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BEFORE THE UNITED STATES HOUSE COMMITTEE
ON VETERANS' AFFAIRS, ECONOMIC OPPORTUNITY
SUBCOMMITTEE

JULY 12, 2007

**Written Statement of Charles Cervantes
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Before the Committee on Veterans' Affairs**

Good afternoon Chairwoman Sandlin and Members of the Committee on Veterans' Affairs.

Since my appointment some three years ago, I have been the Program Manager for the Service-Disabled Veteran-Owned Small Business Program (SDVOSBP). I am pleased to be here and present the Department of Defense's (DoD) views on the SDVOSB Programs.

The DoD reiterates our support for the government-wide goal of three percent of all prime contract awards and subcontract awards for SDVOSBs. The initial legislation was without certain tools to accelerate the process. It was not until 2003 when Public Law 108-183 provided the set-aside authority that DoD could begin to strategize on reaching these goals. These goals are stated in correspondence dated June 7, 2007 from Secretary Gates to Senator John Kerry and affirmed in several policy memoranda from DoD acquisition officials. The most recent statements have been made by the Under Secretary for Acquisition, Technology & Logistics, Kenneth Krieg on April 12, 2007, the Director, Defense Procurement and Acquisition Policy, Shay Assad on May 18, 2007 and the Director, Office of Small Business Programs, Anthony Martoccia on May 22, 2007. Since his appointment as

the new Director of Small Business Programs, Mr. Martoccia has focused his attention on the Service-Disabled Veteran-Owned Small Business Program to provide greater opportunities to SDVOSBs.

The Office of Small Business Programs (OSBP) in the DoD provides a Strategic Plan with six objectives in support of achieving the government-wide goals for the SDVOSB. Those six objectives are summarized as:

- More effective use of data and databases to perform market research for potential SDVOSBs
- Training of acquisition community to increase use of restricted competition and sole source awards to SDVOSBs
- Focus on SDVOSB firms that can bring innovative technology to meet the needs of the warfighter
- Increase prime subcontracting with SDVOSBs
- Leave surety bonding solutions to the marketplace
- Use teaming and joint ventures to increase capacity and enhance capabilities of SDVOSBs

The OSBP Strategic Plan is transmitted to the Small Business Administration and published on the OSBP website at

www.acq.osd.mil/osbp/programs/veterans.

The third year edition of the Strategic Plan was signed on June 23, 2007 and incorporates the successes and lessons learned from previous years. For example, the number of SDVOSBs in the Central Contractor Registration (the CCR) data base has increased from 4,005 in FY 04 to nearly 10,000 today. The amount of awards has increased from \$428Million in FY 04 to \$1.6Billion in FY 06. To facilitate further growth for SDVOSBs, additional data bases will be utilized, such as the Center for Veterans Enterprise VIP at www.vebiz.gov, the TVCbusinessdirectory and the veteransbiznetworks reachable through www.veteranscorp.org. Market research reflects the use of these additional data bases will improve the procurement process for DoD acquisition officials.

DoD plans to increase the utilization of the set-aside and sole source authorities provided by Public Law 108-183, as codified at 48 CFR 19.14. This will allow a contracting official to set-aside procurements if there is a reasonable expectation that there are two or more capable SDVOSBs who can provide the goods or services at a fair market price. DoD is exploring the use of the set-aside authority for military hospitals and military cemeteries for SDVOSBs.

Under Secretary Krieg, in his April 12, 2007 memorandum, requests that the DoD acquisition community participate in the General Services

Administration Veterans Information Technology Government-wide Acquisition Contract (GWAC) “with vigor”. See www.gsa.gov/vetsgwac. DoD participation in the Vets GWAC will be implemented in concert with the Department’s Memorandum of May 18, 2007 by Shay Assad, the Director of Defense Procurement and Acquisition Policy, which requires justification of the use of non-DoD contracts. In advancing this participation, GSA trained 100 DoD acquisition officials on May 22, 2007 on how to implement the GSA Vets GWAC at the annual Small Business Training Conference.

With regard to other training, the Defense Acquisition University, has upgraded the original 2004 online SDVOSB training module this year. More than 1,100 acquisition officials have taken one or the other of these courses. In addition, DoD has posted 42 power point training modules from its December 2006 conference, “Veterans Doing Business with DoD” and in concert with DAU and the Veterans Corporation has posted eight video streaming modules for training. This creates a robust website for distance learning at no cost to the user.

Along with the above training, senior DoD officials have made a concerted effort to publicize the commitment for continued performance improvement throughout the DoD acquisition community and related

conferences that included DoD acquisition officials, SDVOSBs and industry. Most recently, the Deputy Under Secretary for Acquisition & Technology, the Honorable James I. Finley, addressed the Third Annual Veterans Small Business Conference on June 26, 2007. There were some 1,350 attendees who heard Dr. Finley's address. Over the course of the last three years since the inception of the Strategic Plan, DoD has participated in some 50-60 conferences either as a sponsor, speaker, panelist, moderator or attendees describing the SDVOSB program.

Additionally, in an effort to monitor the progress made toward reaching the three percent goal, the Deputy Under Secretary for Acquisition & Technology, will meet on a quarterly basis with senior acquisition executives of the Military Departments.

Increasing the amount of subcontract awards made by large DoD prime contractors is another key objective of the DoD/OSBP Strategic Plan. Substantial progress has been made and last year some \$717Million in subcontracts was awarded to SDVOSBs by DoD prime contractors. In December of 2006, DoD participated in a conference entitled "Veterans Doing Business with DoD", which was keynoted by Deputy Under Secretary Finley that had a panel of three large DoD prime contractors. The prime contractor executives each made informative presentations on how

SDVOSBs could contract with them with detailed presentations. These presentations are posted on the OSBP website for SDVOSBs to pursue subcontracting opportunities. At the June, 2007 conference, three different large DoD prime contractors made similar presentations on how SDVOSBs can subcontract with them.

DoD is considering the establishment of an award that will acknowledge the DoD personnel who have performed best under objective criteria to reach or surpass the three percent goal. This award will provide an incentive for DoD acquisition personnel to reach or exceed the three percent goal within their command.

The Five Year SDVOSB Strategic Plan is a framework by which DoD seeks to reach the three percent goal. DoD will continue to seek initiatives that can accelerate the increase in prime contract and subcontract awards to SDVOSBs and will continue to review, analyze and adjust the plan on an annual basis. Rather than paraphrase the elements, we are attaching the plan.

We have attached copies of the policy memoranda mentioned above and the most recent edition of the Strategic Plan for your review. I will be pleased to answer any questions you might have during my oral presentation.

Thank you.

Attachments as stated.