



Strategy and Legislative Update September 2022



Welcome to the September 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

September

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September Outlook

- 6 September: Senate returned from recess.
- 13 September: House returned from recess.
- The Fiscal Year 2022 ends 30 September 2022. Congress is expected to pass a Continuing Resolution by the end of September.
- Several programs and authorizations expire at the end of the month, including SBIR/STTR, Temporary Assistance for Needy Families (TANF) authorization, National Flood Insurance Program authorization, FDA user fee programs, and mental health programs covered by the 21st Century Cares Act.

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October Outlook

- The House has designated October a district work period and will be on recess throughout the month
- Members in each chamber will be preparing for the upcoming midterm elections on 8 November 2022

2022 Congressional Priorities

FY23 Appropriations

- The House passed a 6-bill minibus appropriations package in a party-line vote on 20 July, approving \$405 billion in government spending for Transportation, Housing and Urban Development; Energy and Water Development; MILCON/VA; Agriculture; Interior and Environment; and Financial Services & General Govt.
- Defense; Homeland Security; Commerce/Justice/Science; and Legislative Branch Appropriations bills will not be brought to the floor until the House has the votes for these more controversial spending priorities.
- The Senate Appropriations Committee released the Chairman’s mark of all 12 appropriations bills on 28 July.
- Congress is expected to pass a continuing resolution by September 30 to prevent a government shutdown. Current negotiations in the House would extend FY22 funding levels to 16 December, with exceptions for anomalies.
- In September, the Biden administration asked Congress to approve \$47 billion as part of the CR to address burgeoning crises, including Ukraine, monkeypox, COVID-19, and recent natural disasters in the US.

Impact to Veteran Owned Small Businesses

- 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.
- Both the House-passed Financial Services and General Government (FSGG) and Senate FSGG posted appropriations bills included \$20 million in the SBA budget for the Center for Verification and Evaluation, supporting the President’s Budget Request.
- The White House’s request may complicate continuing resolution negotiations. While both parties support aid for Ukraine and disaster-stricken areas in the US, COVID-19 and Monkeypox funding are a likely sticking point.





FY23 National Defense Authorization Act (NDAA)

- On 14 July, the House passed its version of the FY23 NDAA. The Senate Armed Services Full Committee (SASC) FY23 NDAA text was released to the public on 18 July.
- Provisions in the two versions contain significant differences, including R&D allocations, health care changes, Space Force structural adjustments, and more.
- Senate unlikely to have the NDAA on the Senate Floor. Means most likely there will be an informal “conference” where the House-passed bill will be reconciled with the SASC-passed bill.

Impact to Veteran Owned Small Businesses

- Congress hopes to pass a final version by early December 2022.
- VSA is working closely with Congressional advocates to add a provision to the FY23 NDAA that would increase SDVOSB set asides from 3% to 5%.



Reconciliation bill / Inflation Reduction Act

- Senate Democrats passed the Inflation Reduction Act of 2022 (IRA) along party lines on 7 August following negotiations between Sens. Chuck Schumer (D-NY), Joe Manchin (D-WV), and Kyrsten Sinema (D-AZ).
- While Senate Parliamentarian Elizabeth MacDonough stripped one provision of the bill regarding inflation caps on prescription drug prices, Democrats hail the legislation as a significant victory.
- The House passed the bill on 12 August.
- The President signed IRA into law on 16 August.

Impact to Veteran Owned Small Businesses

The Inflation Reduction Act contains two Small Business Provisions

- [Section 10301 Enhancement of Internal Revenue Service Resources](#) includes a provision that nothing in this section is intended to increase taxes on any taxpayer or small business with a taxable income below \$400k.
- [Section 13902. Increase in Research Credit Against Pay-Roll Tax for Small Businesses](#) allows an additional credit of up to \$250k against Medicare Hospital Insurance tax for small businesses based on their qualified research expenses in all taxable years beginning after 31 December 2022.

Key Provisions in the Inflation Reduction Act of 2022

Inflation Reduction

- Invest \$80 billion in the IRS to increase collections and prevent higher taxes for taxpayers with income below \$400,000
- Impose a 15% minimum tax on corporations with earnings over \$1 billion, to ensure tax loopholes are avoided

Climate & Clean Energy

- Tax credits to manufacture clean energy products including electric vehicles, wind turbines, solar panels, batteries, and critical mineral processing
- Funding to cut emissions and reduce air pollution at ports
- Provides funding for clean energy research and development
- Addresses environmental justice initiatives

Health Care Provisions

- Negotiates lower drug prices for senior citizens
- Sets a cap on prescription drug price increases corresponding with inflation
- Limits prescription drug costs to \$2,000 per year for those on Medicare
- Extends enhanced premium tax credits Affordable Care Act

Response to war in Ukraine

- In total, the United States has committed approximately \$15.8 billion in security assistance to Ukraine since the beginning of the Biden Administration, including more than \$15.1 billion since the beginning of Russia's unprovoked and brutal invasion on 24 February. On 15 September 2022, the Department of Defense has released a [fact sheet](#) detailing the capabilities and equipment that have been provided thus far to Ukraine.
- This month the White House called for \$11.7 billion in Aid to Ukraine to be added to the CR. The request also calls for an additional \$2 billion "to help address the impacts [Russian President Vladimir] Putin's war has had on domestic energy supply and reduce energy costs in the future."

SBIR and STTR Extension Act of 2022

- Congress has proposed changes to the SBIR program would reduce the re-authorization period, restrict eligibility to the SBIR/STTR programs based on the total number of awards received from the inception of the program, restrict eligibility based on the number of awards received over a five-year period, or restrict eligibility based on enhanced requirements associated with existing Phase I to Phase II transition rate and Phase III commercialization benchmarks. Read more [here](#).
- This remains an ongoing issue that Senate Republicans and Democrats are working out. We are hearing this authorization will be extended in the CR, with an expiration date of 16 December, so that Congress has time to address the issue in the FY23 NDAA or the Omnibus appropriations bill.

NVSBC Outreach & Planning Sessions Led by VSA

- VSA continues to engage Senate and House 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 President's Budget for the proper transfer of verification responsibilities to the SBA.
- VSA is working with Senator Joni Ernst's Office (IA) who plans to introduce The Service Disabled Veteran Opportunities in Small Business (SDVOSB) Act which would require that the SBA, in partnership with the Office of Veterans Business Development, issue publicly available guidance for each agency to meet the currently required 3% prime and subcontract goals for SDVOBs, and to provide training for each agency that fails to meet the procurement goals.

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!