

SUBJECT: Encouraging vendors with state contracts to use veterans' organizations

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 7 ayes — Cook, Menendez, Craddick, Frullo, Harless, Hilderbran, Huberty

3 nays — Oliveira, Smithee, Turner

1 present, not voting — Solomons

2 absent — Gallego, Geren

SENATE VOTE: On final passage, April 7 — 31-0, on Local and Uncontested Calendar

WITNESSES: (*On House companion bill, HB 1574:*)
For — Ignacio Leija, American GI Forum National Veterans Outreach Program; Andy Wilson, Public Citizen, Inc. (*Registered, but did not testify*); Robert Flores, American GI Forum National Veterans Outreach Program; Larry McGinnis, The Boeing Company)

Against — None

BACKGROUND: Government Code, sec. 2155.505 requires the comptroller to encourage a vendor awarded a multiple-award contract to use a historically underutilized or small business to provide a service under that contract. The historically underutilized or small business must present documentation to the comptroller showing authorization from the vendor to provide a service. If the vendor does not make a good faith effort to use a historically underutilized or small business, the comptroller may exclude the vendor from contracts awarded in the future.

DIGEST: SB 327 would include veterans service agencies in the definition of small businesses that vendors would be encouraged to use in providing services. An eligible veterans service agency would be a federally tax-exempt organization that principally provided housing, substance abuse treatment, case management, and employment training to low-income, disabled, or homeless veterans and that employed veterans to provide at least 75

percent of the direct labor hours required to produce the goods or services required by the vendor contract.

The bill's requirements would apply only to service or procurement contracts whose requests for bids or proposals were published after September 1, 2011.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2011.

**SUPPORTERS
SAY:**

SB 327 would recognize the work that many veterans organizations do in providing services to veterans who are disabled, homeless, or low-income. These groups also are involved in a variety of business services, such as manufacturing and maintenance, and help create jobs for veterans.

Many returning veterans, especially those with post traumatic stress disorder, need the help of these veterans organizations to successfully reintegrate into the workforce. By including these veterans groups in the state contracting process, SB 327 would help them continue the important work of providing jobs and assistance to those who have served our country.

SB 327 would not in any way affect the laws or set asides related to historically underutilized businesses (HUBs).

**OPPONENTS
SAY:**

SB 327 would provide an unfair advantage to veterans groups over other nonprofit organizations. While assisting veterans is important, other nonprofit organizations that provide similar services also should be included in the state contracting process.

NOTES:

The House companion bill, HB 1574 by Garza, was considered in a public hearing by the House State Affairs Committee on April 6 and left pending.

During the regular session of the 81st Legislature in 2009, SB 1958 by Van de Putte, an identical bill, passed the Senate on April 21, was reported favorably from the House Defense and Veterans Affairs Committee and placed on the House General State Calendar.