

**IL 049-04-10**  
**June 4, 2004**

**OFFICE OF ACQUISITION AND MATERIEL MANAGEMENT INFORMATION LETTER**

**TO:** Under Secretaries for Health, Benefits, and Memorial Affairs; Assistant Secretary for Management; Chief Facilities Management Officer, Office of Facilities Management; Veterans Integrated Service Network Directors; Directors, VA Medical Center Activities, Domiciliary, Outpatient Clinics, Medical and Regional Office Centers, and Regional Offices; Directors, Denver Distribution Center, Austin Automation Center, Records Management Center, VBA Benefits Delivery Centers, and VA Health Administration Center; and the Executive Director and Chief Operating Officer, VA National Acquisition Center

**ATTN:** Head of the Contracting Activity, VA Contracting Officers

**SUBJ:** Preferences and Special Procedures to Enhance Veteran-Owned and Service-Disabled Veteran-Owned Small Business Participation in VA Acquisitions

1. Achieving the Department of Veterans Affairs' (VA) goals for contracting with veteran-owned (VO) and service-disabled veteran-owned (SDVO) small businesses will require a concerted effort from every VA organization and employee. It is not just the responsibility of contracting officers. Every individual involved with requesting the acquisition of or acquiring supplies and services must actively support VA's efforts to achieve these goals. The Secretary has established a goal of 7 percent for award of contracts to VO small businesses, and Congress has established a statutory goal of 3 percent for award of contracts to SDVO small businesses. However, to date, VA has not accomplished these goals. Supporting VO and SDVO small businesses is a worthy effort, is directly tied to VA's mission and goals, and is VA's very reason for existence. VA is the Federal Government leader in providing support to veterans through its medical and benefits programs and should also be the leader in its business dealings with the veteran community. Veterans deserve nothing less.

2. Congress recently provided VA and other Government agencies with authority to set aside acquisitions for SDVO small businesses. With this authority, VA should make great strides in meeting its goals. In an effort to further assist VO and SDVO small businesses, we recommend that contracting officers consider the inclusion of evaluation factors in competitively negotiated solicitations that are not set aside for SDVO small businesses, including requests for quotation under Federal Supply Schedule contracts, giving preferential consideration to offers received from VO small businesses and additional consideration to offers received from SDVO small businesses. Preferential consideration should also be

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given to any offeror, regardless of size status, that proposes to subcontract with VO and SDVO small businesses. Finally, consideration should be given to offerors that are other than small businesses that have a history of meeting or exceeding their subcontracting goals. To be fair to small businesses that are not required to prepare subcontracting plans, small businesses should be given full credit for this evaluation factor if it is used.

3. Attachment 1 provides guidance on and samples of evaluation factors that contracting officers may include in their competitive solicitations to promote the award of prime contracts and subcontracts to VO and SDVO small businesses and to promote compliance with subcontracting plans. These evaluation factors are samples only and may be modified as necessary.

4. There are many reasons justifying use of evaluation factors to promote VO and SDVO small businesses. It is clearly VA's mission to serve veterans, and buying from VO and SDVO small businesses directly supports VA's mission (see Information Letter 049-03-14). The Federal Acquisition Regulation (FAR) at 1.102-2 provides that the Federal Acquisition System "must support the attainment of public policy goals adopted by the Congress and the President." It is public policy, as expressed in 15 United States Code Sections 637 and 644, that small businesses owned by veterans and service-disabled veterans, among others, shall have the maximum practicable opportunity to participate in the performance of contracts let by any Federal agency and that, as a goal, 3 percent of all Federal acquisition dollars will be spent with small businesses owned and controlled by service-disabled veterans.

5. Attachment 2 provides additional procedures that should be used to assist and enhance VO and SDVO small business participation in VA's acquisitions.

6. Please direct any questions regarding the above guidance to Don Kaliher, Acquisition Policy Division (049A5A), at (202) 273-8819.

/S/

C. Ford Heard  
Director, Acquisition Resources Service

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**Attachment 1**

### **EVALUATION FACTORS**

1. The mission of the Department of Veterans Affairs (VA) is "To care for him who shall have borne the battle and for his widow and his orphan." These words, spoken by Abraham Lincoln, are the focus of VA's endeavors to serve our Nation's veterans and their families. Buying the goods and services necessary to operate the Department from veteran-owned (VO) and service-disabled veteran-owned (SDVO) small businesses is in direct support of this mission. In an effort to increase the amount of business that the Department does with VO and SDVO small businesses, contracting officers are encouraged to give preference to VO and SDVO small businesses. Contracting officers may include one or more of the evaluation factors similar to the following as part of the list of evaluation factors in Section M in negotiated non-commercial item solicitations or in paragraph (a) of FAR clause 52.212-2 in negotiated commercial item solicitations. The following evaluation factors may be listed in any order, but should not be valued higher than other evaluation factors in the solicitation.

a. Veteran-Owned Small Business and Service-Disabled Veteran-Owned Small Business Status

b. Proposed Use of Veteran-Owned and Service-Disabled Veteran-Owned Small Business Subcontractors

c. Adherence to Subcontracting Plan Requirements

2. If any of the respective evaluation factors above are included in a solicitation, a provision similar to the following should also be included in Section M of a negotiated non-commercial item solicitation or as an addendum to FAR clause 52.212-3 in a negotiated commercial item solicitation.

### **VETERAN-OWNED SMALL BUSINESSES**

a. In an effort to achieve socioeconomic small business goals, depending on the evaluation factors included in the solicitation, VA may evaluate offerors based on their veteran-owned or service-disabled veteran-owned status, their proposed use of veteran-owned or service-disabled veteran-owned small businesses as subcontractors, and their past performance on adherence to subcontracting plan requirements.

b. Firms qualifying as veteran-owned small businesses will receive partial credit, and firms qualifying as service-disabled veteran-owned small businesses will receive full credit for the Veteran-Owned Small Business and Service-Disabled Veteran-Owned Small Business Status evaluation factor.

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c. Offerors proposing to use veteran-owned or service-disabled veteran-owned small businesses as subcontractors will receive more favorable consideration under the Proposed Use of Veteran-Owned and Service-Disabled Veteran-Owned Small Business Subcontractors evaluation factor.

d. Businesses that are other than small businesses that complied with the requirements of past small business subcontracting plans, as reflected in the responses to a Past Performance Questionnaire submitted to the offeror's Federal Government references, will receive more favorable consideration under the Adherence to Subcontracting Plan Requirements. Small businesses will receive full credit for this evaluation factor, since they are not required to submit small business subcontracting plans.

3. If one or more of the respective evaluation factors in Paragraph 1. above are included in a solicitation, a provision similar to the following should be included in Section L of a non-commercial item solicitation or as an addendum to paragraph (b) of FAR clause 52.212-1 in a commercial item solicitation.

#### **VETERAN-OWNED SMALL BUSINESS EVALUATION FACTORS**

a. VA recognizes the contributions of our Nation's veterans, and we strive to make contract awards to small businesses owned by veterans and service-disabled veterans. We also encourage prime contractors to form partnerships and/or to pursue subcontracting opportunities with veteran-owned and service-disabled veteran-owned small businesses. Depending on the evaluation factors included in the solicitation, VA may evaluate offerors based on their veteran-owned or service-disabled veteran-owned status, their proposed use of veteran-owned or service-disabled veteran-owned small businesses as subcontractors, and their past performance on adherence to small business subcontracting plan requirements.

b. To receive credit under the Veteran-Owned Small Business and Service-Disabled Veteran-Owned Small Business Status evaluation factor, an offeror must furnish a completed representation (Federal Acquisition Regulation clause 52.212-3 or 52.219-1) that shows that it qualifies as a veteran-owned or service-disabled veteran-owned small business.

c. To receive credit under the Proposed Use of Veteran-Owned and Service-Disabled Veteran-Owned Small Business Subcontractors evaluation factor, offerors must submit completed representations (Federal Acquisition Regulation clause 52.212-3 or 52.219-1) for proposed subcontractors. In addition, offerors must state in their proposals the names of the veteran-owned and service-disabled veteran-owned small businesses with whom they intend to subcontract and the

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approximate dollar values of the proposed subcontracts. Offerors are encouraged to use the Veterans Information Pages (VIP), located on the Web at <http://www.vetbiz.gov>, and the Central Contractor Registration (CCR), located on the Web at <http://www.ccr.gov>, to locate veteran-owned and service-disabled veteran-owned small businesses.

d. To receive credit under the Adherence to Subcontracting Plan Requirements evaluation factor, offerors that are other than small businesses must submit one or more Federal Government references where the offerors were required to submit a small business subcontracting plan. Small businesses will receive full credit for this evaluation factor, since they are not required to submit small business subcontracting plans.

4. If the Adherence to Subcontracting Plan Requirements evaluation factor above is included in a solicitation, questions similar to the following should be included in a Past Performance Questionnaire submitted to or asked of each offeror's Federal Government references:

#### **ADHERENCE TO SUBCONTRACTING PLAN REQUIREMENTS**

Note: The following questions are not applicable to small business contractors.

a. If a subcontracting plan was required, did [*the offeror*] comply with all requirements of the subcontracting plan in conjunction with this contract?

b. Did [*the offeror*] meet or exceed its subcontracting goals for each contract period (i.e., base period and option periods)?

5. If one or more of the evaluation factors above are included in a solicitation, questions similar to the following, as applicable, should be included in the set of questions provided to the source selection evaluation team for use in evaluating offers:

a. Is the offeror a veteran-owned (partial credit) or service-disabled veteran-owned (full credit) small business?

b. Has the offeror proposed to use veteran-owned and service-disabled veteran-owned small business subcontractors (varying credit depending on the extent and dollar value of proposed subcontracts)?

c. If the offeror is other than a small business, did the offeror adhere to its subcontracting plans on past Federal Government contracts (Note: small businesses receive full credit for this item)?

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## **SPECIAL SOLICITATION PROCEDURES TO ASSIST AND ENHANCE VO/SDVO SMALL BUSINESS PARTICIPATION**

### **Procurement Technical Assistance Center (PTAC)**

Contracting officers should include in solicitations a statement encouraging VO/SDVO small businesses to contact the closest Procurement Technical Assistance Center (PTAC) if assistance is needed in preparing their proposal. The solicitation should include the website address (<http://www.sellingtothegovernment.net>) where small businesses can go to locate the nearest PTAC.

### **Rule of One/Sources Sought**

The contracting officer should make every effort to separately notify at least one VO/SDVO small business that conducts business within the North American Industry Classification System (NAICS) code applicable to a solicitation of the availability of that solicitation, either via hard copy or via e-mail. If the contracting officer is unable to locate any VO/SDVO small business within that NAICS code, the contracting officer should document in the solicitation file the efforts made to locate a VO or SDVO small business (see Acquisition Planning/Market Research below).

### **Acquisition Planning/Market Research**

The contracting officer should include in the solicitation file information on the market research conducted, the databases used (e.g., Veterans Information Pages (VIP) (<http://www.vetbiz.gov>), Central Contractor Registration (CCR) (<http://www.ccr.gov>), etc.), sources sought notices, e-mail messages to VO/SDVO small businesses advising of the impending acquisition, and other specific and special efforts taken by the contracting officer to include VO/SDVO small businesses in the acquisition.

### **Federal Supply Schedule**

For a Federal Supply Schedule (FSS) acquisition, the contracting officer should consider limiting competition among FSS contract holders to VO/SDVO small businesses when three or more VO/SDVO small businesses hold contracts on the respective schedule.

