

# National Veteran Small Business Coalition



*"One Cause, One Voice"*

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Headquarters

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October 17, 2017

Honorable Jack Bergman, Chairman  
Subcommittee on Oversight and Investigations  
Committee on Veterans Affairs  
335 Cannon House Office Building  
Washington, DC 20515

Honorable Ann Kuster, Ranking Member  
Subcommittee on Oversight and Investigations  
Committee on Veterans Affairs  
335 Cannon House Office Building  
Washington, DC 20515

Dear Mr. Chairman and Ranking Member:

On behalf of the Board of Directors and members of the National Veteran Small Business Coalition (NVSBC), THANK YOU for hosting the Veterans First Contracting Program Roundtable on October 11<sup>th</sup>, 2017. Thank you also for inviting the NVSBC to be represented! We believe it important that you hear from actual veteran small business owners as to our challenges working with VA under the VETS First program.

We are glad you saw firsthand the biases of senior VA leadership towards working with service disabled veteran and veteran owned small businesses (SDVOSBs/VOSBs). Their opinions that SDVOSBs/VOSBs add no value and cost more highlight some of our challenges. Also, the policies VA has established which limit the areas of opportunity for SDVOSBs/VOSBs with no public comment or review fly in the face of a transparent government. There are also many examples of VA circumventing Federal Acquisition Regulations to avoid working with SDVOSBs/VOSBs in favor of large business, many of which cost VA more money. Bottom line, VA does not believe it their mission to work with SDVOSBs and VOSBs.

During the Roundtable you asked for specific recommendations to fix the issues at VA. The NVSBC would like to offer the following legislative recommendations for your consideration:

1. Establish that VETS First applies to "micro-purchases. VA spends approximately \$4 billion per year in micro-purchases. VA policy exempts micro-purchases from VETS First. The Supreme Court determined that all VA "contract actions" are subject to VETS First. Micro-purchases meet the FAR definition of a "contract action". Also, micro-purchases are a "target rich" environment for startup SDVOSBs/VOSBs trying to break into the VA market.

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2. Establish that VA, under VETS First can pay up to a 10% price differential to award to SDVOSBs/VOSBs. This would place VETS First on equal footing with the government-wide HUB Zone Program. This is critically important given VA senior leadership's position that VA only wants to pay "lowest price".
3. Establish a blanket Non-Manufacturer Rule waiver if products can be purchased from SDVOSBs/VOSBs at a price which is fair and reasonable to VA. FAR requires that under any set-aside program a small business, if not the actual manufacturer, must provide the product of another small business manufactured in the United States. FAR also allows the Small Business Administration (SBA) to issue a waiver to that rule, if SBA finds there are insufficient small business manufacturers in the United States. SBA regulations allow the contracting officer and only the contracting officer to request such a waiver. VA has established a policy requiring contracting officers to receive "higher level" authority BEFORE requesting a waiver from SBA. This is illegal and usurps SBA statutory authority. VA established this policy without public comment and in our opinion, to circumvent VETS First.
4. Require VA, when contracting with a large business, to establish as part of the evaluation process a requirement that past subcontracting goals and accomplishments be part of the evaluation requirement for any future awards. Further, this evaluation factor must equal to at a minimum, 20% of the evaluation criteria. VA has NEVER met its' subcontracting goal for SDVOSBs and VOSBs since the establishment of VETS First.
5. Prohibit VA from using Government Wide Acquisition Contracts (GWACs) and Federal Strategic Sourcing Initiative contracts (FSSI), unless VA purchases from SDVOSBs and VOSBs on the contract vehicles. While there are a limited number of SDVOSBs and VOSBs on FSSI, VA continues to purchase millions of dollars of office supplies from large business that could be provided by SDVOSBs/VOSBs.
6. Require the Secretary of VA to establish contracting goals with SDVOSBs/VOSBs at levels higher than the previously year's accomplishments. As evidenced by the chart we provided at the roundtable, VA, for the past 8 years has flat lined goals at less than the previous year's accomplishments. This shows no interest or commitment to supporting SDVOSBs and VOSBs.
7. Require the Secretary of VA to include as part of the yearly performance plans for all senior level officials, contracting officers, purchasing agents and program managers the accomplishment of contracting goals with SDVOSBs and VOSBs. Currently no one in VA is held accountable for meeting reasonable and realistic goals.
8. Require the Secretary of VA to establish "Veteran Friendly" acquisition regulations and policies within 90 days and require all VA personnel, including contracting officers, purchasing agents and program officials, to be trained in the new policies within 6 months.



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The real issue is VA has never seen working with SDVOSBs and VOSBs as part of its core mission. Yet, every study dealing with TBI, PTSD, homelessness, vocational rehabilitation, etc. concludes that the best way to improve the lives of veterans is thru increased self-esteem, which many times come from meaningful employment. We know veterans hire veterans. If VOSBs and SDVOSBs are provided more opportunities in VA contracting, more veterans will be employed!

We are happy to meet with you at any time to discuss these and other recommendations. Thank you for your leadership in this critically important area.

Very respectfully,



Scott Denniston  
Executive Director

Cc: William Mallison  
Grace Rodden