

**Joint Statement of Robb Wong
Associate Administrator
and on behalf of William Gould
Office of Government Contracting & Business Development
U.S. Small Business Administration**

**before the
Subcommittee on Oversight and Investigations
House Committee on Veterans' Affairs**

**and the
Subcommittee on Investigations, Oversight and Regulations
House Committee on Small Business
July 17, 2018**

Chairman Bergman, Chairman Kelly, Ranking Member Kuster, Ranking Member Adams, and members of the subcommittees, thank you for inviting me to testify on the status of our efforts to implement a uniform ownership and control standard for Service-Disabled Veteran-Owned Small Businesses (SDVOSBs) in federal contracting.

First, Mr. Chairmen, I am proud to report that in Fiscal Year 2017, the federal government awarded the highest percentage, ever, of contract dollars, and the highest total dollar awards to SDVOSBs. We look forward to continuing this performance in Fiscal Year 2018 and beyond.

As you know, the authority for SDVOSB set-asides and sole source awards for the federal government resides in the Small Business Act, with the exception of the Department of Veterans Affairs (VA). SBA drafted rules on ownership and control for SDVOSBs based largely on the rules we had in place for the 8(a) Business Development program. The government-wide SDVOSB program, excluding the VA, is a self-certification program, and SBA decides status protests in connection with set-aside procurements. When the VA created its ownership and control rules for the Center for Verification and Evaluation (CVE) program, it based its rules largely on SBA's. Over the years, there have been some differences in interpretation between the two agencies on certain technical requirements, which is the focus of our discussion today.

Section 1832 of the National Defense Authorization Act (NDAA) of 2017 created a single uniform definition of Service-Disabled Veteran-Owned Small Business in section 3(q) of the Small Business Act, and deleted the former provision in the VA law. The law then directed SBA and VA to develop a joint rule to implement the change for the use of both SBA and VA in continuing their respective programs and responsibilities. The VA continues to certify firms for participation in its procurements, and the SBA continues to operate its government-wide self-certification program and decide status protests.

SBA collaborated with the VA and on January 10, 2018 the VA published a proposed rule to remove ownership and control provisions from its rules (83 Federal Register 1203). Also, the SBA published its proposed rule on SDVOSB ownership and control on January 29, 2018

(83 Federal Register 4005). The comment periods for both proposed rules closed in March. SBA continues to consult with the VA and is on track to issue a final rule before the end of Fiscal Year 2018, with an effective date of October 1, 2018.

Section 1832(f) of the 2017 NDAA provided an avenue for protests and appeals involving the VA's CVE program to be decided by SBA's Office of Hearings and Appeals (OHA). SBA published a final rule implementing this legislation on March 30, 2018 (83 Federal Register 13626) with an effective date of October 1, 2018, to coincide with the SBA's anticipated issuance of the ownership and control rule discussed previously. The VA will reimburse OHA for deciding the matters related to the VA's program.

SBA currently certifies businesses in the 8(a) Business Development and HUBZone programs, and has a legislative mandate to establish a certification program for Women-Owned Small Businesses. We are in the exploratory phase with VA of considering whether SBA should also certify SDVOSBs. Such an effort would require legislative and regulatory changes, such as potentially expanding the SDVOSB certification to a government-wide requirement. The VA's portfolio of certified firms far exceeds SBA's combined portfolio of certified 8(a) and HUBZone small business concerns. Therefore it is critical that as part of this effort, SBA and VA identify opportunities for operational efficiency and seek to minimize disruption to the small business and government contracting communities.

The SBA and VA formed a committee in December 2017 to examine the possibility and subsequent process for moving the VA certification program to SBA. The group consists of six members each from VA and SBA and meets monthly. These discussions have focused on resources, technology, and process analysis. Both agencies are holistically examining this endeavor to inform any determinations regarding implementation and potential next steps.

The working group is also discussing the need to market any potential new government-wide SDVOSB certification process across the government and business communities. SBA and VA would need to work with contracting officers and government program managers to assure these partners have a solid understanding of the new certification in order to issue contracts to SDVOSBs. Additionally, the agencies anticipate the need for outreach to the small business owner community to highlight the process and value of this new certification.

Thank you, Mr. Chairmen and Ranking Members. I will be pleased to answer any questions you or other members may have.