

TESTIMONY OF
JEANETTE L. BROWN
DIRECTOR, OFFICE OF SMALL BUSINESS PROGRAMS
U.S. ENVIRONMENTAL PROTECTION AGENCY
BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON SMALL BUSINESS
CONTRACTING AND TECHNOLOGY SUBCOMMITTEE
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Chairman Nye, Ranking Member Schock, and Members of the Committee, thank you for providing me with the opportunity to appear before you today to discuss the U.S. Environmental Protection Agency's (EPA) performance with the Service Disabled Veteran Owned Small Business Program (SDVOSB).

Background

To assist veterans, particularly service disabled veterans, in playing a greater role in the economy of the United States by forming and expanding small businesses, Congress enacted the Veterans Entrepreneurship and Small Business Development Act (VESBDA), establishing the

Service Disabled Veteran Owned Small Business (SDVOSB) Program in 1999. VESBDA defined SDVOSBs as businesses that are: small, pursuant to Small Business Administration (SBA) size standards; at least 51 percent owned and controlled by service disabled veterans; and the management and daily business operations are controlled by one or more service disabled veterans. VESBDA also established a three percent federal government wide procurement goal for SDVOSBs.

To further enhance business opportunities for SDVOSB entities, Congress enacted the Veterans Benefits Act (VBA) in 2003. VBA enables SDVOSB firms to receive sole source and restricted competition contracts for goods and services used by the U.S. Government. According to VBA requirements, the anticipated award of sole source contracts will not exceed \$5 million for manufacturing and \$3 million for other contract opportunities. Congress enacted this statute after data collection from more than 60 federal departments and agencies showed that more than half of them reported no procurement dollars expended with SDVOSBs since the enactment of VESBDA.

At EPA, it is the mission of the Office of Small Business Programs (OSBP) to support the protection of human health and the environment by advocating and advancing the business, regulatory, and environmental compliance concerns of small and socioeconomically disadvantaged businesses and minority academic institutions. OSBP works to ensure that the Agency meets its goals with respect to the SDVOSB program.

EPA's SDVOSB Accomplishments

Since the enactment of VBA in 2003, EPA's accomplishments with the SDVOSB program are as follows¹:

Fiscal Year	Service Disabled Veteran Owned Small Business Dollars	Service Disabled Veteran Owned Small Business Percentage
FY 03	\$58,871.11	0.0058%
FY 04	\$132,150.00	0.0131%
FY 05	\$10,101,532.61	0.7670%
FY 06	\$21,534,656.05	1.9760%
FY 07	\$56,417,870.18	4.1189%
FY 08	\$57,028,525.32	4.1834%
FY 09	\$155,705,931.31	8.9392%
As of 3 rd Quarter FY 2010	\$52,371,618.11	5.6191%

Keys to EPA's Success with the SDVOSB Program

The Agency's commitment to SDVOSBs is strong. The Agency's progression towards meeting and exceeding the three percent SDVOSB goal has been steady since 2003, with increases each year thereafter. The Agency has exceeded the SDVOSB goal for the last three years, and is on target to continue this pattern of success for fiscal year 2010.

¹ Data is taken from the Federal Procurement Data System, Next Generation (FPDSNG). FPDSNG is a contract data reporting system that centralizes the collection, storage, and dissemination of contract data for the government, congress, and the public.

In January 2006, EPA's OSBP implemented a plan to manage and measure our efforts to improve our performance in meeting our small business goals in all socioeconomic categories, including SDVOSBs. The plan includes the following elements:

- Clear communication from the head of the Agency reinforcing the importance of meeting our small business goals;
- Internal small business performance measures established as a part of Government Performance Results Act (GPRA) requirements;
- Consistent dissemination of data from the Agency's Office of Acquisition Management (OAM), tracking Regional and program office progress on a quarterly basis;
- Internal and external outreach and training by OSBP on the utilization of small businesses including an annual small business counseling session specifically for Veteran Business Owners that attracts 80 to 100 attendees; and
- An internal recognition program which provides visible recognition for those offices and Regions meeting their small business performance measures.

Our strategy has made a tremendous difference in increasing the Agency's performance in striving to meet all of our socioeconomic goals. Some of our most significant achievements are in the SDVOSB category. EPA has been recognized by the Veteran Administration's Center for Veterans Enterprise as a recipient of its "Champion" award for commitment to the SDVOSB program.

EPA SDVOSB Success Stories

EPA has a proven track record for awarding multimillion dollar contracts to SDVOSBs. For example, in 2007, EPA awarded a woman owned SDVOSB, Golden Key Group, LLC with a \$5.5 million contract. This firm, located in Clifton, Virginia provides human resources support services to EPA.

In another example, in 2008, EPA awarded a \$100 million contract to Vision Technologies, an SDVOSB in Glen Burnie, Maryland. Vision Technologies supports and manages EPA's Office of Research and Development's network servers and data storage, voice and data networks, and information technology security. This contract was procured under the GSA Veterans Technology Services Governmentwide Acquisition Contract (GWAC), a \$5 billion small business set aside contract for SDVOSB information technology firms.

This year, EPA awarded several contracts including a \$20 million Remedial Action Contract to Los Alamos Technical Associates, Inc. (LATA), an SDVOSB in Ohio. LATA will provide environmental and engineering services to support EPA's remedial planning and oversight activities in New York, New Jersey, Puerto Rico, and the Virgin Islands.

Also this year, Polu Kai, an 8(a), minority owned, SDVOSB located in Falls Church, Virginia was awarded EPA contracts providing a range of services including Underground Injection Control Field Inspection Services and Soil Remediation. These contracts total close to \$6 million.

OSBP's Review of Agency Procurements

EPA follows procedures set forth in the Federal Acquisition Regulation (FAR) to review procurement requests to ensure that small business concerns are fairly represented in the procurement process, specifically FAR Part 19 – Small Business Programs.

OSBP reviews the procurement requests in the following areas:

- Contract Bundling;
- Correct sole source dollar thresholds;
- North American Industry Classification System (NAICS) Code applicability;
- Appropriateness of market research;
- Applicability of subcontracting clauses for the selected method of procurement;
- Inclusion of the statement of work in the package;
- Inclusion of the procurement in the program office's acquisition plan; and
- For full and open acquisitions over \$550,000, make recommendations to the Contracting Officer that subcontracting past performance be used as an evaluation factor in the procurement process.

Additionally, in accordance with the FAR, the local SBA Procurement Center Representative reviews the procurement package and the Agency's acquisition recommendations over \$100,000.

EPA Office of Acquisition Management Process for Verifying Vendor Status

Contracting officers within EPA's Office of Acquisition Management (OAM) are responsible for verifying the status of vendors. The Agency follows procedures set forth in the FAR regarding a vendor's representations and certifications, specifically, FAR Part 4.11 – Central Contractor Registration, Part 4.12 – Representations and Certifications, and Part 19 – Small Business Programs. FAR Part 4 – Administrative Matters, sets out procedures for vendors to self certify their size status and the policy and procedures for frequency and updates of a vendor's Online Representations and Certifications Application (ORCA) company profile. FAR Part 19 – Small Business Programs, lays out the policies and processes as specified by SBA for a vendor's small business certification and verification.

For preaward review, the acquisition community relies on the Central Contractor Registration (CCR) and ORCA to verify the status of contractors prior to making award. The information in ORCA is updated as necessary, at least annually, to ensure they are kept current, accurate, and complete. All representations and certifications are only effective for one year from date of submission or update to ORCA.

Also, prior to award, an award notice is posted on EPA's site containing information on the award, including the vendor. At this time, interested parties may come forward to protest the size standard claimed by the potential awarded offeror. These cases are then turned over to SBA to review and make a determination.

EPA does not have or utilize an Agency database that identifies SDVOSBs. However, EPA utilizes the self certifications of vendors provided within CCR and ORCA. The CCR is the primary registrant database for the U.S. Federal Government. CCR collects, validates, stores, and disseminates data in support of agency acquisition missions, including Federal agency contract and assistance awards. Assistance awards include grants, cooperative agreements and other forms of federal assistance. A company wishing to do business with the federal government under a FAR based contract must be registered in CCR before being awarded a contract. In addition, vendors must maintain their CCR records annually. ORCA replaces most of the paper based representations and certifications with an internet application.

CCR and ORCA are complementary systems. ORCA reuses data pulled from CCR and populates many of the required representations and certifications. Then, the vendor completes the remaining representations and certifications with the understanding that with each solicitation they are certifying to current, accurate, and complete information.

EPA follows the procedures outlined in FAR Parts 3, 4, and 19 with respect to misrepresentations involving contractor code of ethics, ORCA certification, and small business certification. These FAR sections lay out the policies and processes a contracting officer should follow when a misrepresentation occurs.

Conclusion

We are proud of the fact that EPA has been able to meet, and exceed, the federal goal for SDVOSBs for last three years. We look forward to continuing our work with this Committee, our partners, and the public to ensure an economically and environmentally healthier country for all Americans, through the utilization of small business.

Thank you again for inviting me to testify here today, and I look forward to answering your questions.