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MILITARY BASE REALIGNMENT: CONTRACTING OPPORTUNITIES FOR IMPACTED COMMUNITIES

HEARING

BEFORE THE

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, ORGANIZATION, AND PROCUREMENT

OF THE

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

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MILITARY BASE REALIGNMENT: CONTRACTING OPPORTUNITIES FOR IMPACTED COMMUNITIES

FRIDAY, FEBRUARY 8, 2008

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
ORGANIZATION, AND PROCUREMENT,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:13 a.m., in room 2154, Rayburn House Office Building, Hon. Edolphus Towns (chairman of the subcommittee) presiding.

Present: Representative Towns.

Also present: Representatives Clay and Cummings.

Staff present: Mike McCarthy, staff director; Velvet Johnson, counsel; William Jusino, professional staff member; Kwane Drabo, clerk; and Benjamin Chance, minority professional staff member.

Mr. TOWNS. The hearing will come to order.

Today's hearing is a followup to a hearing that we did last year in which we examined the barriers that restrict small and disadvantaged businesses from actively participating in the Federal workplace. In that hearing, business owners testified about their difficulty in getting contracts from the Government and how more needs to be done to hold Federal agencies accountable for meeting their contracting goals.

Today's hearing is about accountability. I want to tie up some loose ends from last year and followup on promises made by the Department of Defense to take action by examining DOD's contracting relating to military base property.

DOD is currently implementing a new round of base realignments and closures [BRAC]. This round is the largest round ever undertaken by the Department of Defense. DOD plans to execute over 800 closures and realignment actions, which is double the number of actions completed in the prior four rounds. DOD will spend billions of dollars on construction, service, and product procurement contracts. However, it remains unclear whether the benefits of these contract opportunities will extend to businesses in the affected communities in a systematic manner.

BRAC presents the Federal Government with the opportunity to change and redefine the way it deals with small, local, minority, and service-disabled veteran-owned businesses. All too often, Federal agencies become overly reliant on a handful of companies that command the lion's share of work. This dependence will only wors-

en if the Government does not take necessary and fair steps to increase the size and diversity of its vendor pool.

In addition to BRAC, I am troubled by the lack of contracting opportunities at DOD facilities for service disabled veterans, people who have served our country honorably. The Federal Government does more than $415 billion in purchasing in 2006 alone, and veterans only get crumbs, and service-disabled get even less than crumbs. The Federal Government has a goal of 3 percent contracting with service-disabled veterans, but they got less than 1 percent, really, in 2006. That is up from the prior year, and I am glad to see progress, but what is so hard about doing business with men and women who have sacrificed so much for our country? I don't understand.

Today we will hear from government and business officials in Maryland about contracts for expansion at Fort Meade and Aberdeen. Maryland has a rich base of successful small and minority-owned businesses to draw from, and DOD should take advantage of that resource. We will also hear from veterans groups about their difficulties receiving contracts at places like Arlington National Cemetery and Walter Reed Medical Center, where I would hope there would be a preference for veterans-owned businesses. If that is not the case, that may be something for us to pursue in legislation, because I want you to know I am very interested in that, and I am not going to go away.

We have been talking about these issues for a long time, and now is the time for us to do something about them. It is my hope that we can work together to come up with a strategy to open up the door of opportunity and allow these businesses in.

[The prepared statement of Hon. Edolphus Towns follows:]

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SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, ORGANIZATION AND PROCUREMENT

OVERSIGHT HEARING
Military Base Realignment: Contracting Opportunities for Impacted Communities

February 8, 2008,
10:00 a.m. 2154 Rayburn

OPENING STATEMENT
OF CHAIRMAN TOWNS

The hearing will come to order. Today's hearing is a follow up to a hearing that we did last year in which we examined the barriers that restrict small and disadvantaged businesses from actively participating in the federal marketplace. In that hearing business owners testified about their difficulty in getting contracts from the government and how more needs to be done to hold federal agencies accountable for meeting their contracting goals.

Today's hearing is about accountability. I want to tie up some loose ends from last year and follow up on promises made by the Department of Defense to take action, by examining DOD contracting relating to military base property.

DOD is currently implementing a new round of base realignment and closure, known as BRAC. This round is the largest round ever undertaken by the Department of Defense. DOD plans to execute over 800 closures and realignment actions, which is double the number of actions completed in the prior four rounds. DOD will spend billions of dollars on construction, service, and product procurement contracts. However, it remains unclear whether the benefits of these contract opportunities will extend to businesses in the affected communities in a systematic manner.

BRAC presents the federal government with the opportunity to change and redefine the way it deals with small, local, minority, and service disabled

veteran-owned businesses. All too often, federal agencies become overly reliant on a handful of companies that command the lion's share of work. This dependence will only worsen if the government does not take necessary and fair steps to increase the size and diversity of its vendor pool.

In addition to BRAC, I am troubled by the lack of contracting opportunities at DOD facilities for service-disabled veterans. The Federal government does more than $415 billion in purchasing in 2006 alone, and veterans only get crumbs and service-disabled get even less. The federal government has a goal of three percent contracting with service disabled veterans but, they got less than one percent -- .67 percent in 2006. That is up from the prior year, and I am glad to see progress, but what is so hard about doing business with men and women who have sacrificed so much for our country?

Today we will hear from government and business officials in Maryland about contracts for expansion at Fort Meade and Aberdeen. Maryland has a rich base of successful small and minority-owned businesses to draw from, and DOD should take advantage of that resource. We will also hear from veterans groups about their difficulties receiving contracts at places like Arlington National Cemetery and Walter Reed Medical Center, where I would hope there would be a preference for veterans-owned businesses. If that's not the case, that may be something for us to pursue in legislation.

We've been talking about these issues for long enough. It's time to do something about them. It is my hope that we can work together to come up with a strategy to open up the door of opportunity and allow these businesses in.

Mr. TOWNS. We are going to move right along. I understand we will be joined by some members from the Maryland delegation a little later on, which is fine.

Let me ask that the first panel come forward. Why don't you just continue standing, because we swear our witnesses in. So why don't you just continue standing. Would you raise your right hands?

[Witnesses sworn.]

Mr. TOWNS. Thank you very much.

Let the record reflect that they all answered in the affirmative.

Let me introduce the panel.

Luwanda Jenkins is special secretary of the Governor's Office of Minority Affairs for the O'Malley-Brown administration. Ms. Jenkins is responsible for working with the business community to expand minority and women-owned firms in the State of Maryland to fulfill commitments in State contract spending. Welcome.

Hubert Green is president of the Prince George's Black Chamber of Commerce, where he is dedicated to assisting small, local, and minority-owned businesses in Prince George's County in their development and growth. Welcome, Mr. Green.

We also have with us John Watkins, president of Ingenium Corp., and, of course, a minority-owned information technology management firm that provides services to both government and private industry. As a former Army general, Mr. Watkins was the deputy director of the Defense Information Systems Agency. Welcome to the committee.

Rick Weidman served as the director of government relations for the Vietnam Veterans of America. He is a strong advocate on a full range of issues important to Vietnam veterans, including the expansion of Federal business opportunities for service-disabled veterans-owned-by businesses.

Your entire statement will be placed in the record, so I ask each witness to summarize their testimony within the time we have established for each of you. The yellow light means your time is about to run out; the red light means that your time is out. So please try to summarize within that period. So we will begin with you, Ms. Jenkins.

STATEMENTS OF LUWANDA W. JENKINS, SPECIAL SECRETARY, STATE OF MARYLAND; HUBERT GREEN, PRESIDENT, PRINCE GEORGE'S BACK CHAMBER OF COMMERCE; JOHN WATKINS, PRESIDENT, INGENIUM CORP.; AND RICK WEIDMAN, EXECUTIVE DIRECTOR, POLICY AND GOVERNMENT AFFAIRS, VIETNAM VETERANS OF AMERICA

STATEMENT OF LUWANDA W. JENKINS

Ms. JENKINS. [Inaudible.]

Mr. TOWNS. Is your mic on? Push the button.

Ms. JENKINS. [Inaudible.]

Mr. TOWNS. I see we are having some mic problems.

Ms. JENKINS. [Inaudible.]

Mr. TOWNS. No, no, no, no. In a case like that, we will give you additional time. That is staff's fault.

Ms. JENKINS. [Inaudible]—improvements and public school construction. For example, in transportation, $1.7 billion will be spent in roughly 31 BRAC-related projects. These projects are primarily focused on intersection improvements near Aberdeen Proving Ground, Fort Meade, and Bethesda Naval Medical Center. Our Department of Transportation has also requested $200 million for MARC train growth throughout the region, which is critical to commuter transportation throughout the Maryland-D.C. area.

In the area of environmental improvements, Maryland must maintain its water treatment plants. Five hundred million dollars in fiscal year 2009 will be used to support water treatment activities in nine Maryland jurisdictions, which are anticipating the greater amount of BRAC growth, and that is primarily our Central Maryland area.

In the area of school construction, in order to support the 28,000 new households scheduled to transfer into Maryland, we will spend approximately $400 million for new school construction in Maryland during fiscal year 2008, and we are anticipating spending another $300 million for school construction beyond 2008, primarily in those jurisdictions that will be BRAC-impacted.

Having said all of that, what are some of the BRAC challenges facing Maryland's minority business community? I am going to summarize these into three high priority challenges, the first of which is a challenge that is universal to small and minority businesses regardless of whether or not you are looking at private sector or public sector activity, and that has to do with access to capital, having adequate capital for working capital, bid bonds, performance bonds. And in the case of BRAC activity, since so much of the initial work will be in the area of construction, having access to capital is critical for minority firms who are looking to take advantage of construction-related activities.

The other two challenges are really challenges that are unique to the Federal space. Security clearances. Security clearances, as you all know—the whole process for security clearances can take up to 2 years. It is a costly process, and a process that creates a burden particularly to smaller businesses. Costs for security clearances can range anywhere from $60,000 to $150,000 per employee.

However, the higher issue with security clearances is that security clearances oftentimes are the first barrier to accessing procurement opportunities. In other words, if you don't have a security clearance for Federal work, you are not allowed to even have opportunities to look at the RFPs and to review those RFPs. So, security clearances and helping firms to expedite and navigate that process is a clear challenge for our small and minority business community.

And then, last, you have heard us mention, and we will continue to talk about, enhanced use leases. EUL is a tool that facilities use to leverage Federal assets to address unfunded needs on military installations, several of which are underway in the Maryland area. And, while these projects may not be directly tied to BRAC, each serves to support the growth and development that is scheduled to arrive in Maryland in the coming years. So, indirectly they are tied to BRAC. The concern in Maryland is that federally negotiated EULs do not require the adherence to Federal or State procure-

ment laws, and this is where our laws would encompass minority business friendly goals, either DBE goals or MBE goals.

So having stated those challenges, what are we in the State of Maryland doing to assist businesses to become BRAC ready and to take advantage of these business and contracting opportunities? My office, along with a number of individuals and programs throughout the State of Maryland,—you will hear testimony from some of the other panelists—we are coming together to do a variety of actions to help small and minority businesses become BRAC ready.

First and foremost, we are in the process of conducting a BRAC opportunity study. This is a study to help us identify public procurement opportunities along with those small and minority businesses, which have the opportunity and are best positioned to take advantage of these opportunities: firms that may already have security clearances, firms that may have high capital opportunities. We are also working on information dissemination, so that we get information out to the minority business community, and we are looking to establish business development offices in close proximity to the bases so that firms have access.

So, in conclusion, we are very fortunate in Maryland to have BRAC, that we are a winning BRAC State. We thank our Federal delegation for your support and continued opportunity to help us be ready for these opportunities, and we are looking for additional support to help us address some of the challenges.

With that, I want to thank you, members of the committee, members of the Maryland delegation. We look forward to your continued partnership and support in this endeavor. Thank you.

[The prepared statement of Ms. Jenkins follows:]

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LUWANDA W. JENKINS
Special Secretary

Luwanda W. Jenkins, Special Secretary

Written Testimony
The Subcommittee on Government Management, Organization & Procurement of the House Committee on Oversight & Government Reform
"Military Base Realignment: Contracting Opportunities for Impacted Communities"
February 8, 2008

Introduction

Enactment of the 2005 Base Realignment and Closure (BRAC) Commission recommendations presented the State of Maryland with tremendous opportunities. The 2005 round of BRAC will result in the creation of up to 60,000 new jobs and the arrival of as many as 28,000 new households. While the State anxiously awaits full completion of the growth by 2011, State agencies and the Governor's Subcabinet on BRAC identified and are working to meet the challenges facing Maryland in the coming years, which includes the State's ability to develop the workforce to fill many of the jobs moving to Maryland and preparing the infrastructure to serve a larger population. In addition, the State has taken measures to ensure that small and minority-owned businesses have access to State and Federal procurement and business opportunities, including technology transfer opportunities associated with BRAC, which will be the focus of this testimony.

The BRAC Subcabinet has identified several challenges that are preventing small and minority-owned business from fully realizing the procurement and business opportunities attendant with implementation of BRAC 2005. Those challenges include access to security clearances, acquisition of capital, and unenforced or inadequate federal guidelines for minority participation in the negotiation and execution of Enhanced Use Lease (EUL) agreements and other federal government procurement vehicles.

Minority Business Participation in Maryland

The State of Maryland has long established itself as a national leader in enhancing minority and women business participation. The State's small business community is, perhaps, the nation's most diverse – more than a third of firms are majority-owned by women, the highest percentage in the nation, and more than 16 percent are majority-owned by African Americans, also the highest percentage in the nation. In addition, between 1997 and 2002 – the most recent year for which data is available – Maryland saw the number of Asian Pacific American-owned firms grow by 19 percent, Hispanic-owned firms by 37.5 percent, and American Indian and Alaskan Native-owned firms by 50 percent. In total, more than half of Maryland's nearly 500,000 small businesses are minority or women-owned.

Luwanda W. Jenkins, Special Secretary
State of Maryland - Governor's Office of Minority Affairs
Written Testimony - The Subcommittee on Government Management, Organization & Procurement of the House Committee on Oversight & Government Reform
February 8, 2008

Maryland's diverse business community is also due in large part to the State's aggressive Minority Business Enterprise (MBE) statutes. The Maryland standard, now in its 30th year, has emerged as a model for progressive MBE policy and sound operating procedures. Maryland sets ambitious MBE participation goals for all procurements in each State agency. Current legislation calls on Maryland's agencies to aim for 25 percent overall MBE participation. Additionally, sub-goals are set for women-owned MBE firms (10 percent) and African American-owned MBE firms (seven percent).

While Maryland has not yet fully achieved the 25 percent goal, in recent years, the State has shown steady improvement in meeting this goal and several State agencies have met and surpassed the goal or come within striking distance of meeting the goal in the near future:

- In Fiscal Year 2007, the State allocated $5.46 billion in total procurement contracts, $1.12 billion of which was awarded to MBE firms (20.5 percent).
- The Maryland Department of Environment (MDE) exceeded MBE goals in Fiscal Year 2007 by awarding more than 34 percent of its procurement contracts to MBE firms.
- The Maryland Department of Transportation (MDOT) awarded $1.8 billion in total contacts in Fiscal Year 2007, roughly $397 million to MBE firms (22 percent). That represents an improvement over Fiscal Year 2006 when MDOT awarded just 19 percent to MBE firms.
- The Maryland Department of General Services (DGS) is actively working to reach the 25 percent goal and in Fiscal Year 2007 awarded more than $52 million to MBE firms.

Maryland has a dedicated agency, the Governor's Office of Minority Affairs (GOMA), which serves as a clearing house and advocate for Maryland's half million small and minority-owned businesses. GOMA has established partnerships with vital stakeholders and actively engages small and minority-businesses through outreach and education.

As a member agency on the Governor's Subcabinet on BRAC, GOMA is working with the minority business community to encourage ever greater participation. GOMA has undertaken several initiatives and will shortly begin others that are designed to provide small and minority-owned businesses with the resources and information to compete for BRAC contracts and business. Such initiatives include:

BRAC Opportunities Study: The Governor's Office of Minority Affairs, along with the Maryland Department of Business and Economic Development and the Maryland Department of Labor, Licensing and Regulation, is commissioning a BRAC Opportunities Study. The aim of the study is to identify public procurement opportunities and those small and minority-owned businesses which have the clearance and personnel already in place to compete, grow and contribute within the BRAC economic community. In addition, the study will analyze and evaluate the strengths and needs of Maryland's small businesses and the business assistance organizations that help small and minority-owned firms compete. Lastly, the study will examine the extent to which participation in BRAC will impact other small and minority-owned business growth.

One-Stop Employment and Procurement Website: GOMA already has an easy-to-use website that provides small and minority-owned businesses with access to information and resources. From the recommendations of the Governor's Subcabinet on BRAC, GOMA will soon launch a new website that will serve as a "One-Stop" center to include information for businesses on BRAC. The site will contain links to local BRAC impacted jurisdictions, the U.S. Department of Defense, the Maryland Small Business Development Center Network, various minority contracting advocacy organizations, local Chambers of Commerce, and the Maryland Procurement and Technical Assistance Program. Lastly, the site currently contains a downloadable version of the informational guide, "Business Opportunities Manual for Small Businesses, Seeking Contracts with Maryland's Federal Facilities."

Business Development Offices (BDOs): Maryland is in discussions for the creation and implementation of Business Development Offices (BDO) at Aberdeen Proving Grounds and Ft. George G. Meade, working with the established Alliances of those locations. The BDOs will function as an independent and impartial entity, expanding on the very successful, consistent, replicable BDO model currently in operation at Ft. Detrick. This model will apply systematic "Best Practice" techniques to what can best be described as a two-way portal into Aberdeen's and Ft. George G. Meade's business procedures. The BDO will serve as an implementing conduit enabling the accurate, timely transfer of ideas and information between Ft. George G. Meade and its 80+ Tenant Organizations, area universities, businesses, other proximate organizations, and even down to the individual level.

The overarching mission of the BDOs will be to support the community with advice and counsel regarding business opportunities at Aberdeen Proving Ground and Ft. George G. Meade, its partners. They will provide a "One-Stop-Shop" for doing business on and around Aberdeen and Ft. George G. Meade.

BRAC Procurement Opportunities

A wealth of opportunities exists for Maryland companies at the State and Federal levels. Maryland realizes the incredible occasion for entrepreneurship and is working through its Department of Business and Economic Development to encourage such growth.

Federal Procurement

The increased volume of Federal acquisition projects tied to Maryland military bases, as well as the transfer of operations from the Defense Information Systems Agency (DISA) and Ft. Monmouth, present established and new Maryland firms with greater access to Federal contracts. These potential contracts fall under four specific tiers, some immediate and others long ranging. They are:

- Tier One: Military Construction
- Tier Two: Informational Technology and Telecommunications

- Tier Three: Logistics, including relocation
- Tier Four: Services

Lastly, Federal opportunities exist through privatized development on the base, such as Enhanced Use Leases.

State Procurement

The State of Maryland estimates that it will award nearly $985 million in procurement contracts in the current fiscal year that directly serve the BRAC growth and development, mostly in transportation infrastructure, environmental improvements, and public school construction.

Transportation: Maryland has invested $1.7 billion for 31 BRAC-related projects in its Capital Transportation Program over the next six years. In the Governor's Fiscal Year 2009 budget, the State has allocated $139 million for improvements near the most-heavily impacted intersections around Aberdeen Proving Ground, Ft. George G. Meade, and Bethesda Naval Medical Center. In addition, the Maryland Department of Transportation (MDOT) has requested $201 million for the MARC train growth and investment plan that would encourage workers at Aberdeen Proving Ground and Ft. George G. Meade to utilize mass transit. MDOT is the largest Maryland agency to participate in the Federal Disadvantaged Business Enterprise (DBE) program, which last year set DBE participation goals of 27.1 percent for Maryland Transit Administration procurements and 25.3 percent for State Highway Administration procurements. As discussed earlier, MDOT is showing remarkable progress in minority-owned business participation and will likely meet the ambitious State goals in the coming years.

Environmental Improvements: In order to serve a larger population, Maryland must maintain its water treatment plants. The Maryland Department of Environment (MDE) has allocated $536 million in Fiscal Year 2009 within the nine Maryland jurisdictions anticipating the greatest amount of BRAC growth. To help meet the 25 percent MBE participation goal (as well as the 22 percent participation negotiated with the U.S. Environmental Protection Agency), MDE has proposed legislation during the current session of the General Assembly that would require contract applicants to undertake certain steps to achieve MBE participation.

Public School Construction: The O'Malley/Brown Administration included $400 million for school construction in its Fiscal Year 2008 budget, 71 percent of which was allocated to the nine jurisdictions anticipating the greatest BRAC growth. In the Fiscal Year 2009 budget, the Administration has allocated $333 million for school construction, $139 million of which will be directed to those same nine jurisdictions. The Maryland State Department of Education expects to meet Maryland procurement goals for school construction, awarding nearly $162 million to minority-owned firms.

Luwanda W. Jenkins, Special Secretary
State of Maryland - Governor's Office of Minority Affairs
Written Testimony - The Subcommittee on Government Management, Organization & Procurement of the House
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February 8, 2008

Challenges Facing Minority Businesses with BRAC

Security Clearance

The problem of meeting the need for required security clearances within an acceptable time frame could pose a substantial problem in meeting recruitment goals. Most transferring jobs and many contractor jobs moving to Maryland because of BRAC will require at least 'secret' clearance. The Maryland Department of Labor, Licensing and Regulation (DLLR) estimates that Maryland will be responsible for filling as many as seven out of 10 BRAC jobs, requiring Maryland to develop a workforce that is not only trained and skilled in the respective field, but also properly cleared.

This reality puts an increased burden on small and minority businesses. The cost of gaining security clearance is burdened by the employer and can range from $60,000 to $150,000 per employee. In addition, the process often takes up to two years, leaving many small and minority-owned firms overburdened by the monetary and timely cost to apply for clearance on behalf of their employees.

Many DoD contract opportunities require a security clearance in order to view and participate in the Request for Proposal (RFP) process. This poses a challenge for most small and minority businesses that do not have security clearances and want to do business with the DoD.

Access to Capital

Having the adequate access to capital is essential to the ability of small and minority-owned firms to build and expand capacity, especially in the area of construction. Larger construction projects, including the intersection improvement and transit expansion projects identified by MDOT to serve the BRAC growth, often require surety bonding and financing. Such financing is too often unavailable to small and minority-owned firms that cannot access the capital required to provide collateral for the loans and financing.

Enhanced Use Lease

Enhanced Use Leases (EUL) bring, perhaps, the largest challenge for small and minority-owned business participation. The EUL is a tool that facilitates the leveraging of Federal assets to address unfunded needs on military installations. There are several EUL projects currently underway or nearing construction in Maryland, notably inside the fence at Aberdeen Proving Ground and Ft. George G. Meade. While these projects are not directly DoD projects, each serves to support the growth and development that is scheduled to arrive in Maryland in the coming years.

The specific concern in Maryland is that the federally-negotiated EULs do not require the adherence to either federal or State procurement laws, including minority-owned business participation goals. Rather, the arrangements allow for voluntary compliance on the part of the private developer with federal and State procurement law. Failure and disparate allocation of

opportunity caused by such voluntary compliance in years past is the very reason that federal and State procurement laws evolved to include minority-owned business participation procurement goals.

Conclusion

Maryland is very fortunate to be on the winning side of BRAC. Our Federal Delegation has been instrumental in making sure that Maryland is BRAC Ready, and we appreciate their support and partnership. However, those challenges outlined above remain a major obstacle for Maryland's small and minority-owned businesses. In order for them to benefit from these unique BRAC opportunities, your assistance is needed with the following.

- Ensuring that federal procurement laws and regulations such as the Federal Acquisition Regulation (FAR) and the Federal Disadvantaged Business Enterprise (DBE) laws are applied to all federal BRAC contracting activity including Enhanced Use Leases (EULs) with private developers which are managed by the Army Corps of Engineers on behalf of military bases in Maryland. As part of the Maryland 2008 legislative session, the O'Malley/Brown Administration introduced legislation that would establish the State and local government's authority to enter into Payment In Lieu of Taxes (PILOT) agreements with the Department of Defense and developers to address total impacts of EUL development, including the attainment of DBE and MBE goals. The Governor's Office of Minority Affairs also wants to encourage the federal government to embrace State MBE goals on EUL projects.

- Encouraging Maryland military bases: 1) to conduct continuous outreach to local small and minority businesses for the purpose of achieving greater inclusion in base-controlled purchasing and contract activity with both base purchasing representatives and private contractors that work on base; and 2) establish small and minority business liaison offices – particularly at Andrews Air Force Base and Ft. George G. Meade.

- Sponsoring and supporting supplemental funding requests for Maryland's Small Business Development Centers (SBDC & SBA/State Funded), and Maryland Procurement & Technical Assistance Programs (PTAP), for the continuation and expansion of their BRAC and the Bottom Line technical assistance programs designed to assist your constituent businesses to better understand and access BRAC business opportunities.

- Establishing a relationship with the DoD to obtain timely information on upcoming opportunities as well as access to data on Maryland companies and federal government spending related to BRAC projects.

Thank you for your time and attention. We look forward to continuing to work with our Federal counterparts to address these and other challenges facing small and minority businesses.

Mr. TOWNS. Thank you very much, Ms. Jenkins.
Thank you, Mr. Green. You may start.

STATEMENT OF HUBERT GREEN

Mr. GREEN. Good morning, Mr. Chairman and members of the committee. My name is Hubert Green, and I am president of the Prince George's Black Chamber of Commerce, with offices located at 6009 Oxon Hill Road, Oxon Hill, MD. It is an honor and a privilege to appear before you today and share my views and those of the Prince George's Black Chamber in the areas of contracting opportunities for impacted communities as the result of military base realignment and closing.

Incorporated in February 2001, Prince George's Black Chamber of Commerce is a Maryland-based business association representing small, local, and minority-owned businesses as an advocate and an educator. We promote and enhance the visibility of our business opportunity, address institutional barriers that impede business progress, and provide support and resources that empower our members to grow their businesses and enrich their lives.

Since the BRAC decision of November 2005, the small business community has been in waiting, anticipating and preparing for an opportunity to participate in one of America's largest procurement opportunities ever. The BRAC decision will generate the single largest job growth in the great State of Maryland since the end of World War II, making Maryland the largest beneficiary of employment growth of any State affected by the 2005 BRAC process.

You have heard about our diversity, and we are very proud of being the most diverse county in the States. We are proud of the numbers and the distinction they bring, but we are not satisfied because there could and should be more.

Since the decision of 2005, planning should have been underway to accommodate the possible results. That has not been the case at the Federal or at the State level until recently. For whatever reason, significant development contracting opportunities that BRAC brings will not have government-mandated opportunities. Federal guidelines that govern a certain type of partnership between the military and private developers allow for minority businesses participation quotas to be omitted sometimes in the interest of expediting the projects. This could mean that small and minority-owned businesses could be skipped over in favor of ones with more resources or that have an experienced association with the bases in question. Institutional barriers must be broken down.

Inasmuch as BRAC is a Federal mandate, the Federal Government must take the lead in addressing the immediate needs and requirements that arise from BRAC decisions. It must create an environment in which people are willing to take risks, to risk capital and personal property to achieve the American dream of success and prosperity. You can accomplish this through a variety of financial, technical, and procurement assistance programs, as well as counseling and training partnerships. You focused on customer satisfaction by streamlining services to the small businesses. The Government must find a way to help the small, local, and minority-owned businesses overcome the challenges and reap the rewards that BRAC presents.

There are a number of steps to take to remedy the situation in order to achieve the goals, but first we must level the playing field. Where disparities exist, we must remove the barriers. Traditionally, financial barriers often impede the progress of small and minority-owned businesses. With BRAC, access to market is just as important as access to capital.

Just as access to capital and market are important, it is also important that regulatory barriers be addressed. Tearing down those barriers will aid immeasurably, and your requirements to develop relationships and short and long-term communication programs will expand the opportunities for small, local, and minority-owned businesses. The Federal Government has a unique responsibility to assure that minority, disadvantaged, and women owned businesses are an integral part of the communication process as it relates to the promotion of access to capital, small business assistance, and minority certification procurement opportunities.

Your commitment must be one that is shared by the State governments impacted by BRAC decisions. Your partnership efforts should be outreach and procurement fairs, recruitment training programs, and connection with organizations that have small, local, minority, and women-owned businesses as their members.

The SBA certification is one of the most important remedies to open doors to small businesses. It allows the reciprocity for State certifications and for Federal certification. Multiple certifications are costly, and small businesses just can't absorb that cost. So, there must be some kind of effort on the part of the Federal Government and the States to have those certification requirements have reciprocity between them, and the SBA should open all of its doors to offer assistance to small businesses in achieving that requirement.

Given the multitude of opportunities that BRAC will present, if we are to ensure full participation of small, local, and minority-owned businesses in the process, every effort must be taken to unbundle contracts. Contract bundling occurs when requirements that previously were or could have been performed by small businesses are combined into a single procurement, resulting in an acquisition that is unsuitable for award to small businesses. It may be unsuitable for award for a number of reasons; it could be due to dollar value, technical diversity, size, or any combination thereof. We all know that DOD discourages the practice of bundling, but the practice still exists. The Defense Department must take broad steps to eliminate this unfortunate practice.

In addition to unbundling contracts, every effort must be made to ensure prime contractors put forth their best effort to achieve subcontracting goals. There are various techniques to encourage prime contractors to subcontract and team with small business entities, with the most preferred being contractual incentives. In short, providing maximum opportunities for small and minority-owned businesses has to be the primary consideration in any acquisition strategy that has been developed to fulfill BRAC requirements.

I would like to leave today confident that you will take the necessary action to enforce Federal regulations that guarantee a good faith effort is put forth by government agencies to ensure small,

local, and minority-owned businesses have a fair and equitable chance at contracts and subcontracts that will emanate from BRAC decisions. Government must prove its commitment to small, local, and minority-owned businesses by ensuring steps are taken to remove the disadvantages and increase the opportunities to access the marketplace.

Today, I shared with you the thoughts of the small, local, and minority-owned businesses served by Prince George's Black Chamber of Commerce. Mr. Chairman and members of the committee, I thank you for the opportunity to present my views and those of the Black Chamber, and we stand ready to assist you or the States in any effort to achieve parity and to serve in any way that we can to make a difference in the lives of small, local, and minority-owned businesses. Thank you.

[The prepared statement of Mr. Green follows:]

Testimony of

Mr. Hubert "Petey" Green

President, Prince George's Black Chamber of Commerce, Inc.

Hearing before the

Subcommittee on Government Management,
Organization and Procurement

On

Military Base Realignment: Contract Opportunities for Impacted Communities

February 8, 2008

2154 Rayburn House Office Building
Washington, DC 20515

Testimony of

Mr. Hubert "Petey" Green

President, Prince George's Black Chamber of Commerce, Inc.

Before the Subcommittee on Government Management,
Organization and Procurement
2154 Rayburn House Office Building
Washington, DC 20515
February 8, 2008

Good Morning Mr. Chairman and members of the committee. My name is Hubert "Petey" Green and I am President of the Prince George's Black Chamber of Commerce, Inc. with offices at 6009 Oxon Hill Road, Suite 208, Oxon Hill, Maryland 20745.

It is an honor and a privilege to appear before you today and share my views and those of the Prince George's Black Chamber of Commerce in the area of Contracting Opportunities for Impacted Communities as a result of Military Base Realignment and Closing (BRAC).

Incorporated in February 2001, the Prince George's Black Chamber of Commerce, Inc. (PGBCC) is a Maryland-based business association representing small, local and minority-owned businesses as an advocate and educator. The Prince George's Black Chamber, an affiliate of the National Black Chamber of Commerce (NBCC), is a 501 (c)(3) nonprofit, nonpartisan, nonsectarian organization dedicated to the empowerment of minority communities. We promote and enhance the visibility of our business community, address institutional barriers that impede business progress and provide support and resources that empower our members to grow their businesses and enrich their lives.

We are grateful for the daily sacrifices that small and minority-owned businesses and their families make in their efforts to achieve the American dream of entrepreneurship. Small, local and minority-owned businesses are vitally important and essential to the prosperity and economic strength of our great country. The drive of small business owners, their creativity and innovation are the hallmarks of entrepreneurship and the keys to job creation and economic growth. Small and minority-owned businesses represent more than 90 percent of all American employers. Small business owners are often found in unusual places. They frequently react to negative conditions by tightening the belt, hoping to ride out their storms. Even when it's raining gloom they fold up the umbrellas and see some sunshine.

Since the BRAC decision of November, 2005, the small business community has been in waiting, anticipating and preparing for an opportunity to participate in one of America's largest procurement opportunities ever. In the great State of Maryland, it is

being reported that as many as 60,000 new jobs and 28,000 new households will be created as a result of BRAC. This decision will generate the single largest job growth in Maryland since the end of World War II, making Maryland the largest beneficiary of employment growth of any state affected by the 2005 BRAC process.

Maryland is home to the Country's most diverse business community. Small and minority owned businesses employ nearly 50 percent of its workforce. More than 400,000 small businesses operate in the State, with 31 percent being majority-owned by women and 16 percent being majority owned by African Americans; both figures representing the largest percentage of women-owned and minority-owned businesses in the Country. We are proud of the numbers and the distinction they bring but we are not satisfied because there could and should be more.

Since the BRAC decisions of 2005, planning should have been underway to accommodate possible results. That has not been the case at the Federal or State levels. For whatever reasons, significant development contracting opportunities that BRAC brings, will not have government-mandated minority –business participation goals or requirements, possibly keeping those firms from getting a piece of billons of dollars in construction work and other contracting disciplines. Federal guidelines that govern a certain type of partnership between the military and private developers allow minority-business participation quotas to be omitted in the interest of expediting projects. This could mean that many small, minority-and-women owned businesses could be skipped over in favor of ones with more resources or experience. We believe that the governments desire to expedite projects associated with BRAC, will create hurdles and barriers that small and minority vendors must overcome. Institutional barriers such as security clearances will limit opportunities to larger firms with a history of doing businesses on the bases.

Inasmuch as BRAC is a federal mandate, the federal government must take the lead in addressing the immediate needs and requirements that arise from BRAC decisions. It must create an environment in which people are willing to take risks, to risk capital and personal property to achieve the American dream of success and prosperity. You accomplish this through a variety of financial, technical and procurement assistance programs as well as counseling and training partnerships. You focus on customer satisfaction by streamlining services to small businesses. The government must find a way to help the small, local and minority-owned businesses overcome the challenges and reap the rewards that BRAC presents.

There are a number of steps to take to remedy the situation. In order to achieve the goals, we must first level the playing field. Where disparities exist we must remove the barriers. Traditionally, financial barriers often impede the progress of small and minority-owned businesses. With BRAC, access to market is just as important as access to capital. Just as access to capital and market are important, it is also important that regulatory barriers be addressed. Tearing down regulatory barriers will aid immeasurably in your requirements to develop relationships and short and long-term communication plans that will expand the opportunities for small and minority-owned businesses. The

federal government has a unique responsibility to assure that minority, disadvantaged and women-owned businesses are an integral part of the communication process as it relates to the promotion of access to capital, small business assistance and minority certification procurement opportunities. Your commitment must be one that's shared by the State governments impacted by BRAC decisions. Your partnership efforts should be outreach and procurement fairs, recruitment, training programs, and formalized alliances with groups having connections with small, local, minority and women-owned businesses. One of the most important remedies to opening more doors is to create a reciprocity certification process for firms certified with the state's certifying authority and the federal SBA's certification. Multiple certifications can be extremely costly to small and minority business owners. As it stands today, federal and state agencies have their own certification requirements with little or no reciprocity between them. The SBA should open all doors to offer assistance to socially and economically disadvantaged firms which would allow more access to the economic mainstream of American society.

Given the multitude of opportunities that BRAC will present, if we are to insure full participation of small, local and minority-owned businesses in the process, every effort must be taken to unbundled contracts. Contract bundling occurs when requirements that previously were, or could have been performed by small business are combined into a single procurement, resulting in an acquisition that is unsuitable for award to small business. It may be unsuitable for award to a small business due to its dollar value, technical diversity, size or any combination thereof. We all know that DoD discourages the practice of bundling, but the practice still exist. The Defense department must take broad steps to eliminate this unfortunate practice.

In addition to the unbundling of contracts, every effort must be made to ensure prime contractors put forth their best efforts to achieve subcontracting goals. There are various techniques to encourage prime contractors to subcontract and team with small business entities, with the most preferred being contractual incentives. In short, providing maximum opportunity for small and minority-owned businesses has to be the primary consideration in any acquisition strategy that has been developed to fulfill BRAC requirements.

I would like to leave here today confident that you will take the necessary actions to enforce federal regulations that guarantee a good faith effort is put forth by governmental agencies to ensure small, local and minority-owned businesses have a fair and equitable chance at contracts and subcontracts that will emanate from BRAC decisions. Government must prove its commitment to small, local and minority-owned businesses by ensuring steps are taken to remove the disadvantages and increase the opportunities to access the market place.

Today I have shared with you the thoughts of the small, local and minority-owned businesses served by the Prince George's Black Chamber of Commerce. Mr. Chairman and members of the committee, I thank you for the opportunity to present my views and those of the Prince George's Black Chamber of Commerce. We stand ready to assist in

the effort to achieve parity and to serve in any way that we can to make a difference in the lives of small, local and minority-owned businesses.

Mr. TOWNS. Thank you so much, Mr. Green.
Now we will hear from you, General Watkins.

STATEMENT OF JOHN WATKINS

Mr. WATKINS. Good morning, Mr. Chairman, committee members. Thank you very much for having the honor of participating here this morning.

As you know, my name is John Watkins, president of Ingenium Corp., a local owned company in Upper Marlboro, MD, and founded in 1992 by an African-American long-time citizen of the State of Maryland. You know my background; I spent most of my adult life in the Armed Services. In fact, my last tour of duty was the completion and implementation of BRAC 88, where we actually created one of the activities that we will co-locate at Fort Meade. So, I have fond memories of having worked those issues.

I don't come today to criticize where we are. Having been there, I know the daunting challenge that is in front of all of us. And, Mr. Chairman, I will tell you, in preparation for coming to talk to you today, I have actually been around to some of the installations, talking to the DOD representatives, or going up to Baltimore to meet with the district Corps of Engineers there. They all are ready to help move this along.

Having said that, however, we have some challenges in front of us, and I would like to spend my time today—and I think I am going to parrot and support what you just heard here about contracting—and I say it in a way to help us all deal with the issue that is in front of us, large, omnibus contracts I call them.

And, I am going to spank one out here for all of us, and I do it, again, not to criticize the process, but to talk about what I think we have to do. There is a one large contract I want to talk about that is called ITES–2. It is a large omnibus contract for which the DOD, the Army, and other services procure information technology services. It has been out there. It has a $20 billion ceiling. It is already in existence.

So why is that contract there? It is much like other omnibus contracts. It permits the streamlining of acquisition, and, indeed, it might help, given the compressed timeframe that we have to implement BRAC 2005. But, there are some issues associated with those kinds of contracts when it comes to a place like the State of Maryland, where you have heard there is a rich heritage here of minority small businesses.

What I think we need to do, to my colleagues here from DOD, I think we need to go back and take a look at those large omnibus contracts, see if we can't open them up for small and minority-owned businesses. If we look at ITES–2, for example, there are a total of three minority-owned businesses on that contract, two of which, if memory serves me well, are in the State of Virginia, although they have offices in Maryland.

One is actually in the State of Maryland. If you look at the thousands and thousands of small and minority-owned businesses in the State of Maryland that will be competing for the BRAC 2005 work, and just use that contract alone. If you are going to do a large portion of business, you can see that we are going to preclude a large portion of the Maryland minority business community from

participating. So, I urge you and DOD to take a look at those kinds of contracts. Again, when you go and talk to the impacted communities that are going to implement it, they are aware of the issues.

The other thing I would say, you heard it from the Black Chamber here, and that is goals, setting goals. I absolutely believe that we need to have goals that are monitored throughout this process. It needs to start with the DOD, and let me give you one example of what I hear sometimes as a Black business owner: "Not qualified." Well, I don't think that is the case at all. If you look at the kinds of work that Ingenium does for the DOD, I think there are well qualified companies here. What we need to do is make sure that there are absolutely no barriers in this compressed timeframe for which we are going to be dealing with here. Let me give you an example of what I am talking about.

Before I started working with the State, my ideas of how I thought the State could help the impacted communities—those that are coming into Maryland as well as the places like Fort Monmouth—we started thinking about discussing technology, telework, for example. What do I mean by telework and how could it impact the Armed Forces? Telework is a capability, technology where we could go to places like Fort Monmouth—small entrepreneur businesses go to places like Fort Monmouth, help them prepare to lose that work force, many of which will not move to the Washington area, as we all well know. The numbers I have seen said 30 to 50 percent of the people will not relocate for various reasons.

Well, we can use technologies such as telework to help places like Fort Monmouth minimize the impact of losing that work force and, in fact, losing the work force at inopportune times. What do I mean by that? We can go into the offices, emulate how workflow occurs in the office, put the technology in place so that as people think about leaving places like Fort Monmouth—as opposed to moving to Aberdeen. They don't have to leave; we can put them into their homes and have them work using the technology.

Also, we can go down to places like Fort Aberdeen, where Fort Monmouth is going to move to, put the technology there. Monmouth is probably going to hire people at Aberdeen even before they move down, connect them back to Fort Monmouth, and it is just as though they are working at Fort Monmouth.

I use this as an example to say to all of us the entrepreneurial spirit in minority small businesses are here, prepared to support BRAC. and I close by saying as I have gone around and talked to all of the DOD locations—the only one I have not spent time with is Meade; I am going to there I think it is Thursday of next week—they are more than ready to work with us as we now try and provision Maryland to accommodate this huge inflow of manpower that is going to occur here in the next 2 or 3 years.

Mr. Chairman, those are my comments, and I look forward to questions. Thank you very much.

[The prepared statement of Mr. Watkins follows:]

WRITTEN TESTIMONY FOR
THE U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
ORGANIZATION AND PROCUREMENT

Military Base Realignment:
Contracting Opportunities for Impacted Communities

February 8, 2008
10:00 a.m.
2154 Rayburn House Office Building

John Watkins, Jr.
President
Ingenium Corporation

Mr. Chairman, Committee Members:

Good morning. Thank you for the honor of appearing before you today. My name is John Watkins, Jr., and I am President of Ingenium Corporation, an Upper Marlboro, Maryland-based minority-owned information technology solutions provider. Ingenium Corporation, founded in 1992 by Andre L. Lynch, a long-time African American resident of the State of Maryland, is an ISO 9001:2000 certified leader in providing information technology consulting and strategic support services to the Department of Defense (DoD) as well as Federal, State and Local governments.

As a retired Brigadier General in the United States Army, retired Fortune 50 executive, and current executive leader of a Department of Defense contractor in the State of Maryland, I am pleased to present my views on extending Base Realignment and Closure (BRAC) opportunities to local, small, and minority-owned businesses.

According to the 2007 ***Small Business Administration Profile: MARYLAND***[1], "Maryland had an estimated total of 536,200 small businesses. Employer firms totaled 141,700 in 2006, up 1.6 percent from the previous year. Of this total, an estimated 97.7 percent, or 138,500 were small." In terms of minority-owned firms in Maryland, as published in the ***2002 Survey of Business Owners***[2], "Asian-owned firms total 26,300 of which 7,700 of them were employer firms; Black-owned firms numbered 69,400 of which 4,400 were employer firms; Hispanic-owned firms total 15,400 of which 2,100 were employer firms. American Indian and Alaska Native-owned firms numbered 3,600 of which 400 of them were employer firms; Native Hawaiian and other Pacific Islander-owned businesses numbered 80 of which 40 were employer firms."

These numbers for the State of Maryland indicate that there are a significant number of small and minority-owned firms that would certainly benefit from the required expansion of small business contracting opportunities to support the Department of Defense in implementing BRAC 2005 initiatives.

I have had extensive experience in implementing BRAC initiatives through my participation in the late 1980s in creating a large portion of the DoD technology-landscape based on the BRAC 1988 Commission. I appreciate the enormity of the tasks facing not only the State of Maryland,

[1] Small Business Profile: MARYLAND, US, Small Business Administration, issued 2007.
[2] U.S. Department of Commerce, Census Bureau, *2002 Survey of Business Owners,* published August 26, 2006. The SBO is conducted every five years for years ending in "2" and "7".

but all of the states, along with DoD in implementing BRAC 2005, which "exceeded the number (of recommendations) considered by all prior BRAC Commissions combined."[3]

With Congressional mandates and support, opportunities will abound for contractors in Maryland where the BRAC 2005 results have been described as representing "the largest single employment growth activity in Maryland since World War II."[4] Major gains in Maryland include:

- Fort Meade, where three major agencies/activities (the Defense Information Systems Agency (DISA), the Adjudication and Office of Hearing and Appeals offices, and DoD Media) will be relocated.
- Aberdeen Proving Ground (APG), which will gain, among others, elements of the U.S. Army Research Laboratory, the U.S. Army Communications-Electronics Command, Headquarters, U.S. Army Test and Evaluation Command and Army Evaluation Center.
- The National Naval Medical Center (NNMC), which will grow through the closure and consolidation of the Water Reed Army Medical Center into the new Walter Reed National Military Medical Center.

To ensure that local, small and minority-owned businesses are afforded the ability to fully engage in the contracting opportunities that will emerge in the State, it is essential that both Maryland and DoD work collectively on procurements. Specifically, DoD procurement officials should be required to work with Maryland officials to establish mandatory local procurement objectives. Those objectives could be met, in part, by ensuring that large omnibus federal contracts, already in place, are expanded to increase the number of small and minority-owned businesses that operate as prime contractors.

For example, in the information technology arena, it is anticipated that much of the procurement activity for BRAC-related contracts will be competed through already existing large omnibus contracts. One such contract is known as the Information Technology Enterprise Solutions – 2 Services (ITES-2S). ITES-2S is an indefinite-delivery/indefinite quantity (IDIQ) contract vehicle with a maximum value of $20 billion. The contract was awarded to 16 contractors – only three of which are small businesses. Of those three small businesses, two are headquartered in Virginia with offices in Maryland; the third is headquartered in Maryland. Since this contract can be used by the U.S. Army, DoD and other Federal agencies to procure a broad array of information technology services and support, it is a prime example of the type of contract that needs to be extended by increasing the number of small and minority-owned

[3] Defense Base Realignment and Closure Commission, *Final Report to the President*, September 8, 2005, Executive Summary, p. 1.

[4] Maryland Department of Business and Economic Development, *2005 BRAC State of Maryland Impact Analysis 2006-2020 Executive Summary*, 2007.

businesses that will operate as prime contractors so that they have the opportunity to compete directly when the opportunities arise.

While contract vehicles such as ITES-2S are not managed by the State of Maryland, without direct participation on those contracts, Maryland small and minority-owned businesses will be severely limited in their ability to compete for BRAC work. DOD should be instructed to identify how it can work with the State of Maryland and its small and disadvantaged businesses to create new contract vehicles and open existing, multi-year contracts to local, small and minority-owned businesses. Recent history has taught us that this will not happen unless there is a mandatory, cooperative, effective and efficient organization at both the state and DoD levels.

Based on my many years in DoD and involvement with BRAC, it is essential that DoD reach out to large, medium and small businesses to ensure that all understand that Congress desires and, in fact, demands, that QUALIFIED small, medium and minority-owned businesses in the State be given the opportunity to compete for BRAC-related contract opportunities. This can be accomplished by having the State act as a conduit between DoD and the Maryland business community to ensure equitable communication of BRAC opportunities.

As a long-time corporate citizen of Maryland, we have already started this process ourselves by reaching out to companies in Maryland and advising them of the potential for significant new business opportunities. Such dialogues need to continue, with the business community, State and DoD representation, in order to create an environment where all businesses are prepared to compete by being given equal opportunities.

One specific example is that in implementing BRAC, some agencies may lose from 30-50% of their existing employees – a loss which can be attributed to either retirements or personnel refusing to relocate such as in the case of DISA where the employees will be relocated from Virginia to Maryland. Granted, although the distance is minimal, it is inevitable based on past experience that some employees simply will choose not to relocate.

In this case, as well as in other instances of relocation due to BRAC 2005, I see the opportunity for the State and DoD to work together to implement creative solutions such as Telework, a more robust and enhanced version of telecommuting, to minimize the immediate impact of personnel losses. This short-term solution could be implemented prior to the actual relocation and continued until the agency or activity has moved to the new location. At that time, the agency/activity would decide the best course of action with regard to the need for replacement personnel at the new facility. Teleworking would give the agency the ability to either retain the employee or to control the employee's departure until the work is transitioned to new personnel with minimal disruption. The greatest benefit to such a solution is the retention of

intellectual capital with minimal agency disruption—all of which can be accomplished by working with small businesses.

Creative solutions such as Telework could be implemented on the local level through State funding. For a more long term solution, a Congressional appropriation would offer all States the means to implement the solution for BRAC 2005 as well as for future BRAC Commissions.

I have fond memories of dealing with Congress and the late Senator Strom Thurmond (R-S.C.) during BRAC closures and installation movements in South Carolina. Working collectively with the late Senator and his staff, we ensured jobs were available for those affected by the closures. During that time, a telework solution would have been ideal to ensure the smooth transition of work from one location to another.

Again, I am pleased to have the opportunity to present my views to this subcommittee on extending Base Realignment and Closure (BRAC) opportunities to local, small, and minority-owned businesses. With BRAC 2005 implementation, the State of Maryland has a tremendous opportunity for economic growth. Local, small and minority-owned businesses based in Maryland can share in that growth if DoD works with the State to establish local procurement objectives through expanded access to large omnibus contract vehicles and to ensure equitable communication of and participation in BRAC-related procurements.

Thank you.

Mr. TOWNS. Thank you very much, General Watkins.
Mr. Weidman.

STATEMENT OF RICK WEIDMAN

Mr. WEIDMAN. Mr. Chairman, thank you for the privilege of joining you here today to present the views not just of Vietnam Veterans of America, but of the Veterans Entrepreneurship Task Force, which includes most of the large military and service organizations.

It was eight and one-half years ago that the Congress unanimously passed on both sides of the Hill Public Law 106–50, the Veterans Entrepreneurship and Small Business Act of 1999. Contained therein was a requirement that not less than 3 percent of all Federal contracts and not less than 3 percent of all subcontracts go to service-disabled veteran business owners.

We are 8½ years down the line to implement this law correctly, and several statutes and an Executive order since that time, and, yet, many of the Federal agencies have not responded. Unfortunately, Department of Defense is one of those.

Being a son of the city, I entered the military at 79 Whitehall Street in New York City and served in Vietnam as a medic with the Americal Division, and am proud of my service in the U.S. Army. My father was a two-war veteran of the U.S. Army, fighting in both Korea and in World War II.

And, I am proud of the Army, but I am not proud of what the Army is doing today in terms of reaching back and giving opportunities to earn their piece of the American dream to service-disabled veteran business owners. What is a little bit different about service-disabled veteran business owners and veteran business owners is we are the groups that include everybody else: We are Black. We are White. We are Latino. We are men. We are women. We are Native American. We are everything, and we all fought under the same flag of the white, red, and blue, and that is what unites us. So, the groupings include the National Association for Black Veterans in VET-Force, the American GI Forum, the nation's largest Hispanic organization, and many of our most active members are in fact women business owners.

We are all in favor of—and think it is a good thing—all of the other so-called special categories, when it comes to Federal contracting and subcontracting. However, you cannot cast those who have been injured in service to country—lessened by virtue of that military service to country—aside as if it didn't matter, and, unfortunately, that too often happens. Let's take the BRAC as an example and DOD.

DOD should be one of the leaders, along with the Department of Veterans Affairs. Department of Veterans Affairs is the leader, along with the State Department—thanks to General Powell when he was Secretary of State—in actually achieving the minimum goal of 3 percent for service-disabled veteran businesses in contracting and subcontracting. DOD, however, is near the bottom. It is really hard to reach your goal if you set the goal less than the legal minimum. So, there are elements of DOD that have set their goal, particularly on construction, at one-tenth of 1 percent, 1.2, 0.2 percent, and you are never going to get to the 3 percent if you have that.

The military axiom applies here: "A unit does well that which a commander checks well." Let me say that again, "A unit does well that which a commander checks well," and we have asked the President's people on the Domestic Policy Council and at the Office of Federal Procurement Policy "how can you issue an order and have agencies basically say we don't care what the commander-in-chief or the chief executive of the United States of America says in a direct order to you to all those folks in the agencies, and particularly within DOD, and let it go by the board?" If it had taken 8½ years for our military to respond in Afghanistan or Iraq, or to any other threat to our Nation, we would be in deep trouble indeed. When you said do it, the attitude is can do and you make it happen, which is why veterans make such good employees and why veterans make good contractors.

The two instances that you cited, Mr. Chairman—my time is almost up, so I can't get to it in great detail. I will say this, as part of trying to move down the line with DOD, we met extensively last spring with Dr. James Findley, who is the Deputy Under Secretary for Acquisition and Technology at DOD, and came up with seven points—that I will submit separately for the record from my statement—about things that we could agree on to try and move forward on in order to move DOD in the direction of at least achieving the bare minimum. It is not a goal; it is a minimum. That is what the statute says, a minimum of 3 percent, and of these things, a number of these things have been done.

We were working on an eight-point, which was a memorandum of understanding to do a setaside for SDVOBs, service-disabled veteran businesses for all contracts at Arlington National Cemetery and at Walter Reed as a first step in the direction of jump-starting things within the Army in particular and within DOD in general. And, unbeknownst to the OSDBU Office or to the Assistant Secretary's Office for Acquisition and Technology, the Army turned around and issued all of the work that would be available for the next 3 to 5 years at Arlington National Cemetery and at Walter Reed to Alaska Native Corps.

Now, Alaska Native Corporations are in fact an important part of the law, but you can't even question whether or not this was an appropriate activity. So, as a result, we felt that there hasn't been any significant effort. I come back to, "a unit does well that which a commander checks well," and if there is a will, we can change it without any more statutes. We will continue to press for additional statutes, such as changing the "may do a setaside for service-disabled vets" to "shall do a setaside," but basically it is a question of will, of political will on the part of the administration, both at the DOD and in the executive branch in general.

I see I am out of time, Mr. Chairman. I would be more than pleased to answer any questions and to get into greater detail on some of the recommendations about how this can help.

The one last thing I would have to say is that it is not a zero sum game. All small groupings—whether women, minority groups, and service-disabled veterans—can rise together and get a greater share of the American dream and of the economic pie in the BRAC if, in fact, we work together and people stop trying to play us off

against one another. And, this hearing today is a good first step toward that kind of cooperation that will benefit us all.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Weidman follows:]



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Association for Service Disabled Veterans
Association of Small Business Development Centers
American G.I. Forum of the United States
AMVETS (American Veterans)
Black Veterans for Social Justice, Inc.
Blinded Veterans Association
Center for Veterans Issues
Enlisted Association of the National Guard
HI Tech Services
Jewish War Veterans of the USA
Korean War Veterans Association
Military Officers Association of America
National Association for Black Veterans
National Association for Uniformed Services
National Coalition for Homeless Veterans
National Gulf War Resource Center
Non Commissioned Officers Association of the United States of America
Paralyzed Veterans of America
Quality Support, Inc.
Reserve Officers Association of the United States
Rolling Thunder, Inc.
The Keefe Group
The Retired Enlisted Association
The Veterans Advocacy Foundation
Veterans Benefits Clearinghouse
Veterans Business Network
Veterans Enterprise, Training, & Services Group
Veterans of Foreign Wars
Veterans of Modern Warfare
Vietnam Veterans of America
Vietnam Veterans of California

Testimony of

Richard F. Weidman, Chairman, Veterans Entrepreneurship Task Force (VET-Force)

House Committee on Oversight & Govt Reform Subcommittee on Govt Management, Organization & Procurement

Regarding

Military Base Realignment: Contracting Opportunities for Impacted Communities

February 8, 2008

Rayburn House Office Building
10 am – Rm 2154

Chairman Townes, Ranking Member, and distinguished Members of this SubCommittee, thank you for the opportunity for the Veterans Entrepreneurship Task Force (VET-Force) to present our views here today regarding Military Base Realignment (BRAC) – Opportunities for Impacted Communities; i.e. Small, Minority, and Veteran-owned businesses to participate in the process. The VET-Force appreciates the bi-partisan leadership of this Subcommittee, and its willingness to allow me the opportunity to present the views of many Veteran and Service-Disabled Veteran Business Owners and Representatives. The VET-Force also appreciates your tenacity and positive tone in revealing what are the obstacles and barriers to small business contracting within the federal marketplace and especially in the face of the continued passive aggressive behavior toward veteran owned and service disabled veteran owned businesses and self employment of veterans on the part of so many in the Executive branch. We truly admire your efforts, and hope that your findings will not go unresolved.

The impacted communities that I will talk about today are the Veterans and Service-Disabled Veteran Small Business Owners. Wherein laws have been passed giving agencies the authority to assist veterans, their families and their communities, our communities, by including small business owners who are veterans, and especially service-disabled veterans, in the Federal contracting preference programs.

As such, it only stands to reason that the agencies most thought to take the lead on contracting with veteran and service-disabled veteran owned businesses would be the Department of Defense and the Veterans Administration. Overt the past 8 years, both have increased the number of contracts awarded to veteran business owners, but only the VA has exceeded the 3% contracting requirement. DOD and its military departments – Army, Navy, Air Force, Marines, have been slow to adopt policies throughout all commands. DOD still allows military departments to publicly post goal attainment for service-disabled veteran business owners at 1.5% instead of the mandatory 3%.

It is worth noting that VA is till struggling to change the corporate culture when it comes to procurement, particularly in construction and in acquisition of goods and services by the Veterans Health Administration. As you know, the regulations are still pending that will implement the provisions of Public Law 109-461 giving VA additional tools in order to increase the number and dollar amounts of contracts and sub-contracts that go to Veteran Owned Businesses (VOBs) and Service-Disabled Veteran Owned Businesses (SDVOBs).

While it is our hope that this will help enormously, it is worth noting that the VA, on the orders of Deputy Secretary Mansfield and with the whole hearted support of the previous VA Secretary (Nicholson), the VA has put achievement of the 3% goal in procurement into the performance evaluations of key managers. This has helped a great deal in focusing attention on this issue. VET-Force contends that every department and agency needs to emulate this strong leadership and policy, and do the same thing with their key managers at each Federal agency. We are have had serious discussions with the Department of Defense to consider doing likewise, but so far its been to no avail.

One troubling development that seems to be cropping up at VA however is that some contract managers appear to be rushing contracts, particularly multi-year contracts, toward consummation prior to the new regulations taking effect next month, in order to circumvent the new regulations and to avoid having to contract with qualified SDVOSB and VOB. We are frankly not sure how widespread this phenomena is (and we hope it is only the few incidents we have documented), but have asked VA to investigate. If this is in fact happening, it is our view that those involved should be appropriately sanctioned, in addition to VA stopping these improper actions.

We have also been troubled by the actions taken by DOD and the Army following commitments made to the VET-Force by DOD acquisitions officials, that the care and maintenance of the Nations' Arlington Cemetery, would be reserved for SDVOBs. And further, DOD was to include in their 2007-08 strategic plans, how they would reserve contracts at the Walter Reed Army Medical Center and other military medical facilities, for SDVOBs. However, we have now discovered that many of the pending contracts were expeditiously awarded to other ANC small businesses.

While the Army and DOD undertakes its BRAC mission, if SDVOBs are to benefit from the enormous amount of contracting opportunities, a real effort has to be made to include them. Just the other day, one of our members, attended a BRAC procurement forum at Ft. Belvoir, hoping to get first-hand information about plans to include SDVOBs in BRAC projects, only to find that he had paid a $175 fee just to get general information about how a company can do business with the Federal Government.

PL 106-50 Veterans Entrepreneurship and Small Business Development Act of 1999

Over the years, there have been a number of good laws passed in recognition and support of those that 'have borne the battle." But it wasn't until 1999, that Congress found that (quoted from PL 106-50, Findings Section): (1) "The United States [had] done too little to assist veterans, particularly service-disabled veterans, in playing a greater role in the economy ... by forming and expanding small business enterprises; and (2) "The United States **must** provide additional assistance and support to veterans to better equip them to form and expand small business enterprises."

These and other findings, promoted and supported by the VET-Force, Veteran Service Organizations (VSOs) and members of the veterans community, set in motion the enormous possibility of how a greatful Nation could empower its military veterans to realize the American Dream that they fought so hard to protect.

PL 106-50, directed the SBA, Small Business Development Centers, the Departments of Labor and Veterans Affairs, to do more to assist veterans with starting or expanding their own small businesses. It also called for the creation of new programs and institutions, i.e., the VA's Center for Veterans Enterprise, the SBA's Office of Veterans Business Development, and the National Veterans Business Development Corporation (TVC), which was to become a fully, self-sufficient, non-profit entity within the veterans community.

It has been over eight (8) years since the passage of PL 106-50, which set a minimum 3% goal for ALL business done by ALL Federal agencies to go to Service-Disabled Veteran Owned Businesses (SDVOBs). But the overall view of efforts to assist veterans, particularly disabled veterans, to start and successfully operate their own small business is a decidedly mixed picture. Certainly those of us who have been at this for decades thought that we would have much more in the way of substantive services in place for the young men and women returning home from military service today than currently exists.

When men and women separate from the Armed Forces, and thus become veterans, not all will need additional medical services nor educational benefits nor other important services, at least not immediately. They will each need a job, or a way to be gainfully employed. For some that will mean that they will work for a private company or a government agency. For some, particularly disabled veterans, self-employment may well be the best option unless they can secure "niche" employment.

Public Law 108-183 (Section 308) of the Veterans Benefits Act of 2003

While PL 106-50 established the foundation for a veterans entrepreneurship initiative that would get veterans across the nation into the mainstream of owning a business, entrepreneurship, and thereby building capacity to employ other veterans and disabled veterans, it was under Section 308 of the Veterans Benefits Act of 2003 (PL 108-183) that called for the creation of a Veterans Federal Procurement Program.

Under PL 108-183, its now "mandatory" that BOTH the Federal Government and its large Primes, procure a **minimum** of 3% of **all** of their goods and services from Service-Disabled Veteran Owned Businesses. The law even allows contracting officers a means by which to achieve the minimum 3%. A contracting officer **MAY** restrict competition to only SDVOBs, or they **MAY** implement a sole source award to a capable and qualified SDVOB. Yet here we are today, more than 4 years after the passage of PL 108-183 and 8 years after PL 106-50, and most Federal agencies and their large Primes still have not figured out how to meet the minimum 3% legal requirement.

While this presents a rather dismal picture on the part of Federal agencies and their large Prime contractors, some progress has been made. At least 2 Federal agencies exceeded the 3% for FY 2007, and a few other agencies got close, they reached just over 2%. But very few, if any, of the large Primes exceeded their 3% requirement.

Executive Order 13-360

So Why Can't Federal Agencies and their large Primes meet a minimum 3% SDVOB procurement requirement. One of the reasons may very well be due to a lack of planning.

In the winter of 2004, President Bush issued an Executive Order, 13-360, directing Federal agencies to designate a senior-level official to direct their agency's SDVOB initiatives that would develop and implement a Strategic Plan to increase contracting

opportunities for service-disabled veteran owned businesses so that veterans could begin to receive the intended benefits of PL 108-183 and PL 106-50. After several months of delay, many agencies began to develop and make public their strategic plans.

Later, the VET-Force conducted an independent analysis of each agency plan and rated them. Over half receive a Below Average rating, others were Good, and only 2 were rated as Excellent. Since that report was released in early 2006, only a few agencies have continued to make an effort to improve their plans, and to publicly post them on their websites. Others have expressed reluctance to develop and post their plans due to the failure on the part of SBA to provide guidance, oversight, and technical assistance as required by the Order.

It should be noted that the 2 agencies that received an Excellent rating on their Strategic Plans, also achieved the 3% minimum procurement requirement. (State Dept and VA – FY 2006). And some of those agencies that are moving closed to the 3% have developed Strategic Plans.

So what else is preventing veteran business owners from realizing the dream of owning their own small businesses? What more can the federal government do to assist them? What can DOD – Army, Navy, Air Force, Marines, and other military departments do? What can this Congress do to improve what has been done already? Here are some recommendations that, IF IMPLEMENTED, would probably make a difference:

Recommendations to Achieve the Goals

1. Create a level playing field for veteran business owners. The use of "May" for SDVOBs should be changed to "Shall;" whereby contracting officers will clearly have the authority to restrict competition to SDVOBs or make single sole source awards to SDVOBs for their self-marketing activities under FAR Part 19, equally as much as permitted for other preference programs.

Meeting with and talking with Federal Government contracting officers, we have found that they are often under pressure to get certain requirements awarded quickly, and although there is a SDVOB that can do the job, they routinely utilize other contracting vehicles that will allow them to directly award the contract. In these cases, the Government does not have time to even consider restricted competition among SDVOBs because of time factors. Thus, the SDVOB suffers and the government agency looses an opportunity to get closer to its 3%.

2. Large Primes should be held accountable for meeting the required SDVOB 3% minimum. This is very relevant to BRAC projects now and in the future. Large Primes should make a better effort to include small businesses in these and other projects. They should also be held accountable for failing to honor the small business subcontracting plans that they are required to submit. Agencies should consider incentives to encourage contracting officers to be more diligent about monitoring the subcontracting plans and

imposing penalties, by the use of liquidated damages, the elimination of future contracts, or other appropriate remedies on violators of the law.

3. The VETS GWAC. It took several years and a lot of protests, to finally get GSA to approve and implement a Government Wide Acquisition Contracting program for Service-Disabled Veterans Business Owners. Now GSA and agencies should do more to educate and encourage contracting officers on how to use it.

4. Strengthen and expand the pool of capable and qualified SDVOBs by increasing contract awards, resources, and support. It's difficult for any business to grow and expand if they are not getting any business. Offer contracting opportunities that can be fairly competed among firms of differing capacities by reducing the number of procurement requirements bundled under one large contract that make it nearly impossible for a small business to compete. As a result – more employment opportunities will be created for veterans, their families and their communities.

5. Discontinue the practice of allowing contracting officers to withdraw procurements set-aside for certain preference groups without just cause. This practice is not only costly, but also overly burdensome to a small business. An agency should be required to be audited by an independent body to prevent this practice from continuing.

6. Provide better oversight and frequent monitoring of agency strategic plans. Require that each agency implement Executive Order 13-360 and continue to do so indefinitely; the requirement in the Order that directs each agency to submit an end-of-year progress report and a revised plan for the next year.

7. Demand that the Dept. of Veterans Affairs implement the provisions of the law that was passed in December 2006. Its now been more than a year since PL 109-461 directed the VA to change its procurement regulations to prioritize the use of SDVOBs and VOBs for contracting requirements within the VA.

8. In addition, make it mandatory that all VOBs and SDVOBs register in the VA' s Veterans Business Database. And it should also be required that all agencies in search of VOBs and SDVOBs for agency procurements select them from the same Veterans Business Database. This will ensure that each veteran business owner has been verified as a veteran and/or a service-disabled veteran. It will also help to increase the numbers of veterans registered for easy access by all agencies.

9. Provide a Price Evaluation Preference of 10% for SDVOBs in acquisitions conducted using full and open competition.

10. See attachment 1 for SBA Recommendations.

Mr. Chairman, thank you again for the opportunity to appear here today to share our views regarding the impact of BRAC on veteran business owners. I would be pleased to answer any questions you or your distinguished colleagues may have.

Recommendations for SBA

The Veterans Business Development Office of the Small Business Administration (SBA) is more problematic. While the Administrator, Steve Preston and his former Chief of Staff, Joel Szabat had been engaged and committed to making SBA much more veteran friendly, it would appear that once again there is an uphill struggle.

The SBA Office of Veterans Business Development which was created under the legislation along with the position of an Associate Administrator has increased its headquarters staff size but has been given limited resources to operate four veteran business outreach centers and to provide assistance to veteran business owners with federal contracting, though efforts have been made to educate the veterans of the Guard and Reserves.

The addition of a person in the Veterans Business Development office who does contracts full time is a significant addition, and it has been an aid to some businesses. It is still, however, far short of the efforts extended by SBA for other categories of small businesses such as 8(a) and women owned businesses.

As to what steps can be considered useful steps and concrete actions that can be taken by the SBA, those include the following steps:

Create a dedicated section in the contracts office with at least the same number of contract specialists devoted to 8 (a) contracting. (It is worthy noting that there are 12,700 service disabled veteran owned businesses listed on the VIP at VA, while there are less than 7,400 certified 8(a) businesses. Since there are many more SDVOBs than 8(a)s, having the same number of contract specialists does not seem to be too much to ask.)

The Administrator should take steps to create a capital formation program specifically for VOB, with an emphasis on SDVOBs. This should not be just for "start up capital" but also for so-called "mezzanine funding" to help businesses expand to a sustainable phase beyond the first few years of the small start phase.

The legislation that is presently before the President for signature, to increase the budget of the Veterans Business Development Office for use primarily as grants to create new Veteran Business Outreach Centers, should first be used to continue the operations of Veteran Business Resource Centers that have already been providing services to veterans like the one in St. Louis operated by Pat Heavey, the center in Boston, and the one in Flint Michigan. The increased funding should also be used to increase the number of FTEs within the office that provide federal contracting assistance for veteran business owners and for special projects reaching out to wounded service members or to veterans for purposes of helping them become self-employed or to start micro businesses.

The Administrator should issue a long overdue Administrator's Order implementing all of the statues that have been enacted in the past eight years, plus putting more teeth into Executive Order 13-360 in regard to services delivered by SBA or funded through SBA.

The Administrator should undertake a review of all SBA programs to ensure that veterans, particularly disabled veterans, are receiving full and proper access and maximum services from each of the SBA services and programs for which those individuals would otherwise be eligible. In other words, for example, this internal review, and appropriate corrective action as needed, would determine if women veterans were being properly reached in numbers commensurate with their incidence in the population and given the full range of services available to the maximum extent legally permitted.

The Administrator should specifically review all that is being done for those citizens serving in the National Guard or Reserves who activated, and determine what more can be done under existing law to better assist these individuals, and work with the Congress and The White House to determine what else can and should be done by changing the law or by Executive Order.

Closely related to the above point, but slightly different, is that we as a nation have to figure out how we can better support those businesses who have National Guard and Reserves members as employees who are now subject to frequent deployments for longer periods of time. This is a matter of national defense, but it is also a veterans re-employment and employment issue because the negative side of hiring and employing those who serve in the National Guard and Reserves is being disproportionately borne by a relatively small segment of the employer community. It is also having a negative impact on veterans' employment and on the advancement of those who are employed within their company. This is the real world, where the bottom line must be addressed, and not the ideal world of what is fair, so we must find practical ways to solve this problem.

The Associate Administrator for Veterans Business Development and all other officials of the SBA (and other agencies for that matter) should by this point know better than to keep saying in public and in private that "there are not enough service disabled veterans to do the 3% contracting, they are not sophisticated enough to do the work, and we have to teach these poor old veterans how to compete" before we can move forward on contracting and sub-contracting goals, or with other programs that would better enable veterans to have access to capital or international markets. Frankly, none of this is true, and these negative stereotype "straw men" set up by those who continue to say these things are a manifestation of "VETism" or an ugly set of prejudices and stereotypes that is every bit as ugly and inappropriate as sexism or racism.

Increase the number of PMRs – CMRs within the SBA Prime Contracts Program and the SBA Subcontracting Assistance Program

While there are many more specifics that I could list here, suffice it to say that there is much that can and should be done by and at the SBA, but I have confidence in the top leadership of SBA in regard to doing right by America's veterans for the first time in a very long period of time. I personally have more confidence in Administrator Steve Preston than any Administrator since James Sanders departed, and that was in 1985. I pledge that on behalf of the VET-Force to work cooperatively with him and his management team to accomplish much in this year. However, time will tell.

Attachment 2

STRATEGIC PLAN REVIEW RATING SHEET
submitted by the Strategic Planning Subcommittee
TASK FORCE FOR VETERANS ENTREPRENEURSHIP

December, 2005

The following agencies submitted Strategic Plans for 2005 in compliance with the Presidents Executive Order 13360. Each plan has now been reviewed and rated by the TFVE Strategic Planning Subcommittee. A summary of the ratings per agency is listed below. The Strategic Plans Review Summary Sheets for each agency have been forwarded via e-mail.

RATING SUMMARY: Each plan has been rated based on a scale of 0 – 4, with 0 = Unacceptable, 1 = Below Average, 2 = Average, 3 = Above Average, and 4 = Excellent. Of the total 34 agencies listed below, 32 submitted Strategic Plans. 10 were rated Unacceptable; 10 were rated Below Average; 10 were rated Average; and 2 were rated Above Average. In determining the ratings consideration was given to: the number of completed responses out of a total of 12; the soundness of the approach; the level of detail in the responses; and the likelihood that the proposed activity would achieve the anticipated results.

Other factors considered were: the use of: Forecast Lists; CCR; VETBIZ; Outreach Events; Websites; DAU; Accountability (Top – Down); Prime Contractor Preference Incentives and SDVOB Past Performance as Evaluation Factors.

Copies of the agencies' plans are posted on the websites of the Dept. of Veterans Affairs and the Small Business Administration. To review, go to: www.vetbiz.gov or www.sba.gov.

	AGENCY NAME	STRATEGIC PLAN RATING
1.	Department of Agriculture	2
2.	Department of Commerce	1
3.	Department of Defense	2
4.	Department of Energy	1
5.	Department of Education	2+ (Almost Above Avg)
6.	Department of Health and Human Services	1
7.	Department of Homeland Security	2
8.	Department of Housing and Urban Development	1
9.	Department of Interior	2
10.	Department of Justice	2
11.	Department of Labor	1
12.	Department of State	3+ (Almost Excellent)
13.	Department of Transportation	0
14.	Department of Treasury	2
15.	Department of Veterans Affairs	3
16.	Agency for International Development	2
17.	Defense Contract Agency	- (No Plan Submitted)
18.	Environmental Protection Agency	2
19.	Equal Employment Opportunity Commission	1
20.	Federal Election Commission	0

21.	International Broadcasting Bureau	1
22.	General Services Administration	2
23.	National Aeronautics and Space Administration	1
24.	National Credit Union Administration	0
25.	National Labor Relations Board	1
26.	National Science Foundation	0
27.	Nuclear Regulatory Commission	0
28.	Peace Corps	0
29.	Railroad Retirement Board	0
30.	Security and Exchange Commission	0
31.	Selective Service System	0 (set 1% goal for SDVOBs)
32.	Small Business Administration	0
33.	Smithsonian Institute	- (No plan submitted)
34.	Social Security Administration	1 (good response to #11)

Agency # (SAMPLE STRATEGIC PLAN REVIEW FORM)

RATING FACTORS

0 = Unacceptable 1 = Below Average 2 = Average 3 = Above Average 4 = Excellent

No.	CRITERIA	RATING
1	**SENIOR LEVEL OFFICIAL NAMED AND CONTACT INFO –**	
2	**PLAN AVAILABLE TO THE PUBLIC** - www.vetbiz.gov; www.sba.gov	
3	**PROGRESS REPORTS TO SBA** – Annually to the Office of Government Contracting.	
4	**HOW CONTRACTS WILL BE RESERVED FOR SDVOBs** -.	
5	**HOW INFO WILL GET TO SDVOBs TO ENCOURAGE PARTICIPATION –**	
6	**HOW PRIMES WILL BE ENCOURAGED TO SUBCONTRACT WITH SDVOBs –**	
7	**HOW AGENCY PERSONNEL WILL BE TRAINED –**	
8	**DISSEMINATE INFO TO SDVOBs TO ASSIST THEM IN GETTING AWARDS –**	
9	**DOES STRATEGIC PLAN COMPLY WITH EXEC ORDER -**	
10	**HOW WILL SENIOR LEVEL OFFICIAL, CAO, AND OSDBU DIRECTOR'S. PERFORMANCE PLANS BE IMPLEMENTED –**	
11	**HOW WILL SDVOB OPPORTUNITIES BE INCREASED –**	
12	**HOW WILL SUBCONTRACTING PLANS WITH PRIMES BE MONITORED AND EVALUATED –**	
	TFVE CONCERNS	
1	Plan only mimics Executive Memo	
2	Plan execution	
3	Plan specific or general small business	

Members of the Strategic Planning Subcommittee are as follows:
Charles Jones (Subcommittee Chair), Joe Wynn, Bob Hesser, Jim Hudson, Scott Golden, Dick Richards, and Mike Bradican. (Assistants: Michelle Reinecke and Dianna Osborne of Commercial Marking Corp.) For additional information or to contact the subcommittee members contact Charles Jones (803) 699-4940 Charlesjon@aol.com or Joe Wynn (301) 585-4000 ext 147 Jwynn@VVA.org.

Attachment 3

VET-FORCE VISION STATEMENT

VetForce will advocate for support of America's service disabled and other Veteran owned entrepreneurial enterprises, as one way for Veterans to provide economic security and prosperity for their families and their communities.

VET-Force Mission Statement

The Mission of VetForce is to accomplish the following for America's service disabled and other Veteran entrepreneurs:

Advocate for America's serviced disabled and other Veteran owned enterprises, for increased access to: entrepreneurial and business education, technical assistance, startup and growth capital, open/ transparent markets and contracting opportunities in the public and private sector marketplace.

Ensure that the Federal Government and their prime contractors obey PL 106-50, which entitles service disabled veterans to contracting dollar values of a minimum of 3%.

Ensure that Executive Order #13360 is fully implemented.

Advocate for the full and immediate implementation of the program created by PL 108-183.

Advocate that State and Local governments adopt minimum contracting dollar values for Veterans and Service-Disabled Veterans in their jurisdictions.

VetForce will continue to provide vigilant oversight of American law regarding Veteran contracting. It will continue to develop and promote ideas, in the areas of acquisition, planning, marketing and outreach to ensure that Veterans and service disabled Veterans receive the full benefits of the programs promised them by the Congress and the President.

Promote the substantial and valuable capabilities of Veteran owned enterprises.

Support and promote Vet GWAC concepts

Provide and promote business models for Vet partnering that builds contracting capacity for small and medium enterprise

VET-Force Values

VET-Force supports the following enduring values and ideas:

American Entrepreneurship is a creative and dynamic economic system that requires the individual freedoms that Veterans' have fought to protect for over two centuries

Management of Veteran owned businesses with honesty and integrity

Whenever possible hire Veterans as contractors or employees

Support and promote the efforts of younger Veterans to start and grow SMEs

Whenever possible, mentor younger Veterans in their efforts to compete for public and private sector contracting as provided for by PL 106-50

SMEs development is our free market system for a more equitable division of our country's GDP

VET-Force Website Guiding Principles

1. The site should be information based and not procurement based.

2. The site should track the historic evolution of the Veterans Federal Procurement Program (from Aug 1999 with PL 106-50 to present).

3. The site should seek to develop content that will educate veterans about all aspects of starting, developing, managing, and growing a successful small business (workshops, seminars, etc).

4. The site should serve as a portal to an abundance of small business resources and other supportive services for veteran business owners.

5. The site should provide guidance toward building better business relationships: Teaming, Partnering and Joint Ventures

6. The site should serve as a bulletin board to post notices of activities that would heighten the awareness of opportunities for veteran business owners (conferences, symposiums, etc).

7. The site should serve as a resource for locating contracting statistics, surveys, and other federal procurement data relevant to veteran business owners.

8. The site should document the history of the organization, its leadership, and its members.

9. The site should provide, those who care to do so, an easy to use, electronic interface for contributing to the overall mission of the organization.

10. The site should be kept current and accurate with regard to its contents.

Attachment 4

VIETNAM VETERANS OF AMERICA
Funding Statement
February 8, 2008

The national organization Vietnam Veterans of America (VVA) is a non-profit veterans membership organization registered as a 501(c)(19) with the Internal Revenue Service. VVA is also appropriately registered with the Secretary of the Senate and the Clerk of the House of Representatives in compliance with the Lobbying Disclosure Act of 1995.

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Mr. TOWNS. Thank you.

Let me thank all of you for your testimony and to say that we are doing something here today that is a little different from the normal pattern of hearings around here: we are having the stakeholders go first. Generally, we have the agency people go first. But the problem is they leave and they don't hear you, and I purposely arranged it this way because I want them to hear you. I want to be able to come up with a fix to this problem, and I think that, working together, we can. I think it is as you pointed out, Mr. Weidman, it is the will, of course, and the proper attitude, and if we have that, General, I think that you are right, that we can move this forward.

And, I know that in situations like this we don't like to beat up on anybody. I understand that, and I recognize that, but sometimes, in order to fix something, certain things have to be said. So, what I am saying to the agency people, don't be too sensitive about this, because we are concerned, and I do believe that you are concerned. And, I think that we have to listen and to work together and to hear each other in order to be able to fix it.

I do believe that this needs to be fixed. We are talking about a lot of money; we are talking about a lot of people; and, we are talking about people who have served our country well and should be at the table, and they should be able to benefit from this.

And, I want to begin by first saying to you, General Watkins—and then I guess others who want to comment on it—what more can be done now, without any additional laws or anything? What can we do to sort of move things? I know we have a problem with clearance. I know we have all these issues, but what do you think we can do to sort of put people at the table and to be able to benefit from this tremendous amount of money that is going to be spent here?

Mr. WATKINS. Mr. Chairman, as I indicated in my summary comments, I have no doubt that the DOD will work with us, and our comments were not contrived before we came here—I didn't hear that—but we all saying basically the same thing. I think fundamentally we have to work with DOD in this very comprised timeframe we call BRAC—and it is not just BRAC Maryland and BRAC USA; we happen to be focusing on Maryland today—to make sure that everyone understands that the will of Congress and the administration has to be upheld, that when we say we want to make sure that the playing field is level and that qualified businesses can in fact get in and participate—and that doesn't mean that you give business to anyone; you make it available— that is exactly what we mean. So, I would start by addressing with the subsequent panel here how will the DOD go about making sure that those minimal goals that have been set and are expected to be met are in fact fulfilled?

Now, I think what the State of Maryland is doing, I think is the right thing to do. What the State of Maryland is doing by putting together an advisory panel to the lieutenant Governor to serve as a conduit between the DOD and the Maryland business community is the absolute right thing to do. What I see ensuing there is the fact that this panel will work with the DOD and the agencies to

make sure that we are connecting the small minority, veteran-disabled businesses to those business opportunities.

It is absolutely the correct thing to do and, as I said before, I don't think we have to beat people over the head to get it done. What I do think, though—and I go back to the comment that says people tend to do well those things that are out there in terms of goal posts—I think we need to set some goal posts. DOD needs to set some goal posts, and we all should understand that they are not arbitrary. They are there to be met, and, by God, we are going to be checking to make sure they are met.

So I would say goals. I would say the other thing is—and I know the DOD will take a look at those large omnibus contract, bundled contracts to see if there are opportunities to open those up again for companies that did not get a chance to participate, and even if you don't open them up, you could go to the primes and make sure that the primes on those contracts in fact open up business to these impacted areas. Again, we are talking about a very short timeframe, and we have to find a way to get that logjam opened up.

Ms. JENKINS. As a followup to Mr. Watkins' comments, from the State's perspective, there are some things that can be done using Federal leverage that are not likely to require new laws. For example—and I want to echo the comments regarding relationship building with DOD—we have had some good experiences initially with working with DOD, and we would certainly like to continue that. There may also be other State agencies who have procurements that are headed toward Maryland related to BRAC beyond DOD that we would need those same relationships with.

In the area of broad application of Federal procurement laws across the board and goals across the board, that is an area that, with just consistency and the application of existing DBE goals, that would have a humongous impact on work in the State of Maryland. Also, using political leverage on enhanced use leases with private developers, this is an area where, in the Stare of Maryland, we go beyond our laws and oftentimes just use political will to let developers know who are entering into privatized arrangements with the State of Maryland that this is an expectation, and oftentimes we are fairly successful with that.

Last, there is a program that exists in Maryland that is jointly funded by both Federal and State government, but they exist specifically to provide guidance and technical assistance to small and minority businesses who are pursuing Federal work. It is a program called PTAP, the Procurement Technical Assistance Program. It runs under the small business development centers. It is funded by SBA and DOD through Defense Logistics Agency. The State of Maryland has a match to ensure that those operations are happening within the State of Maryland.

That PTAP program is essential to helping our business community understand how to do business with the Federal Government. Currently, they are underfunded; they need more resources so that collectively they can be a resource and a tool in the State of Maryland to work with our office in ensuring that small businesses have access to security clearances and the other expertise that you need to do work in the Federal space.

Mr. TOWNS. What can DOD do to ensure that small firms aren't eliminated by flaws within the security clearance processes, before even having a fair chance to compete? You are talking about $60,000 to $150,000 per employee, in addition to the process often taking 2 years. That, to me, is devastating to many small businesses. What can we do to facilitate this process and move it along?

Mr. WATKINS. I can probably start it and then others can chime in. I would first start out by saying $60,000 to $150,000 to get someone cleared is pretty expensive even for large companies, but you are absolutely correct, Mr. Chairman. In small companies it is sometimes prohibitive, particularly if you are not going to gain lots of business as a result of getting a minimum number of people qualified here.

So, one thing that could be done would be some assistance to these companies who are going to be competing for the classified work that could be collaborative, resources at the State and the Federal level. It is a burden. I can tell you that, having worked with some of the companies that are smaller than I am, when we do subcontracting with them where classified work is involved, to spend that kind of money and that amount of time to get people cleared is in fact a burden.

So some kind of funding arrangement for BRAC kind of work as it relates to security clearance would be helpful. In fact, it may very well be a good experiment, again because, for lack of a better description, you have a pretty good sandbox to play in here in a defined period of time where you can work with locales such as Maryland to try to see if we can come up with a way of offloading that. So, my point would be some collaborative funding to aid the small companies, once they have been identified as companies who are capable of doing classified work.

Now, I don't know the specifics of NSA, but I know NSA has a great outreach program where they really expedite the process of getting these small and minority-owned companies cleared. So that might be something we might want to look at to see if there is any way of taking that program and moving it along.

Mr. GREEN. Mr. Chairman, from the small business perspective, we don't have the money to do all these clearances and to run these clearances, and it takes an awful lot of time. There has to be some way that there is some kind of fund established to allow small businesses to be a part of it to get those clearances.

What happens is, while we are waiting on clearances, we can't do the work. The prime contractor, who has the relationship with the base and has had it for years, all of their people are working because they know the system, and the system has worked for them over a period of years. Streamlining the system—I am not sure what we can do. I know that security has to be at a premium for us in today's society, but somehow we must find a way to streamline the timeframe it takes to get those clearances and have a pool of money that is available for that kind of activity.

Mr. TOWNS. Thank you.

Any other comments on that?

Mr. WEIDMAN. I was just going to add, Mr. Chairman, there is no reason why you can't set up essentially a service center for small and medium sized enterprises to help people get pre-quali-

fied. It is actually less a problem for SDVOBs because so many already—particularly of the recently separated veterans—come out of the military with a TSI clearance, and teaming arrangements and tradeoffs on consortia can help in that process to shorten it. But, it comes back to if there is a will to help small and medium sized enterprises, get people pre-qualified at not such a great expense. DOD could set that up through the PTAPs very easily, sir.

Incidentally, the PTAPs are one of the greatest resources, and we and VET-Force and all the major military service organizations refer people to the PTAPs all the time as the best, most consistently skilled and helpful resource out there across the country.

Mr. TOWNS. Thank you very much.

Let me just ask why are goals mandatory? Can you expound on that just a little bit? I want to make certain that is clear, in terms of why we should have mandatory goals.

Mr. GREEN. Goals ensure participation. Everybody wants to achieve any goals established. And what it does is it opens the doors for small and minority-owned businesses to participate. If you don't have goals, prime contractors, unless there is State reform or Federal reform of the minority practices—Maryland did a great job a few years back. They require their prime contractors to name their subcontractors in the contract. If he or she is not a certified minority, they kick that person out.

So, if you have those kinds of tools available or working for you, small businesses can get work, and it increases the opportunity for them to achieve all the goals, but if we don't have some of the things that Maryland has undertaken, the rest of these States are never going to achieve the contracting goals that we want. And, we want to have those, because if we have them, then we all can pat ourselves on the back that we ensure that minorities receive 40, 35, whatever percent,age of it it may be.

And I think that they should be directed to small businesses primarily based on where we are. In the Washington, DC, area, we have—Maryland; I am talking about Maryland—we have a strong small business community in Prince George's County. The percentages of participation should be higher in Prince George's County than it may be in Decatur, AL or Fort Benning, GA, or someplace like that. But we don't see those numbers tracking that way, so, I believe that we have to have goals in order to ensure everybody gets a fair and equitable chance at participation.

Mr. TOWNS. Well, I thank you. Thank you very much.

At this time, I will now yield to Congressman Clay from the great State of Missouri.

Mr. CLAY. Thank you, Mr. Chairman.

Ms. Jenkins, as you are aware, enhanced use leases have become a very popular tool to accommodate realignment of military functions under BRAC. The problem with enhanced use leases is that they do not require private developers to adhere to either Federal or State procurement laws, including minority business participation goals. Instead, the arrangements allow for voluntary compliance on the part of the private developer with Federal and State contracting laws. What impact will this have on small and minority business participation in BRAC contracting activity?

Ms. JENKINS. Thank you for that question. It will have a huge impact on the ability for small and minority businesses to participate by virtue of the fact that history has shown that voluntary efforts oftentimes don't net results that are meaningful.

And, to the question that we just answered in terms of why goals, goals really do ensure participation, and without a goal, the likelihood the developers are going to do the right thing just because it is good business, you will find that inconsistently. Some will, because they have a good track record of doing public sector work. So, they will carry that behavior out on the private sector side, but many will not. So, having some type of broad-based required goal placed on EULs is the way to ensure that small and minority businesses have an entry to that work.

Mr. CLAY. It sounds like——

Ms. JENKINS. That work that is occurring on federally owned, publicly owned land. That is really the critical factor for why it is justified to have some type of goal on an EUL project.

Mr. CLAY. It sounds like you are referring that a Federal law need to be in place.

Ms. JENKINS. Yes.

Mr. CLAY. In my community, in St. Louis County, in the last round of BRAC we lost the personnel record center to Fort Knox, KY, and St. Louis County has to deal with the loss of 2,000 jobs along with a considerable amount of land that will have to be redeveloped.

Maybe Mr. Watkins or Mr. Weidman would like to contribute to what Ms. Jenkins said, but I would love to hear what we should look for in the process as we redevelop this land and as we try to replace the loss of jobs. Mr. Watkins.

Mr. WATKINS. Let me chime in. Let's go back to the question that the chairman asked, because I think it will dovetail in to where you are going as well, and that is why do you set goals. You set goals because there is something out there that you believe worthy of striving for. So the fact that the DOD, Congress, and succeeding administrations have set goals out there, it says that there is something that we want to achieve.

Now, I also say that if you are going to set goals, mandatory goals, and you don't achieve them year after year after year, you have to ask yourself how serious are you. And, that is why I say goals with verifiable track records, so we can measure progress is absolutely key.

Mr. Clay, back to your comment again, I remember—and it is in my submitted testimony—working with the late Senator Strom Thurmond from South Carolina, dealing with the kind of issue you are dealing with, where I was closing down facilities in his State—in this case Charleston, SC—and moving them to other locations. Well, we were sensitive—it didn't have to be on the DOD side—but it was the right thing to do, and that is to work with that representative—in this case Senator—to look at other things that we could help him work with to offset that loss of work.

We did things like guaranteeing those people if they wanted to move any place in the country where we had an opening, they would be guaranteed an opening. We did what we called storefronts in Charleston, SC, where we would create entities down there

where those people could continue working until such time as they could find work. Now, it wasn't make work; it was reaching out to that affected community to see how we could help them.

I would say the same thing with land development. One of the things that I would be looking for is how do you backfill that loss of jobs and be sensitive to it. And, again, if my experience is what I think you will see—and I think it is, and the DOD still is—people will certainly be willing to work with you to see how it is that we can help minimize the impact of what is happening in communities because, after all, we are doing it for the betterment of the country, and it is in our best interest as a DOD, as concerned citizens, to make sure that we do the best we can to take care of those impacted communities.

Mr. WEIDMAN. Mr. Clay, the—I am sorry.

Mr. CLAY. Let me followup on what Mr. Watkins—and then I will come to you, Mr. Weidman. But let me tell you about the St. Louis community's experience with BRAC going back to the 1990 round, where we lost even more jobs, and I felt like there was a lack of sensitivity on the part of DOD, because, when I got here in 2001, I had a meeting with DOD about the devastation they had left in the St. Louis community, and they had left a facility that used to be an Army ammunitionsite, where they just boarded it up and left the facility there with all kinds of PCBs in it, all kinds of other contaminants, and they didn't feel like they needed to do anything about it. Of course, we changed that tune, and they came back and had to clean it up. But initially they told me, "we don't have to do anything for your community and don't care about your community," and we quickly sensitized them to what they had to do for that community. I don't know if other communities have experienced that, but we have.

Mr. WATKINS. I would certainly hope that initial experience is not what one would expect in the Defense Department; it certainly is not what I found. On the other hand, I don't want to mislead the committee. We have to make some tough decisions sometimes, and there was very little that we could do. But, to the extent that you went out of your way to work with the affected community and looked for solutions went a long ways in making sure that we had the right relationship as we continue, because you are right. You have long memories, and chances are we will have to come back to you again in the future for support.

Mr. CLAY. Thank you.

Mr. Weidman.

Ms. JENKINS. Can I add one final thought before we leave the topic of EULs? Because I think this is rather significant. The State of Maryland is looking at introducing legislation to deal with the impacts of EULs, and it essentially allows the State of Maryland to enter into negotiations with DOD on the payment in lieu of taxes, to negotiate taxing authority, to help cover the other infrastructure costs associated with EULs. As part of this legislation, we do intend to move forward on goals that would be placed for minority participation on EUL projects in Maryland. To the extent that the Federal level could look at something on your end, that might be a way that we can legislate a solution on BRACs to small and minority businesses.

Mr. CLAY. Thank you.

Mr. WEIDMAN. Just to followup on that, we can use the word goals, but all too often, when the Congress says goals, that means, "this is what you will do." If you say goals often within the executive branch, to those who are actually doing it, and they regard it as a cute idea advanced by the Congress, as opposed to something that they have to do, that they better take seriously as a heartbeat. And, I will use as an example that the word goal doesn't appear anywhere in any of the laws pertaining to service-disabled veteran-owned small businesses, but people keep using the goals within the bureaucracy. We keep pointing out that the law says: "a minimum of."

And, to followup on that if I could, Mr. Clay, it is the VA was not leading the way until such time as we went to the deputy secretary of VA, who is the chief operating officer, and asked him to put it in key people's, managers' evaluation that they had to achieve the 3 percent, otherwise they wouldn't get a bonus. And, it took off like a skyrocket, and VA is now 4.5 percent.

We have recommended to DOD that they do the same thing, that they put it not just in contract officers, but in decisionmakers—who often aren't the contract officers themselves—in their performance evaluation. You want a superior or an outstanding rating in order to be able to get a bonus? Then you better make this happen, not just for service-disabled vets, but for minority-owned businesses and for women-owned businesses and for hub zones.

Mr. CLAY. And it has made a difference in the service-disabled community, the veteran business community and service-disabled veteran business community, as far as putting those incentives into the law or into an agreement. You have seen the participation shoot up.

Mr. WEIDMAN. It would shoot up, and we are having problems. To talk about your district, we have a women-owned/service-disabled veteran-owned, a service-disabled veteran herself, architect and design firm and design and engineering firm, and it is just not getting any work from DOD or the Army Corps of Engineers right there in St. Louis County. And, I would be glad to talk with you or your staff about it afterwards, sir. Perhaps you can start the ball rolling right there.

Mr. CLAY. Please share that with us. Yes. Thank you.

Mr. Chairman, I yield back.

Mr. TOWNS. Thank you very much. I just want to go into one other thing, Mr. Green. You mentioned a level playing field. You mentioned it three times, so it would seem to be pretty important. And, of course, you talked about access to capital you said was one thing, but access to the market was something else. So could you sort of expound on that before we close out?

Mr. GREEN. Yes, sir. I think what I am trying to say to you is this: It is not the Federal Government's job to make us rich, to make anybody rich, but it is your responsibility to create opportunities for us. As a minority, there are so many barriers that we have to overcome. If we can remove some of the barriers, then we level the playing field. If you have goals, you increase the opportunity, and I think that is what small businesses and African-American

businesses and minority businesses are talking about. Remove those institutional barriers that keep me from advancing.

And, God knows the bureaucracy within the SBA itself is too much to overcome for a small business. If we need to have a certification, we have to hire somebody to do it for us. We don't have anybody to—there is no person that we can reach out to help us with that, we have to go and hire someone to do that. Well, we can't bear all these costs, so we don't get them.

We can't get work because agencies have a certification requirement, and there is no reciprocity. We believe that there should be a single source certification whereby, if I have an SBA certification, I should not have to have a State certification, I should not have to have an Airport Authority certification. We should be able to apply for any work or do any work wherever there are some Federal dollars if we have a single source certification. That would open up doors, level the playing field, and increase opportunities, and that is what we are talking about, Mr. Chairman.

Mr. TOWNS. Thank you.

Thank you very, very much. We really appreciate your coming and testifying. Of course, as indicated, we switched it around today because I wanted the agencies to hear you, and, of course, now we will move into hearing the agencies. And, I am hoping that some of the things, some of the concerns that you have and some of the problems that you have, they might be able to give us some answers, and I think that is the reason why we did it this way.

I just wanted to say to you that I am really concerned that when you have veterans, people that have served this country, who in many instances have been wounded, to come and not to have the opportunity to have a seat at the table, that really bothers me, and I think it is wrong, and I think that we have an obligation and responsibility on this side of the aisle to correct it. And, I want to let you know that I am committed to correcting it. We are not going to go away. We are going to continue to deal with this and push it, because it is broken, and it needs to be fixed. When I look at the people that are being left out, I recognize that we have to do something.

So I want to thank you so much for your commitment and your coming today and testifying, and I look forward to working with you and trying to level the playing field. Thank you so much.

Our second panel. Before you take your seat, let me swear you in. We swear everybody in here. Raise your right hands.

[Witnesses sworn.]

Mr. TOWNS. Thank you. You may be seated.

Let the record reflect that they answered in the affirmative.

Let me introduce our witnesses. We have today Tracey Pinson, who serves as the Director of the Army's Office of Small and Disadvantaged Business Utilization. Ms. Pinson advises the Secretary of the Army and Army staff on all small business procurement issues.

We have with us Timothy Foreman, the Director of the Navy's small business programs. Mr. Foreman is responsible for the implementation of the Federal acquisition programs designed to assist small businesses.

Let me just say to both of you that your entire statement will be placed in the record, and I ask all witnesses to summarize their testimony within the time we have established. Now, I am sure you know the procedure: the green light means start, the yellow light means think about stopping, and the red light means stop.

So let me begin with you, Ms. Pinson. Let me thank you so much for coming to testify.

STATEMENTS OF TRACEY PINSON, DIRECTOR, SECRETARY OF ARMY, OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION; AND TIMOTHY FOREMAN, DIRECTOR, SECRETARY OF THE NAVY, OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION

STATEMENT OF TRACEY PINSON

Ms. PINSON. Thank you, Mr. Chairman and Mr. Clay and other members of the subcommittee. It is a pleasure to appear before you to discuss the implementation of the Army's 2005 Base Realignment and Closure Program and its impact on local communities and, in particular, small businesses. My name is Tracey Pinson, and I am the Director of the Army Small Business Program Office, and I report directly to the Secretary of the Army.

The Army has an aggressive, carefully synchronized BRAC implementation plan to meet the September 2011 deadline while supporting our national security priorities. The budget for the entire 6 year implementation period is approximately $17 billion. About two-thirds, or $13 billion, will be spent on military construction.

Under BRAC, the Army will close 13 Active Component installations, 387 Reserve Component installations, and 8 leased facilities. BRAC realignments 53 installations and/or functions and establishes Training Centers of Excellence and Joint Technical and Research facilities. To accommodate the units relocating from the closing Reserve Component installations, BRAC 2005 creates 125 multi-component Armed Forces Reserve Centers and realigns the Army Reserve Command and control structure.

In total, over 55,000 soldiers and civilian employees will relocate as BRAC is implemented. The actions required for the Army to successfully implement BRAC 2005 are far more extensive than all four previous BRAC rounds combined. Twenty-five percent of all required construction projects are planned for award by the end of fiscal year 2009 and 100 percent by the end of fiscal year 2010.

We perceive BRAC as an expanded opportunity for small business participation. Historically, the Army has led the Federal Government in awards to small businesses. In fiscal year 2007, of the $93 billion in total awards to U.S. firms made by the Army, small businesses received 25 percent, or $23 billion. The charts attached to my written testimony illustrate growth the Army has experienced in all small business programmatic areas.

While there will be a tremendous amount of money spent on BRAC and BRAC-related projects, the process for allocating that money will not change. Some of our existing contracting officers have assumed responsibility to award these projects. The Army has a very qualified and dedicated cadre of small business advisors who work side-by-side with contracting officials to conduct market re-

search for all requirements. All requirements are published in the Federal business opportunity publication.

Once this research has been done, each requirement will be reviewed for performance by the small business community. This includes potential setasides for small businesses, HUBZone companies, or service-disabled veterans. Additionally, analyses will be done for suitability for award under the 8(a) program. If the award is not suitable for performance by a small business as a prime contractor, substantive provisions will be put into the contract to maximize small business participation as subcontractors.

I visited Ft. Bliss several months ago and witnessed firsthand the great work that the Corps of Engineers is doing there in support of BRAC. This expansion program is one of our largest BRAC projects. To date, the Corps has awarded over $200 million directly to small businesses. An additional $350 million has been awarded to small business subcontracting. Unfortunately, the ability to obtain performance bonds continues to plague the ability of small businesses to access construction projects as prime contractors.

Many of our projects for the construction of buildings are valued such that small businesses cannot bond them. Aggressive small business subcontracting goals are established under these circumstances. We are also restricted from using small business setaside procedures in the construction arena as a result of the small business competitiveness demonstration program, a statutorily mandated program.

We anticipate that a significant amount of military construction funding will be spent during this fiscal year and fiscal year 2009 and 2010. The Corps has put very good projections in place for the utilization of small businesses. For example, the North Atlantic Division has projected that approximately 22 percent of their BRAC dollars will be spent with small business primes. The Corps' overall goal for subcontracting with small businesses is 70 percent. We anticipate that the subcontracting opportunities under BRAC will enable them to meet this goal.

I would like to mention what the Army is doing to support the program for companies owned by service-disabled veterans. On January 9th of this year, the Secretary of the Army signed a memo to all Army contracting commands urging them to maximize opportunities for service-disabled veteran-owned businesses and to reemphasize the importance of this program. We have experienced exponential growth in our dollars awarded to service-disabled veterans, from $750 million in fiscal year 2006 to over $900 million in fiscal year 2007. Additionally, we have posted on our Web site projections of over $2 billion in proposed service-disabled veteran-owned setasides.

While there is no statutory goal for veteran-owned businesses, we believe them to be important to us as well, and we have awarded over $2 billion in contracts to those entities. The Army commitment to this program is unwavering.

In summary, the Army has a carefully coordinated and synchronized plan for implementing BRAC mandates, while continuing to conduct critical missions in support of the global war on terrorism and homeland defense. We believe that the small business community has a critical role to play in this mission and are com-

mitted to ensuring that they have the maximum practicable opportunity to participate in BRAC as prime contractors and subcontractors.

Thank you again for the opportunity to appear before you today, and thank you for your continued support of America's Army.

[The prepared statement of Ms. Pinson follows:]

STATEMENT BY

MS. TRACEY L. PINSON
DIRECTOR, OFFICE OF SMALL BUSINESS PROGRAMS
OFFICE OF THE SECRETARY OF THE ARMY

BEFORE THE

SUBCOMMITTEE ON GOVERNMENT MANAGEMENT,
ORGANIZATION, AND PROCUREMENT OF THE
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES

SECOND SESSION, 110TH CONGRESS

MILITARY BASE REALIGNMENT: CONTRACTING OPPORTUNITIES FOR IMPACTED COMMUNITIES

FEBRUARY 8, 2008

NOT FOR PUBLICATION UNTIL RELEASED BY THE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

INTRODUCTION

Mr. Chairman and members of the Subcommittee, it is a pleasure to appear before you to discuss the implementation of the Army's 2005 Base Realignment and Closure (BRAC) program, and its impact on small businesses. My name is Tracey Pinson, and I am the Director of the Army Small Business Program Office. I report directly to the Secretary of the Army.

The Army has an aggressive, carefully synchronized BRAC implementation plan to meet the September 2011 deadline while supporting our national security priorities. To give you a sense of the magnitude of the Army 2005 BRAC program, the budget for the entire six-year implementation period is approximately $17.2 billion. Most of the budget – about two-thirds or $13 billion -- will be spent on military construction.

All BRAC activity takes place within the context of achieving the Army's goals of winning the Global War on Terrorism (GWOT), transforming from a Division-structured, forward-deployed force to one comprised of agile Brigade Combat Teams stationed on U. S. soil and growing the Army in a manner that facilitates maintenance of the Army's ability to win decisively anytime, anywhere. Collectively these initiatives allow the Army to focus its resources on installations that provide the best military value, supporting improved responsiveness and readiness of units.

Under BRAC, the Army will close 13 Active Component installations, 387 Reserve Component installations and 8 leased facilities. BRAC realigns 53 installations and/or functions and establishes Training Centers of Excellence, Joint Bases, a Human Resources Center of Excellence, and Joint Technical and Research

facilities. To accommodate the units relocating from the closing Reserve Component installations, BRAC 2005 creates 125 multi-component Armed Forces Reserve Centers and realigns the Army Reserve Command and control structure. By implementing BRAC 2005 decisions, the Active Army will maintain sufficient surge capabilities to expand to 48 maneuver brigades and handle increased production, training, and operational demands now and in the future.

In total, over 55,000 Soldiers and civilian employees will relocate as BRAC is implemented. The over 1,300 discrete actions required for the Army to successfully implement BRAC 2005 are far more extensive than all four previous BRAC rounds combined and are expected to create significant recurring annual savings.

Seventy-five percent of all required construction projects are planned for award by the end of fiscal year 2009 and 100 percent by the end of fiscal year 2010. This schedule and full funding of the President's Budget will enable the major movement of units and personnel in fiscal years 2010 and 2011 with expected completion by the mandated BRAC 2005 deadline.

Among the installations gaining significant new missions and jobs in BRAC 2005, is Fort Meade. The total BRAC MILCON budget for Fort Meade is $502M of which the Army has $61M.

Three Defense organizations will move to Fort Meade in mid-2011, the consolidated Defense Information Systems Agency, the consolidated Defense Media Activity, and the co-located Defense Adjudications activities. Sites have been selected, BRAC-related environmental impact assessments have been completed, and three new facilities are currently under design. Construction of the DISA

facility will begin in 4th quarter of this fiscal year, with the smaller Defense Media and Defense Adjudications buildings following in the second quarter of next fiscal year.

The Defense Media Activities project will bring together, under one roof, all of the media elements and their training schoolhouse, which support each service. The Adjudications project consolidates activities from across the nation into a single building. The Defense Information Systems project will co-locate nine activities currently scattered around the national capital region into a single campus near the center of the installation.

All of this is good news for small businesses, because Part 19 of the Federal Acquisition Regulations, and all of its companion regulations, are applicable to requirements projected to implement the BRAC program. Historically, the Army has led the Federal government in awards to small businesses. In FY 07, of the $93 billion in total awards made by the Army to US business firms, small businesses received 25% or $23 billion. The second back up chart sets forth the dollars that were spent in all the small business subcategories, such as small disadvantaged, women-owned, HUBZone, veteran and service disabled veteran-owned. We have also provided a break-out of the awards to Section 8(a) firms and charts illustrating the growth of the Army small business program. The remaining charts illustrate growth the Army has experienced in all small business programmatic areas.

As mentioned previously, there will be a tremendous amount of money spent on BRAC and BRAC-related projects. However, the process for allocating that money will not change. Some of our existing contracting offices have assumed the responsibility to award these projects. We are proud to say that the Army has a very

qualified and dedicated cadre of small business advisors at all of our contracting activities who work side by side with contracting officials to conduct market research for all requirements. Once this research has been done, each requirement will be reviewed for potential performance by the small business community. This includes potential set-asides for awards to small businesses, HUBZone companies or service disabled veterans. As well, analyses will be done for suitability for award under the 8(a) program. If for whatever reason the award is not suitable for performance by a small business as a prime contractor, substantive provisions will be put into the contract to maximize small business participation as subcontractors.

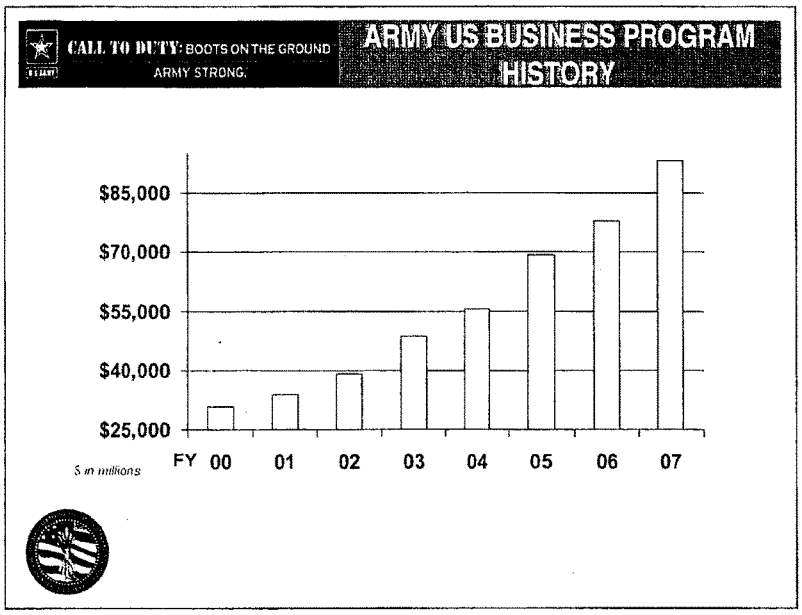
We are doing our very best to track awards to small businesses as a result of BRAC. I was very fortunate to visit Ft. Bliss several months ago and witnessed first hand the great work that the Corps of Engineers is doing there in support of BRAC. This expansion program is one of our largest BRAC projects. To date, the Corps have awarded over $200 million directly to small businesses. An additional $350 million has been awarded to small business subcontractors. Obtaining required performance bonds continues to plague the ability of small businesses to access construction projects as prime contractors. Many of our major projects such as barracks, headquarters buildings, company operational facilities, maintenance facilities, dining and storage facilities and hospitals are valued such that small businesses cannot bond these projects. Aggressive small business subcontracting goals are established under these circumstances. We are also restricted from using small business set aside procedures in the construction arena, as a result of the small business competitiveness demonstration program.

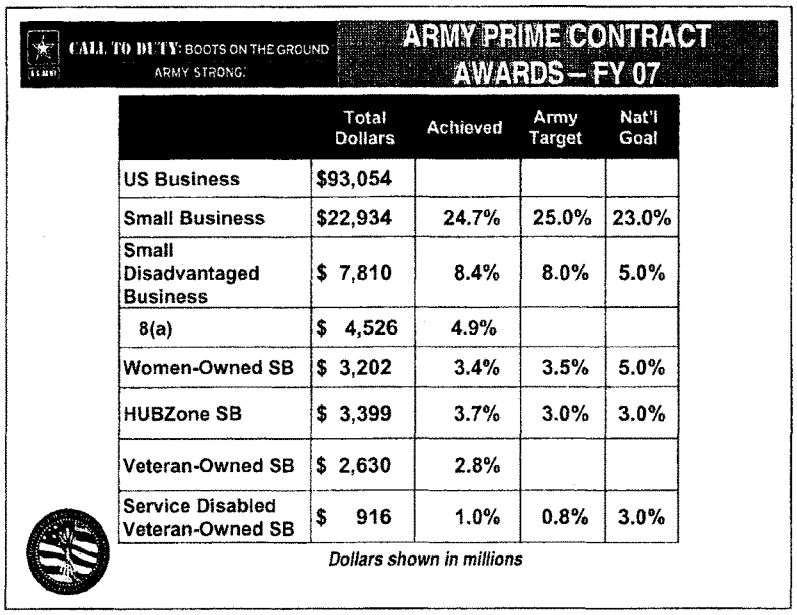
We anticipate that a significant amount of military construction funding will be spent during this fiscal year and fiscal years 2009 and 2010. The Corps of Engineers has put very good projections in place for the utilization of small businesses. For example the North Atlantic Division has projected that approximately 22% of their BRAC dollars will be spent with small business prime contractors. The Corps of Engineers goal for subcontracting with small business is 70%. We anticipate that the subcontracting opportunities under BRAC projects will enable the Corps of Engineers to meet this goal.

SUMMARY

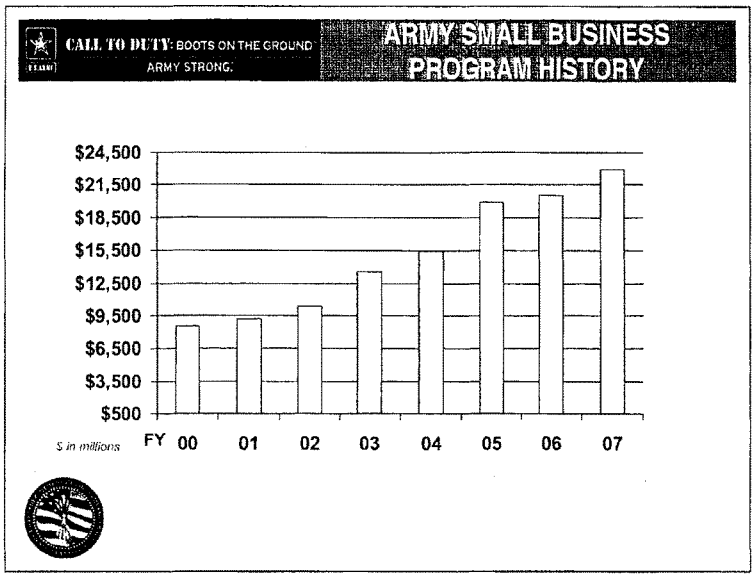
In summary, the Army has a carefully coordinated and synchronized plan for implementing BRAC 2005 mandates while continuing to conduct critical missions in support of GWOT and homeland defense. We believe that the small business community has a critical role to play in this mission and we are committed to ensuring that the small business community has the maximum practicable opportunity to participate in BRAC projects as both prime and subcontractors. Thank you again for the opportunity to appear before you today and for your continued support for America's Army.

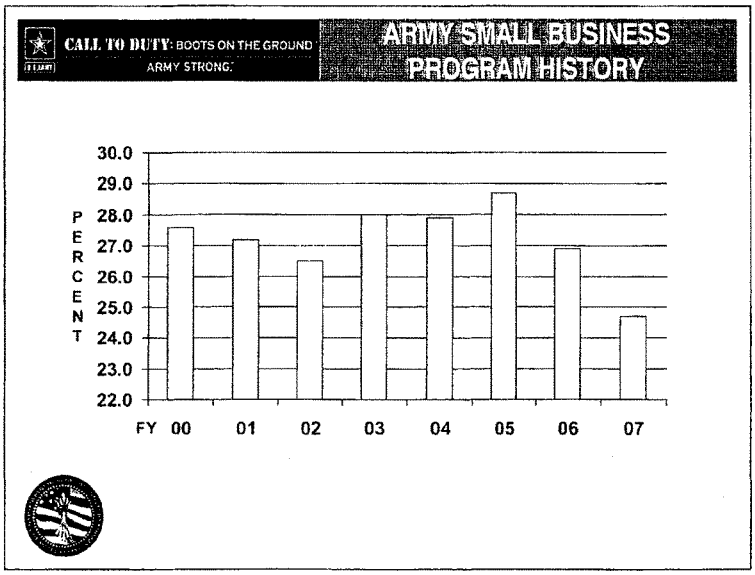
BACKUP

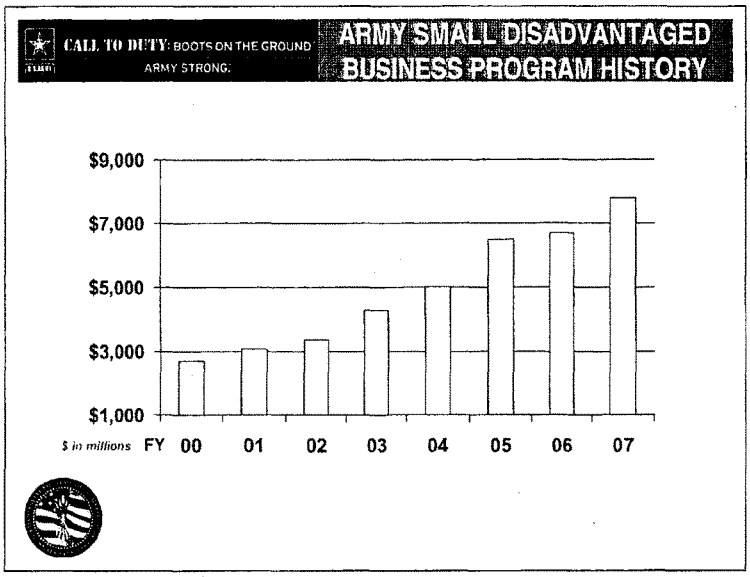

CALL TO DUTY: BOOTS ON THE GROUND
ARMY STRONG.
ARMY US BUSINESS PROGRAM HISTORY
$85,000
$70,000
$55,000
$40,000
$25,000
$ in millions
FY 00
01
02
03
04
05
06
07

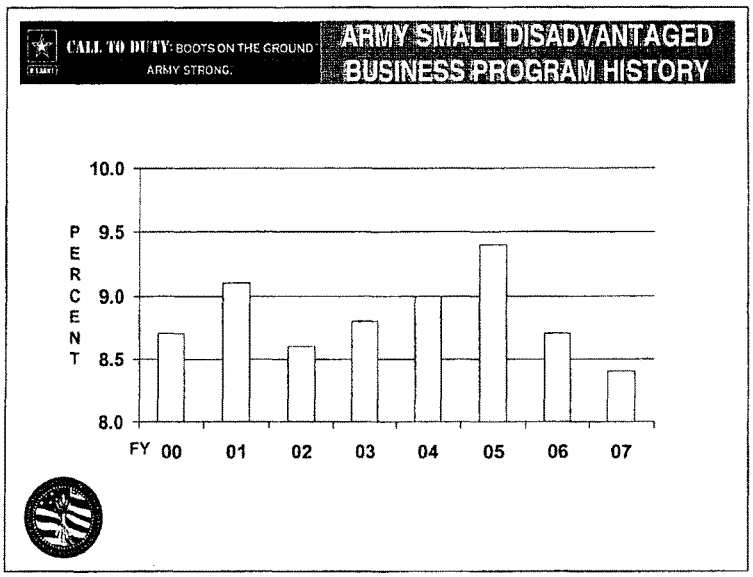


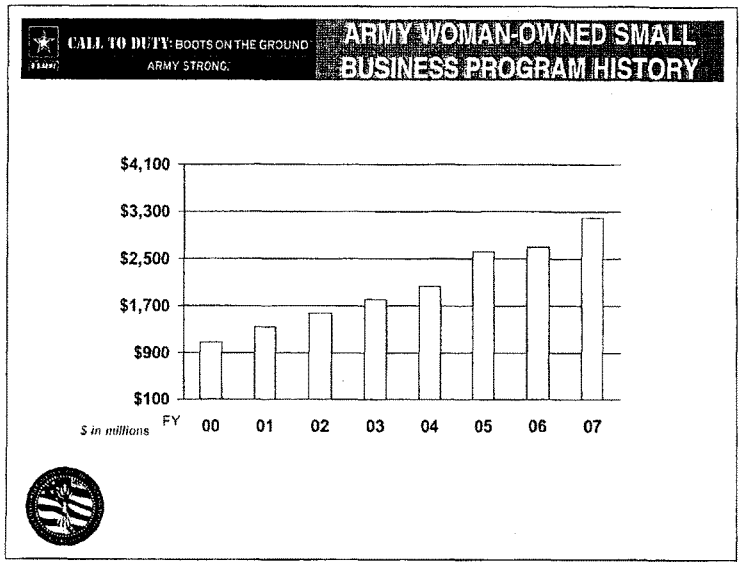
	Total Dollars	Achieved	Army Target	Nat'l Goal
US Business	$93,054			
Small Business	$22,934	24.7%	25.0%	23.0%
Small Disadvantaged Business	$ 7,810	8.4%	8.0%	5.0%
8(a)	$ 4,526	4.9%		
Women-Owned SB	$ 3,202	3.4%	3.5%	5.0%
HUBZone SB	$ 3,399	3.7%	3.0%	3.0%
Veteran-Owned SB	$ 2,630	2.8%		
Service Disabled Veteran-Owned SB	$ 916	1.0%	0.8%	3.0%

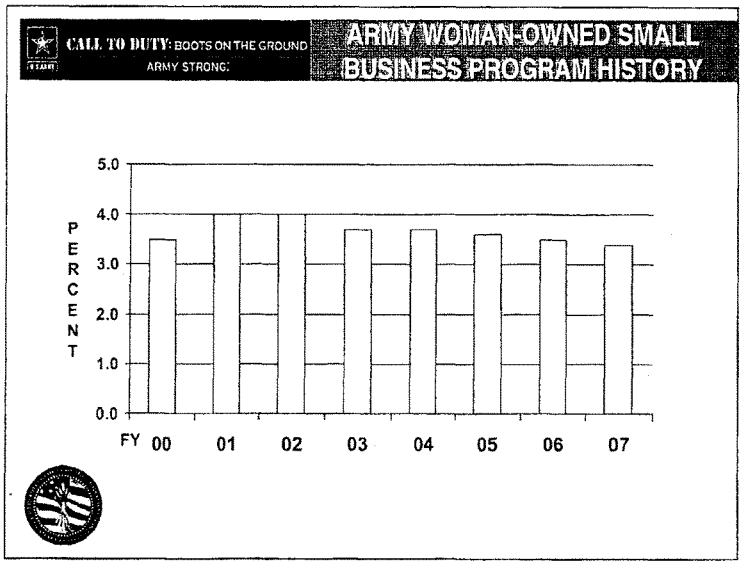

CALL TO DUTY: BOOTS ON THE GROUND
ARMY STRONG.
ARMY SMALL BUSINESS PROGRAM HISTORY
$24,500
$21,500
$18,500
$15,500
$12,500
$9,500
$6,500
$3,500
$500
$ in millions
FY 00 01 02 03 04 05 06 07


CALL TO DUTY: BOOTS ON THE GROUND
ARMY STRONG.
ARMY SMALL BUSINESS PROGRAM HISTORY
30.0
29.0
28.0
27.0
26.0
25.0
24.0
23.0
22.0
PERCENT
FY 00 01 02 03 04 05 06 07


CALL TO DUTY: BOOTS ON THE GROUND
ARMY STRONG.
ARMY SMALL DISADVANTAGED BUSINESS PROGRAM HISTORY
$9,000
$7,000
$5,000
$3,000
$1,000
$ in millions
FY 00 01 02 03 04 05 06 07

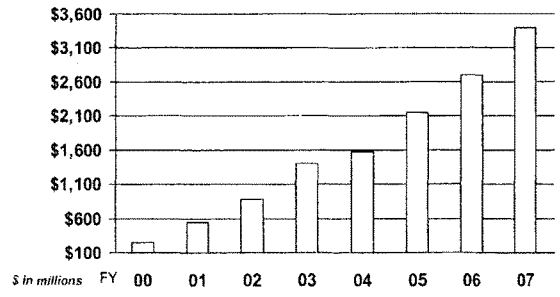

CALL TO DUTY: BOOTS ON THE GROUND
ARMY STRONG.
ARMY SMALL DISADVANTAGED BUSINESS PROGRAM HISTORY
10.0
9.5
9.0
8.5
8.0
PERCENT
FY 00 01 02 03 04 05 06 07


CALL TO DUTY: BOOTS ON THE GROUND
ARMY STRONG.
ARMY WOMAN-OWNED SMALL BUSINESS PROGRAM HISTORY
$4,100
$3,300
$2,500
$1,700
$900
$100
$ in millions
FY 00 01 02 03 04 05 06 07


CALL TO DUTY: BOOTS ON THE GROUND
ARMY STRONG.
ARMY WOMAN-OWNED SMALL BUSINESS PROGRAM HISTORY
5.0
4.0
3.0
2.0
1.0
0.0
PERCENT
FY 00 01 02 03 04 05 06 07

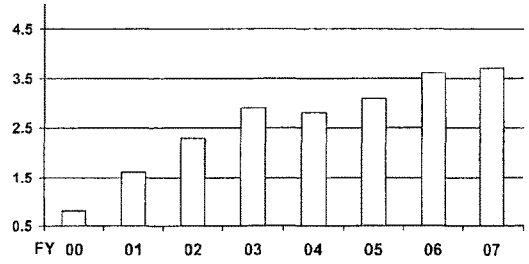
CALL TO DUTY: BOOTS ON THE GROUND
ARMY STRONG.

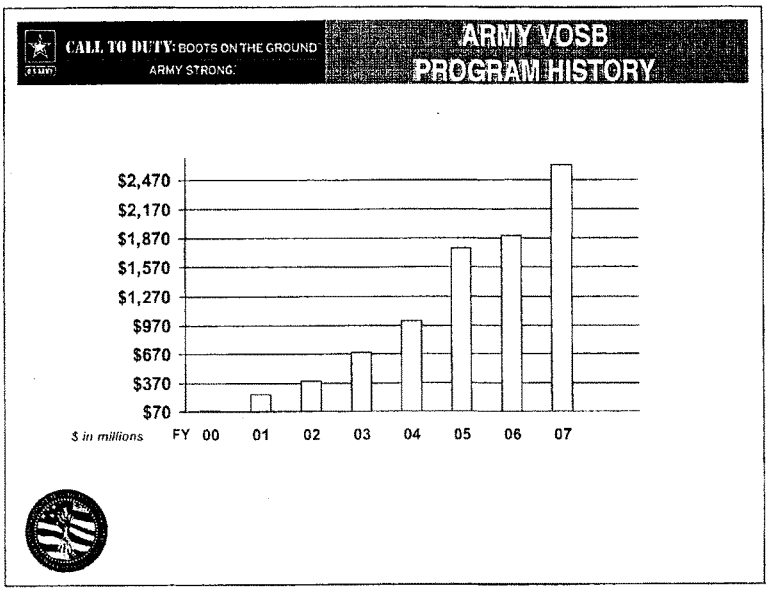
ARMY HUBZone PROGRAM HISTORY

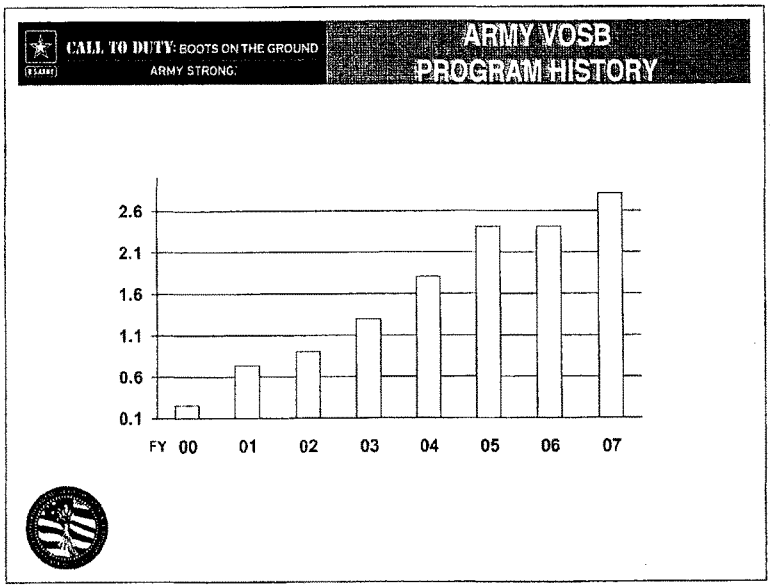


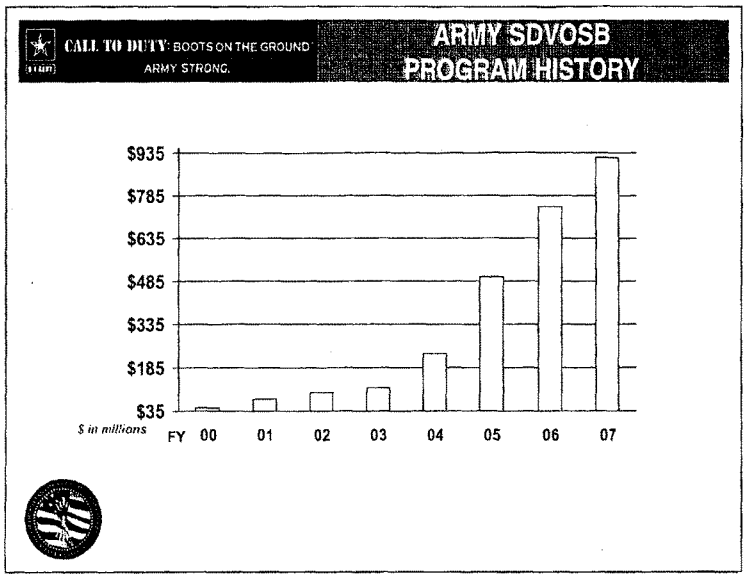
CALL TO DUTY: BOOTS ON THE GROUND
ARMY STRONG.

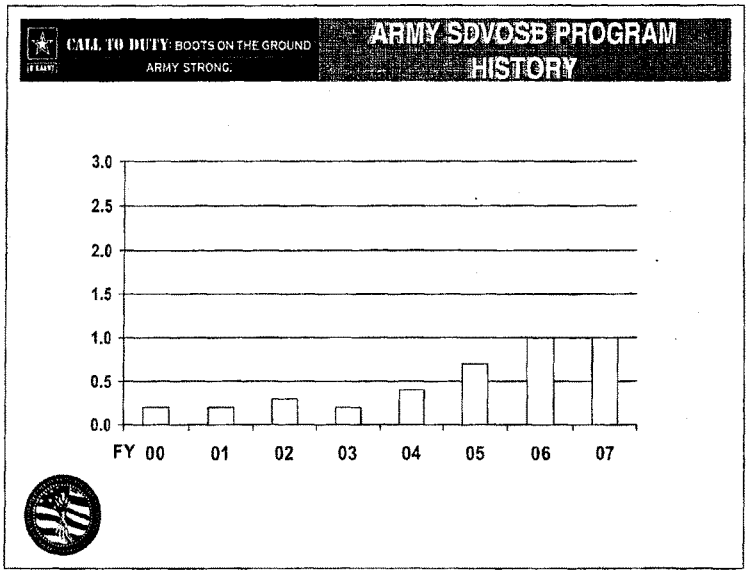
ARMY HUBZONE SMALL BUSINESS PROGRAM HISTORY




CALL TO DUTY: BOOTS ON THE GROUND
ARMY STRONG.
ARMY VOSB
PROGRAM HISTORY
$2,470
$2,170
$1,870
$1,570
$1,270
$970
$670
$370
$70
$ in millions
FY 00
01
02
03
04
05
06
07


CALL TO DUTY: BOOTS ON THE GROUND
ARMY STRONG.
ARMY VOSB
PROGRAM HISTORY
2.6
2.1
1.6
1.1
0.6
0.1
FY 00
01
02
03
04
05
06
07


CALL TO DUTY: BOOTS ON THE GROUND
ARMY STRONG.
ARMY SDVOSB PROGRAM HISTORY
$935
$785
$635
$485
$335
$185
$35
$ in millions
FY 00 01 02 03 04 05 06 07


CALL TO DUTY: BOOTS ON THE GROUND
ARMY STRONG.
ARMY SDVOSB PROGRAM HISTORY
3.0
2.5
2.0
1.5
1.0
0.5
0.0
FY 00 01 02 03 04 05 06 07

Mr. TOWNS. Thank you very much, Ms. Pinson.
Mr. Foreman.

STATEMENT OF TIMOTHY FOREMAN

Mr. FOREMAN. Thank you, Chairman Towns and Congressman Clay and staff of this subcommittee. I appreciate the opportunity to be here today and talk to you about this important topic, the BRAC, and how it is affected by small business and how small businesses can affect that.

First off, I would like to tell you that I too report to the Secretary of the Navy directly, so it is my pleasure to work with the Honorable Donald C. Winter. I would like to initially thank you, Congress, for giving us so many tools that we can use that effectively help us in our efforts to achieve the various goals.

Let me just briefly list them. One is just the small business program in general, the small business setaside program, the small disadvantaged business program, the 8(a) program, which is a subset of that program, the women-owned business program, the historically under-utilized business zone program, which really plays an interesting role in BRAC, and the long-overdue service-disabled veteran own small business program.

We, additionally, have two other programs that we utilize: the Small Business Innovative Research Program and the Small Business Technology Transfer Program. Those are designed to bring technologies that are in the early stages into the war-fighter hands earlier, and we also use them as a way to commercialize. It used to be the Department of Defense was a major buyer or, actually, a major, if you will, procurer of research and development. I mean, now you found—I think it was 1976—the commercial marketplace has more research and development than the whole Federal Government, and it continues to increasingly have larger and larger chunks, so we have to utilize that.

I do thank you for all those programs you have provided.

The small business program does provide an opportunity to help the Navy accomplish our mission, and, more importantly, through those lower priced products and through the improved technologies, they are going to help us build the Navy and Marine Corps of tomorrow, and that is kind of a key logo that we would like to carry out as we look today for our missions and tomorrow for our growth.

The long pull and I think our intent in the Navy—and I believe it is true for the Department of Defense—is the health, safety, welfare, and the quality of life that these programs can bring to our sailors and our Marines. I think we need to always look to them because they are the ones who serve this country and put themselves in harm's way. So, we look at it as it is an obligation that we do the best job, so we don't have service-disabled veterans coming back. We want to see safety. One of our most recent—what we call mentor-protege programs—is designed to reduce hearing loss on aircraft carriers. So, we are looking at various things like that.

The HUBZone program is an interesting program in that it actually addresses—it came out of a legislative initiative out of a field activity in the Air Force, up through OSD, and has actually been put into place. What it does—the HUBZone program is where you have an economically distressed area, and in this distressed area,

firms that apply—and are certified by SBA and who has a membership of 35 percent of their employees—can receive certain preferences, and those preferences are basically three that are straight up, one that is kind of a little bit off to the side.

The three are sole source, the setaside provisions, and also a price evaluation preference provision, and it has a unique—which, by the way, the service-disabled veterans folks picked up—a unique subcontracting limitation ability. Historically, the subcontracting limitation said, "you, the business, have to perform 51 percent." What this says is,m the HUBZone—historically under-utilized business sonar, the service-disabled—you and other firms of your like have to perform that 51 percent. That encourages partnering. That encourages joint ventures, which are really necessary for today's environment in which a lot of the contract awards are getting larger and larger.

The service-disabled veterans have an additional advantage. They can literally claim everybody in their joint venture as a service-disabled veteran, so they can actually go to other small businesses and actually push that a little bit forward. So, that is an interesting twist which is available to the service-disabled veteran community.

In terms of the programs that I mentioned earlier, there are also subcontracting programs, and—oh, by the way, I was delighted to sit here and listen to the group before, because it started the juices flowing and I think we will have some good things coming out of just sitting here listening. So that was an excellent idea—I like that—and I hope we do it again next time.

Access to working capital, I agree. That is an absolutely crucial program for small businesses. As we move into these tough economic times—oh, I am over. I am sorry. As we move into these tough economic times, it should be noted that the DOD does have, in FAR 32, Part 32, what we call progress payment rates. Small disadvantaged businesses get 95 percent, small businesses get 85, and large businesses get 80. And, the idea is that we do have one group that does have a better progress payment. And, I think even more important than access to capital is its cash-flow, and that is absolutely critical in manufacturing.

With that, I will stop and be happy to take any of your questions. Thank you.

[The prepared statement of Mr. Foreman follows:]

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE OVERSIGHT
AND GOVERNMENT REFORM
COMMITTEE

Testimony of

Mr. Timothy J. Foreman

Director, Office of Small Business Programs
Office of the Secretary of the Navy

Hearing before the
U.S. House Committee on Oversight and Government Reform
Subcommittee on Government Management, Organization, and Procurement

Military Base Realignment: Contracting Opportunities for Impacted Communities

February 8, 2008
Washington, D.C.

NOT FOR PUBLICATION UNTIL
RELEASED BY THE HOUSE OVERSIGHT
AND GOVERNMENT REFORM COMMITTEE

Chairman Towns, Ranking Member Bilbray and Members of the House Subcommittee on Government Management, Organization, and Procurement:

Good morning Mr. Chairman and ranking member Bilbray and distinguished members of the subcommittee. My name is Tim Foreman and I am the Director of the Navy's Office of Small Business Programs, which resides in the Office of the Secretary of the Navy. I report directly to the Honorable Donald C. Winter, Secretary of the Navy. It is a pleasure to be here and represent the Department of the Navy on this important topic of "Military Base Realignment: Contracting Opportunities for Impacted Communities."

First, I would like to recognize Congress for the successful programs you have given the small business community. The overarching policy of the Government is to provide maximum practicable contracting opportunities in our acquisitions to small business concerns. The Department of the Navy and the Marine Corps benefit through the utilization of goods and services provided by our Nation's small business community. Small businesses are critical components of the Navy's industrial base. These concerns provide cost effective venues for our acquisition of goods and services to support our warfighters. Small businesses also provide needed technologies to assist the Navy in accomplishing its missions and to build the Navy and Marine Corps force for tomorrow. The following are the key small business programs which the Federal Government employs to level the contracting marketplace.

- Small Business program

- Small Business Set-Aside program
- Small Disadvantaged Business program
  - Section 8(a) program
- Women-Owned Small Business program
- Historically Underutilized Business Zone (HUBZone) program
- Service-Disabled Veteran-Owned Small Business program

The small business innovation research (SBIR) program and the small business technology transfer (STTR) program within the Navy are shared between my office and the Office of Naval Research. Both programs dovetail into the strength of small business which is technology innovation in both programs. The STTR program provides the means to move concepts and ideas from academia to the DoD and commercial market place.

In addition, there are statutory and regulatory advantages provided to small businesses, e.g., the Bayh-Dole Act, which allows small businesses to retain rights in intellectual property created through government contracts or grants, and numerous other circumstances in which small businesses are given certain preferences.

The Department of the Navy fully recognizes the need for small business programs and that small business continues to play an important role as we move forward in the implementation of base realignment and closure. My job as the Director, Office of Small Business Programs is to be the Departmental lead advocate for small businesses, but

more importantly, to act as an advocate to our contracting and program management communities to utilize small business concerns for their innovation, lower cost, lower overhead and improved management flexibility that small businesses bring to the marketplace. Small business programs are a win – win for the Department of the Navy. As a small business program leader, I strive to establish strategies, goals and objectives to help balance the government contract responsibilities to encourage and assist small business to participate as prime contractors and subcontractors.

The Department is fully committed to fostering the use of the small business community as prime contractors, subcontractors and vendors; to structuring its requirements to facilitate competition by and among small business concerns; and to avoiding unnecessary consolidation of contract requirements that preclude small business participation as prime contractors.

The acquisition environment has changed considerably within the Navy over recent years as a result of acquisition reform, organizational realignment, base closures, downsizing, and outsourcing. In cases where mission needs are consolidated and small businesses cannot compete, the Navy looks to its subcontracting program to foster the use of the small business community to ensure vigorous participation at the subcontract level. The Navy is committed to avoiding contract consolidations that result in reduced small business participation unless market research and a benefit analysis support that there are measurable substantial benefits.

The HUBZone program offers certain unique benefits to the impacted areas. Historically, military facilities and the geographical area they represent are not considered to be eligible for HUBZone status. However, as a result of a Department of Defense (DoD) legislative initiative all military facilities closed under BRAC and converted to commercial property are considered HUBZones. I would like to discuss briefly what this means to the community surrounding BRAC facilities and to the DoD.

What is a HUBZone? It is an economically distressed geographical region that is determined by the SBA in accordance with statute.

What is the purpose of the HUBZone program? To provide jobs and increase employment opportunity for residents in these economically distressed areas.

What contracting tools does the HUBZone program offer?

- HUBZone set-asides
- HUBZone sole source
- HUBZone price evaluation preference
- Improved definition of HUBZone subcontracting limitations.

Why is the HUBZone program germane to BRAC? Under Division K of the Consolidated Appropriations Act, 2005, HUBZone qualified areas were expanded to include activities that are closed under the BRAC process. This sets in motion the HUBZone contracting tools to qualified small business start-ups or firms who move their business into land formerly part of the closed activity. Also the small business must employ (35 percent or greater) individuals who reside in a HUBZone. Moreover, the small business concern must apply to and be accepted by the Small Business

Administration (SBA) for admission to the SBA HUBZone program. This legislative initiative implemented under Public Law 108-447 helps address the local community's concerns about the BRAC process and has the potential to provide new jobs for former military and civilian workers from the closed facility and may raise the value to the commercialized lands of the closed activity. Additionally, the BRAC process gets input from the community and the Commission's recommendations will address those concerns or deems them to be unwarranted.

Generally construction, architectural services and environmental remediation services are key industries involved in the BRAC process and are favorable industries for small business concerns. The rigors of the BRAC process, restrictive timetables, size, dollar value, bonding capacity and geographical challenges may diminish small business prime contracting opportunities; however the Navy has successfully implemented minimum subcontracting requirements as part of the evaluation process. These subcontracting requirements are good tools in mitigating most of the small business concerns. The Navy will continue to reach out to small businesses to encourage their development and use in order to meet the Navy's mission for today and tomorrow.

In summary, the Navy understands the challenges ahead and has established strategies and objectives to help provide greater small business participation in the Navy's BRAC efforts. To this end, Navy small business specialists are involved in the early development of our acquisition strategies. Also in recognition of current challenges faced by the Department of the Navy a policy letter has recently been issued to re-

emphasize the importance of proper compliance and oversight of our subcontracting program responsibilities.

Mr. TOWNS. I am happy you like this process, because we will continue this until we fix it. We will continue this way.

Let me thank both of you for your testimony, and I want you to know that this is not a beat-up session, it really isn't. I really want to see how we can be helpful to solving a problem that I think we both—and all of us agree—exists. And, we have had some situations, things raised this morning that I think make a lot of sense, and I just want to start out with—I think it was Mr. Green who testified that multiple certifications can be extremely costly to small and minority business owners, and, of course, the Federal and State agencies have their own requirements, and there is little or no reciprocity between them.

How can we streamline them? How can we streamline the certification process to ease the burden on small businesses and eliminate the multiple certifications? Because that is expensive.

Ms. PINSON. Sir, if I could, I agree that there are multiple certifications out there, and, in fact, some of those certifications really don't get you any preferences, if you will. I can clearly say that on the Federal level, when you are certified as an 8(a), you get a preference; you are allowed to get sole-source contracts. HUBZone, you are allowed to get sole-source setasides and things of that nature. So, I believe in the notion, if you will, that maybe the Federal certification should be the overarching certification process for all these programs. And, then I know the State and localities, they may want to require local residents or something like that, but that should really be all that would be required additionally.

But, I think that the Federal guidelines are tight. They are resistant, I think, to fraud and fronts, and things of that nature so I would support that the Federal certification process must be the overarching.

Mr. FOREMAN. I would like to just follow on with that. There has been some historical progress in this whole area. When I first started with the Federal Government—that was back in 1970-something—we actually had a problem in that small businesses had to go to every post, camp, and station, fill out paperwork at every post, camp, and station. It either goes on a 3-by–5 index card or to a folder. We have gone to what we call single point of entry, where everybody goes through the CCR, the centralized contractor registration data base, and that is the point of entry you have to go through. More importantly, if you are going to get paid, you have to be registered in that system.

We have also gone to instead of everybody advertising their own way on the old CBD—we have gone to something called fedbizopps.gov, where all non-classified contracts are issued. There are, I think, about four or five exceptions; classified contracts are one of them. If we have a ship that is on the bottom of the ocean floor, we need to bring it up, we are not going to advertise. We are going to fix the problem and go after it. Again, the safety, health, and welfare of our men and women of the Navy and Marine Corps are key, but we have taken those steps in the right direction.

When you talk about costs, the Army and the Navy and the Air Force all get that chip-in money to pay for the SDB certification process over at the SBA over year, and that we find to be very painful. Hopefully, that is going to be over with very soon. So, we

do pay hundreds of thousands of dollars to SBA, and it really is a function that is inherently governmental. If you are going to go into certification, that is an inherently governmental function. I don't think it is something you should subcontract out, but I don't even like the idea. I like the idea of self-certification, and when we find a problem, fix the problem.

Mr. TOWNS. And, there is a problem.

Mr. FOREMAN. Well, I don't know so much if there are many front problems. I think there is a lot of that accusation, but we always have a challenge system, which is available to any interested vendor to say, "I disagree, I don't think they are service-disabled or HUBZone or whatever."

Mr. TOWNS. OK, let's move on.

The Department of Defense deploys men and women to protect our country. It has an obligation to support veterans, especially service-disabled veterans after they return home. About two-thirds of Federal procurements is DOD purchasing. Therefore, DOD plays a critical role in providing contracting opportunities to small businesses, however, the overall Department of Defense numbers for contracting with SDVOBs remain distant. The Federal Government has a goal of 3 percent contracting with service-disabled veterans, but they got less than 1 percent. So my question is why? Why haven't your agencies met your goal? What is preventing the agency from attaining this goal? What specific actions will you take next year not to have the same results as last year?

Ms. PINSON. Sir, from the Army perspective—and clearly we create the bulk of the service-disabled veterans in the veteran community—if you refer to my last chart attached to my statement, you can see the growth that the Army has experienced and the dollars that have been allocated to this program. Unfortunately, I don't have control over the percentages, because the first chart shows that the total dollars that the Army has obligated has gone up exponentially.

Mr. TOWNS. But it is much lower than the national goal.

Ms. PINSON. I understand, sir. You can see that we went from $55 billion in 2004 to $93 billion in 2007. We are at 1 percent for service-disabled veterans. From 2006 we did $785 million with service-disabled veterans, up to $900 million in 2007. Unfortunately, one-tenth of 1 percent in the Department of the Army is $100 million, and I don't have control over that growth, over those percentages.

DOD was given the authority to do setasides and sole source awards with service-disabled veterans probably in 2004. The legislation authorizing us to do setasides, which is a tool to get competition just restricted among veterans, which helps get those contracts, was enacted in 2003. So, when you have the regulatory process and comment periods and things of that nature, it took almost a year to put that regulatory authority for setasides in place. So, I would say that the tools that we needed to try to get to the goals just were put in place in 2004. Realistically, I believe it is going to take time to get to the 3 percent. If we go up $200 million, $300 million, $400 million, $500 million a year, it will still take time for us to reach the 3 percent, and that is primarily because our base is so large.

I remember when I came into the Army program, we did $29 billion in 1995. We are now doing almost $100 billion, and you know why, because of the war. So, it is going to take time for us to get there, but we are doing a tremendous amount of outreach, capability briefings. Our people, they have it, sir. It is just going to take some time to get there. As I indicated, we have $2 billion in setasides projected for service-disabled veterans—$2 billion—and that is posted on our Web site. It is right here, $2 billion, but it is going to take some time to get to the 3 percent goal.

Mr. TOWNS. What can we do to help you?

Ms. PINSON. What can you do to help me?

Mr. TOWNS. Yes. On this side.

Ms. PINSON. Just work with me, sir. Just have some patience. That's all I would say.

Mr. TOWNS. OK. I want you to know, and I need to tell you this: I am not going away.

Ms. PINSON. I understand.

Mr. TOWNS. I am not going away.

Ms. PINSON. I understand. This is a serious program for us.

Mr. TOWNS. Yes. And I am very concerned about it, and I am not going away.

Ms. PINSON. I understand.

Mr. TOWNS. And I want you to know that.

At this time, I yield to my colleague, Congressman Clay.

Mr. CLAY. Thank you, Mr. Chairman.

Ms. Pinson and Mr. Foreman, welcome today.

Ms. Pinson, in your testimony you talked about performance bonds being a hindrance to small businesses. Are there any ways that we can be creative with performance bonds, as far as partnering with majority firms or mentoring with majority firms? Do you have any examples of that?

Ms. PINSON. Yes, we do have a very robust mentoring program. I mean, the Mentor Protege Program within DOD is assigned to assist there. SBA has a surety bond guarantee program, but I think the limits are very, very low on that program. So, I would ask that you take another look at that program to see if that program could be adjusted to assist.

Unfortunately, the projects that we are building are upwards of $50 million, $100 million, $200 million, $300 million in the Corps of Engineers, because they are hospitals, they are barracks, they are dining facilities, operation and maintenance, things of that nature. So, they are very big projects, but I do believe that the partnering will help. But, the surety bond industry I think needs to come on as a partner.

Mr. CLAY. Wait a minute, now.

Ms. PINSON. Yes, sir.

Mr. CLAY. I mean, in all due respect, what about breaking these projects up? They do them in other areas now? I mean, you have set up some real barriers here that don't help small business. Where does the sensitivity come in on your part to realize that we have to tackle this in a way that is not conventional with the way maybe you all do business, but actually attack this and say, "let's be creative, let's do this a different way so we get more involvement." When does that occur?

Ms. PINSON. That is definitely under consideration, but, unfortunately, you can't break a hospital up. We are spending $600 million to build a new hospital at Fort Meade, so that is one building that is costing $600 million. However, the infrastructure surrounding the building, the parking, things of that nature, that can be broken out, but the large structure itself cannot. But, there are tremendous subcontracting opportunities that are afforded, substantial goals, 70 percent in some instances, for small businesses, and then it is broken out by minority—women, HUBZone, things of that nature.

But, there are some projects that just cannot be broken out, but I fight every day to unbundle, to unconsolidate. Every day I fight for that, and I do make progress. But, there are some instances where the economies of scale just say we need to consolidate, because we don't have the administrative resources to administer multiple contracts.

I am just telling you what they tell me.

Mr. CLAY. Mr. Foreman, anything to add?

Mr. FOREMAN. Within the Department of the Navy, BRAC really isn't a bundling issue, even when you do the reallocation, because these aren't things that we bought before. These are one-time things commanded by Congress in compliance. The example that we have, and the only one that really is local, is the Bethesda build-out of their hospital, where we are adding 800,000 square feet or, if you will, revamping that hospital.

There are two phases to that. It is $800 million for phase one, $300 million for phase two. There is probably going to be—we have both solicitations on the street. We looked at local firms first, as is required by DEFARs Part 26, and it looks like they are going to go out unrestricted for the baseline.

The problem you have in Bethesda is that the hospital is surrounded by a huge community, a wealthy community—by the way, that doesn't help you when you go to do stuff; they want it done quickly with the least amount of disruption. We understand that, and we concur with that. We are very sensitive to it, and we are very sensitive to the things they are bringing to that hospital, all the neurological things that they are bringing. And, I have it in my statement, all the various things. I should have added on. I didn't know about the phase two, but the phase two is a huge parking lot they are going to put in. But, it is like an orchestra; you have to have somebody there who orchestrates everything so that things happen on time so that you can get in and get out.

Mr. CLAY. OK, let me ask my final question. My time is running out.

Mr. Weidman, he talked about a woman-owned disabled veteran in St. Louis that cannot get any work. Could I get both of you all to look at her situation?

Ms. PINSON. Sure.

Mr. FOREMAN. Yes. We would be happy to.

Mr. CLAY. The St. Louis community has been hit hard by BRAC, and I am sure you are about to give out some contracts in that region, probably both of you. Would you all take a look at that situation for us and report back?

Ms. PINSON. Absolutely.

Mr. FOREMAN. Be happy to.

Ms. PINSON. Sir, can I just mention one thing?

Mr. CLAY. Sure.

Ms. PINSON. You asked me what can we do, and this is very critical. There is a law called the Comprehensive Demonstration Program, and it precludes DOD from setting aside contracts for construction for small businesses if DOD does 40 percent or more. Now, DOD is below 40 percent right now, so we are looking at turning on the ability of Army, in particular, but DOD to do setasides in construction. That has tied our hands for probably over 15 years now. We cannot do small business setasides for construction by law.

Mr. CLAY. OK.

Mr. TOWNS. Thank you very much.

We have been joined by Congressman Elijah Cummings from the State of Maryland. At this time we will recognize him.

Mr. CUMMINGS. Thank you very much, Mr. Chairman. I thank you for holding this hearing.

To our witnesses, Maryland is the home to one of the country's most diverse business communities. According to the Department of Commerce, of the nearly half million firms in Maryland. 140,000 are women-owned, African-American firms are at 70,000, Hispanic firms 15,000, and Asian-owned stand at about 26,000. More importantly, due to the State's close proximity to Washington, DC, the majority of these firms already do business with the Federal Government. As such, these firms are better prepared for the work involved in the BRAC-related business. They are more involved than perhaps their counterparts—better prepared, rather.

I just want to know what steps has the agency taken to actively seek out these local businesses to inform them of the BRAC contracting opportunities and what have been the results to date? And, I want to make sure that whatever efforts are taking place, that they are effective and efficient, and not just some window dressing. And, I am not trying to accuse you of window dressing. It is just that I have been in this business a long time, and I have seen a lot of motion, commotion, and emotion, and no results in many instances.

And, as I tell my contractors, when I meet with them every month, I have been around long enough now to see minority and women-owned business, people who work hard, give it their very best, bang on the doors, go to conferences, submit proposals, respond to proposals, give their blood, sweat, and tears get very little of anything. Now that I have lived long enough, I see them die on the battlefield, so I am trying to figure out exactly what we are doing to reach out to them, and what we are doing that is meaningful.

A lot of times, what they find is that they meet with people at these events, and then when they call, they have to go through about 73 different numbers with answering machines. And, these are small businesses, they don't have that kind of time.

I think the thing that upsets me is—my mom, who was a former sharecropper, used to say that a lot of people, when they are just on the verge of victory, they give up. In this instance, I think a lot of them are not on the verge of victory, and they give up. So, the

opportunities are supposed to be there, the brochures look good, but that is not bringing any money into the firm. I am just wondering what you all have to say about that?

Ms. PINSON. Well, if I could tell you about our outreach efforts. The Army did about $7.5 billion with minority businesses in fiscal year 2007, and I encourage the acquisition community to do substantive market research. That is really the only way we can ascertain capability out there, to decide if we should put something under the 8(a) program or we should do a HUBZone setaside or service-disabled veteran. So, we go out with what we call a sources sought, saying, "we are looking for sources to do this work. Please come back and respond to us and tell us if you can do the work."

Now, I think we are getting more and more responses back. People realize we are serious, because the results of that market research are going to determine what the acquisition strategy will be. So, we encourage—because we do a lot of sources sought—we encourage companies to go out.

In addition to that, we do a number of outreach events. We have the one in Upper Marlboro, which you have been at, I believe, before.

Mr. CUMMINGS. Yes.

Ms. PINSON. The OSDBU directors, we participate in that. There was a BRAC conference just this week. Mr. Foreman and I just decided that we are going to do a specific BRAC outreach initiative for Maryland and Virginia. We think that is necessary. Outreach is key and, yes, people may not get a call back right away. Unfortunately, our staffs are very slim and we get a lot of companies that come in, but we just have to beef up the market research and beef up the outreach, in my mind.

Mr. FOREMAN. From the Navy's standpoint, I spent more time in Maryland than I have in any other State. I will be on my third trip. Now we have NAVAIR, which is located at Pax River in Maryland, and I will be going to Upper Marlboro too. I have done one conference down at Pax River. I have another one, a service-disabled veteran-owned program. They are our service-disabled veteran-owned small business champion and, of course, we push these things on to various commands not because they are fully capable. They have a product mix that is not very good. Buying aircraft is a lousy product mix, but they have a lot of technology that is fascinating, and I think one of the ways you buildup the small businesses is give them a bite at the apple in those little areas. And, they can work their way in, so we have the Marine Corps, which does a lot of supply stuff. They are also a champion.

But, I have been to Congressman Bartlett's conference. This will be my second one down at NAVAIR this month. I plan to go to the one in Upper Marlboro, and my office is very small. I am one of four staff members, and I have taken the lead role as being the advocate for service-disabled veterans. I get the phone calls. I talk to the people. I walk them through the process.

Mr. CUMMINGS. Thank you, Mr. Chairman.

Mr. TOWNS. Thank you, Congressman Cummings.

We get a lot of complaints from contractors, people who are trying to do business with the Government. However, there are currently few protections in place for small firms working on sub-

contracts. More often than not, subcontractors only play a role in helping the prime contractor to actually attain the contract, and they never end up seeing the work at the end of the day. There are no enforcements in place that require prime contractors to actually give the work to the subcontractor once the contract has been awarded.

What procedures are used by your individual departments for reviewing subcontractor compliances? And, how are they dealt with when you know that they are violated, they are not following through?

Ms. PINSON. Well, we monitor the performance of the primes. They are required to submit reports on a quarterly basis in terms of how they are meeting their goals, and if they are not meeting their goals, we do have the ability to issue cure notices, which means tell us why we shouldn't terminate this contract. And, then we——

Mr. TOWNS. How often do you do that?

Ms. PINSON. Sir, I couldn't tell you how often we do it, but we probably don't do it as much as we should. I am not in the contracting process, so I am not a contracting officer. That would be issued by a contracting officer.

Mr. TOWNS. I understand that, but you have access to the material. You are in a very responsible position. Let's face it, now, you two can do a lot of good, and I need to further add that you can do a lot of harm. So, that is the reason why we are really having this discussion here this morning.

I want to work with you. If it is more staff, we want to work with you to get more staff. Whatever is needed to fix this, we want you to sort of share with us. I understand government. I have been in it 40 some years, so I definitely understand. So, the point I am saying to you is, we want to have a sort of open dialog here, and we want to fix this. Some people need help, and I think you are in a position to do some good, a lot of good, both of you.

Ms. PINSON. Right. We have an agency that is dedicated to subcontracting compliance, the Defense Contract Management Agency. That is all they do, is monitor the compliance of our major primes, and I think they do a good job. I mean, they work with SBA. They rate these companies. They monitor these companies. That is one area that companies do not complain to me about, and that is I didn't get any work from the prime. If I knew about it, then I could go and take a look at that particular prime to see what is going on. But, we have compliance processes in place, but I don't hear a lot of complaints.

Mr. FOREMAN. One of the most interesting things, people who come to work directly with anybody in the Department of Defense—within the Navy specifically, but it applies to everybody—generally, we find they come through the subcontracting arena. I mean, that is how they get their introduction into posts, camps, and stations, and various procurement opportunities.

One of the unique things that the Navy has done in Bethesda, we went out, we said, "here are the minimum goals required in your solicitation." That is one of the areas we rate you in order to get the award, so the major prime who gets it, they have to do 35 percent with small, 15 percent with small disadvantaged business,

9 percent for HUBZone, 10 for women-owned business, 3 for service-disabled, and 3 for just veterans.

Mr. TOWNS. And if they don't, Mr. Foreman? If they don't?

Mr. FOREMAN. If they don't, then they are subject to what we call liquidated damages, the most horrendous one, which is hardly ever used, but it will go into past performance. We now have an automatic system on past performance, and that would grade them down. We are no longer going to say you provide us your past performance evaluations, and we will go back and check them. And, they only give you the good ones, of course. This will give us a system. It is starting to be in place now, and that should be a real nice tool in the future. So, you can see it and I can see it. We can both see who the non-performers are.

Mr. TOWNS. I raise this because we are getting complaints, and I am afraid that if something is not done, people stop complaining, and that is my concern. I mean, I can point out all kinds of situations and circumstances where that has occurred, where, if nobody is doing anything, why would I say anything? And, people get to that point, and I am just sort of concerned that this is not happening here.

At this point, let me yield to my colleague for his last round.

Congressman Cummings, do you have anything further?

Mr. CUMMINGS. Yes, just one question. Just a few questions.

Sometimes we sit here and we ask you questions, and a lot of times, the people that we ask questions to don't have the power. And, it is a dilemma because, on the one hand, you don't want to say things that, if somebody saw you on C–SPAN, you would get fired, but, on the other hand, it creates a problem for us, because if you can't get things done, that is a problem. Do you all feel like you have the authority that you need to do what you need to do? I just throw you the lemon, and then I set you up to fall in it. I am sorry.

Ms. PINSON. I think, based on the role that we play, we are facilitators. Our job is to ensure that the Army is a favorable climate for doing business with small business, and I think we are.

Mr. CUMMINGS. OK.

Ms. PINSON. We awarded $23 billion to small businesses, 24 percent. I don't have the power to award a contract. No, I do not. I don't have the power to put liquidated damages on a prime. I don't have that authority. I do not, but I think I have substantial influence over the process to make our acquisition community respond to the mandates of the law and the regulations.

Mr. CUMMINGS. You, Mr. Foreman, mentioned the liquidated damages, and you said it is rarely used. That is supposed to be, I guess, the tool for enforcement, is that right?

Mr. FOREMAN. It is one of the tools, sir, but some of the problems they go—I should say challenges. In order to utilize the way it was written in statute—and, basically, I worked the FAR case that developed this—and we cop out a lot. We just use congressional language when in fact we are not quite sure where we are going with this—you have a requirement and you are supposed to do X, and you are trying to frustrate that plan. You have a small business liaison officer who has been dead for 10 years. We will just use that as an example.

And, we issue a show cause letter. We say, "you have a problem. Fix this problem; you are not making your goals. We are going to come back at you." Well, they can either do nothing, which the show cause letter is good, or they can answer stupidly like, "well, we have now brought in this new anal trainer who is going to take over this program," something crazy or they will respond correctly. Generally, they take care of some of those issues. If they miss the goal, you can only assess that at the very end of the contract, so the contract is over. So, the reward for the contracting officer to pursue liquidated damages—and he can do it unilaterally—he will be in court for a long while.

Mr. CUMMINGS. I get the point. I get the point. In other words, it is a toothless tiger.

Mr. FOREMAN. You got it.

Mr. CUMMINGS. OK. So are there any other tools?

Mr. FOREMAN. Any other? I'm sorry.

Mr. CUMMINGS. Tools, tools. In other words, enforcement tools.

Mr. FOREMAN. With the subcontracting thing, we do a lot of things, even though we don't maybe utilize liquidated damages. Sometimes we twist the arm and say, "why don't you hold a conference, Mr. Contractor, and I want you to bring in all these service-disabled veterans and sit down with your engineering folks." And, that has been somewhat successful as an understated tool, but it is one that can be utilized.

The best tool we have is leadership, to bring energy to the process, to identify those challenges. I sent out a memorandum recently to our acquisition folks and service-disabled veterans, and I went through what the Assistant Secretary of Navy, RD&A, research, development and acquisition, to the procurement community saying, "this is very important to us." Another thing we have to constantly do is teach——

Mr. CUMMINGS. OK, I am going to have to cut you off, unfortunately, because I am running out of time, because I want to get to this. Talk about the enhanced use leases, because I am very concerned about them. It seems to me that one way to get these businesses in the process and give them an opportunity is to give them opportunities to these leases, and I am just wondering, what are we doing with regard to making sure that these disadvantaged businesses get these opportunities?

I know other businesses are getting them, and it gives them a leg up to accomplish a lot of things, and it just seems to me—I wonder, do we have any provisions anywhere to make sure that they get their share? Do we have a document that tracks those enhanced use leases? What is the deal there? And it seems to be ever-increasing.

Ms. PINSON. Sir, I can speak to my colleague that we are really not that familiar with that process.

Mr. CUMMINGS. Oh, OK.

Ms. PINSON. But it sounds similar to what we did with the privatization program, military housing privatization, where we got a developer to come in. We did not pay them a contract price; they put all their money up front. And that was not your traditional Federal acquisition regulation contract, which this sounds like it is not.

Notwithstanding, under the Residential Community Initiative Program, we still required that developer to develop goals for doing business with the local communities and with small businesses. So it sounds somewhat analogous to that, but I think Tim and I both will go back and take a look at that, because if we have a partnership with a developer to build something on a military property, then they should have some goals.

Mr. CUMMINGS. Well, what I will do is I will submit some written questions, and if you will followup on them, I would really appreciate it.

Ms. PINSON. Yes, we will.

Mr. CUMMINGS. Mr. Chairman, again, I thank you.

Mr. TOWNS. Thank you very much.

Ms. PINSON. May I just add, too? We need to incentivize the primes. Unfortunately, you get more flies with honey than you do with vinegar. And, a lot of times, when we put incentives, monetary incentives, on the contract to have them exceed their goals, it happens, and we are using those incentives more and more.

Mr. TOWNS. First of all, let me thank both of you for coming and testifying. I know the question was asked about your power, but I am not going to deal with that. But, I would like for you to let whomever that you should let know that Congressman Towns is a nice person, but we are about to wear out his patience. I think you should let them know that.

In many instances, we are dealing with veterans, people who served this country honorably, and they are being disrespected. That, to me, is wrong, and I want you to know that I am going to stay here. I am going to stay on this. I am not going to go away, and the last time I got 90 percent of the vote, so I might get reelected, OK? [Laughter.]

So I want to let you know that. Thank you very much for coming today.

[Whereupon, at 12:10 p.m., the subcommittee was adjourned.]

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