



Strategy and Legislative Update July 2022



Welcome to the July 2022 edition of the **NVSBC Strategy and Legislative Update**, the award-winning source of **Federal Insights for Veteran Small Business GovCons**. This publication is distributed to all NVSBC Members mid-month to provide updates on NVSBC legislative initiatives. In each monthly edition, we provide a detailed review of the current legislative actions, our insights on the potential impacts of this legislation on Veteran small businesses, and our federal advocacy activities.

Overview of NVSBC Legislative Priorities - 2022

NVSBC serves as the leading advocate for the 50,000+ Veteran owned small businesses serving as federal contractors. Working with the highly regarded advisory firm Van Scoyoc Associates, we are developing and implementing a focused engagement plan with both congress and federal agencies on behalf of our members and Veteran owned small businesses throughout the nation. Here is a summary of our priorities:

Priority #1: CVE Verification Across All Federal Agencies. Monitor the transition of the CVE verification program from VA to SBA as directed by the FY 2020 National Defense Authorization Act (NDAA) to ensure compliance and service levels.

Priority #2: Parity of Veteran Small Business Set-Asides. Advocate for an increase of the government-wide set-aside contracting award goal for Service-Disabled Veteran Owned Small Businesses (SDVOSB) from the current 3% level to 5%. Additionally, ensure that Veteran owned small businesses benefit from any future set aside program increases.

Priority #3: Addressing the Challenges of Category Management. Engage Congress and the lead agencies that are advancing Category Management as a federal acquisition policy (GSA, OMB, DoD) to mitigate and reverse its devastating impact on small businesses.

Priority #4: Addressing the Challenges of Unfunded Mandates. Relieve the burden of unfunded mandates (i.e., CMMC, vaccinations, etc.) through requirement guideline exemptions and/or SBA support programs.

Priority #5: Veterans First. Monitor VA adherence to Vets First acquisition policies for SD/VOSB acquisition awards. Leverage VA best practices to advocate for a DoD Vets First Program.

Priority #6: Access to New Contracting Opportunities. Promote, advance, and advocate for new and expanded Veteran small business opportunities at all federal agencies.

Upcoming Congressional Schedule and Key Dates

■ Both chambers in session
 ■ House only in session
 ■ Senate only in session
 House committee work

July

					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

July Outlook

House Democrats aim to vote on the FY23 Appropriations bills before the August recess.

August

	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

August Outlook

The House and Senate are on recess in August.

2022 Congressional Priorities

FY23 Appropriations

- On June 8, the House adopted a deeming resolution that set a \$1.6 trillion discretionary spending cap for FY23; the Senate has not passed a resolution.
- The House Appropriations Committee has approved all appropriations bills out of Subcommittee and Full Committee markups. The House aims for floor votes on most of these appropriations bills before the August recess.
- Senate Appropriations Committee will forgo markups of their FY23 spending bills and instead post their bills on their website by the end of the month.
- The House and Senate appropriators have yet to agree to topline defense and non-defense figures.
- Senate Appropriations Chair Patrick Leahy (D-VT) says Republicans are only open to continuing resolutions at the moment and want to delay negotiations until after the midterms when they could regain control of one or both chambers.

Impact to Veteran Owned Small Businesses

- Appropriations bills must be passed into law by Oct. 1, 2022, or a Continuing Resolution (CR) will be needed to fund the government.
- We are hearing from Congressional leaders that a CR will likely be needed through November or December 2022.
- Under a CR, the U.S. Government can only spend at the previous Fiscal Year levels, and no new programs are allowed to start. Program offices cautiously spend as it is unclear when the final appropriations measures will be completed.





FY23 National Defense Authorization Act (NDAA)

- On June 16, Senate Armed Services Committee (SASC) approved its version of the FY23 NDAA, increasing the FY23 National Defense Budget by \$45 billion, bringing the topline Defense funding level to \$857.46 billion.
- On June 23, House Armed Services Committee (HASC) approved its version of the FY23 NDAA, increasing the FY23 National Defense Budget by \$37 billion, bringing the topline funding level to \$850 billion.
- On July 14, the House voted 329-101 to approve the HASC version of the FY23 NDAA on the floor.
- The Senate is not expected to consider the bill on the Senate floor until September.
- VSA continues to work with Senate offices to increase SDVOSB set-asides.

Impact to Veteran Owned Small Businesses

The House-passed FY23 NDAA includes the following items of interest to small businesses:

- An amendment to extend the deadline (from January 1, 2023, to 2024) for the transfer of the certification process for the SDVOSB program from the Department of Veterans Affairs to the Small Business Administration is included in the House version of NDAA 2023 however to become law it will need to be included in the Senate version which will not be debated until September.
- Strengthens SBA's report on contract consolidation under Section 15(p)(4) of the Small Business Act by requiring federal agencies to share bundling data with the SBA. There is currently no statutory requirement for federal agencies to share this data with the SBA.
- Allows small businesses to extend their participation in an 8(a) SBA contracting program for an additional year.
- Requires additional data on Phase I, Phase II, and Phase III awards under each military department's SBIR and STTR programs.
- Requires the SBA to establish a program for certifying at least 5 or 10% of the total number of employees of a small business development center to provide cybersecurity planning assistance to small businesses.
- Raises sole source contracting thresholds for certain small business concerns (8(a), HUBZone, service-disabled veteran-owned, and women-owned) from current levels to \$10,000,000 for manufacturing contracts and \$8,000,000 for other types. Aligns sole-source thresholds in Title 38 (VA) with Title 15 (Small Business).
- Codifies the Small Business Procurement Scorecard in the Small Business Act and requires additional information in them to provide more transparency regarding the contracting programs.
- Amends the Small Business Administration's (SBA) nonmanufacturer rule waiver process to ensure that small business contractors have the maximum practicable opportunity to participate in the federal supply chain.
- Allows small businesses to request an equitable adjustment to the contracting officer if the contracting officer places a change order without the agreement of the small business. Requires the federal government to pay at least 50% of cost

Reconciliation bill / Build Back Better

- Senate Majority Leader Chuck Schumer (D-NY) and Sen. Joe Manchin (D-WV) are negotiating a pared-down budget reconciliation bill, which Democrats could pass by a simple majority vote.
- Manchin previously opposed a \$2.2 trillion spending bill in Dec. 2021.
- The new proposal includes lowering the cost of prescription drugs and increasing the solvency of Medicare by imposing taxes on earnings from pass-through businesses.
- Democrats submitted the text of a plan to the Senate Parliamentarian that would allow Medicare to negotiate prescription drug costs and cap out-of-pocket expenses at \$2,000/year.
- Democrats also hoped to reach an agreement on tax, climate, and social provisions, but on July 15, Manchin said it wouldn't be prudent to act now on these efforts without seeing another month of inflation data first.
- Schumer has said the bill could be voted on as early as late July; the final deadline for a reconciliation bill is Sept. 30.

Impact to Veteran Owned Small Businesses

- Revised legislation has not been released as it is still being drafted.
- However, Build Back Better may provide relief for individual health care and provide small businesses economic opportunities.



Competition with China

- There is bipartisan support to boost investments in science and technology to compete with Chinese innovation, notably through the Senate-passed US Innovation and Competition Act (USICA) and House-passed America COMPETES Act.
- Both bills include funding for domestic chip production.
- The bills have been in conference to resolve key differences since May. Negotiations are having difficulty addressing 900+ issues. The final bill will likely look more like the bipartisan USICA Senate bill.
- Since Democrats pared back their big reconciliation package, Republicans are supportive of moving this legislation forward.
- The Senate is expected to consider and vote on this legislation before their August recess.



Impact to Veteran Owned Small Businesses

- The bipartisan US Innovation and Competition Act (USICA) passed the Senate in June 2021 and authorizes more than \$120 billion over 5-years at the National Science Foundation (NSF), the Department of Commerce, and the Department of Energy. This is a large increase in NSF funding over 5-years. The Senate bill also includes \$52 billion for domestic semiconductor production and sets aside \$17.5 billion over 5-years for Defense Advanced Research Projects Agency (DARPA) (doubling the agency).
- The House response to the USICA, the America COMPETES Act, passed along party lines on Feb. 4 and includes \$52 billion in grants and subsidies for semiconductor makers and \$45 billion in grants and loans to support supply chain resilience. The House bill also includes a measure to reauthorize the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs.

Response to war in Ukraine

- DoD recently sent an additional \$400 million in military aid to Ukraine for advanced weaponry. Additional supplemental appropriations to respond to the war in Ukraine are expected.
- On July 5, NATO Accession Protocols for Finland and Sweden were signed, beginning their membership ratification process.



SDVOSB Certification changing from VA to SBA

The U.S. Small Business Administration (SBA) is seeking input and comments on a proposed rule to establish a certification program for Veteran-Owned Small Business (VOSB) and Service-Disabled Veteran-Owned Small Business (SDVOSB) seeking sole source and set-aside contracts across the Federal Government. SBA is planning to amend its regulations to implement section 862 of the Fiscal Year 2021 NDAA. Comments to this proposed rule change are due by August 5, 2022. NVSBC has organized a working group to review the changes. [Read more](#)

NVSBC Outreach & Planning Sessions Led by VSA

- VSA has followed up with Senate offices on the FY23 legislative request to increase SDVOSB set-asides (from 3% to 5%) and the FY23 appropriations request to support \$20 million included in the FY23 budget request for the proper transfer of verification responsibilities to the SBA.
- VSA is meeting with NVSBC on July 20 to start planning for Fiscal Year 2024 initiatives.



NVSBC is the Lifeline for the Veteran Small Business Community

Facing the challenges of the COVID crisis and new funding initiatives, and the opportunities to support one another as Veterans always do, **NOW** is the time to **ACT**.

NVSBC needs **YOUR HELP** and **YOUR INVOLVEMENT!** Please **REACH OUT** to your fellow veteran business owners. Let them know that **HELP IS OUT THERE**. Let them know what we are doing to help them.

ASK THEM TO JOIN NVSBC today to be part of this great expansion!