

OSD Small and Disadvantaged Business Utilization

The Front Line of Innovation

Status Report: Service-Disabled Veteran-Owned Small Business & Contract Bundling

**DoD Procurement Conference
Orlando, Florida, May 27, 2004**



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Service-Disabled Veteran-Owned Small Business Legislative History

- **Veterans Entrepreneurship and Small Business Development Act of 1999 (P.L. 106-50) – established 3% contracting goal.**

- **Veterans Benefits Act of 2003 (P.L. 108- 183) - Section 308- establishes procurement program for service-disabled veteran-owned small business (SDVOSB) concerns —**
 - **Permits restricted competition (set-asides) if:**
 - there is a reasonable expectation that two or more SDVOSBs would bid and award could be made at a fair market price
 - **Permits sole source award when:**
 - there is not a reasonable expectation that two or more SDVOSBs would bid and award at fair and reasonable price.
 - Up to \$5M for manufacturing
 - Up to \$3M for all other types of contracting opportunities.

- **SDVOSB set-aside not permitted if procurement would otherwise be made from Federal Prison Industries or pursuant to the JWOD Act.**



Service-Disabled Veteran-Owned Small Business

New FAR and SBA Regulations

- Regulations implement Section 308 of the Veterans Benefit Act of 2003 (Public Law 108-183)
 - Federal Acquisition Regulation, published in the Federal Register on May 5, 2004, 69 FR 25274
 - Small Business Administration Regulation, published in the Federal Register on 5 May 2004, 69 FR 25262



Service-Disabled Veteran-Owned Small Business

What Does The FAR Rule Do?

- Provides for awards to SDVOSB, notwithstanding the small business reservations and set-aside requirements at 19.502-2.
- Requires consideration of SDVOSB set-asides before SDVOSB sole source awards.
- Excludes:
 - requirements currently being performed by an 8(a) participant and,
 - requirements SBA has accepted for the 8(a) program, unless SBA consents to release to the SDVOSB program.
- “Self-certification”
 - Size and status issues are referred to SBA
 - SBA will rely on D. Vets Affairs or DoD records regarding status
 - provides for penalties for false representation.
- Establishes subpart 19.14 for the SDVOSB program.



Service-Disabled Veteran-Owned Small Business Similarities to HUBZone

- **Service-Disabled Veteran-Owned Small Business is similar to Historically Underutilized Business Zone (HUBZone)**

Differences Are:

SDVOSB

(FAR Subpart 19.14)

HUBZone

(FAR Subpart 19.13)

<i>MAY</i> set aside if KO expects: 2 or more offers at fair market price	<i>MUST</i> set aside if KO expects: 2 or more offers at fair market price
No Price evaluation Preference	Price evaluation preference



Contract Bundling Bundling Defined

A bundled contract is defined as one that:

- **consolidates two or more procurement requirements that previously were provided or performed under separate, smaller contracts;**
- **involves a previous contract that was or could have been performed by a small business;**
- **results in a solicitation for a single contract; and**
- **is likely to be unsuitable for award to a small business.**

The Small Business Reauthorization Act of 1997



Contract Bundling Legislative History

- **Original Legislation, Small Business Reauthorization Act of 1997 (P.L. 105-135) implemented in the FAR - December 2, 1997**
- **President's Strategy to Unbundle contracts implemented in the FAR – October 20, 2003**
- **Section 801 of the National Defense Authorization Act for FY 2004 – Adds the term “Contract consolidation” and lowers “substantial” threshold requiring greater initial analysis to \$5M**



81 Contract Actions Identified as “Bundled” FY2001-2003

Fiscal Year	Total Actions	Coded as Bundled	Large Bus. Actions	Coded as Bundled	Small Bus. Actions	Coded as Bundled
2003	4,407	20	3,680	20	727	0
2002	3,668	16	3,133	15	535	1
2001	2,935	45	2,501	43	434	2

Total Actions “Bundled” = 81

The above chart represents discrete DoD contract actions at \$500,000 or greater in each fiscal year



Bundled Contracts After Coding Errors were Corrected

DoD Contracts identified as meeting the statutory definition of contract bundling after review by DoD small business specialists:

Contract Number	Dept./ Agency	Contracting Office	Total Estimated Contract Value
DASW01-02-C0006	USA	Defense Contract Command - Washington	\$50,113,682
DAAD07-97-C0108	USA	U.S. Army Robert Morris Acquisition	\$333,547,921
DAAD01-99-C0003	USA	U.S. Army Robert Morris Acquisition	\$280,000,000
M00027-02-C0001	USN	U.S. Marine Corps	\$69,995,662
M00027-02-C0002	USN	U.S. Marine Corps	\$53,825,936
F33601-99-DJ001	USAF	ASC/PKWO, Wright-Patterson AFB, OH	\$35,205,916
FA4452-01-C0001	USAF	89 CONS/LGC	\$280,519,390
SP0400-01-D9401	DLA	Defense Supply Center Richmond	\$223,972,241
NMA100-02-C0002	NIMA	National Imagery & Mapping Agency	\$2,300,000,000
USZA22-02-D0017	USSOC	USSOCOM, McDill AFB, FL	\$1,000,000,000



SDVOSB & Contract Bundling Websites

For further information regarding SDVOSB and Contract Bundling, please see the OSD Small Business Office website:

www.acq.osd.mil/sadbu

Other Links of interest:

■ ***Service-Disabled Veteran-Owned Small Business***

- ***Department of Veteran's Affairs:*** www.va.gov
- ***Center for Veteran's Enterprise:*** www.vetbiz.gov
- ***The Veteran's Corporation:*** <http://www.veteranscorp.org>

■ ***Contract Bundling***

- ***DoD Contract Consolidation Guide:***
<http://www.acq.osd.mil/sadbu/pdf/contractconsolidation.pdf>



OSD Small Business Office



OSD Small Business Office

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