday at 10 a.m. focused on deregulating Main Street. Deregulation is a hot topic within the Trump administration, so Wednesday's hearing could be a glimpse of what might end up on the chopping block.

**Splat go the SPACs:** SPACs were considered a Wall Street darling back in 2022. Then reality hit and a once sweet market now resembles more of a graveyard, Inc.'s Sam Blum reports.

**Keeping up:** Here's what else I'm reading at Inc.

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