



Strategy and Legislative Update December 2021



Welcome to the December 2021 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 on behalf of Veteran small businesses. In each monthly edition we provide a detailed review of the major legislative actions making their way through Congress, our insights on the potential impacts of this legislation on Veteran small businesses serving as federal contractors, and our federal advocacy activities.

Overview of NVSBC Legislative Priorities - 2021

NVSBC serves as the leading advocate for the 50,000+ Veteran owned small businesses serving as federal contractors. Working together with the highly regarded advisory firm Van Scoyoc Associates, we develop and implement 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 2020 NDAA to ensure full compliance and maintain high 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 SDVOSB firms from the current 3% level to 5% or above. Additionally ensure that veteran owned small businesses benefit from any future set aside program increases.

Priority #3: Addressing the Challenges of Category Management Engage with 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 (ie, the resulting 40% reduction in federal small business primes).

Priority #4: 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 #5: 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 #6: Access to New Contracting Opportunities Promote, advance and advocate for new and expanded veteran small business opportunities at all federal agencies.

Legislative Update



Debt Ceiling

- Congress passed legislation last week to create a one-time opportunity for Democrats to raise the debt ceiling with a simple majority vote in the Senate.
- The debt limit would be increased by \$2.5 trillion, allowing the government to continue financing its operations.
- The measure would bring the debt limit to about \$31.4 trillion, “a level commensurate with funding necessary to get into 2023,” Senate Majority Leader Chuck Schumer (D-NY) said on the floor Dec. 14.

Impact to Veteran Owned Small Businesses

- Treasury Secretary Yellen said that if the U.S. were to default on its debt, there would likely be a “catastrophic economic event”. Secretary Yellen went on to warn that “our country would likely face a financial crisis and economic recession as a result.”
- The Debt Ceiling Resolution passed in the Senate on Dec. 14 and passed the House in the early morning hours of Dec. 15, clearing it for President Biden’s signature.
- After Congress addresses the debt ceiling, the Senate plans to consider the Build Back Better Act.



Continuing Resolution (CR) & FY22 Appropriations

- Initially scheduled to run out of funding on Sept. 30, 2021, Congress passed a continuing resolution to fund the government through December 3
- On Dec. 3, President Biden signed an additional continuing resolution that will keep the government funded through February 18, temporarily avoiding a shutdown
- Congress must still pass 12 funding bills (or combine them into mini or omnibus)

Impact to Veteran Owned Small Businesses

- Under a CR, the U.S. Government continues spending at the previous Fiscal Year levels and no new programs are allowed to start. Any existing contracts that industry has with the Federal Government will continue to carry on at previous Fiscal Year levels, however Federal Program Offices tend to be conservative with spending under a CR since it is not always clear when the final appropriations measures will be completed.
- Based on conversations with Congressional staff, there is a commitment to complete FY22 appropriations work and not rely on a full year CR.



FY22 National Defense Authorization Act (NDAA)

- Both the House and Senate authorized \$740 billion for DoD in FY22 —a \$25 billion boost from President Biden’s initial request of \$715 billion
- The final NDAA passed in the House on Dec. 7, and in the Senate on Dec. 15. The NDAA is now on its way to the President for signing into law.

Impact to Veteran Owned Small Business and included in the Final NDAA

- **Cybersecurity Initiatives for Small Businesses.** Rep. Phillips (D-MN) added an amendment that would require DoD to provide a report to Congress in four months on the effects of the Cybersecurity Maturity Model Certification (CMMC) on small businesses and how DoD plans to mitigate the effects to small businesses.
- **Protecting Small Contractors.** Introduced by Rep. Nydia Velázquez (D-NY) and Rep. Byron Donalds (R-FL), the measure exempts the threshold for payment and performance bonds and the threshold for alternate payment protections under the Miller Act from periodic adjustments for inflation. The bill text clarifies that these thresholds should remain as modified in regulations upon enactment of the bill, which currently is \$150,000 for payment and performance bonds and \$35,000 for alternate payment protections. The provision seeks to ensure the protections afforded to small businesses and taxpayers through surety bonds are not lost in smaller contracts due to continual adjustments for inflation.
- **Small Business Opportunities – Military Construction Projects.** Introduced by Rep. Andy Kim (D-NJ), the provision requires the Comptroller General to review the contracting approaches used to maintain and upgrade domestic military installations. The review would survey the extent to which the Department of Defense uses competitive procedures when awarding these contracts and the number of contracts awarded to small businesses.

Not included in the final NDAA

- **Category Management.** Rep. Houlahan (D-PA) amendment to the House FY22 NDAA that would exempt certain contracts awarded to small businesses from Category Management requirements.
- **Set-Asides.** Rep. Mfume (D-MD) amendment to the House FY22 NDAA that provides increases to governmentwide goals for small businesses concerns. The Government’s small business prime contracting goal would increase from 23% to 25%.



Build Back Better Act (BBBA)/Budget Reconciliation

- Democrats' 'human infrastructure' budget reconciliation bill has been pared down to a \$1.75 trillion package after months of negotiations between different factions of the party.
- The updated framework includes paid family leave, universal pre-K, an extension of the expanded Child Tax Credit and expanded Premium Tax Credit, and more than \$500 billion in climate provisions.
- On November 19, the House passed BBBA with a vote of 220-213.
- Senate Democrats, including Joe Manchin (D-WV) and Jon Tester (D-MT), have warned that the bill will likely undergo further changes in the upper chamber, which would then require either another House vote or a conference committee with both chambers.
- It is unclear if the Senate will vote to approve the BBBA prior to December 25, 2021, or if debate will continue into 2022.

Impact to Veteran Owned Small Businesses

- If passed, the bill would represent the most significant effort to combat climate change and the largest expansion of social safety programs in U.S. history
- If passed, there will be an increase in funding for grants across the Federal Agencies.

On November 19, the House passed the social spending bill. Here's what is included in the proposal:

Provision	CBO cost estimate in billions
Universal Pre-k and Child-care	\$381.5B
Paid family and sick leave	\$194B
Enhanced child tax credit	\$203B (with income tax credit)
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Home health care	\$400B
Affordable Care Act Subsidies	\$126B
Medicaid coverage gap	\$57B
Medicare hearing benefits	\$36.7B
Climate change	\$570B
Affordable Housing	\$148.1B
Pell Grants	\$39.8B
Immigration	\$100 billion
State and local tax deduction (SALT)	Tax deductions would be capped at \$80,000 per year

Vaccine Mandate

On December 8, the Senate voted to overturn the Biden administration's proposed rule that large private employers (100 employees or more) must require their workers to be vaccinated against COVID-19 or tested, or face losing their jobs. The bill is unlikely to be approved by the House but continues to highlight the negative political impact of the government mandate on private companies and individuals which many Republicans see as ineffective, costly and unenforceable. All of President Biden's vaccine mandates – one for federal contractors, another for healthcare workers, and a third for companies over 100 employees – have faced legal challenges and have been put on hold by courts. The Supreme Court is expected to eventually decide the matter.





NVSBC Outreach & Planning Sessions Lead by VSA

On December 13, VSA held a strategic planning session with NVSBC leaders and the Board of Directors to discuss Calendar Year 2022 and Fiscal Year 2023 legislative priorities and how VSA and NVSVC can make change happen. Building on our 2021 legislative priorities, NVSBC and VSA will continue to plan for a range of issues that will provide opportunities and protect Veteran owned small businesses. More to follow in the January 2022 newsletter.

SAVE THE DATE! PLAN TO ATTEND VETS22 and LAUNCH YOUR FUTURE!



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VETS22 is the Nation's Leading VSO-Sponsored Training, Networking, and Advocacy Conference for Small Businesses Serving as Government Contractors.

- Registration opens in January
- For **Sponsorship & Exhibitor Opportunities** contact scott.semple@nvsbc.org TODAY!

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!