

**Testimony**

**Of**

**John K. Lopez, SDV, Chairman  
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**To**

**Joint Hearing of the  
Subcommittee on Workforce, Empowerment, and Government  
Programs of the Committee on Small Business  
And  
The Subcommittee on Economic Opportunity of  
the Committee on Veterans' Affairs**

**Tuesday, 24 May 2005, 10:00 a.m.  
Room 311, Cannon House Office Building**

**“IMPLEMENTATION OF THE VETERANS ENTREPRENEURSHIP  
AND SMALL BUSINESS DEVELOPMENT ACT OF 1999 AND  
SECTION 308 OF THE VETERANS BENEFIT ACT OF 2003”**

Shortly after enactment, the actual implementation of the various provisions of the “Veterans Entrepreneurship and Small Business Development Act (Development Act)” and “Section 308 of the Veterans Benefit Act of 2003 (Benefit Act)” indicated that the promise of the Acts would be a battle for the “HEARTS AND MINDS” of the federal bureaucracy and not an orderly, managed implementation, of the intent of the U.S. Congress.

In the year 2000, the Federal Acquisition Regulatory Council (Far Council) misinterpreted Section 502 of the Development Act and declared that there was no separate and distinct service disabled veteran owned Business: SDVE) Procurement Goal.

Subsequently, the first release of data pertinent to agency procurement performance “SUMMARY OF ACTIONS AND DOLLARS REPORTED ON SF 279 AND SF281 BY AGENCY ISSUED BY THE FEDERAL PROCUREMENT DATA SYSTEM” was analyzed by several stakeholders and revealed no assurance of the accuracy of dollars reported, actions reported, or appropriate categorization.

Additionally, requests for form 294 and 295, the reports submitted by prime contractors to indicate compliance with their subcontracting plans for SDVE inclusion as beneficiaries, were not available from any of the three (3) repositories of those reports.

Five years after enactment, agencies continue to omit mention of SDVE as a “TARGET OUTREACH GROUP” of procurement actions. While focusing on other special interest groups (SIG) as goals and objectives.

A continuing “PARSING” of Congressional Intent in the regulatory application of words such as “MAY” and “SHALL” encourage procurement actions that “OVERLOOK” SDVE when contract awards and selections for participation are made in procurement actions. Even though SDVE are accorded “SOLE SOURCE” and “RESTRICTED COMPETITION” emphasis.

Finally, there is a serious requirement that procurement officials properly “VETT” those businesses that claim SDVE status and eligibility.

Summary individual attesting and information readily available from the U.S. Department of Veteran’s Affairs (USDVA), can be used to establish SDVE legitimacy and avoid the increasing number of cases where SDV are being exploited for other economic advantage.

Sadly, many of these same deficiencies are present in the private sector of our economy! Bureaucratic inertia is just as much a concern in the efficient management of private corporations as it is in government, and this was a challenge that faced the Veterans Corporation.

The success of the Veterans Corporation as an impact factor for SDVE was always dependant on strong leadership in both the Corporation executive and the appointed Board Members. Especially in the articulation of a clear mission.

**I DO NOT BELIEVE THAT OCCURRED.**

The original Board of Directors did not appear to be experienced enough to implement a broad national program or to develop and support a clear vision of what the veteran business community needed to assure successful participation in the nation's economy.

Consequently, the successive managements have always been in a "CATCH-UP" mode – trying to establish mission while also attempting to operate an effective program.

I do not believe that the Corporation leadership was ever able to reconcile an unfocused Board to a clear mission.

IT MAY BE POSSIBLE, if the Committees were to specify stringent guidelines and accurate reporting, that the effort can be productive.

We do not have a failure of philosophy but rather a failure of execution.

A more unique oversight by the Committee, such as an active task force or commission may be a solution.

However, in both the implementation of the Development Act and the Benefit Act and the Direction of Veterans Corporation, greater Committee oversight is needed now.

It is also respectfully requested THAT EXISTING LEGISLATION BE AMENDED AND EXPANDED TO EMPHASIZE AUTHORIZED, DIRECTED,