

DRAFT NUMBER SEVEN

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U.S. DEPARTMENT OF VETERANS AFFAIRS**

**BEFORE THE COMMITTEE ON SMALL BUSINESS AND
ENTREPRENEURSHIP**

**U.S. SENATE
JANUARY 31, 2007**

Chairman Kerry and Committee Members, I greatly appreciate the opportunity to testify at this hearing about VA's efforts to provide opportunities for veterans in business. Thank you for convening this hearing. I am honored to represent Secretary Nicholson and the dedicated workers in the Department of Veterans Affairs who serve our veterans daily.

As you know, VA puts Veterans first. We work to ensure military personnel have good jobs when they transition to civilian life. Some veterans will become business owners and employers themselves. To help them, our Department has had procurement goals for veterans since 1984. We also have a very active direct employment program.

VA was the first Federal agency to implement the landmark set-aside provisions of Public Law 108-183. This tool made a significant difference in VA's ability to comply with the mandatory 3% Service-Disabled Veteran-owned Small Business procurement goal. I am pleased to report that VA achieved 3.38% in Fiscal Year 2006 or approximately \$346 million. We spent approximately \$651 million, which equates to 6.35% of our total procurement dollars with veteran-owned small businesses. This amounts to approximately \$651 Million. VA's procurement budget in FY 2006 was \$10.3 Billion. I say with confidence that VA will be the first to sustain and increase our achievements. As an example, we are establishing plans to use the Veterans' Technology Services Government-

Wide Acquisition Contract (VETS GWAC) and spend an increasing percentage of our dollars in Information Technology with service-disabled veteran-owned small businesses.

Our Department has a work unit dedicated to supporting veterans in business and those who want to become business owners. This is the Center for Veterans Enterprise in our Office of Small and Disadvantaged Business Utilization. This office has 17 employees, 13 of whom are veterans. Two of these veterans served in Operation Iraqi Freedom. Permit me to introduce to you Mr. Omar Morel, proudly serving former Marine who saw duty in the Battle of Ramadi. Tech Sgt Patricia Gould serves with the Maryland Air National Guard as an Emergency Medical Technician. Since joining CVE in September 2005, she's also been deployed to New Orleans, Bosnia and just returned in January from Iraq. The staff in CVE talks with veterans, their families and their business partners daily. Our mission is to connect veterans with community resources who will help them with their business development needs. I am proud to report that our work is being well-received. Last September, the Veterans Business Journal conducted its first readers' survey. CVE was voted the organization that provides the best support to veterans in business. We appreciate this vote of confidence and will strive to repeat this honor in 2007.

What did we do to earn this distinction? First, we have the advantage of being the U.S. Department of Veterans Affairs. When veterans think about assistance, they turn first to VA. We have leveraged VA's considerable resources to spread the word about entrepreneurship opportunities. Our office participates in about 100 conferences each year. Through these events and veterans' benefits publications, our toll-free call center phone number gets widely distributed. Once veterans call us, we determine their needs. Then, we refer most calls to a partner organization, such as a local Small Business Development Center, Veterans Business Outreach Center, Procurement

Technical Assistance Center or one of the Corporate or Government Advocates for Veterans Enterprise who have volunteered to assist veterans.

Besides conferences and call center services, CVE maintains a robust web portal which enables veterans to quickly link to our partner organizations. We are grateful for the generosity and resources of the Air Force and Army Small Business Program Offices. They have embraced this program. We have conducted road shows with the Air Force and been guests on their cable television program several times. With the Army, we have twice co-sponsored the National Veterans Business Conference. The General Services Administration has executed a formal partnership with VA to promote opportunities for service-disabled veterans. We have enjoyed success with our joint regional veterans' business conferences. We are excited about the opportunities to arise from the GSA VETS GWAC vehicle. GSA has also created a very helpful website to assist service-disabled veterans.

We have enjoyed tremendous support from the Interagency OSD/DBU Directors' Council, the Directors themselves and their staffs. When the President issued Contracting with Service-Disabled Veterans' Businesses (Executive Order 13360), the Council coordinated development of a model strategic plan to help both agencies and owners. It is heartening to see the positive trends that are happening in these agencies to create new opportunities for disabled veterans in business. Just last week, veterans convened in California for the National Veterans Entrepreneurship Conference sponsored by the Association of Service Disabled Veterans. Business owners there commonly expressed the belief this program now has synergy and that it is apparent that Federal Government agencies, their contractors and trade associations are working together to help increase contracting opportunities for veteran and service-disabled veteran-owned businesses.

CVE offers free market research, training and other services as may be requested by our Federal partners and their prime contractors. We recognize their hard work in our annual Champions of Veterans Enterprise Awards program each June.

On our web portal, we host the VetBiz.gov Vendor Information Pages database. Here, browsers can easily locate more than 13,000 veteran-owned small businesses. Veterans in this database may elect to receive daily extracts from FedBizOpps and extracts from VA's Forecast of Contract Opportunities. We also use the database to blast early alerts about future requirements or education conferences, such as the 3rd National Veterans Business Conference, which we will co-sponsor this June with the Department of the Army and other agencies. At all of our outreach programs, we distribute the Tool Kit for Veteran-Owned Small Businesses, which was jointly developed and co-branded by GSA and VA. It contains legislation and policy documents, information on how to market to Federal agencies, a list of Federal Veterans' Business Advocates and templates to assist business owners. This tool has proven to be so successful it is now in its fourth edition.

Many of our accomplishments would not have been possible without the teaming provisions in SBA's Service-Disabled Veterans' rule. Also important are the Corporate Teaming Agreement guidelines from GSA and their Acquisition Letter #V-05-12 which permits evaluating socio-economic status as a primary factor in limited Federal Supply Schedule competitions. These have been significant contributors to our success.

Our success is based on a simple formula. VA's Senior Leadership Team is committed to this program. Their support and a comprehensive plan to improve opportunities for service-disabled veterans have changed our sourcing strategies. After publishing our Strategic Improvement Plan, which was required by Executive Order 13360, we changed internal reporting of small business

accomplishments. Previously, as the OSDBU Director, I would report the monthly accomplishment data. Now, the leaders of our Administrations report their accomplishments directly to our Executive Order oversight official, Deputy Secretary Gordon Mansfield.

More recently, on December 22, President Bush signed the Veterans benefits, Health Care and Information Technology Act of 2006 (Public Law 109-461), which gives VA unique procurement authority among Federal agencies. It provides our workforce with a set-aside tool to use for veteran-owned small business competitions. Under the Simplified Acquisition Threshold and in limited acquisitions above it, contracting officers may use direct sourcing authority with veteran-owned and service-disabled veteran-owned small businesses. Under this legislation, VA will verify the ownership and control of businesses registered in our VIP database. VA's prime contractors will report dollars spent with veterans in business only if those firms are registered in VIP. We hope that other prime contractors will also choose to use VIP as their primary sourcing tool for veterans in business.

To promote awareness and utilization of veterans in business, CVE distributed more than 3,000 posters to prime contractors and government offices last October.

To expand awareness of start-up assistance, we dispatched Operation Business Ownership DVDs for use in Transition Assistance Program briefings. Both SBA and CVE are highlighted under "Small Business Resources" in the Vocational Rehabilitation and Employment Program pocket guide produced by VA's Veterans Benefits Administration. In the annual Federal Benefits for Veterans and Dependents' book, information about CVE appears under Transition Assistance. In addition, each year, VA's Compensation and Pension Service mails cost-of-living adjustment letters to disabled veterans. Veterans

receive information about start-up and expansion assistance from CVE in this letter. Army Knowledge Online's web site reaches 660,000 personnel. Our web portal link is prominently displayed on that site, which we understand will soon become a DoD-wide site. We are also prominently displayed on Military.com's site which is generally used by veterans for a variety of information. The VetBiz.gov link also appears in USA.gov and on the OSDDBU.gov web portals. We greatly value the assistance from these partner organizations as it expands our reach beyond our limited resources. We teach owners that business is about successful relationships. We think we have built some good ones.

In the commercial marketplace, more than 300 franchisors have joined the VetFran program, which VA and the International Franchise Association refreshed in 2002. Currently, more than 600 veterans have opened franchises under this program. In VetFran, veterans are eligible for reduced franchise fees and other support. One example is Little Caesar's Pizza. In November, they began a 12-month program of benefits to veterans and service-disabled veterans to help them open pizza shops. The benefit to a disabled veteran approaches \$70,000. We are seeing renewed interest from the corporate community to outreach to veterans. Some corporations, such as Northrop Grumman and the former Anteon, have been steadfast in their support to veterans.

Before closing, I know you are interested in what more needs to be done. Establishing program parity among small business programs will help other Federal agencies use the service-disabled set-aside tool. I would also recommend increased attention to conducting and documenting training of Federal agency personnel in using the tools available through the Federal Veterans Entrepreneurship program. Only when we have comprehensive awareness and buy-in for this program will we see global successes. Agencies are required to post their strategic improvement plans for enhancing achievements with service-disabled veterans in business. Veterans who call us want to see these plans, and the annual reports, posted in an easy to identify

location. Many contracting activities are still struggling with a lack of capable businesses in specialized industries. A method to incentivize prime contractors to incubate new small businesses in these underrepresented fields will benefit all parties. Others will address, I'm sure, the chronic problem of access to capital.

I hope you will agree that opportunities for veterans in business are abundant and that there is widespread support for this program.

Chairman Kerry, thank you again for convening today's hearing. I will submit my written statement for the record. I welcome your interest and am prepared to answer any questions that you or the members may have.