



HOUSE COMMITTEE ON
VETERANS' AFFAIRS
Chairman Phil Roe, M.D.

H.R. 2781: Ensuring Veteran Enterprise Participation in Strategic Sourcing Act

Background:

The Veterans Benefits, Health Care, and Information Technology Act of 2006 gave small businesses owned by veterans or service-disabled veterans preference in VA contracting. The department must compete contracts among them (and not other small businesses or large businesses) when it expects two or more such businesses will submit a proposal, and the contract can be awarded at a fair and reasonable price. The Supreme Court ruled in the *Kingdomware* case on June 16, 2016 that this law applies to all VA contracting.

This bill closes a loophole that has emerged since *Kingdomware*. VA often purchases goods and services by placing orders against contracts run by other agencies. In particular, VA buys its office supplies, janitorial products and some other commodities via contracts run by the General Services Administration (GSA) under the Federal Strategic Sourcing Initiative. The contracts for some of these products have few or no Service-Disabled Veteran and Veteran-Owned Small Businesses represented because GSA does not have the same mandate as VA to purchase from veterans. Too often, when VA uses the contracts, it is not finding such businesses to purchase from, because enough of them have not been allowed onto the contracts. The bill directs VA to work with GSA to increase the number of Service-Disabled Veteran and Veteran-Owned Small Businesses represented on the contracts, or else stop using the contracts, thereby closing the loophole that is denying veterans the opportunities the Supreme Court ruled they are entitled to in *Kingdomware*.

The Message:

- VA gives preferences when awarding contracts to Service-Disabled Veteran and Veteran-Owned Small Businesses.
- These businesses are being denied the preference when VA makes purchases using certain General Services Administration (GSA) contracts, where the businesses are not sufficiently represented.
- This legislation closes that unfair loophole by directing VA to work with GSA to increase the number of to Service-Disabled Veteran and Veteran-Owned Small Businesses holding the GSA contracts.