

Federal Veteran Owned and Service Disabled Veteran Owned Business Verification (SDVOSB) Process



Presented by the
Wisconsin Procurement Institute
Summer, 2014



The Wisconsin Procurement Institute (WPI), a non-profit organization established in 1987, is an outgrowth of then Congressman Les Aspin's efforts to help Wisconsin businesses win federal contracts, especially defense contracts.

WPI's mission is to assist Wisconsin businesses in creating, developing and growing their Federal, State and Local Government sales, revenues, profits and jobs. Not only does WPI provide technical and professional expertise and experience to Wisconsin's business community, we have successfully engaged our State's most successful government contractors to mentor and teach developing small business suppliers. In addition, WPI actively engages our Congressional delegation and staff in the process.

WPI co-hosts several annual conference and outreach events in support of this mission, including:

- Annual Volk Field Small Business Conference*
- B2Gconnect Federal Contractor Training*
- Prime Contractor Group meeting*
- SAME Small Business Expo*
- Wisconsin in Washington*

WPI works throughout the State -- in rural and urban areas -- with large, small, well-established and newly created businesses in areas of manufacturing, technology, construction, research, IT and services. WPI works closely with Federal, State and Local small business programs to maximize the opportunities and market success for disadvantaged, minority, woman, disabled and veteran owned firms as well as those located in designated HUBZone and distressed areas.

The Federal government spends over \$500 billion and the State of Wisconsin spends about \$2 billion on goods and services each year. Even during these times of decreasing budgets, there are tremendous opportunities for businesses that learn the rules and process, know how the market works and are willing meet the needs of a very demanding customer.

WPI provides the help that is necessary for businesses to succeed in winning Government awards and contracts.

Offices located at:

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Federal Government Small Business Goals – FY 14

Small Business Procurement - FINAL FY2014 Goals

AGENCY	Prime Contracting				
	Small Business	SDB	WOSB	SDVOSB	HUBZone
DEPT OF DEFENSE (9700)	21.35%	5%	5%	3%	3%
ENERGY, DEPARTMENT OF (8900)	6.59%	5%	5%	3%	3%
HEALTH AND HUMAN SERVICES, DEPARTMENT OF (7500)	21.69%	5%	5%	3%	3%
VETERANS AFFAIRS, DEPARTMENT OF (3600)	34.77%	5%	5%	3%	3%
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (8000)	19.71%	5%	5%	3%	3%
HOMELAND SECURITY, DEPARTMENT OF (7000)	31.75%	5%	5%	3%	3%
GENERAL SERVICES ADMINISTRATION (4700)	40.52%	5%	5%	3%	3%
AGRICULTURE, DEPARTMENT OF (1200)	52.16%	5%	5%	3%	3%
JUSTICE, DEPARTMENT OF (1500)	29.23%	5%	5%	3%	3%
INTERIOR, DEPARTMENT OF THE (1400)	57.53%	5%	5%	3%	3%
STATE, DEPARTMENT OF (1900)	37.93%	5%	5%	3%	3%
COMMERCE, DEPARTMENT OF (1300)	34.42%	5%	5%	3%	3%
TREASURY, DEPARTMENT OF THE (2000)	35.07%	5%	5%	3%	3%
LABOR, DEPARTMENT OF (1600)	35.40%	5%	5%	3%	3%
TRANSPORTATION, DEPARTMENT OF (6900)	43.16%	5%	5%	3%	3%
ENVIRONMENTAL PROTECTION AGENCY (6800)	42.15%	5%	5%	3%	3%
EDUCATION, DEPARTMENT OF (9100)	19.92%	5%	5%	3%	3%
HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (8600)	40.72%	5%	5%	3%	3%
AGENCY FOR INTERNATIONAL DEVELOPMENT (7200)	12.35%	5%	5%	3%	3%
SOCIAL SECURITY ADMINISTRATION (2800)	31.90%	5%	5%	3%	3%
OFFICE OF PERSONNEL MANAGEMENT (2400)	20.19%	5%	5%	3%	3%
NATIONAL SCIENCE FOUNDATION (4900)	15.89%	5%	5%	3%	3%
NUCLEAR REGULATORY COMMISSION (3100)	31.50%	5%	5%	3%	3%
SMALL BUSINESS ADMINISTRATION (7300)	68.00%	5%	5%	3%	3%

Subcontracting					
Small Business	SDB	WOSB	SDVOSB	HUBZone	
36.70%	5%	5%	3%	3%	
50.00%	5%	5%	3%	3%	
33.00%	5%	5%	3%	3%	
17.00%	5%	5%	3%	3%	
36.00%	5%	5%	3%	3%	
43.00%	5%	5%	3%	3%	
25.00%	5%	5%	3%	3%	
21.50%	5%	5%	3%	3%	
42.00%	5%	5%	3%	3%	
40.00%	5%	5%	3%	3%	
46.00%	5%	5%	3%	3%	
30.00%	5%	5%	3%	3%	
28.00%	5%	5%	3%	3%	
55.00%	5%	5%	3%	3%	
50.00%	5%	5%	3%	3%	
55.00%	5%	5%	3%	3%	
15.17%	5%	5%	3%	3%	
55.00%	5%	5%	3%	3%	
23.00%	5%	5%	3%	3%	
50.00%	5%	5%	3%	3%	
60.00%	5%	5%	3%	3%	
24.30%	5%	5%	3%	3%	
40.00%	5%	5%	3%	3%	
25.00%	5%	5%	3%	3%	

Formal Verification Vs. Self Representation

- The VA as well as the FAA require SDVOSBS as well as VOSBS to go through the Formal CVE verification process in order to participate in the Veterans First Contracting Program with the VA or to participate in SDVOSB set asides with the FAA
- All other Federal agencies accept **Self Representation** in the System for Award Management (SAM)
- **NOTE:** There is no set aside program for VOSBS Government-wide - ONLY with the VA
 - **3% Goal** for SDVOSBS government-wide
 - **12% Goal** for VOSBS with the VA
 - **10% Goal** for SDVOSBS with the VA

Self Representation - SDVOSB Eligibility

- Business owned by a Service-Disabled Veteran (SDV)
 - **51% direct and unconditional ownership** by one or more SDVs
- Control of the business
 - **Long-term decisions, daily business operations, management** controlled by SDV(s)
 - **Ultimate control of the business entity** (partnership, LLC, corporation) by SDV(s)
- SDV must have:
 - **Management experience** to run the concern
 - **Ultimate managerial, supervisory control** of technical experts, license holders
- SDV need NOT have technical expertise or license

Self Representation - SDVOSB Self Representation

- With initial offer on a specific contract, SDVOSB must represent:
 - It is an SDVOSB business (SAM)
 - It is small under the NAICS code assigned to it
 - It will meet percentage of work requirements

Self Representation - SDVOSB Sole Source Awards

- A contracting officer may award a sole-source contract to a SDVOSB firm when:
 - The contract is not set aside for the 8(a) program
 - Award price including options will not exceed:
 - \$5 million for manufacturing
 - \$3 million for all other NAICS codes
 - The SDVOSB firm is a responsible contractor
 - The contract award price is fair and reasonable

Self Representation - SDVOSB Sole Source Awards

- Limitations on subcontracting that a SDVOSB Prime or Sub-contractor can subcontract for:
 - Services Contracts (Except Construction):
 - 50% of the contract performance incurred for SDVOSB personnel
 - Supply Contract:
 - 50% of the cost of manufacturing the supplies
 - General Construction:
 - 15% of the contract performance incurred for SDVOSB personnel
 - Construction by Special Trade:
 - 25% of the contract performance incurred for SDVOSB personnel

The Veterans First Contracting Program

Relevant to the Department of Veterans Affairs – ONLY

Contracting priority: Contracting Order of Priority – VAAR 819.7004

...Contracting officer shall consider in the following order of priority,...

- (a) To SDVOSBs
- (b) To VOSB, including but not limited to SDVOSBs
- (c) Pursuant to –
 - (1) Section 8(a) of the Small Business Act or
 - (2) The Historically-Underutilized Business Zone (HUBZone) Program and
- (d) Pursuant to any other small business contracting preference.

Verification Benefits

- Opportunities for **eligible firms to participate in Veteran-Owned Service-Disabled (VOSB) and SDVOSB set-asides.**
- **Subcontracts** with VA's large prime contractors in acquisitions
- Participate in VA's SDVOSB **Mentor-Protégé Program.**
- **VA is one of the largest Federal Government procurement organizations** – over \$3 Billion to Veteran-Owned Small Businesses
- The “recognized” logo (symbols) for **Vet “owned and controlled”**

Verification Process – What is Verification?

- The **Process** by which Veteran-Owned Businesses are **evaluated and determined eligible** to be listed in Vendor Information Pages (**VIP database for 2 years** (opportunity to renew at 2 year point prior to expiration) – VIP: <https://www.vip.vetbiz.gov/>
- Evaluation is primarily **based on the** requirements found in **38 Code of Federal Regulations (CFR) Part 74**
- Once **eligibility is validated and determined**, a VOSB/SDVOSB is **verified** and can participate in the Veteran's First Program through the VetBiz system

Verification – Eligibility

- At least 51% owned and controlled by Veteran(s) or Service Disabled Veteran(s)
 - Honorably discharged
 - Includes Reserve/Guard
- Must be able to prove disability (no minimum rating),
- **Must be registered in SAM and VIP**
- Must not be debarred from doing business with the Federal Government
- Not for profits and franchises are ineligible

Verification – Ownership

- Vet owners must have **Direct and Unconditional Ownership of at least 51% of the business**
- **A note on community property:** VOSBs and SDVOSBs that reside in Community Property states may have to take special measures in meeting the 51% ownership stipulation. However, it can be an **EASILY CORRECTIBLE ISSUE** that may be resolved before applying.

In a Community Property jurisdiction, most property acquired during the marriage (except for gifts or inheritances) – is owned jointly by both spouses and is divided upon divorce, annulment, or death.

Joint ownership is automatically presumed by law in the absence of specific evidence that would point to the contrary.

In the instance of a business located in a Community Property state, unless otherwise indicated, the business would be automatically be **ONLY 50%** owned by the Veteran – **NOT MEETING THE ELIGIBILITY REQUIREMENTS.**

Verification – Control

- Control must be **total** and **unconditional**
- The Vet must have the **Managerial experience** to the extent needed to manage the company
 - CVE will look at your resume and other documents to make this determination
- Is the vet the Highest compensated officer?
 - *Unless there is a logical explanation otherwise submitted by the Veteran as to how taking a lower salary than other employee(s) helps the business
- Does he or she hold the highest officer position?

Verification – Control

- **What is control?**
- CVE evaluates “control” based upon the following stipulations:
 - 1) The Veteran owner has **FULL DECISION-MAKING AUTHORITY**.
 - CVE will investigate further if any management, operating and/or shareholding agreements and/or bylaws of the organization state that the Veteran does **NOT** have full decision-making power or does not make strategic day-to-day decisions.
 - 2) The Veteran owner has **MANAGERIAL EXPERIENCE** to the extent and complexity that they can manage the business.
 - CVE will investigate further if the Veteran owner does not supply evidence to support training, education or experience in the field of work done by the business.

How do I get verified - Initiation

- Step 1 – meet with a VA Verified Counselor. We will help you with:
 - Obtaining a DUNS number and registering in SAM
 - Review the required documentation with you
 - Review a sample application with you
 - **Assist business in registering in the Vendor Information Pages (VIP) on the CVE website and uploading the documentation**
- Applicant must submit a VA Form 0877 – Verifies Eligibility/Ownership
- Submit additional documentation; dependent upon the business type

How do I get verified - Examination

- **60 day clock starts after complete application submitted**
- CVE performs a complete document review
- Documents provided by applicant are examined
- Examiners may contact company for additional documents
- Upon completion of the examination, the examiner makes a recommendation of approve, deny, site visit or further review

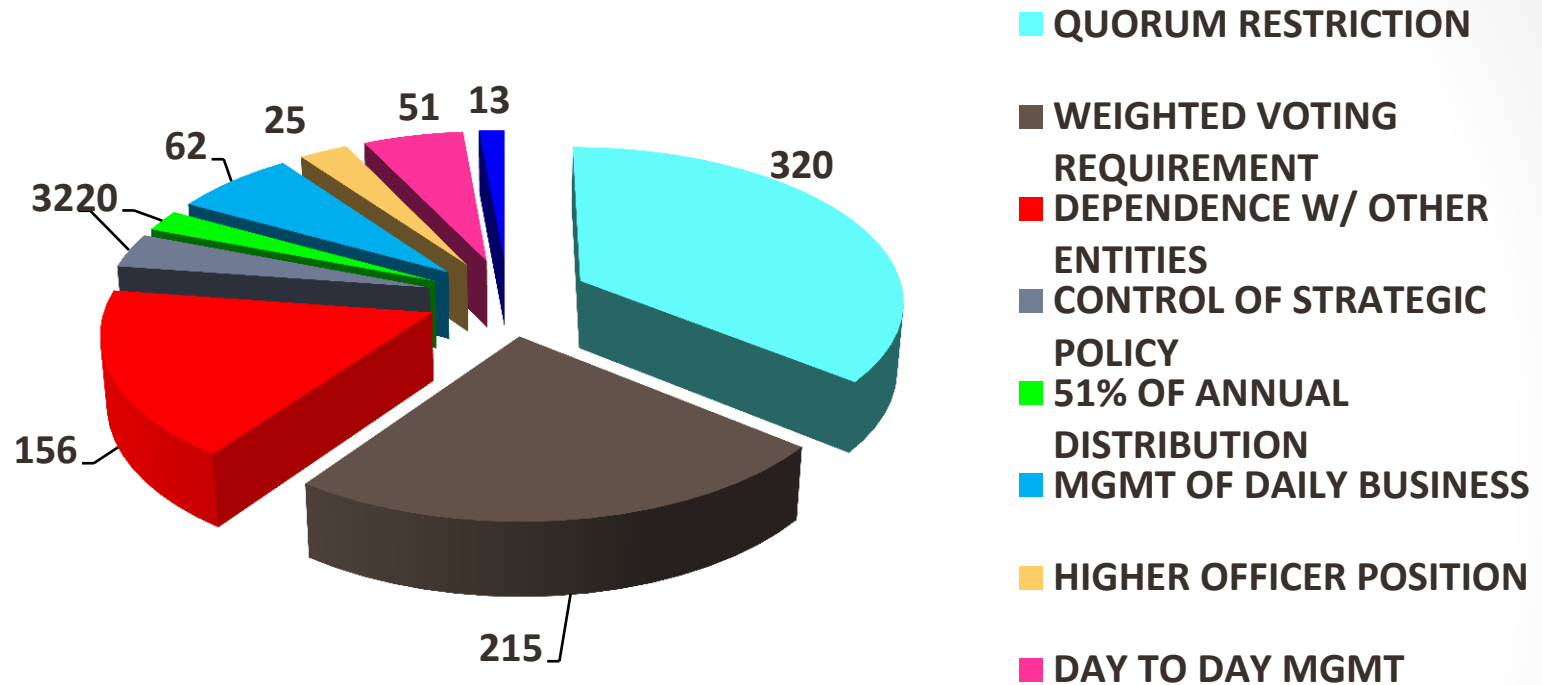
How do I get verified - Evaluation

- The CVE staff Evaluator receives the file and reviews the documents and examination report to verify that the analysis was correct from the initial Examination phase
- If the business is in compliance, it will forgo the Pre-Determination stage and go on straight to the Determination stage.

How do I get verified – Determination

- Once examination and site visits are complete, the evaluation team evaluates the file and makes a determination
- Denials often based on a single point of failure (ownership/control)
- Determination letter is signed and emailed to the Veteran
- Approved companies have their company name and verification logo visible in VIP
- Denied companies have 30 days to file a request for reconsideration

Top 10 Reasons For Denial In FY 2013



Companies who receive a denial based on these categories are deemed by Title 38 CFR Part 74 as enforcing restrictions on the Veteran owner and does **NOT PROTECT THEIR VETERAN ADVANTAGE!!!**

Request for Reconsideration (R4R)

- After all options are exhausted and CVE issues a denial, the Veteran may appeal through the R4R process
- **Key Points to Remember:**
 - **Follow instructions** outlined in initial denial letter to prevent processing delays
 - Every R4R will receive a **complete examination and evaluation** of all documents, including the original documents and those submitted in support of the R4R
 - **Site visits may occur** to gain further clarification
 - A **final denial** requires the participant to **wait for six months** before a new application will be processed (38 CFR § 74.14)

State of Wisconsin Disabled Veteran Business (DVB)

- New law passed in 2014 establishes a 1% goal for State contracts to certified DVB firms
 - Also establishes a preference for bids that are no more than 5% higher than the apparent low bid or competitive proposal that is no more than 5% higher than the most advantageous offer. This permissive 5% low-bid preference is applicable to all state purchases except printing and stationery.

DVB Requirements

- 51% majority owner(s) must possess form DD214
- Minimum Disability Rating of at least 20%
- 51% owned and controlled by disabled vet(s)
- Majority owners must be a resident of Wisconsin and principal location of business must be in Wisconsin
- Must serve a useful business function
- Must be at least 1 year old under current ownership
- \$150 application fee
- Additional info: <https://wisdp.wi.gov/Home.aspx>

For assistance or additional information - contact

- Wisconsin Procurement Institute (WPI) – Joseph Smetak – 414-270-3600 or josephs@wispro.org
- For other upcoming training opportunities visit www.wispro.org