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**United States Senate**  
COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP  
WASHINGTON, DC 20510-6350

February 27, 2006

The Honorable Hector V. Barreto  
Administrator  
U.S. Small Business Administration  
409 3<sup>rd</sup> Street S.W.  
Washington, D.C. 20416

Dear Administrator Barreto:

We are writing to express our concern that Federal agencies may not be fully utilizing a procurement program for small businesses owned and controlled by service-disabled veterans. As you know, on December 16, 2003, the Veterans Benefits Act (P.L. 108-183) became law. It included a provision to increase opportunities for service-disabled veteran-owned small businesses to participate in the federal procurement arena. Section 308 of the Veterans Benefits Act amends the Small Business Act (15 U.S.C. 659) to include a program that allows for contracts to be "sole-sourced" to service-disabled veteran-owned firms and creates restricted competition protection for these small businesses.

Service members returning to civilian life face unique challenges. The Bureau of Labor Statistics recently reported that 15 percent of veterans age 20-24 are unemployed. This is three times the national average and can partially be attributed to limited civilian job exposure, inadequate transferable skills, and lack of ties to the communities in which they reside and are seeking employment. These young veterans who placed their personal lives on hold to serve in our Armed Forces deserve as many opportunities as this Nation can afford them.

Starting or expanding a small business is a sometimes difficult task for anyone, but especially our veterans. Veterans generally do not have the same access to capital, services, or business marketing opportunities that their civilian counterparts enjoy. For a service-disabled veteran, these obstacles can be even more onerous to overcome. Congress recognized the sacrifices made by these special Americans and passed the Veterans Benefits Act of 2003. Sadly, this Act has not been implemented in the manner in which Congress intended and it is the responsibility of the Small Business Administration to perform the necessary oversight and ensure that federal agencies are properly implementing this essential program.

There is a government-wide goal to allocate a minimum of three percent of total contract dollars to companies owned and controlled by service-disabled veterans. Although the law authorized this set-aside program in 2003, the federal government awarded just 0.38 percent of total contract dollars to service-disabled veterans in 2004. More than two

years since this program became law, there has yet to be a meaningful increase in awarding federal contracts to firms owned by service-disabled veterans. In fact, the inability of the federal government to meet its statutory goal in 2004 cost these firms approximately \$8.98 billion in contract dollars.

As the Ranking Members of the Senate Committee on Small Business and Entrepreneurship and the Committee on Veterans' Affairs, we request that answers to the following questions be reported to both Committees by Wednesday, March 15, 2006:

- Has the SBA communicated with federal agencies to ensure that they develop specific strategies to comply with P.L. 108-183? If so, please provide copies of those communications.
- What training opportunities or briefings has the SBA provided for procurement officers at federal agencies to ensure that they are educated on how to comply with P.L. 108-183?

Has the SBA requested reports or communications from any federal agency regarding the number of contracts that agency plans to sole-source or set-aside for service-disabled veterans? If so, how many specific recommendations for sole-source or set-asides did the SBA recommend in 2004, 2005 and 2006? Please provide copies of any documentation for these recommendations.

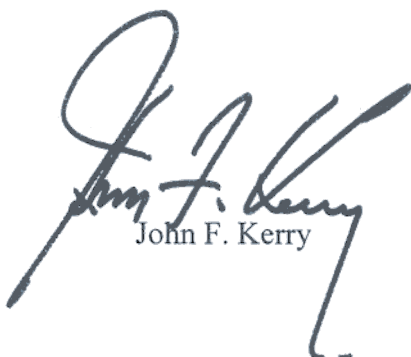
- Has the SBA contacted any federal agency regarding that agency's inability to meet its statutory goal for utilizing service-disabled veteran-owned small businesses? If so, please provide a list of those agencies and a copy of the communication.

What steps has the SBA taken to actively seek out eligible service-disabled veteran-owned businesses and inform them of the contracting opportunities made available under the Veterans Benefits Act of 2003?

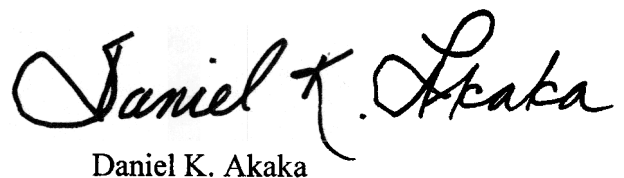
Has the SBA coordinated its outreach efforts with the Department of Veterans Affairs in order to educate the veteran community on the entrepreneurship and contracting opportunities available to them? If so, how?

The Veterans Benefits Act of 2003 provides a critical competitive tool for service-disabled veteran-owned small businesses and it is imperative the Small Business Administration has taken appropriate steps to ensure that this program has been fully implemented, as required by law. If you have any questions or concerns regarding this request, please feel free to contact us or have a member of your staff contact Nigel Stephens of the Senate Small Business Committee staff at (202) 224-8496 or Dahlia Melendrez of the Senate Veterans' Affairs Committee staff at (202) 224-2074.

Sincerely,



John F. Kerry



Daniel K. Akaka