

Veteran-owned firms need to get in the game for federal contracts

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Programs to increase the amount of government contracting dollars awarded to economically disadvantaged small businesses have been around for decades. But only recently has the federal government recognized the need to help veterans and reservists whose businesses have been negatively impacted by repeated military deployments.

In response, Congress passed the Veterans Entrepreneurship and Small Business Development Act of 1999. The legislation created a new category of economically disadvantaged businesses, the service-disabled veteran-owned small business, and is intended to help such companies become more competitive in the federal marketplace.

The law mandates that federal agencies increase annual prime and subcontract awards to these businesses to 3 percent of all contracts awarded and instructs contracting agencies to develop specific programs to achieve that goal.

Four years later, President Bush created the Veterans Benefit Act of 2003. It allows contracting agencies to award certain sole-source contracts to these veteran-owned firms and restrict certain procurement competitions to these businesses.

Despite the focus on increasing business opportunities for service-disabled veteran-owned businesses, the government has consistently fallen short of its 3 percent goal. While contracting agencies awarded \$1.5 billion in prime and subcontracts to this class of companies in 2006, that figure only represents 1 percent of the annual contracting dollars spent by the federal government.

This year, the federal government has vowed to do better. In particular, the Department of Defense (DOD) is making a strong push to meet its 3 percent goal and is focusing on service-disabled firms offering innovative technology products and services. The DOD has implemented aggressive initiatives and is requiring its agencies be more results-focused.

The DOD initiatives include:

- Agencies are expected to actively seek out qualified firms for prime and subcontracting opportunities;
- Contracting officers are instructed to increase use of procurements and sole-source contract awards geared to service-disabled veteran-owned businesses;
- Mentor-protégé programs, teaming arrangements, and joint ventures with larger businesses are encouraged to increase opportunities to participate in larger contracts and subcontracts;
- Contracts awarded to large businesses may include requirements that the contractor award a percentage of total work to small disadvantaged subcontractors, and

contracting officers are expected to monitor and enforce subcontracting requirements.

- DOD has partnered with the General Services Administration (GSA), the Defense Logistics Agency, the Small Business Administration (SBA), and the Department of Veterans Affairs to increase service-disabled veteran-owned small business participation across multiple agencies.
- Fifty-one percent unconditionally owned by one or more service-disabled veterans. Service-disabled veterans from all the nation's wars and all branches of military service qualify.
- If the company is publicly traded, at least 51 percent of the company's stock must be owned by one or more service-disabled veterans.
- In both privately held and publicly traded companies, the day-to-day management of the company's business operations must be controlled by service-disabled veterans.

Along with these initiatives, service-disabled veteran-owned small businesses need to put themselves in plain view.

Contracting agencies cite an inability to locate qualified firms as one of the main reasons for not meeting their annual 3 percent goal. Although it is estimated there are more than 320,000 of these contractors in the U.S., only a fraction of those are registered with the government's contractor database, the Central Contractor Registry.

Be sure to monitor upcoming procurement opportunities at www.fedbizopps.gov.

Whether these initiatives will significantly increase contracting opportunities for service-disabled veteran-owned small businesses is unknown. But news on the award front is promising. The Army alone expects to award \$1.8 billion in contracts to these firms in the next year. If you qualify, now is a good time to get in the game.

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