

**Opening Statement
Chairman Trent Kelly
Thursday, June 7, 2018
Hearing: "Vets First? An Examination of VA's Resources for Veteran-Owned Small
Businesses"**

AS PREPARED FOR DELIVERY

Good morning. I call this hearing to order.

As this Committee is aware, our nation's veterans make up a significant percentage of the American workforce. Many of our nation's heroes exit military service and choose to begin a new mission: opening a business. Some even own and maintain a business while serving in the military reserves. The majority of veteran-owned businesses are small businesses, and these businesses employ approximately 5 million workers and account for more than \$1 trillion in annual business receipts.

However, as a member of the Army National Guard, I am aware that veteran business owners experience challenges that their nonveteran colleagues do not, such as a potential employers' difficulty in understanding a military resume or the result of a service-connected disability. That is why programs like the Veterans First Contracting Program, or Vets First, at the Department of Veterans Affairs are so important.

The Veterans First Contracting Program was established by Congress in 2006 to assist the VA in carrying out their mission of serving America's veterans. This program gave the VA a unique authority to award direct, sole source contracts to veteran-owned and service-disabled veteran-owned small businesses as long as the firm meets three criteria: the firm is a responsible source; the award falls between \$150,000 and \$5 million; and the award can be made at a fair and reasonable price. However, despite this authority, the VA has continued to impede its own authority and work against the intentions of Congress by creating internal regulations and policies that make it harder to award contracts to veteran-owned small businesses.

A striking example of this occurred just two months ago when the VA filed a Justification and Approval to move thousands of medical products under the control of just four prime vendors as a part of their Medical-Surgical Prime Vendor Program. Many of these products could be and often were purchased directly from small businesses. Instead, the VA has said that veteran-owned businesses will be included at only the subcontracting level, and unfortunately, they have yet to provide any details for a subcontracting plan.

The VA has used many excuses for these actions, the most common being that it is too burdensome or too expensive to work with veteran-owned small businesses. I hope our panel today will help to demonstrate that this is simply not true. I thank our witnesses for being here today and I look forward to the conversation.

I now yield to the Ranking Member, Ms. Adams, for her opening statement.

