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Veterans win passage of set-aside bill

BY [Michael Hardy](#)
Dec. 8, 2003

Businesses owned by disabled veterans will have a new advantage in federal contracting, based on new legislation that is now on the president's desk.

The Veterans Benefits Act of 2003 creates a set-aside category for businesses owned by veterans who were disabled in the line of duty. It allows agencies to provide sole-source contracts to manufacturing businesses up to \$5 million or up to \$3 million for other procurements.

Contracting officers can also conduct restricted competitions limited to such companies. It elevates the businesses to the same status as 8(a) or woman-owned firms, according to advocates. "If you had a service-disabled, veteran-owned [business] and an 8(a) that were equally attractive, you would see those proposals weighed against each other on their merits," said Scott Orbach, president of consulting firm EZGSA. "But you've eliminated all the other competition."

A 1999 law, the Veterans Entrepreneurship and Small Business Development Act, created a goal that agencies should spend 3 percent of their contracting funds on service-disabled, veteran-owned firms. There has not previously been legislation that would allow the Small Business Administration to make rules to encourage agencies to meet the goal. "Federal agencies have had a difficult time achieving their goals," said Rich Carter, a spokesman for the House Small Business Committee. "This will hopefully help them because it will allow them [to create] set-aside provisions." Agencies have historically spent less than 1 percent on such businesses, far short of the 3 percent target.

John Moliere, president of Standard Communications Inc. and a 61-year-old Vietnam War veteran, said the legislation puts veterans on a level playing field with other disadvantaged groups. His company offers management consulting for agencies in program management, telecommunications and information technology. "For years there has been enabling opportunities in place for minority business entities and women's business entities," he said. "At every executive agency, there are advocates for these two groups, and that's by statute. But there has been no advocate on behalf of veteran-owned businesses or service-disabled, veteran-owned business." Agencies' existing offices of small and disadvantaged business utilization can add the veteran-owned firms to their mission without adding any advocacy structure, he said.

Government has had programs to help veterans that wanted to start common businesses, like gas stations and restaurants, he said. "However, if someone was an entrepreneur and wanted to do business with the federal government, the veteran is really behind the eight ball," he said. The one weakness **Moliere** sees is that the set-aside only applies to service-disabled veterans. Veterans do not qualify unless they have suffered serious war injuries. Veterans often work in tandem, however, so what benefits one company receives will likely help others, he said.

David Safavian, a former General Services Administration official who has been nominated to succeed Angela Styles as administrator of the Office of Federal Procurement Policy, is a strong advocate of veterans, **Moliere** said. His nomination to the OFPP spot as the legislation becomes law is good news for vets, he said.

The bill opens doors for service-disabled, veteran-owned businesses, without implying any guarantees, said consultant Dennis DeMolet, a member of SBA's Veterans' Business Advisory Committee and a Vietnam War veteran. Companies will still need to get on the GSA schedule and call attention to themselves, he said. "This is not an open blanket for every service-disabled business to get business from the government," he said. "They have to work a little bit, too." Agencies will begin incorporating the firms into their requirements on new solicitations beginning early next year, he predicted. DeMolet said the legislation, which also expands the GI Bill to cover courses in entrepreneurship and running a business, is a needed help for vets. Many of them come home from war to face unemployment or to work a job where their talents go underutilized, he said. "It's payback. We're finally doing something for our veterans," he said.