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# THOMAS WEATHERSTON

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STATE REPRESENTATIVE • 62<sup>ND</sup> ASSEMBLY DISTRICT

## Testimony on AB 466 before Assembly Committee on Veterans, November 7, 2013

Mr. Chairman and members of the committee, thank you for holding this hearing on AB 466.

AB 466 creates a measurable goal for Wisconsin's Disabled Veteran-Owned Business Program by having state agencies attempt to award 1 percent of their total budget to a business owned by a disabled veteran. This bill will not impose any requirements, but having a target number will enable us to better determine how the program is working. The bill replaces the phrase "a portion" with the words "at least 1 percent."

The current Disabled Veteran-Owned Business Program was created in 2010 and is run by the Department of Administration. The Department maintains a database of all disabled veteran-owned businesses that have been certified under current statutes.

The way the Disabled Veteran-Owned Business Program operates is similar to the minority-owned business program. A state department receiving bids on a project may currently grant the contract to a disabled veteran-owned business as long as it is not more than 5 percent higher than the lowest qualified bid. An annual report issued by the Department of Administration uses the information on amounts awarded to disabled veteran-owned businesses along with minority owned businesses to show how the state is doing.

The goal set by this bill will allow the report to show how close state agencies are to meeting the 1 percent target. The old language of "a portion" does not provide any meaningful guidance for state agencies seeking to comply with the spirit of the law. 1 percent is both a small enough number that is can reasonably be met, while large enough to provide support and encouragement to disabled veterans who own their own businesses.

This bill has received wide support from veteran organizations, including the Wisconsin branches of the American Legion, the Veteran of foreign Wars, the Military Order of the Purple Heart, and the Disabled American Veterans.

Thank you again for holding this hearing. I hope that we can work together to strengthen the Disabled Veteran-Owned Business Program, and would be happy to answer any questions you may have.

Scott Walker, Governor

John A. Scocos, Secretary



**STATE OF WISCONSIN  
DEPARTMENT OF VETERANS AFFAIRS**

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November 6, 2013

Chairman Petryk, Ranking Member Ringhand, and Members of the Committee,

I request your support of Assembly Bill 466 (AB 466), which encourages state contracting with disabled veteran-owned companies by establishing a state minimum objective for procuring goods, services, and construction projects from such companies.

One of my priorities as Secretary has been to increase employment opportunities for veterans. AB 466 not only increases employment opportunities, but increases the opportunities for disabled veterans to strengthen our workforce. Of the approximately 400,000 veterans residing in Wisconsin, nearly fifteen percent have been determined disabled by the VA.

AB 466 will bolster our continuing efforts to assist disabled veterans to not only enter the civilian workforce, but to become successful job creators. A number of initiatives have been adopted in recent years that enhance the employment opportunities for veterans such as the civil service preference for veterans who are at least 30% service-connected disabled. Additionally, we've made strides and continue to work toward breaking down licensing and certification barriers for veterans to help them more quickly enter the civilian workforce.

By encouraging the use of disabled veteran-owned businesses, AB 466 benefits disabled veteran business owners as it promotes the well-being of disabled veterans. With your support of AB 466 we will establish an objective for contracting with disabled veteran-owned businesses and the State of Wisconsin will make a powerful statement that veterans belong in the entrepreneurial business world.

I respectfully urge your support of AB 466. Thank you.

Sincerely,  
DEPARTMENT OF VETERANS AFFAIRS

A handwritten signature in black ink, appearing to read "John A. Scocos", is written over a horizontal line.

JOHN A. SCOCOS  
Secretary



**FULFILLING OUR PROMISES  
TO THE MEN AND WOMEN WHO SERVED**

**STATEMENT OF  
AL LABELLE  
DAV WISCONSIN LEGISLATIVE DIRECTOR  
ON BEHALF OF  
ASSEMBLY BILL 466  
BEFORE THE  
COMMITTEE ON VETERANS  
WISCONSIN STATE ASSEMBLY  
NOVEMBER 7, 2013**

Chairman Petryk, Ranking Member Ringhand, and Members of the Committee:

On behalf of the Wisconsin DAV (Disabled American Veterans) and our 16,000 members, all of whom are wartime wounded and injured veterans, I am pleased to present our views on Assembly Bill 466 (AB 466) relating to state procurement and construction contracts with disabled veteran-owned businesses.

DAV has long been a proponent of the Disabled Veteran-Owned Business (DVB) program. DVB was a DAV initiative that the legislature adopted in May 2010.

The purpose of the DVB program is to increase the opportunity for disabled veteran firms to sell their products and services to the State of Wisconsin. A certified disabled veteran-owned business is eligible for a 5 percent bid preference.

The Wisconsin Department of Administration (DOA) monitors state agencies' compliance with the purchasing guidelines and certifies firms for eligibility to participate in the DVB program.

Certified disabled veteran-owned firms are eligible to be listed in the State of Wisconsin's Directory of Service Disabled Veteran-Owned Businesses which are circulated to state agency and University of Wisconsin System purchasing agents, and corporate buyers throughout the United States.

To be certified by DOA under Statute 16.283, disabled veterans rated 20% or greater need to own at least 51 percent of the business and must reside in Wisconsin. The business must have its principal place of business in Wisconsin and have customers other than the State of Wisconsin. Business must be at least one (1) year old under current ownership.

Under Statute 16.75, DOA shall annually prepare and submit a report to the governor and to the chief clerk of each house of the legislature, for distribution to the appropriate standing

committees. Additionally, on October 1 of each year, a report must be submitted to the council on small business, veteran-owned business and minority business opportunities for evaluation.

These statutorily mandated reports have been melded into the State of Wisconsin Supplier Diversity Business Report which combines the DVB program with the Minority Business Enterprise (MBE) program, making it difficult to ascertain the effectiveness of the DVB program.

The number of businesses currently enrolled in the DVB program is 19. This is up from 11 18-months ago.

The federal equivalent to Wisconsin's DVB program is the Service Disabled Veteran Owned Small Business (SDVOSB) program located in the Department of Veterans Affairs (VA). The number of Wisconsin Disabled Veteran-Owned Businesses enrolled in the federal program is 45.

DAV notified the Governor's Office of the large discrepancy in enrollment numbers between the state and the federal programs, 18-months ago. On May 25, 2012, the Governor signed Executive Order #72 which provides automatic state certification to disabled veteran-owned businesses that have been certified in the federal program.

Although DAV recognizes that the 1% goal in AB 466 is written as a permissive policy, it is our considered opinion that implementation of the 1% goal as stated in AB 466 will further increase DVB enrollment and the effectiveness of the program. DAV supports the passage of AB 466 in accordance with State Resolution No. 2013-51.

We appreciate this opportunity to submit our views on AB 466. This concludes our submitted testimony, Mr. Chairman. I would be pleased to answer any questions related to my statement and the views I have expressed on behalf of DAV.

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November 5, 2013

**RE: Assembly Bill 466**

Dear Chairperson Petryk & Members of the Committee,

My name is Tom Middleton and I am the president and owner of Middleton Construction Consulting based in Milwaukee. We provide professional services such as construction cost estimating and owner representation to the architectural and engineering industry. We are focused on commercial construction projects. I am a retired Master Sergeant from the Army and National Guard. I served 22 years, including deployments to the Middle East, Haiti and Korea. I deployed twice for the Wisconsin Army National Guard in support of the global war on terrorism. My legal residence is in Oconomowoc.

For the past two years, our company has been enrolled in the State of Wisconsin's Disabled Veteran-Owned Business (DVB) program and we have participated in several construction projects with the Division of State Facilities. We are an established company with a proven track record of success tied to many public and private projects. In other words, we are not struggling in the same way as my fellow veterans who are just starting out or trying to grow their businesses in Wisconsin. Disabled veterans are facing tremendous challenges, especially in light of the weakened economy, and I feel we should be doing more as a state to support our disabled veteran-owned businesses and the DVB program. I appear before you today because Assembly Bill 466 is a strong step toward achieving that goal.

Currently, there are less than 20 disabled veteran-owned businesses certified with the state. Unfortunately, the DVB program lacks participation because no real goals for participation have been set since the program was established in 2009. I have seen first-hand how this absence of a benchmark by which to measure success has meant some past projects have moved forward without any DVB participation at all. As a result, our disabled veterans have missed out on work opportunities and our state has missed out on opportunities to aid job creation among deserving, disabled-veterans. If we "attempt to ensure" at least 1% of expenditures are paid to disabled veteran-owned businesses as outlined in AB-466/SB370, we will increase awareness of the program, grow opportunities for veterans, and improve DVB participation rates with the state of Wisconsin.

According to the Pew Research Center, one out of ten veterans alive today was seriously injured at some point while serving in the military. Additionally, according to the Final report for Veterans Disability Benefits Commission dated August 2007, a service disabled veteran in his 50's is 24 percent more likely to be unemployed than his peers, and to earn \$17,000 less per annum than his civilian counterparts. Clearly we need to support veterans returning from active duty with significant mental and physical challenges. Assembly Bill 466/Senate

Bill 370 does that by building on the success of the state's 5% goal for the Minority Business Enterprise program. Even though the 1% goal for the DVB is not a mandate, it will undoubtedly reinforce the importance of the program in the same way. Assembly Bill 466/ Senate Bill 370 strengthens our partnership with Wisconsin's disabled former service men and women who have the same desires to work and excel in civilian life that they demonstrated in the military.

Please join me in support of Assembly Bill 466/Senate Bill 370. I would be happy to respond to any questions.

Thank you for the opportunity to comment on this legislation.

Sincerely,

A handwritten signature in cursive script that reads "Tom Middleton". The signature is written in dark ink and is positioned above the typed name.

Tom Middleton, CPE  
Middleton Construction Consulting  
President