

Briefer # Ruby Harvey (RH)

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| <p>Q1. Does the VA plan to include other small businesses in solicitations once the SB goal is reached through SDVOSB and VOSB awards?</p> <p>A1. VA always seeks to ensure the maximum practicable opportunity for all small businesses, consistent with the mandates written into law by the Congress. VA's approach is "Veterans First" not "Veterans Only." However, the law creating VA's Veterans First Contracting Program has a broad reach. Whenever VA intends to award a new contract, VA must consider whether two or more SDVOSBs or VOSBs can perform the requirement at a fair and reasonable price, and if so, set the procurement aside for those types of firms. This requirement does not stop once VA meets its SDVOSB or VOSB goals. In fact, the Supreme Court considered that specific issue in the Kingdomware decision and said VA's obligation continues even after the goals are met.</p> <p>As a practical matter, we anticipate the Veterans First priority will likely entice new SDVOSB or VOSB firms into product or service lines that previously were set-aside for other types of firms. This outcome is consistent with VA's efforts to expand economic opportunity and entrepreneurship for Veterans, and VA will be required to change its set-aside strategies accordingly, to comply with the law. Other firms will find it advantageous to adapt to this changing environment. Consider reviewing VA's Veteran Entrepreneur Portal (<a href="https://www.va.gov/OSDBU/entrepreneur/index.asp">https://www.va.gov/OSDBU/entrepreneur/index.asp</a>) or the Small Business Administration's Federal Contracting site (<a href="https://www.sba.gov/federal-contracting">https://www.sba.gov/federal-contracting</a>) for some suggestions and ideas in this area.</p> |  |
| <p>Q2. Please suggest where do we identify COVID-19 contract opportunities at VA?</p> <p>A2. Generally, continue to check the usual sources for contracting opportunities, such as solicitations posted on <a href="https://beta.sam.gov">beta.sam.gov</a>. VA's COVID-related actions cover a wide range of highly varied requirements. These include not only health care supplies that obviously are directly needed for a health care emergency, but also less obvious needs like information technology to support telework and similar virtual arrangements.</p>   |  |

Q3. What percentage of your VOSB awards are for those companies that are simply VOSB vs. SDVOSB?

A3. In FY 2019, VA awarded \$6.533 billion to VOSBs, which includes \$6.299 billion to VOSBs that also were SDVOSBs, and \$0.234 billion to VOSBs that were not SDVOSBs. Awards to VOSBs that were not SDVOSBs represented 3.6% of all dollars awarded to VOSBs. (These numbers do not include “double credit” items as calculated by the Small Business Administration since those do not represent additional new awards.)

VA’s authority to set-aside or sole source actions to VOSBs does not provide authority to exclude VOSBs that are also SDVOSBs. A service-disabled Veteran, by definition, is also a Veteran and is eligible to participate in set-asides targeted at Veterans. In fact, it is impossible to be a service-disabled Veteran without also being a Veteran. VA would not be able to structure a VOSB set-aside to target only firms that were not also SDVOSBs, since that would exclude Veterans that are plainly eligible by law.

Q4. JV between SDVOSB and large are eating lunch of pure SDVOSB. What is VA doing to protect the interest of SDVOSB that are not backed by large vendors?

Q5. VIP certified SDVOSB JVs (between SDVOSB and large) are eating lunch of the pure SDVOSB. Pure SDVOSB don’t have that deep bench or wallet that large offer through JVs. What is VA doing to protect the interest of pure SDVOSB that are not backed by large vendors?

A4 and A5. VA is unaware of any data suggesting that SDVOSBs joint venturing with large businesses are receiving disproportionately large shares of SDVOSB awards. With one exception adopted in 2019, VA policy requires all participants in an SDVOSB joint venture to be small businesses. This has been true since the Veterans First Contracting Program was first implemented by an information letter on June 19, 2007, and this policy was subsequently incorporated into the Veterans Affairs Acquisition Regulation (see VAAR 819.7003, 74 Federal Register 64619 (December 8, 2009)). If the questioner has specific evidence of an SDVOSB joint venture falsely representing itself as consisting of all small businesses under this provision, without meeting the exception described below, VA would appreciate receiving that evidence for review.

On July 12, 2019, VA adopted a policy change making one exception to the rule in VAAR 819.7003. A large business may joint venture with an SDVOSB provided it does so pursuant to a Mentor-Protégé agreement approved by

the Small Business Administration. SBA regulation imposes eligibility criteria and limitations on Mentor-Protégé agreements and subjects them to periodic review to determine that the SDVOSB participant remains the beneficiary of the Mentor-Protégé arrangement. See 13 CFR 125.9. Joint ventures are separate legal entities and must themselves be verified and listed in VA's database of verified firms to be eligible for award.

If a firm meets the eligibility requirements of VAAR 819.7003 and can make the required representations, either as a "stand-alone" SDVOSB or as an SDVOSB joint venture, then it is eligible to submit an offer on an SDVOSB set-aside. VA has no basis for excluding some eligible SDVOSBs and including others, or for creating "sub-classes" of eligibility to target procurement opportunities for specific types of SDVOSBs. In fact, joint venture arrangements are a recognized tool for enabling SDVOSBs to participate in acquisitions they could not perform otherwise on their own.