



THE SECRETARY OF VETERANS AFFAIRS
WASHINGTON

February 24, 2006



Commemorating 75 Years of Service

The Honorable John F. Kerry
Ranking Member
Committee on Small Business and
Entrepreneurship
United States Senate
Washington, DC 20510

Dear Senator Kerry:

Thank you for your letter requesting information on measures the Department of Veterans Affairs (VA) is taking to fully use the Service-Disabled Veteran-Owned Small Business Contracting Program. We appreciate the opportunity to provide this information; responses to your specific questions are enclosed.

As the chief advocate for America's veterans at the Federal level, VA is committed to pursuing contracts with veteran entrepreneurs. In Fiscal Year 2005, VA achieved approximately 2.1 percent of total procurement dollars spent with Service-Disabled Veteran-Owned Small Businesses against the 3 percent goal established by the Veterans Entrepreneurship and Small Business Development Act of 1999. Although VA is showing improvement in this important socioeconomic procurement category, I will not be satisfied until VA meets and exceeds this important goal.

I am fully committed to achieving this goal by enhancing prime contracting opportunities for veteran entrepreneurs. VA's accomplishments in contracting with Service-Disabled Veteran-Owned Small Businesses are reviewed each month by VA's senior leadership. This important goal is also being included in the performance standards of all VA personnel involved in the acquisition process.

To promote the establishment and expansion of businesses owned by veterans, the Department established the Center for Veterans Enterprise in 2001. A briefing about the services this staff provides is enclosed.

Your support of veteran entrepreneurial programs is greatly appreciated

Sincerely yours,



R. James Nicholson

Enclosures

**RESPONSES TO QUESTIONS SUBMITTED BY
THE HONORABLE JOHN F. KERRY
RANKING MEMBER
COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP
UNITED STATES SENATE**

Question: Has the Department of Veterans Affairs set aside any contracts for service-disabled veteran-owned small business owners and limited competition for these businesses since the passage of this legislation?

Response: Since enactment of Public Law 108-183, the Veterans Benefits Act of 2003, VA has used authority provided in the Act to set-aside acquisitions exclusively for competition among Service-Disabled Veteran-Owned Small Businesses (SDVOSB). The Federal Procurement Data System—Next Generation (FPDS-NG) provided the following data:

- In Fiscal Year (FY) 2004, a total of 32 acquisitions was set-aside for SDVOSBs using this authority. The value of the resulting contracts total \$4,357,094.
- In FY 2005, a total of 266 acquisitions was set-aside for SDVOSBs using this authority. The value of the resulting contracts total \$76,295,124.
- In FY 2006, through January 31, 2006, a total of 73 acquisitions has been set-aside using this authority. The value of the resulting contracts total \$9,805,460.

Question: Has the Department of Veterans Affairs utilized the sole source tool that was made available by P.L. 108-83, and if so, how often?

Response: VA has also used the sole source award authority under the act. FPDS-NG provided the following data:

- In FY 2004, a total of 14 acquisitions were awarded to SDVOSBs using the sole source authority of the Act. The value of the resulting contracts total \$2,740,769.
- In FY 2005, a total of 56 acquisitions were awarded to SDVOSBs using the sole source authority of the Act. The value of the resulting contracts total \$13,593,062.
- In FY 2006, through January 31, 2006, a total of 13 acquisitions were awarded to SDVOSBs using the sole source authority of the Act. The value of the resulting contracts total \$1,058,276.

Question: What strategies are being implemented to inform agency contractors about the opportunities available to them through this program?

Response: The Office of Small and Disadvantaged Business Utilization (OSDBU) includes information on the Veterans Benefits Act of 2003 at all events it attends. These events include small business conferences, trade and industry shows and procurement technical assistance center events. OSDBU provides participants with training and materials relating to the Act, as well as Executive Order 13360, The Service Disabled Veteran Executive Order, dated May 20, 2004, and VA's implementation strategy for the Executive Order.

OSDBU conducts monthly vendor day sessions for small businesses interested in doing business with VA. Participants are provided information on VA's mission, acquisition operations, opportunities, small business programs and marketing to VA. Participants also have the opportunity to discuss their capabilities with representatives from various program offices.

VA's Center for Veterans Enterprise (CVE) maintains VetBiz.gov, the Federal Web Portal for Veterans in Business. The goal is to provide a single point of entry for veterans seeking information about the Federal Veterans Entrepreneurship Program. In FY 2004, this site was visited 1.3 million times. In FY 2005, the visits increased to 2.9 million. Additionally, CVE operates a National Veterans' Business Helpline. In FY 2004, 69,934 calls for assistance were processed by the staff. CVE fielded 64,670 calls in FY 2005. This slight decline is attributed to improvements in the VetBiz.gov Federal Web Portal.

Question: What steps has the agency taken to actively seek out eligible businesses and inform them of contracting opportunities at the Department of Veterans Affairs under the Veterans Benefits Act?

Response: At outreach events, OSDBU educates participants on VA's acquisition operations and opportunities, including a component on contracting with SDVOSBs. Veteran-Owned Small Businesses (VOSB) and SDVOSBs are encouraged to register their businesses with the Vendor Information Pages (VIP) database maintained by CVE at the following Internet site: www.vip.vetbiz.gov. VIP contains approximately 12,000 VOSBs and SDVOSBs, and is a database available for acquisition professionals throughout the Federal Government, as well as prime contractors and others, interested in identifying these businesses for specific acquisition opportunities. VIP has many search capabilities, such as by North American Industry Classification System (NAICS) Code, by State and by vendor type. Veterans who register their business in CVE's VIP receive daily extracts of FedBizOpps notices that match key words or industry codes. They also receive notices from VA's Forecast of Contracting Opportunities (FCO) when information matches data in the business' key words.

CVE staff directly supported 89 community-based business conferences in FY 2004 and 141 events in FY 2005, as a speaker and/or exhibitor.

In addition to VIP, VA's FCO has been enhanced to allow acquisition professionals to identify specific opportunities for SDVOSBs using the set-aside and sole source award authorities under P.L. 108-183. VA's FCO is published, maintained and updated electronically and accessible via the Internet. SDVOSBs are able to search for opportunities specifically identified as SDVOSB set-asides. For example, VA's National Cemetery Administration has identified over 30 construction projects in FY 2006 with an acquisition strategy to set-aside these requirements for SDVOSBs.

OSDBU personnel also conduct market research when performing small business program reviews for acquisitions submitted for concurrence by contracting officers that do not set-aside the requirements for SDVOSBs. When market research identifies SDVOSBs in these areas, they are forwarded to the contracting officer for review and reconsideration of the proposed acquisition strategy. CVE offers free market research assistance to buyers and program managers who are interested in locating veteran-owned small businesses. In FY 2004, CVE provided 84 reports in response to requests for business lists. In FY 2005, CVE offered 63 such reports. The decline is attributed to enhanced tutorial and personal briefings for buyers and program managers in how to efficiently and easily search the VetBiz VIP database.

Question: Is there a process for service-disabled veteran-owned small businesses to proactively contact contracting officers or the Office of Small and Disadvantaged Business Utilization to learn about contracts for which they are eligible under this program?

Response: VA provides information on veteran entrepreneurial programs on the CVE website at www.vetbiz.gov. In addition, small business liaisons have been established for all major VA contracting activities and these points of contact are contained on the OSDBU website www.va.gov/osdbu as well and are available to assist SDVOSBs.

VA's OSDBU provides daily support to SDVOSBs in response to telephone inquiries and walk-ins, usually in follow-up to outreach events where SDVOSBs met with OSDBU Staff. OSDBU has established and maintains excellent working relationships with many SDVOSBs that regularly contact OSDBU for assistance, advice and counsel. Some inquiries for SDVOSBs pertain to questions they have about acquisitions involving other agencies. Frequently these SDVOSBs express they are more comfortable working with VA's OSDBU because of VA's advocacy for veterans.

Questions: What training programs has the Department of Veterans Affairs implemented to ensure that the Agency's procurement staff is fully aware of the various tools available to them to assist in the utilization of service-disabled veteran-owned businesses?

Response: OSDBU management participates as faculty members at numerous training forums for acquisition professionals and VA's acquisition leadership. The training provided by OSDBU managers has a strong SDVOSB component explaining the authorities under P.L. 108-183, as well as the requirements of Executive Order 13360. In addition, OSDBU managers have provided training on VA's implementation strategy for Executive Order 13360 which was approved by the Deputy Secretary of Veterans Affairs on February 11, 2005. VA's implementation strategy is ambitious and proactive. A copy is attached to this enclosure.

In addition to OSDBU participation at training and outreach events, VA's Office of Acquisition and Materiel Management has issued numerous Information Letters (IL) to provide guidance on the use of these programs and increasing opportunities for SDVOSBs. Copies of these ILs are attached to this enclosure.