

HEARING

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**SMALL
BUSINESS
COMMITTEE**

**Opening Statement of
Chairman Richard Hanna
House Subcommittee on Contracting and Workforce
Joint Hearing: “An Examination of Continued Challenges in VA’s Vets First Verification
Process”
November 4, 2015**

Good morning, and welcome to our witnesses. It has been nearly three years since Chairman Coffman and I held our first joint hearing on the Department of Veterans Affairs’ (VA) verification of veteran and service-disabled veteran-owned small businesses. We’re here today to find out what progress has been made, and what challenges remain.

Let’s start with some good news. Per the Small Business Administration (SBA), in 2014 the federal government met the 3% goal for prime contracts to service-disabled veteran-owned small businesses. That means these companies received nearly \$14 billion in contracts. \$3.6 billion of those dollars were spent by the VA. Those are real contracts for service-disabled veterans.

The bad news is that the VA’s Vets First contracting program is still in turmoil. Even though VA buys almost everything other than weapons systems, only a third of firms owned by service-disabled veterans registered with SBA are also verified by VA. For veterans, the numbers drop to less than twenty percent, even though there is no benefit to registering as a veteran-owned business with SBA. Why aren’t these companies trying to do business with the VA – the one agency directed to contract with veterans and service-disabled veterans first?

I suspect part of the answer is that it is still hard to do business with VA. While the verification process seems to have gotten speedier, it still lacks a comprehensive organizational plan. Indeed, while VA told us in 2013 that they were going to revisit their regulations, the written statement for today’s hearing contains the same promise. During the same hearing, VA promised that there was a “Next Generation System under development... with an initial operational capability in October 2013.” There still is no system. It has been nearly two years since VA told staff that they were going to have SBA take over the appeals process, but still there is no agreement in place. We owe our veterans more than promises.

This is National Veterans Small Business Week. Next week there are two important days for our veterans. While I suspect everyone here is aware that November 11 is Veterans Day, you may not all be aware that November 9 is also important. On Monday, there will be oral arguments before the Supreme Court in the case of Kingdomware Technologies v. the United States. I know that Chairman Coffman, Ranking Member Velázquez, Ranking Member Kuster and I, as well as many others, signed onto an amicus brief in that case – a case where VA is arguing that it shouldn’t be forced to use the rule of two when contracting with veterans. Essentially, they’re saying that they should be allowed to do less for veteran and service-disabled veteran-owned small business than Congress legislated when it created the Vets First Program. Given this argument, if I were a veteran-owned business, I would think twice about spending the time and money necessary to be verified to participate in VA’s Vets First program.

Again, I thank each of our witnesses for being here today and look forward to your testimony. I hope you'll give us concrete suggestions on how to improve this process. I yield back.

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