

TESTIMONY

OF

**JOHN K. LOPEZ, SDV, CHAIRMAN
ASSOCIATION FOR SERVICE DISABLED VETERANS
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WASHINGTON, DC 20002**

TO

**COMMITTEE ON VETERANS AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
ONE HUNDRED EIGHTH CONGRESS
334 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515**

APRIL 30, 2003; 10:00 A.M.

**HR 1460
THE VETERANS ENTREPRENEURSHIP ACT OF 2003
AND
HR 1712
THE VETERANS FEDERAL PROCUREMENT ACT OF 2003**

MR. CHAIRMAN, DISTINGUISHED MEMBERS OF THE COMMITTEE IT IS A PLEASURE FOR ME TO APPEAR TODAY TO PROVIDE THE ASSOCIATION FOR SERVICE DISABLED VETERANS (ASDV) VIEWS CONCERNING HR 1460, THE VETERANS ENTREPRENEURSHIP ACT OF 2003 AND HR 1712, THE VETERANS FEDERAL PROCUREMENT ACT OF 2003.

I APPLAUDE THE WISDOM OF THE SPONSORS AND CO-SPONSORS OF THESE IMPORTANT LEGISLATIVE INITIATIVES AND THE COMMITTEE, FOR HOLDING TODAY'S HEARING.

I RESPECTFULLY REQUEST THAT THIS STATEMENT IN ITS ENTIRETY BE ENTERED INTO THE RECORD.

FOR FAR TOO LONG OUR NATION'S VETERANS, PARTICULARLY SERVICE DISABLED VETERANS, HAVE BEEN EXCLUDED FROM FEDERAL PROGRAMS THAT FACILITATE SMALL BUSINESS DEVELOPMENT AND FEDERAL CONTRACTING. **PRESENTLY MANDATED PROGRAMS HAVE NOT ASSISTED ALL BUSINESSES EQUALLY.**

ASDV IS DEDICATED TO THE DEVELOPMENT OF SELF-EMPLOYMENT AND MANAGED EMPLOYMENT OPPORTUNITIES FOR THOSE MEN AND WOMEN WHO INCURRED DISABLING INJURIES WHILE SERVING OUR NATION.

WE VIEW HR 1460 AND 1712 AS BEING MUTUALLY SUPPORTING AND BOTH HAVE GREAT MERIT.

THE HR 1460 ESTABLISHMENT OF SELF EMPLOYMENT AS A GOAL AND ENTREPRENEURSHIP TRAINING AS A BENEFIT VIA THE DEPARTMENT OF VETERANS AFFAIRS REHABILITATION SERVICE, WILL PROVIDE ALL DISABLED VETERANS AN OPPORTUNITY TO RECEIVE SUPPORT THE PROCUREMENT SERVICES AND PROFESSIONAL TRAINING TO ASSIST THEM TO ACHIEVE SUCCESS.

HOWEVER, WE BELIEVE THAT DISABLED VETERANS SHOULD BE ALLOWED TO PARTICIPATE IN THE BROAD RANGE OF ENTREPRENEURIAL EDUCATION OPPORTUNITIES OFFERED IN ALL

INSTITUTIONS OF HIGHER EDUCATION AND SUGGEST THAT OPPORTUNITIES FOR THIS IMPORTANT TRAINING NOT BE LIMITED TO THE U.S. SMALL BUSINESS ADMINISTRATION, "SMALL BUSINESS DEVELOPMENT CENTERS".

THOUGH THIS IS AN EXCELLENT RESOURCE, WE DO NOT BELIEVE THAT DISABLED VETERANS SHOULD BE RESTRICTED IN ACCESS TO EDUCATIONAL ASSISTANCE AND OPPORTUNITIES.

WE ARE PLEASED TO SEE THAT THE ADMINISTRATION, AS CONTAINED IN THE DEPARTMENTS FY 04 BUDGET SUBMISSION, WILL SUBMIT LEGISLATION TO MODIFY THE MONTGOMERY G.I. BILL TO ENABLE VETERANS TO BE REIMBURSED FOR CERTAIN SELF-EMPLOYMENT TRAINING PROGRAMS.

WE ARE ALSO PLEASED THAT THE SPONSORS OF HR 1460 TOOK INTO CONSIDERATION THE RECOMMENDATIONS TO UTILIZE SOLE SOURCE AND RESTRICTED COMPETITION PROCUREMENT PROGRAMS FOR SERVICE DISABLED VETERANS OWNED SMALL BUSINESSES.

I RESPECTFULLY SUGGEST THAT FOR HR 1460 TO BE MOST EFFECTIVE, THE LANGUAGE ADDRESSING PROCUREMENT PROGRAMS COULD BE MODIFIED. ATTACHED TO THIS TESTIMONY IS SUGGESTED LANGUAGE FOR CONSIDERATION BY THE COMMITTEE.

I SUBMIT THAT THIS PROPOSED LANGUAGE WILL ALSO STRENGTHEN AND ENHANCE THE LANGUAGE IN HR 1712 THAT ESTABLISHES AN ENHANCED VETERANS BUSINESS DEVELOPMENT PROGRAM WITHIN THE SMALL BUSINESS ADMINISTRATION.

WE ALSO FIRMLY BELIEVE THAT THE COMMITTEE SHOULD CAREFULLY CONSIDER ESTABLISHING A "NATIONAL VETERANS/ SERVICE DISABLED VETERAN BUSINESS CERTIFICATION PROGRAM" ADMINISTERED BY THE DEPARTMENT OF VETERANS AFFAIRS, IN COORDINATION WITH THE DEPARTMENT OF DEFENSE (DoD) CENTRAL CONTRACTOR REGISTRY.

WE BELIEVE SUCH A CERTIFICATION PROGRAM COULD BE ESTABLISHED WITH MINIMUM COSTS AND WITH AVAILABLE SYSTEMS AND TECHNOLOGY.

HOWEVER, MR. CHAIRMAN, I ALSO FEEL **VERY STRONGLY** THAT AMERICA'S VETERANS AND SERVICE DISABLED VETERANS, YOUNG MEN AND WOMEN WHO EARNED THEIR BENEFITS IN SERVICE TO THIS GREAT NATION SHOULD NOT BE SUBJECTED TO "PROVING THAT THEIR INJURIES CREATE ECONOMIC DISADVANTAGE", AS PROPOSED IN HR 1712.

VETERANS PLACED AT RISK FOR DEATH, DISABILITY AND TORTURE SHOULD NOT BE SUBJECTED TO ARTIFICIAL BARRIERS TO PARTICIPATION IN THE ECONOMIC SYSTEM THEY SACRIFICED TO PRESERVE. THEY ANSWERED YOUR CALL AND MADE A PERSONAL SACRIFICE, A GREATFUL NATION SHOULD EAGERLY PROVIDE THEM OPPORTUNITY, NOT SUBJECT THEM TO **DEMEANING BUREAUCRATIC PROCESSES.**

WE ARE PLEASED THAT THE COMMITTEE IS CONCERNED WITH FEDERAL AGENCY NON COMPLIANCE, WITH GOALS THAT CONGRESS SPECIFIED IN PUBLIC LAW 106-50. GOALS INTENDED TO PROVIDE SERVICE DISABLED VETERANS INCREASED GOVERNMENT CONTRACTING OPPORTUNITIES.

I COMPLIMENT CONGRESSMAN EVANS FOR HIS FORESIGHT IN INCLUDING PUNITIVE PENALTIES FOR NON – COMPLIANCE IN HR 1712 AND CHAIRMAN SMITH, CONGRESSMAN RENZI AND CHAIRMAN MANZULLO FOR THEIR INSIGHT IN RECOGNIZING THAT SELF EMPLOYED ASSISTANCE IS A REHABILITATION BENEFIT, JUST AS IS EDUCATION AND TRAINING, MEDICAL CARE AND HOME OWNERSHIP ASSISTANCE.

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, I AGAIN EXTEND MY ADMIRATION AND MY COMPLIMENTS TO YOU FOR YOUR UNDERSTANDING OF THE DIFFICULTIES CONFRONTING OUR SERVICE DISABLED VETERANS IN ESTABLISHING SMALL BUSINESSES AND ACTIVELY PARTICIPATING IN FEDERAL PROCUREMENT PROGRAMS.

WE ENCOURAGE AND REQUEST YOUR SUPPORT FOR PASSAGE OF HR 1460 AMENDED AND 1712. THESE TWO BILLS ARE MUTUALLY SUPPORTING AND WILL SERVE TO OPEN DOORS THAT HAVE RESTRICTED VETERAN OWNED BUSINESS OPPORTUNITIES FOR THE PAST FIFTY YEARS.

ATTACHMENT (A): HR 1460 PROCUREMENT LANGUAGE

HR 1460 CONSIDERATIONS

The sole source contract language as currently written for Service Disabled Veteran Owned Businesses in HR 1460 is similar to the HUB ZONE sole source program. It is extremely difficult for a contracting officer to determine that only one service disabled veteran owned business can perform a contract. This is a long shot. Very few dollars go to the HUB ZONE sole source program. In sum, the current language would result in only a token, paper solution with no real results.

SOLUTION:

Create a Service Disabled Veteran Owned Business Development Program (Competitive Reserve).

Proposed Changes:

Delete all current language in SEC. 36. (a) and replace with the following language:

- 1) 1) “A program similar to 8(a) sole source where service disabled veteran owned firms can be selected to perform a Government contract up to a threshold of \$3,000,000 and compete among service disabled veteran owned firms over a threshold of \$3,000,000.”

EXAMPLE #1

(Informal Competition) Threshold of \$3,000,000 or less – Sole Source.

A Federal construction contract of \$2,000,000 is bid. Five service disabled veteran firms are being considered. One firm is picked among the five based on capability, past performance etc. – assumes a fair market price. After selection of the firm, the Government enters in a sole source contract with that firm.

EXAMPLE #2

(Formal Competition) Threshold over \$3,000,000 – Competitive.

A Federal construction contract of \$4,000,000 is bid. To use this part of the program, the contracting officer must have a reasonable expectation of receiving at least two offers from service disabled veteran owned firms. The awardee is picked based on capability, past performance etc. – assumes fair market value. This would be considered limited competition among service disabled owned firms.

Additional Changes:

- 1). Add to SEC. 36. (b) Insert language immediately following “After Restricted Competition” that shall read: “Set-asides (both sole source and competitive) for small businesses owned and controlled by service disabled veterans shall take precedence over all other small business program set-asides.”
- 2). Immediately following the language on line 9, currently ending with “fair market price,” insert language that reads: “in accordance with the following order of consideration:”
 - 1) Service Disabled Veteran Owned Firms
 - 2) 8(a) or HubZones
 - 3) Small Business
 - 4) Full and Open Competition