



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE CHIEF FINANCIAL OFFICER

April 8, 2005

Mike Gerich  
Deputy Associate Administrator  
Office of Federal Procurement Policy  
Office of Management and Budget  
725 17th Street, NW  
Washington, DC 20503

Dean Koppel  
Assistant Administrator  
Office of Policy and Research  
Small Business Administration  
409 3rd Street, SW, Suite 8100  
Washington, DC 20416

Dear Messrs. Gerich and Koppel:

The Department of Education is pleased to present our response to the January 12, 2005, memorandum from the Office of Federal Procurement Policy and the Small Business Administration. This memorandum requested that federal agencies provide a strategy to increase contracting and subcontracting with small businesses owned and controlled by service-disabled veterans.

The Department of Education is committed to increasing contracting and subcontracting opportunities for service-disabled veterans' businesses, and to meeting and exceeding our agency goals for this socio-economic concern.

Sincerely,

A handwritten signature in black ink, appearing to read "Glenn G. Perry".

Glenn G. Perry  
Director

Contracts and Acquisitions Management

Enclosure

400 MARYLAND AVE., S.W., WASHINGTON, DC 20202  
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## **STRATEGY TO INCREASE CONTRACTING AND SUBCONTRACTING WITH SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESSES**

**Department or Agency:** U.S. Department of Education

**Designated Senior-level Official:** Glenn G. Perry, Director, Contracts and Acquisitions Management

### **Agency Strategy:**

The Department of Education (ED) is committed to implementing E.O. 13360 requirements. ED will make every effort to meet and, wherever possible, exceed, the minimum statutory goal of three percent for prime contract and subcontract awards to service-disabled veteran-owned small businesses (SDVOSBs).

ED's objectives are to:

1. Reach the goal of not less than 3 percent,
2. Provide a needed program mechanism,
3. Provide guidance to Contracting Officers and other acquisition team members, and
4. Ensure ED, Contracts and Acquisitions Management (CAM) accountability and enforcement.

To meet these objectives, ED has planned and begun the following actions:

1. Designate a senior level official responsible for the deployment and implementation of ED's strategy.
  - a. Glenn G. Perry, Director, CAM, will ensure contract awards and subcontracting opportunities for service-disabled veterans are maximized.

*Timeline: complete*

2. Develop an information program using media such as seminars and formal classroom training by the SBA, GSA or in-house staff to ensure all acquisition professionals understand and are ready to implement the Order.
  - a. Train program officials and contracting officers to conduct market research and effective acquisition planning to find service-disabled veteran-owned firms through the following methods (list is not exhaustive):
    - i) Searching resources of SBA, CCR and VetBiz.

- ii) Researching contracts awarded by other Government agencies to service disabled veteran-owned businesses - including Federal Supply Schedule contracts.
  - iii) Utilizing ED's Office of Small and Disadvantaged Business Utilization (OSDBU) assistance in identifying service-disabled veteran-owned businesses with proven performance records.
- b. Train contracting officers in use of SDVOSB set-aside and sole-source contracting authority.
- i) FAR 19.14 provides for set-asides to SDVOSBs, when there is an expectation that two or more will submit offers and award will be made at a fair market price.
  - ii) Failing the expectation of two or more, award can be made on a sole-source basis to an SDVOSB if award is under \$3 million and made at a fair market price.
  - iii) CAM staff will be required to consider these authorities before committing to wider small-business set asides or full and open competition.
- c. Increase program officers' awareness of the availability of SDVOSB contracting vehicles
- i) Add information on SDVOSB set-aside and sole-source authority into ED's "Overview of Education Contracting" curriculum.
  - ii) Add information on SDVOSB set-aside and sole-source authority into ED's "Advanced Contract Administration" curriculum.
  - iii) Update ED, CAM's web-based guidance to include information on contracting with SDVOSBs.
  - iv) Offer to program offices refresher training in the requirements and opportunities to contract with small businesses, especially SDVOSBs.
  - v) Host small business fair
    - (1) ED, CAM will work to identify which of the 589 SDVOSBs in the Maryland-Washington, DC-Virginia area offer the goods and services ED procures.
    - (2) ED, CAM will work with ED, OSDBU to plan and execute a fair where many of these businesses have the opportunity to showcase their abilities for an audience of acquisition team members representing many ED program offices as well as CAM.

*Timeline: begun in March, 2005, activities are ongoing*

3. Increase contracting opportunities for SDVOSBs.
- a. Reserve certain acquisitions for SDVOSBs
    - i) Compete appropriate acquisitions as set asides for SDVOSBs.
    - ii) Enter into contracts with SDVOSBs on a sole source basis, when appropriate.

- b. Encourage prime contractors to subcontract with SDVOSBs.
  - i) Ensure that prime contractors are aware of the agency goal of 3% of prime dollars going to SDVOSBs as subcontracts.
  - ii) Enforce the requirement of negotiating a successful small business subcontracting plan, including a plan for subcontracting to SDVOSBs, before award of appropriate contracts.
  - iii) Include planned small business subcontracting (including SDVOSBs) as an evaluation criteria for award in appropriate RFPs.
  - iv) Offer incentives to prime contractors for meeting and exceeding their small business subcontracting goals.
- c. Increase SDVOSBs' awareness of existing ED contracting vehicles and contacts.
  - i) Accomplished in part through information sharing at small business fair described in 2.c.v.2, above.
  - ii) Advertise to SDVOSBs the opportunity to compete for a contract under ED's Multiple Award Task Order (MATO) competition.
    - (1) The MATO contracting vehicle allows ED to compete work within service categories among a selection of pre-qualified contractors, including competitions set aside for small businesses.
    - (2) The next MATO competition opens in November, 2005.
- d. Appoint a single point of contact at ED, OSDDBU for SDVOSBs
  - i) Publish the point of contact's phone number on ED's website
  - ii) Publish an internet link and email address for the contact.

*Timeline: April, 2005, and ongoing*

- 4. Monitor and evaluate progress toward accomplishing the goal
  - a. Monitor direct contract awards to SDVOSBs
    - i) Report through the Federal Procurement Data System.
    - ii) Evaluate reports on a quarterly basis.
  - b. Monitor subcontract awards to SDVOSBs.
    - i) Gather reports from the Electronic Subcontract Reporting System (eSRS), where prime contractors record their subcontracting data in accordance with contract requirements.
    - ii) At least biannually, compile this subcontract data from eSRS on all ED contracts.
      - (1) Evaluate data for contract compliance.

- (a) Record compliance for use in performance evaluations.
  - (b) Determine course of action if contractors are not complying with their small business subcontracting plans.
- (2) Report on contract compliance to the Director of CAM.
- c. Report to SBA annually on progress toward and beyond 3% goal for both prime contracts and subcontracts.
  - d. Increase accountability by revising managers' performance plans to gauge performance based on results in meeting the President's and the SBA goals for SDVOSBs.

*Timeline: Activity in progress; ongoing*

Through the swift implementation of the activities described above, ED is confident that acquisition personnel will lead ED to meeting and even exceeding the statutory goal for contracting and subcontracting with service-disabled veteran-owned small businesses.