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United States Senate

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December 15, 2009

The Honorable Eric K. Shinseki
Secretary
Department of Veterans Affairs
810 Vermont Avenue, NW
Washington, D.C. 20420

The Honorable Karen G. Mills
Administrator
U.S. Small Business Administration
409 Third Street, SW
Washington, D.C. 20416

Dear Secretary Shinseki and Administrator Mills,

Thank you both for your vigorous and sincere efforts to provide the necessary tools for our nation's veterans and service members to improve their economic circumstances. There is likely no more critical period in our lifetimes in which we will confront such a bleak environment for our nation's bravest men and women seeking gainful employment. I am writing today because there are two crucial matters affecting veteran-owned small businesses (VOSB) that truly deserve your immediate attention.

My recent letter dated November 19, 2009 highlighted the Government Accountability Office reports of fraud and abuse in service-disabled veteran-owned small business (SDVOSB) contracting. To combat this fraud, it is critical that the Department of Veterans Affairs (VA) and the Small Business Administration (SBA) work together to promptly address outstanding issues affecting small businesses. That said, I am troubled by interim rule 819.307 published in the Federal Register December 8, 2009. This rule provides that the VA's Executive Director of the Office of Small and Disadvantaged Business Utilization (OSDBU) shall solely decide SDVOSB and VOSB status protests. This provision, which removes the SBA from the process, was instituted because interagency negotiations have yet to be finalized. Both the VA and SBA have a vital role to play to ensure transparency and prevent fraud, and I am confident an agreement can be reached through the utilization of the SBA's experience and expertise in determining program eligibility.

As service disabled and veteran owned small businesses eagerly anticipate an agreement between the VA and SBA to be executed, I urge your agencies to complete negotiations and establish a feasible yet effective protest system within the next 60 days. As stated in the rule, "...without a SDVOSB/VOSB status protest resolution process in place for acquisitions under this authority, performance of any contract award so challenged would be suspended thus depriving VA and veterans of necessary services and/or supplies." Status protests give veterans the ability to self-police the SDVOSB and VOSB programs to prevent fraud and abuse from

permeating the system. Thus, it is paramount that the VA and SBA work together to ensure small businesses have an effective status protest procedure.

Additionally, the Military Reservist and Veteran Small Business Reauthorization and Opportunity Act, P.L. 110-186, enacted in February 14, 2008, included a provision requiring that the Administration establish an interagency task force to help veteran entrepreneurs reach their goals, including those involving participation in Federal government contracting. Specifically, under P.L. 110-186, the task force is charged with increasing the integrity of certifications of status as a small business concern, service-disabled veteran, or small business controlled by veteran. It is imperative that this task force be established without further delay to ensure that veterans have all the tools they need to succeed in business.

Thank you again for your work on behalf of our nation's veteran entrepreneurs. I genuinely appreciate your on-going commitment to resolve both the interim rule issue as well as the establishment of an interagency task force. Both the VA and SBA administer to a broad spectrum of policy with deep implications for service-disabled and veteran-owned small businesses, and I believe these outstanding issues present an ideal platform to demonstrate your steady leadership for the benefit of those truly deserving.

Sincerely,



OLYMPIA J. SNOWE
Ranking Member