

## **Statement by Colonel (Ret) Jeff Cantor**

Thank you to Congressman Andy Kim and the honorable members of this commission for allowing me to speak and offer testimony on the issues affecting small and diverse businesses here in New Jersey and beyond.

My name is Colonel Jeff Cantor and I represent the 668 members of the NJ State Veterans Chamber of Commerce. In the 32 years I spent in the military, I was always taught to deliver the bottom line up front, so here it is. Small and diverse businesses in the state are not getting their fair share of procurement opportunities and experience unfriendly conditions to operating their businesses in our state. There are seven key areas that federal intervention could have profound effects on the small and diverse business community, which I will share with you in my testimony.

To provide context, I will share with you that New Jersey has two set-aside laws currently on the books. One is for small business entities and the other is for service-connected disabled veteran owned businesses (SDVOBs). The SDVOB set-aside law, PL 2016, Ch. 116, has been public law since it was passed unanimously in 2015. Since that timeframe, roughly 3 ½ years, not one contract has been set aside, and no money has been awarded to SDVOBs under the program.

There are seven key areas where federal intervention would have a profound effect on supporting small & diverse businesses. First, it would be advisable to add veteran owned and service disabled veteran owned businesses to the federal definition, according to the US Department Of Transportation, as a disadvantaged business entity, or DBE. The current definition only includes African Americans, Hispanics, Native Americans, Asian-Pacific and Subcontinent Asian Americans, and women who are presumed to be socially and economically disadvantaged. Other individuals can also qualify as socially and economically disadvantaged on a case-by-case basis. Veterans have a tougher time gaining access to capital, and since their service was usually away from their home state, they do not have the networks that other businesses have developed. Veterans & service disabled veterans are truly disadvantaged business entities and need to be included in the federal definition.

Second, there are not very many service disabled veteran businesses in this state and in many others. It would be advisable to introduce a SDVOB price preference law of 15% to accommodate for this shortfall. Many states have implemented a price preference law for SDVOBs because of the lower number of businesses. A 15% price preference law is needed in New Jersey and for the federal government. This would allow SDVOBs to compete in the open bid process. States like Michigan and Connecticut have already implemented these laws and have seen success. If the lowest bidder on a project is \$100,000 and a SDVOB comes in at \$112,000, under a 15% price preference law, it would mean that the SDVOB is the lowest technical bidder. Since we are not talking about a lot of businesses (65 in New Jersey), this

would have a positive impact on the SDVOB community with minimal risk or negative impact on the business community at large.

Third, the Small Business Association has been a good partner to small and diverse businesses. It would be great if the SBA could expand their program to veteran business entities to provide greater access to capital, insurance, and bonding. These programs are needed as there are a dearth of programs available to support VBEs and allow them to take their business to the next level. Bonding & insurance costs are extremely high and can eat up the cash flow of a small business. Additionally, it is very difficult to obtain an appropriate amount of surety bonding without having to sign your life away and risk losing all you have worked for. Having the SBA roll out a program that is accepted at all federal and state entities would relieve an enormous amount of stress on veteran entrepreneurs and allow them to compete for larger jobs which would also allow them to hire more people.

Fourth, The system for doing business in New Jersey is very complicated to navigate. Right now a SDVOB has to register with the VA through the CVE certification system. They then have to register with the state department of treasury, then with the Division of Purchase & Property, then with the Division of Property Management & Construction, then with NJ Transit, then with the Turnpike authority, then with the utilities, then with the Port Authority, and so on and so on. This takes time and money away from the business owner. Instead, there should be one universal registration portal in the state. Once a diverse business is registered, they would be pre-qualified with all state entities. Unfortunately, there is no money in the state budget to allow a universal portal system. Getting a grant from the federal government to roll this out would be advisable and welcome at state government levels. The cost of a total universal portal system would likely be \$1-2 Million USD.

Fifth, There needs to be transparency of small and diverse spending at every federal entity. Transparency in government is an extremely important tenet. There should be a mandatory listing on every federal entities website that operates in New Jersey as to their small and diverse spends. It should be easy to find how much the FAA, DoD, DLA, Corps of Engineers, and so on, spend on African-American, Hispanic, Women, Veteran, and Service Disabled Veteran Owned Businesses. There should be a percentage of overall annual spends as well as the actual dollar spends by diverse group so we can see where they are primarily spending taxpayer dollars. Those dollars should represent the diverse breakdown of our state.

Sixth, There should be greater opportunities on JBMDL and Picatinny Arsenal for veteran and service disabled veteran businesses. I know the folks at the small business office on the Joint Base, and they do a tremendous job of communicating and working with the veterans chamber. When we have them speak, they do discuss their diverse spends. They have initiated a small business roundtable, but I have not seen any action to date which would support small and diverse businesses. Having procurement opportunity fairs on the bases would help bring small and diverse businesses to the procurement specialists on base. There should be some

type of training program that can be rolled out if a SDVOB did not get a specific contract on the base, then they can sit with the small business office and go through their bid and compare it to the winning bid to understand the differences and can show improvement in the future. That would be a very valuable tool for SBEs.

And seventh, there needs to be more joint venture and mentorship opportunities with federal contracting. By creating joint ventures and mentors, you create seasoned companies who help newer companies and startups break into the federal field. It is extremely difficult to do it on your own, so having more joint ventures would create additional opportunities for newer businesses.

I have recently written a white paper that I shared with the Governor on steps the state can take to improve its support of small and diverse businesses. I would be happy to share that with you upon request. My personal cell # is 732-778-7708 and my email address is [jeff@njveteranschamber.com](mailto:jeff@njveteranschamber.com). I sincerely hope that this testimony will help you formulate policy and laws that will make a change for small and diverse businesses, including veteran and service disabled veteran owned businesses.

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