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U.S. SMALL BUSINESS ADMINISTRATION

ADVISORY COMMITTEE ON VETERANS
BUSINESS AFFAIRS

PUBLIC MEETING

THURSDAY, DECEMBER 14, 2017
9:00 A.M.

Recorded by: Rick Sanborn, CER

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1 P R O C E E D I N G S

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3 (Meeting called to order, 9:05 a.m.)

4 MS. CARSON: Good morning. For those on the
5 phone, you have joined the Advisory Committee on
6 Veteran Business Affairs. I am Barbara Carson, the
7 Associate Administrator for the Office of Veterans
8 Business Development here at the U.S. Small Business
9 Administration.

10 Before I turn it over to the Chair, I do want
11 to share some administrative remarks. For members of
12 the committee and any speakers, please ensure that you
13 use a microphone when making your comments and that you
14 state your name before you begin your comments. This
15 record will be transcribed and available on the SBA.gov
16 website within 90 days of this meeting.

17 I will now welcome our new Chair, elected at
18 the last meeting, Mr. Ron Aument.

19 MR. AUMENT: Thank you, Barb. It's my
20 pleasure to be chairing today's meeting, and I'd just
21 like to say I'm very grateful for having been chosen
22 for this. I feel truly honored to be elected to this
23 position. I follow in some pretty big footsteps on
24 this table with a good handoff from Jim O'Farrell, who
25 received a good handoff from Michael Phipps, who

1 received a good handoff from Mr. Fielder as well.

2 So -- but I know we're pressed for time. Our
3 first speaker, Tom Leney, is -- who we're pleased to
4 have with us today, I know has some, you know, pressing
5 other appointments, so without further ado, can we do a
6 quick roll call on that? So let me begin with myself,
7 Ron Aument.

8 MS. PEREZ-WILHITE: Fran Perez-Wilhite, North
9 Carolina Military Business Center.

10 MR. MCADAMS: Rich McAdams, ReliaONE.

11 MR. FIELDER: Ed Fielder, Fielder's Choice.

12 MR. LENEY: Tom Leney, Department of Veterans
13 Affairs.

14 MR. WONG: Robb Wong, SBA.

15 MR. DODDS: Ken Dodds, SBA.

16 MR. SINHA: Ajoy Sinha, SBA.

17 MS. CLIFFORD: Sandra Clifford, SBA.

18 MR. GOLDSCHMITT: Marc Goldschmitt,
19 Goldschmitt & Associates.

20 MR. AUMENT: Anyone on the phone besides Rich
21 McAdams?

22 MR. ELKINS: Daniel Elkins, the Enlisted
23 Association of the National Guard.

24 MR. O'FARRELL: Jim O'Farrell, ATBVA and Board
25 Member, AMSG.

1 MR. THOMAS: Good morning. Mark Thomas with
2 Big Sky Enterprises in Rockville, Maryland.

3 MR. AUMENT: I believe that's it, Barb. So
4 without any further ado, I'd like to introduce Tom
5 Leney, who is the OSDBU Director for the Department of
6 Veterans Affairs. And Tom has been, you know, gracious
7 enough to join us today. He's going to give us an
8 update on all things pertaining to verification and
9 certification processes for the Department of Veterans
10 Affairs and sort of the state of the union with regard
11 to that program. So, without further ado, Tom?

12 MR. LENEY: Thank you. Thank you very much,
13 Ron. Before I jump into that, I want to echo something
14 that Robb Wong said last night at the National Veterans
15 Small Business Coalition dinner. Things like
16 certification and verification are a means to an end,
17 and one of the things that we at the VA in
18 collaboration and partnership with the SBA are
19 committed to ensure that when you get certified, and in
20 our case with the VA program, verified, that that's not
21 the end of the story. It's really the beginning of the
22 story.

23 And, so, I want to -- before I jump in and
24 talk a little bit about updates on verification, I
25 wanted to address the question of how we're doing at

1 the VA. As you all are probably aware, we provide more
2 dollars to veteran-owned small businesses than the rest
3 of the civilian agencies and the Federal Government
4 combined. The only other agency that does more work
5 with veteran-owned small businesses is DoD. They do
6 about 8 billion a year. This year, we broke 5 billion
7 for the first time.

8 And in the -- there's a lot of discussion,
9 consternation, argument, debate over the impact of
10 Kingdomware on the VA. It has had an impact, and it
11 has been generally positive in my judgment. While it's
12 not just Kingdomware but the renewed attention to the
13 commitment of the VA to the Veterans First Program has
14 resulted in about an additional almost \$1 billion going
15 to veteran-owned small businesses in 2017 over that
16 amount that went in 2016.

17 So we are -- there are those who, you know,
18 think that's too small a number. Our goal is -- our
19 objective, and I am consciously avoiding the use of the
20 word "goal" because the VA is not using "goals" to
21 manage its veteran-owned small business procurements.
22 The objective set by the Secretary is maximum
23 practicable opportunities. And that's -- that's the
24 centerpiece of discussions with the VA, so the fact
25 that there is a goal of 12 percent for VOSBs is

1 essentially meaningless in the VA.

2 We did over 20 percent last year, and we are
3 continuing and my office is responsible for making sure
4 that veteran-owned small businesses get the appropriate
5 consideration. We just came back from the National
6 Veteran Small Business Engagement last week in St.
7 Louis. We had 13 federal agencies there. We had over
8 300 large commercial business participants looking to
9 partner with veteran-owned small businesses. And most
10 essentially we had over 250 VA program managers who
11 went to St. Louis and spent three days engaging with
12 veteran small businesses.

13 I think that is a clear demonstration that the
14 VA continues to seek to identify those veteran-owned
15 small businesses that can add value to our mission,
16 engage them, and then provide them with meaningful
17 opportunities.

18 I do want to talk a little bit about
19 verification. There is some good news happening. We
20 have -- those of you who recall the NDAA 2017, we were
21 directed to do two things: one, establish a single
22 rule regarding ownership and control for veteran-owned
23 small businesses to affect not only the VA program but
24 the SBA program; and the second thing is to address the
25 issue of appeals for status protests, verification, et

1 cetera.

2 I'm happy to report that we have collaborated
3 very closely and effectively with the SBA, and a shout
4 out to Ken Dodds and his people. We have put together
5 a new rule. We took advantage of this opportunity
6 presented us by the Congress to seek to develop a rule
7 that is more consistent with normal business practices.
8 So a lot of good work has been done on that. We expect
9 to have the rule in the Federal Register for public
10 comment here within the next month or so.

11 I would encourage you all to look at it and
12 then to give us feedback as to whether or not we were
13 successful in making sure that the standards for
14 ownership and control do not actually disadvantage
15 veterans by making it difficult for them to gain access
16 to equity financing. That's the measure that my office
17 used on this new rule.

18 We are still seeking good ideas, and that's
19 one of the things we hope to get out of the public
20 comment period to make sure that we've -- while we give
21 opportunities to veterans to own and control
22 businesses, we don't have such a rigorous standard that
23 actually disadvantages them.

24 On the appeals, we have again worked very
25 closely with SBA. A new rule is coming out on that.

1 In fact, it's already been in the Federal Register and
2 it has closed. I don't see any issues on the horizon
3 with respect to that. We will be using the Office of
4 Hearing and Appeals here as soon as that rule goes into
5 effect. But both those things are important, and they
6 are a positive change.

7 We do have -- I did want to bring up one issue
8 that I think this group needs to be aware of. We've
9 done some analysis, and in the last two years, over a
10 quarter of a billion dollars -- that's over \$250
11 million -- has been set aside and awarded to veteran-
12 owned small businesses who are not eligible for those
13 awards. How do we know that? Because those are firms
14 that came to our verification program and were found to
15 be ineligible. And they are doing business with other
16 federal agencies.

17 So we are now working with -- Robb Wong and I
18 are working together, our staffs, to take a look at how
19 we can close that hole because as you all know, with
20 the exception of the VA and FAA, all other federal
21 agencies operate under a self-certification principle.
22 As a result of self-certification, like I say, I don't
23 think it is the typical extent of the problem, but we
24 have a situation where at least a quarter of a billion
25 dollars has gone to the wrong people for the wrong

1 reasons.

2 For the 12,000 firms that have been through --
3 that are verified, that we are highly confident are
4 owned and controlled by veterans, that should be a
5 concern. So I will leave it at that. Thank you.

6 MR. AUMENT: So, Tom, do you have any idea
7 about the total extent of this problem? You know that
8 those who have gone through the VA process and were
9 found not to be eligible, you can see what awards have
10 been made to those. What is the entirety, in your
11 opinion?

12 MR. LENEY: It's very difficult to say. The
13 only thing we can speak to with any degree of certainty
14 is that those who came and applied for verification,
15 and then when we determine that they're ineligible,
16 they withdrew from that process and have not
17 subsequently reapplied. And since that occurs at the
18 end of the process, the only reason to not reapply and
19 become verified would be if you're not -- you remain
20 ineligible.

21 Now, since we are only talking about those
22 firms that went through the process, you know we have
23 over 44,000 -- over 40,000 self-certified VOSBs out
24 there. There are 12,000 that are verified. So one of
25 the things we are looking at is do we expand the

1 certification program because once SBA finishes its
2 effort to complete the women-owned small business
3 certification program, SDVOSBs will be the only
4 socioeconomic category that is self-certified. And I
5 will speak for the VA, but we're a little special. No
6 contracting officer in the VA will talk to a veteran-
7 owned small business that's not verified.

8 My concern is, as I hear it from contracting
9 people and prime contractors throughout that do work in
10 the Federal Government, prime contractors don't want to
11 do work with veteran-owned small businesses that they
12 have any doubt that they're the real deal. And, so, we
13 see a lot of -- you know, we have 12,000 people in the
14 program. Less than 2,000 of them do business with the
15 VA. So the other 10,000 are there who see the value of
16 being -- making it very clear that there's no doubt
17 about their status. And there's about another 4,000
18 are doing business that are verified doing business
19 elsewhere in the Federal Government.

20 MR. AUMENT: Just one followup question to
21 that, Tom. That quarter of a billion dollars, the
22 firms that you've identified there, do we know that
23 those are -- the awards were made as SDVOSB setasides
24 versus a small or women-owned or anything like that?

25 MR. LENEY: Those are awards made as SDVOSB

1 setasides. What we did is we calculated an award that
2 was made after the finding of ineligibility.

3 MR. FIELDER: Ed Fielder. Tom, before -- I've
4 got three questions, but before I do that, you know,
5 there was a term you used when you were talking about a
6 12 percent goal at VA and going plus 20 percent, and
7 you called it max?

8 MR. LENEY: Maximum practicable opportunities.

9 MR. FIELDER: Thank you. I like that term.
10 The first question would be related to Ron's
11 question, the number of contracts. And at what point
12 in your verification process did you determine what
13 these unqualified veteran small businesses were, in
14 fact, doing and is that part of your certification
15 process?

16 MR. LENEY: If I understand the question
17 you're asking, at what point did we determine that they
18 were continuing to do business? It was after the fact.
19 We determined --

20 MR. FIELDER: So was that part of your
21 certification process, or was that just a curiosity
22 factor that caused your folks to go back and check
23 that?

24 MR. LENEY: Neither. It was a response to
25 concerns that were raised to my office from VOSBs who

1 were competing in other agencies and losing awards to
2 firms that they believed were ineligible to receive
3 those awards. When someone files a status protest with
4 OHA, the SBA position has to be -- the fact that
5 they're not verified is not -- does not mean they are
6 not, in fact, owned and controlled because not
7 everybody has to go through the verification process.
8 So you have this very large group of firms that are
9 self-certifying.

10 But in response to those concerns, we did some
11 analysis. Basically we went back and looked at all of
12 the firms that we found to be ineligible, okay, and who
13 as a result of that finding withdrew from the
14 verification process. And then we looked at which of
15 those firms had received setaside awards after that
16 fact.

17 MR. FIELDER: Okay. And then the second
18 question -- you addressed the third, but the second
19 question would be number of contracts, size of the
20 contracts, and what agencies.

21 MR. LENEY: It's about -- I think it's about
22 150 firms. We did not -- I don't have the detail
23 analysis on size of contracts, but they ranged
24 everywhere from a few hundred thousand dollars to
25 several million dollars.

1 MR. FIELDER: Particular agencies that sort of
2 maybe had a higher percentage of these awards than
3 others?

4 MR. LENEY: I have alerted my colleagues,
5 however, I'm not prepared to speak to specific
6 agencies. I think the issue from where we sit is
7 not -- I don't say this is an effort to chastise a
8 particular agency because they are all doing everything
9 absolutely legally. Okay? No agency is doing anything
10 wrong.

11 The problem is that we have a giant loophole
12 when it comes to veteran-owned small businesses. They
13 don't have to be owned and controlled. They self-
14 certify that. No contracting officer in any other
15 agency can even demand verification because that would
16 be protested by the VOSB saying you can't make that a
17 requirement. Some do, but that's the --

18 MR. FIELDER: So you're lending my questioning
19 to go in a direction where I wanted to go -- self-
20 certification and the limitations on the contracting
21 officer to dig deeper. Right now, it's the protest
22 system allows, and so you're saying that other veteran-
23 owned businesses came to you all and it got -- it got
24 you to dig a little bit deeper on those that were
25 unqualified. Why are they not using the protest system

1 if, in fact, they feel aggrieved in this situation?

2 MR. LENEY: Because it doesn't work. Because
3 if I -- if somebody files a status protest, they have
4 to have cause. They have to have demonstrable cause to
5 say that somebody is ineligible. And we found firms to
6 be ineligible by looking at their operating agreements,
7 their bylaws, their documentation. This is information
8 that is not available to the general public.

9 So there's no way that -- and we went back and
10 looked at all the status protests, and most status
11 protests appropriately are thrown out by the Office of
12 Hearings and Appeals because the protester has
13 insufficient information about the firm they're
14 protesting. It's not good enough to say I think you're
15 ineligible. You have to provide OHA with
16 documentation, and that documentation is not available.
17 So status protest is not a tool to fix the problem.

18 MR. FIELDER: Thank you, Tom.

19 Ron, we've always been curious about this in
20 the sense of how it works and whatnot. Could I
21 strongly suggest that we make this an agenda item for
22 our next meeting and bring people that can talk to the
23 protest system and why it works, why it doesn't work,
24 and how that either tells us that self-certification is
25 the correct methodology or tells us that maybe we

1 should start going down the conversation of what would
2 a certification program look like?

3 MR. AUMENT: Duly noted.

4 MR. LENEY: Ed, I want to emphasize, OHA is
5 doing it correctly. The other agencies are doing it
6 correctly. This is not a -- this is not a problem
7 where somebody's not doing their job. This is a
8 problem where the system is not set up in this
9 particular case with, to me, the most important
10 socioeconomic category in the Federal Government, which
11 is veterans. We just haven't set up a system that
12 enables the good guys to demonstrate that they're the
13 good guys. But I don't feel strongly about it.

14 MS. PEREZ-WHITE: Mr. Leney, I've attended
15 that National Veteran Small Business Engagement on four
16 separate occasions, and I found it very worthwhile.
17 Thank you for doing that every year.

18 We all know there's a cost to doing business.
19 Unfortunately, a lot of the veteran-owned businesses I
20 talk to say that they cannot afford to attend this
21 conference anyway. I've heard some chatter about
22 possibly doing it locally in multiple parts of the
23 country. Are there any thoughts, or is it going to
24 continue to go the way that it is?

25 MR. LENEY: Absolutely. That's a great

1 question, Frances. What we seek to do with the
2 National Engagement is to enable veteran-owned small
3 businesses to gain access to procurement decision-
4 makers. Those are the program managers that establish
5 the requirements, have the budgets, et cetera.

6 I will tell you flat out, the National
7 Engagement is not the most efficient way to accomplish
8 that. I'll give you an example. We brought 46 IT
9 program managers from Washington to St. Louis. About
10 300 veteran-owned small businesses in the IT world flew
11 from Washington to St. Louis to meet the 46 people we
12 flew from Washington to St. Louis.

13 So I can't sit here and tell you that that's
14 an efficient way to do business. However, it's an
15 effective way to do business because there is no other
16 place -- time or place that 46 VA IT program managers
17 are going to spend three days talking to 300 VOSB IT
18 firms. What we seek to do, and I'm hoping to bring it
19 to fruition in 2018, is to substitute three things.

20 One, to have separate sector events like IT,
21 have them at the center of gravity, like Washington,
22 DC, so that people don't have to spend money in
23 needless travel. Second is to conduct some regional
24 events for those sectors for which regional decisions
25 are made, particularly in the area of minor

1 construction and nonrecurring maintenance. Those are
2 local and regional decisions. So we are exploring --
3 or not exploring; we're actively partnering with the
4 Society of American Military Engineers to conduct some
5 -- at least three, and hopefully six of those events in
6 2018, to spread those out.

7 Third, we will be establishing a local program
8 because for those in the medical services and supply
9 area, the hardest thing is to get to the clinicians.
10 If you've been to the last four, there are no
11 clinicians in St. Louis; there were none in Pittsburgh;
12 there were none in Minneapolis. So if the mountain
13 doesn't come to Mohammed; Mohammed's got to go to the
14 mountain. And we will be conducting local expos inside
15 the medical centers so that we can get to the
16 clinicians.

17 And I expect that we will have the contract in
18 place before the end of January, and we -- in two
19 thousand -- and beginning in the third quarter of 2018
20 we'll be starting to conduct local events. So we're
21 spreading this out so that people have more
22 opportunities to engage, again, with the program
23 people, the people that you really need to talk to if
24 you're a business guy.

25 You don't want to talk to a small business

1 specialist. You don't really want to talk to a
2 contracting officer. You want to talk to the guy who's
3 got the -- man or woman who's got the requirements, got
4 the budget, and you can identify how you can help them.
5 So we're moving in that direction, but I am not going
6 to abandon the national event until I can give you
7 something better than the national event.

8 MR. AUMENT: I guess we're at a point right
9 now where we'd like to open up the discussion to any
10 public comments. Any questions from, you know, from
11 other attendees?

12 Mr. Leney?

13 MR. GOLDSCHMITT: Tom, you mentioned 150 firms
14 that were doing business that probably shouldn't be
15 doing business. If we or one of the groups were to
16 FOIA that list, would we be able to get enough
17 information from the FOIA about why they were denied so
18 that other veterans could use that in terms of a basis
19 of a protest to find the factual information that you
20 need?

21 MR. LENEY: I don't know. The only way that
22 will be determined is if I receive a Freedom of
23 Information Act request, then I will certainly act to
24 comply with the Freedom of Information Act and provide
25 all possible information. But to be -- I'm not trying

1 to dance around the question, but that has not been
2 tested yet, and there is some question amongst the
3 legal beagles as to whether or not that is -- you know,
4 what is releasable. But if we were to get a Freedom of
5 Information Act request, then we would have to
6 ascertain exactly what we need to release.

7 MR. FIELDER: Ed Fielder, committee member,
8 again. My first thought would be that the FOIA process
9 is painfully slow, and if it did work in this case,
10 then the folks that were trying to protest would use
11 the FOIA process to strengthen their protest. So it's
12 clear to me that there needs to be other things done
13 besides the FOIA process.

14 MR. LENEY: I think the FOIA process -- I
15 would agree with you -- is incomplete. I will tell
16 you, if I receive a Freedom of Information Act request,
17 and I'm allowed to release the data, that release will
18 not be slow.

19 MS. CARSON: If you're calling in, please mute
20 your phone unless you are speaking.

21 MR. AUMENT: Timekeeper, where are we, Barb?

22 MS. CARSON: It's time to move on.

23 MR. AUMENT: All right. Well, I'd like to
24 thank Mr. Leney for joining us and for sharing his
25 remarks with us today. I think there's quite a bit to

1 digest in what he's had to offer, and we'll see how the
2 FOIA process may work.

3 MR. LENEY: I'm leaving Beth Torres behind so
4 that VA will continue to be very well represented, my
5 Deputy Director for Executive Actions.

6 MR. AUMENT: Thank you, Tom.

7 MS. CARSON: Yes, thank you.

8 MR. AUMENT: All right. Barb, I think the
9 next person on the agenda is you.

10 MS. CARSON: Yes. Thank you. I appreciate
11 that, Chair. And I'm really glad to have your
12 leadership. Thanks for all the work that you've done
13 to make this a substantive meeting today.

14 At your request, the Office of Veterans
15 Business Development was asked to provide a more
16 comprehensive update on Boots to Business, so we will
17 be doing that today. Dina Moglia is here with me, and
18 she leads this program for our team. I will also give
19 just a few highlights from the Fiscal Year 17 as
20 outlined in the agenda. We'll move on to the next
21 slide.

22 We'll start with the Veterans Business
23 Outreach Centers, and this group has been extremely
24 helpful in our work to align this resource with its
25 statutory mission to provide services to transitioning

1 service members, particularly through the Transition
2 Assistance Program. They increased their performance
3 by 50 percent. So you can see year over year that what
4 they are intended to do is actually what they are
5 doing, and they're doing a fantastic job of it.

6 So we expect counseling numbers to come down a
7 bit, those one-on-one sessions, because it does take
8 quite a bit of effort and expertise to cover the Boots
9 to Business at the frequency they're occurring across
10 quite a broad geography. I remind you that we only
11 have 20 Veterans Business Outreach Centers and
12 approximately 50 counselors, and they have trained this
13 many people in just one year. So that's approximately
14 32,000 people.

15 Moving to Boots to Business, just a quick
16 highlight to show you year over year our performance
17 there. This is a throughput. We'll get to outcomes in
18 a later slide, but over 17,000 service members and
19 military spouses, Guard, Reserve, have taken part in
20 Boots to Business, either face-to-face or through an
21 online program for those that are isolated or cannot --
22 don't have access to it on their installation.

23 So we reached 89 percent of our goal of
24 20,000. We are assessing whether that's a reasonable
25 goal. We are basing our number target on forecasts

1 received from DoD. The forecasts arrive in the fiscal
2 year that they are expected to occur, and we do not get
3 validation of the actual throughput through Transition
4 Assistance until up to two years later. So it is tough
5 to know exactly, but more to follow on that later in
6 the year.

7 For contracting, we do support government
8 contracting and business development colleagues who are
9 here today in force -- thank you so much. The way that
10 we do that is through providing some business
11 development training for service-disabled vets and
12 veteran-owned companies through our grantee, the
13 Veteran Institute for Procurement.

14 We are extremely pleased with these outcomes.
15 They have -- a graduate has immediate market value as
16 displayed by their level of award in the VA vector
17 contract, for example. Thirty-three percent of
18 awardees are VIP graduates; 21 percent of awardees of
19 the GSA VETS2 GWAC are VIP graduates as well. They're
20 making good teaming partners with each other, and
21 they're getting increased opportunities.

22 And another -- they just do really well as a
23 collaborative cohort. Once they graduate, they're
24 staying in touch and mentoring others. I encourage
25 you, committee members, to please engage with this

1 group, and I would like to discuss that further in
2 another meeting if you would be willing.

3 Okay, moving on. Outreach is incredibly
4 important. You have heard me say that it's tough to
5 get the word out about our programs. Some of the big
6 ways that we do this are through three outreach and
7 training programs for service-disabled vets, women vets
8 in the veteran federal procurement that I just covered,
9 which is VIP. Together, those programs reach about 920
10 clients a year. That's just this past year. We expect
11 that to grow. Some of these are new in their award
12 performance with SBA.

13 National Veterans Small Business Week, an
14 annual occurrence, we've reached over 6,000 people in
15 person thanks in great part to our colleagues in SBA
16 district offices and our Veterans Business Outreach
17 Centers and SBA's other resource partners, so I thank
18 them.

19 Social media is a way we need to engage. If
20 you consider that veterans are anywhere from 23 years
21 old to in their mid-sixties and beyond, we have to
22 engage in multiple channels. And we were incredibly
23 successful in that way. Over 6.7 million were reached
24 in that way in just one week.

25 And, finally, our public forums. This

1 committee in particular has been incredibly instructive
2 to us in how we can improve our current programs and
3 how we can reduce barriers and increase opportunities
4 for veteran entrepreneurs. We value that greatly.
5 Next.

6 I'm going to turn it over to Dina Moglia for a
7 more comprehensive look at the Boots to Business
8 program as requested by this body.

9 MS. MOGLIA: Good morning, everybody. Thanks
10 for the opportunity to update you on what's happening
11 with the Boots to Business program. This slide just
12 gives you some throughput data on what the program has
13 accomplished since inception in January 2013. You can
14 see the numbers there. I won't get into every single
15 year and the results from those years, but since the
16 program began in 2013, we've reached a cumulative
17 amount of about 70,000 transitioning service members
18 and trained them on the Boots to Business Intro to
19 Entrepreneurship curriculum.

20 You can see the blue boxes are the Boots to
21 Business graduates. The red boxes indicate those
22 transitioning service members that took the Boots to
23 Business training through the JKO module, the Joint
24 Knowledge Online module. We do prefer, and it's
25 consistent with DoD policy, that as many transitioning

1 service members who are interested in taking the Intro
2 to Entrepreneurship course go to a brick-and-mortar
3 class, and that is reflected in the blue boxes there.

4 Moving on. Some programmatic changes just
5 this year actually that you should be aware of. In the
6 past, I think folks were familiar with, of course, the
7 Intro to Entrepreneurship class, it being a two-day
8 course, and then we used to characterize Boots to
9 Business as sort of a two-step process.

10 We recommend if people are interested in
11 entrepreneurship those transitioning service members,
12 spouses, caregivers, eligible parties, then they could
13 pursue additional entrepreneurship development training
14 after that two-day intro course through an eight-week
15 course that was offered previously through Syracuse
16 University, the Institute of Veteran Military Families.

17 That course has been taken offline, actually,
18 and it's been refreshed and replaced by all the courses
19 that you see on this slide now. So the first one
20 listed, through a new grant with Mississippi State
21 University, they have created the Revenue Readiness
22 Course, information you can find online at the URL
23 that's listed on that slide.

24 But just to give you a brief summary of what
25 that course is about, it meets twice a week. It uses

1 Zoom web-conferencing technology for six weeks and
2 prepares the participants to take their business idea
3 from concept to an executable business model in a
4 relatively short time frame. Upon completion of the
5 Revenue Readiness Course, then those participants are
6 connected with appropriate veteran entrepreneur --
7 veteran entrepreneurial development resources sponsored
8 by SBA.

9 The next course that you see listed there, the
10 Market Research course, a new course developed by IVMF
11 in partnership with Cornell University, that also is an
12 online course. And, again, information you can see --
13 can be found at the URL on that slide. And the Market
14 Research course actually has a couple of different
15 topics. It focuses on primary market research, which
16 teaches students how to use tools for creating a value
17 proposition and market validation. And it also looks
18 at defining and redefining the product market fit.

19 And that actually launched in -- I believe it
20 was September, and the Revenue Readiness course
21 launched in August.

22 Then the most recent course that's launched is
23 the third one listed on that slide, the Business
24 Fundamentals course. That just launched this month.
25 So far, they've got 63 participants. It's hosted by

1 IVMF at Syracuse in partnership with Cornell.
2 Additional information, again, can be found at the URL
3 specified on this slide.

4 They cover many different dimensions of small
5 business, including legal issues, HR issues, sales,
6 risk mitigation, customer acquisition, SBA resources,
7 entrepreneurial marketing, economics. The list goes on
8 and on. But, again, additional information can be
9 found online.

10 And then the last course that actually is
11 still in development. It's not just one course; we
12 anticipate it will be several different specialty
13 tracks, and there are a number of different topics that
14 are on the table for discussion between us and our
15 grantee, again, IVMF at Syracuse University, in
16 partnership with Cornell.

17 Some of those specialty tracks that we're
18 looking at include technology, product development,
19 services, social enterprises, government contracting.
20 Again, sort of in discussion and trying to finalize
21 those, but certainly open to other suggestions from the
22 floor. Moving on to the next slide.

23 Another programmatic change that you will see
24 coming up and being implemented in the next calendar
25 year is the curriculum for the Boots to Business

1 program. So the curriculum itself really hadn't been
2 refreshed since its inception in 2013. We took the
3 opportunity this year to really kind of scrub it and
4 take all the feedback that we've gotten from the bodies
5 that you see listed on that slide, so from folks such
6 as yourselves, participants who have gone through the
7 course, instructors of the Boots to Business program,
8 as well as a curriculum work group that we had pulled
9 together with various stakeholders and resource
10 partners to provide subject matter expertise on
11 teaching the course out in the field.

12 And pulled together, synthesized all of that
13 feedback and information and used that to refine the
14 curriculum, which I'll get into the specifics on the
15 next slide, but just wanted to let you know we are in
16 the midst of finalizing the instructor guide.

17 And a couple of things that we are hoping to
18 do with that are to provide teaching tips that we've
19 gathered from the field to improve the quality and the
20 consistency of the course so it's fairly standardized
21 across all of the United States, as well as OCONUS
22 installations. There's additional resources that we
23 will be using to build out the instructor guides so the
24 instructors can share those with participants in the
25 class, and then providing vignettes and whatnot.

1 We anticipate launch of the new curriculum in
2 April of next year -- April 1st, so we're starting to
3 ramp up all the communications on that, so you'll
4 probably be hearing more about that soon after the
5 holidays.

6 Moving on to the next slide, just some
7 specific changes to the curriculum. The market
8 research module, it now incorporates the government
9 contracting -- Federal Government contracting content.
10 That was actually in one of the later modules, and then
11 it was moved up to this market research model -- or
12 module, excuse me, which is earlier in the Boots to
13 Business curriculum. It's usually in day one.

14 The economics module now includes some break-
15 even and high-leverage content. Module 6, which is
16 financing, has better integrated various SBA financing
17 options, so Community Advantage you'll see referenced
18 in there. Microloan will be included.

19 And then the last module, resources, is now
20 including various rural development resources that USDA
21 provides. That's something that we heard very strongly
22 from folks in the field for those people who are in
23 rural areas or returning to rural areas who are
24 interested in doing something entrepreneurial in their
25 community. They really would -- they know about USDA

1 and the plethora of resources they provide, but didn't
2 necessarily have access or know how to go about finding
3 out more information. So we've now embedded that into
4 the Boots to Business curriculum.

5 So moving on to the next slide. This is some
6 information on the outcome survey that we conduct. We
7 do it -- I say annually, but that's a little deceptive
8 because it is conducted on a rolling basis based on
9 Boots to Business graduates' date of completing that
10 program. So we did our first push back in -- I think
11 it was February 2016. That was the first time that we
12 had sent out a survey, OMB-approved, on trying to
13 assess the impact of the Boots to Business program on
14 those participants who went through it and whether or
15 not they ended up starting a business as a result of
16 that training.

17 These are some of the findings, which can be a
18 little hard to read on this slide, but generally you
19 can see the top blue portion based on the results of
20 the survey and it's now been a couple of years of data
21 worth that informs this slide. Ninety-four percent of
22 those that had gone through the Boots to Business
23 program are still in business. Forty-one percent of
24 the respondents had started a business.

25 So the 41 percent, if anybody's eyes are as

1 bad as mine, is the first blue box, the rounded blue
2 box on the left. And then if you just follow that
3 slide over, it's a progression. So one of the next
4 questions we asked was after, you know, the training
5 and if you completed it, did you start a business, in
6 what time frame, are you still in business. So that's
7 sort of the flow of that particular chart.

8 The bottom portion, the orange blocks,
9 indicates those survey respondents that indicated they
10 tapped in to SBA follow-on resources, and we are
11 defining that a little bit more broadly than we have in
12 the past. In the past, we used to think of it as, you
13 know, the eight-week online course that was offered.
14 But now we've broadened that, so it's not just the
15 eight-week online; it's all those follow-on courses
16 that you saw, excuse me, in the previous slides, but
17 also whether or not folks are connected with their
18 local entrepreneur ecosystem in the field, so that
19 could be a VBOC, a Veteran Business Outreach Center.
20 It could be an SBDC, a Small Business Development
21 Center, or a WBC, Women's Business Center, or SCORE, a
22 number of different resources that we try to direct
23 people who are interested in entrepreneurship to tap
24 into.

25 MR. FIELDER: Sorry to interrupt, but if I

1 don't have the question right now --

2 MS. MOGLIA: That was a lot.

3 MR. FIELDER: This chart, from a
4 statistician's point of view, 41 percent of respondents
5 started a business. What was the total respondents
6 based on the database of, what, 69,000 or whatever that
7 was, and what does the statistician say in the sense of
8 the reliability of that database, because it seems to
9 be overwhelmingly of those that responded are starting
10 businesses.

11 MS. MOGLIA: Right. Yeah, that's sort of
12 the challenge with this survey tool.

13 MR. FIELDER: I mean, there's lots of
14 numbers --

15 MS. MOGLIA: Exactly.

16 MR. FIELDER: -- but do they mean anything?

17 MS. MOGLIA: Yeah, so what we found, even
18 though we know we hit -- we target -- we touched
19 70,000 --

20 MR. FIELDER: Right.

21 MS. MOGLIA: -- transitioning service members
22 and spouses, of those, we were able to get usable --
23 because this is done via email, it's online, so of all
24 of those individuals, we were able to get 10,000 usable
25 email addresses. That's who we sent to. And of those

1 people who received the survey, to date, we've gotten
2 approximately 1,2000 usable responses. So it ends up
3 being like less than 1 percent, frankly, of the survey
4 pool that is responding. It's a small data set.

5 There are inherent biases, right? Self-
6 reported data has got its own biases. So, you know,
7 the tool is something we use as just sort of an initial
8 indicator until we can get some other evaluation
9 activities in place, and I'll speak more about those in
10 a couple slides, but it is a small data set. We are
11 actually working with the DoD and the other interagency
12 partners -- VA and DOL -- in trying to improve that
13 through a data-sharing agreement.

14 And one of the investments that SBA has made
15 to live into the tenets of that data-sharing agreement
16 with DoD and the other interagency partners was
17 acquiring a CRM -- customer relationship management --
18 system so we can hopefully keep track better of and
19 more efficiently and effectively of the numerous
20 stakeholders in this space. It got to be a little much
21 to try to keep track of all the resource partners and
22 the instructors and the participants and the 200 --
23 nearly 200 installations that we provide Boots to
24 Business on, and all the locations for the Reboot
25 courses.

1 It got to be a little much for an Excel
2 spreadsheet, so we invested in the CRM. It meets
3 federal IT requirements, so it's a secure place that
4 DoD feels would address the security requirements
5 necessary for obtaining and using their data. So the
6 plan is once we have got our CRM, which is operational,
7 although it is not fully built out because we just
8 launched that in July, the plan is to eventually have
9 that system talking and feeding data back and forth
10 with DoD so we can hopefully have better access to
11 those 60- to 70,000 folks that we know we've touched.

12 MR. FIELDER: Okay. First, a comment, and
13 then a followup question, which you started touching on
14 it. So you anticipated my followup. The comment would
15 be I'm not a statistician. When I see 1,200 out of
16 69,000, generally the statisticians will tell you that
17 those that are really happy and those that are really
18 unhappy respond; those in the middle never respond.
19 And, so, just to note that.

20 Secondly, we've been talking about, the six
21 years that I've been on the committee, usable data to
22 provide usable metrics to say is this successful or is
23 this not successful. I'm still puzzled why we can't
24 track 69,000 people if they're in our hands for
25 coursework. And, so, you started to answer that with

1 the CRM database. Maybe this isn't the time to talk
2 about it. Maybe we need to talk about it at a future
3 time, but -- go ahead.

4 MS. CARSON: Dina's going to continue with her
5 program evaluation and other things, but we would
6 appreciate the support of this committee in any data-
7 sharing effort that we have. There are constraints.
8 It took 18 months to even get a survey instrument. The
9 access to administrative data and sharing between
10 agencies is quite a heavy lift, even with some
11 legislation that encourages such collections.

12 MS. MOGLIA: So moving on to the next slide, I
13 mentioned just a minute ago about some of the other
14 evaluation activities that the Boots to Business
15 program has begun to undertake, and the first one
16 listed there, and I'll get into that one in a little
17 bit more detail in a few other slides, so I won't put
18 too much emphasis on it here.

19 But the first item there is a formative
20 evaluation, that the Boots to Business program is
21 partnering with SBA's Office of the Chief Financial
22 Officer on. We received extracurricular funding from
23 our CFO to look at factors that influence the execution
24 and the participation in the Boots to Business program.
25 So that's something that we are in the middle of right

1 now. We will be getting into a little bit more detail
2 in a few other slides.

3 The second item on here is something that Barb
4 already alluded to. It's called the Boots to Business
5 Performance and Goal Setting Analysis. There is some
6 work that our staff has done internally looking at the
7 data, analyzing it, and trying to discern if the
8 current 10 percent annual performance goal that we have
9 set up based on transition projections is really
10 practical given our resource level.

11 The next item on there is a fairly new
12 evaluation activity for us. It's something that we
13 just found out about about a month ago that we were
14 selected by Carnegie Mellon University. Our proposal
15 was submitted quite a few weeks ago, proposing an
16 analysis, looking at the factors that could maximize
17 Reboot course attendance.

18 And I'm sure you're familiar with Reboot.
19 That's the extension, if you will, of the Boots to
20 Business curriculum to all era veterans. There are
21 many veterans that didn't have the benefit of access to
22 the Boots to Business program because they transitioned
23 prior to that being launched. So Reboot is an
24 opportunity for SBA to provide that service to all era
25 veterans who might not have gotten that benefit prior.

1 We anticipate that work to be complete next
2 spring. It's dependent upon the graduate students who
3 are staffing that project.

4 The next item listed on this slide is a
5 program impact project, something that we have taken on
6 along with Army's -- the Military Academy's Office of
7 Economic and Manpower Analysis. They had approached us
8 wanting to look at Boots to Business and how it has
9 impacted their Army-affiliated participants. Army is
10 one of our highest throughput service branches, so we
11 were thrilled when they said that they wanted to take a
12 better look at Boots to Business and how it's impacting
13 their service members.

14 We are in a holding pattern on that at the
15 moment because although OEMA has a number of data-
16 sharing agreements, because they're doing this type of
17 work all the time, one of the data-sharing agreements
18 that they have with Census and with IRS is actually
19 being renegotiated right now, so it's a holding pattern
20 until that can get settled. Hopefully in January 2018
21 we'll see that restart.

22 And then the last item on here was actually
23 the previous slide with the blue and the orange, the
24 outcomes assessment. And I won't get into the detail
25 on that since we've just discussed it, but just to say

1 that was actually one of the initial outcome-oriented
2 activities of this program, which is -- I call it a
3 baby step towards broader program evaluation.

4 There really wasn't any data of this type
5 being collected for a program this young. So to get
6 the survey drafted and to get it approved by OMB and
7 launched was actually a huge undertaking that gets us a
8 step in the right direction. So it's nice to at least
9 get it launched. Now we can look at fine-tuning it and
10 seeing how that fits in addressing other research
11 questions that are coming up through, you know, folks
12 such as yourselves and other Boots to Business
13 stakeholders.

14 Moving on to the next slide. The survey tool
15 that you keep hearing us talk about, the outcomes
16 assessment, it actually is going to expire this time
17 next year, so we are in the midst of trying to renew
18 that. There might be some slight modifications to it,
19 but it is open for public comment now, and you can see
20 the notice here on the slide. It's in the Federal
21 Register currently, the November 24th edition. Details
22 are there. The comment period will close January 23rd.
23 All the contact information is in that notice if you
24 know of folks who want to provide any feedback on that.
25 Certainly welcome to.

1 Moving on to the next slide. This is the
2 little bit more detail I offered to provide on that
3 formative evaluation project that the Boots to Business
4 program has undertaken with the SBA's CFO. And this is
5 being done by an independent contractor. They have
6 completed a number of tasks so far to get us to the
7 point we're at now, which is we're about to launch
8 interviews with select installation transition service
9 members, resource partners, and veteran-business
10 development officers and district directors within the
11 SBA offices.

12 So ths things that the contractor has done to
13 sort of get up to speed on this -- on this project was
14 they reviewed a lot of the program data. We gave them
15 reams and reams and reams of information, so they
16 really immersed themselves, studied that, and have come
17 up to speed quickly. They conducted a literature
18 review. They have analyzed the existing program
19 administrative data, and we are now in that last part
20 where we're consulting with them to refine the
21 methodology that they proposed, which I think is
22 outlined on the next slide.

23 Yeah, they've proposed a mixed-methods design
24 to this study. Again, the interviews I just touched
25 upon, we anticipate those launching within the next

1 couple weeks, and it will probably go into early next
2 year. We are looking at the existing survey
3 instrument, which you heard me talk about. That's the
4 outcomes assessment. It was crafted a couple of years
5 ago. It was crafted in 2015. The program has evolved
6 since then, so we know that there's probably some
7 tweaks that we'd like to make to some of the questions.

8 And then the deliverables that we expect,
9 hopefully in the summer, more or less, for next year,
10 but, of course, project plans can get upended, but
11 that's the initial time line, is the study findings
12 from the contractor, as well as actual recommendations
13 on how to improve the program to get better results,
14 and then they also offered to provide us an
15 implementation plan on taking action on the
16 recommendations.

17 Challenges is the next slide --

18 MR. AUMENT: Excuse me, Dina. You said that
19 is like due summer of 2018?

20 MS. MOGLIA: Right. We're anticipating it.

21 And then moving on to challenges, I know this
22 is always something we've been struggling with since --
23 and I think every program does, really, since their
24 launch in trying to track that long-term, that
25 longitudinal connection between what it is the

1 program's providing, the service in this case,
2 entrepreneurship training, and how that is impacting
3 the participant down the line, but also what does that
4 mean for the services that they come in contact with,
5 including SBA services, throughout that journey.

6 So it's an ongoing challenge. We have been a
7 bit hamstrung frankly because of not having a secure
8 system to house all of that data that we could
9 potentially get from DoD. But, again, we're kind of
10 turning the corner on that and moving forward. So
11 we're making progress there.

12 And that leads to the second point, which is
13 the data exchange between DoD and SBA. None of that's
14 possible, frankly, unless we have a secure system.
15 And, again, we do -- we were fortunate enough to get
16 the authority to operate the CRM earlier this year from
17 SBA leadership.

18 The last point, marketing and outreach to
19 increase enrollment, that's an area that we're always
20 interested in exploring, particularly looking at the
21 Reboot courses. We know that's a demographic that we
22 could probably do a better job of trying to get them --
23 increase their awareness of this resource.

24 I think that's all I have, and I don't know if
25 there's time for questions, but happy to give the floor

1 back.

2 MR. AUMENT: Open for questions.

3 (No response.)

4 MR. AUMENT: I can really empathize with you
5 on the challenges of particularly program evaluations.
6 I frankly applaud you for actually doing that. There
7 are very, very few, in my experience, you know, federal
8 departments or agencies that actually are doing program
9 evaluations. That was sort of a lost art in a sense,
10 too, but -- so I applaud you for doing that.

11 MS. CARSON: This is Barb Carson, SBA. I'm
12 going to continue on with the OVBD briefing. I am very
13 grateful to Dina and her team for all the work that
14 they are doing in program evaluation. And, Dina, I
15 don't want to misspeak, so I'm looking at you, but the
16 OEMA project on the Army population, maybe that first
17 step that Mr. Fielder is referencing, a good
18 population, if we can get the Census and IRS talking,
19 that will help us get that administrative data that
20 we're trying to make the case for the larger
21 population. So please be on the lookout and encourage
22 agencies to help us complete that study, and perhaps we
23 can expand once we've shown that it is meaningful.

24 Moving to the Veterans Business Outreach
25 Center, I am very pleased to announce that we do have a

1 new Veterans Business Outreach Center program director.
2 Stan Kurtz is here with us. I am asking him to stand
3 in the room. We're very pleased to have him. He is a
4 Navy retiree, a senior master chief --

5 MR. KURTZ: Senior chief.

6 MS. CARSON: Excuse me, Senior Chief. The Air
7 Force always gets it wrong. We're not just as fancy,
8 but we're thrilled with his -- not only his military
9 experience but all that he has done. He comes to us
10 from the Texas Veterans Commission, where he was
11 leading their employment for veterans in the state. If
12 you know anything about Texas, they are among the most
13 well-integrated veteran programs, from everything from
14 economic opportunity to healthcare and multi-
15 organization, so public, private, nonprofit, academic.
16 So we expect to put all those talents to use in the
17 VBOC program. We're glad you're with us, Stan.

18 MR. KURTZ: Thank you.

19 MS. CARSON: He is jumping right into a great
20 time in the VBOC program. The funding announcement is
21 out. Every VBOC is being recompeted. I told you that
22 currently there are 20, and we have some outstanding
23 current members, but there is no such thing in this
24 program as continuation. They all must compete. So
25 that is open until January 8. It can be found on

1 Grants.gov.

2 The criteria for what we're looking at for
3 VBOCs is listed there for this committee's review, but
4 no surprises. Because their unique statutory mission
5 is transition service, they need to be nearby and able
6 to serve military installations through Boots to
7 Business instruction. They also need to serve Guard
8 and Reserve, veterans of all eras, and military
9 spouses. So although they do serve anyone for anything
10 that they need, veteran-related, we are focused on
11 transition assistance, and that's why you see that
12 listed there.

13 We can show you all the ways that we've tried
14 to outreach and let a wide population know that this
15 opportunity is there. We need competition, and we will
16 be evaluating those responses in January to February.
17 We need to make that announcement by March in order to
18 have no disruption in service. And they will be up and
19 running May 1st.

20 Next. National Veterans Small Business Week,
21 a great collaboration between my partners here in SBA
22 and partners who are grantees. We now have 33
23 grantees. They joined us for this. So just a quick
24 highlight on what happens and a reminder to you that
25 the last -- the week before Veterans Day is when we do

1 this. This time, it happened to be the last week of
2 October, which is October 1 to November 5. Here are
3 some of the graphics we used.

4 The next slide is the impact and who
5 participated. So I've already briefed a bit of this.
6 I just wanted you to have it for the record. Next
7 slide, and the one after.

8 This would be something useful perhaps in the
9 spring meeting, Mr. Chair, on what would you like us to
10 see, where do you think we have opportunities to do
11 outreach, if this is our best opportunity to reach
12 veterans, what do you want them connected with? So
13 really would appreciate your input, giving you this
14 chart here that shows how we focused on the different
15 vertical each day and how we did that. Happy to adjust
16 with your input.

17 Moving to the next slide. This is a
18 demonstration of what happened in the field.

19 Continuing, on to the next slide. These are
20 the face-to-face events, and the next slide shows you
21 some of the social media reach and impact.

22 Moving on, some national-level events. These
23 are our grantees and what they are doing, that we can
24 see, at least, and we continue to look for updates.
25 We'll be looking for ways, Jamie and her team, on ways

1 to be more progressive in pushing this out on a regular
2 basis. But for now, that's what we have.

3 And moving on. And a real high-level look at
4 what's ahead in '18. The top five or more, just a few
5 more, priorities that we're working in 2018. You've
6 heard about them all today. And for policy and
7 engagement, these are national-level engagements that
8 will begin. The American Legion continues to be an
9 outstanding partner to us. We look forward to
10 introducing our SBA Administrator to the new American
11 Legion Commander in February, looking to Joe Sharpe to
12 make it happen.

13 The next FACA committees are listed there for
14 you, 7 and 8 March. National Small Business Week this
15 year is 29 April to 5 May. And ongoing, we're
16 participating continually in Hiring our Heroes
17 transition summits with the U.S. Chamber of Commerce
18 Foundation at military installations around the United
19 States.

20 And, finally, for the Veteran Business
21 Outreach Centers, we are going to make those
22 announcements, as I promised you. We will bringing all
23 the new awardees to town to get them trained up. We'd
24 love for the committee to meet them. We'll see how we
25 can make that happen. And then VBOC 2.0 is our naming

1 convention for providing some tools to ensure
2 consistent and progressive service and resources
3 regardless of the VBOC. And then they can add on their
4 special talent, but we want to have a common frame and
5 resource for them.

6 Unless there are any questions, Chairman, I'm
7 complete.

8 MR. AUMENT: Just one quick question. What is
9 your criteria for the district nominations of the VOSB,
10 SDVOSB of the year?

11 MS. CARSON: I would have to look to SBA's
12 criteria, and I'm happy to share that with you to share
13 with the committee.

14 MR. AUMENT: Yeah, right, thank you.

15 MS. CARSON: Mm-hmm.

16 MR. FIELDER: Barb, just to follow up on the
17 recompetes, there are, I think, five or six VBOCs that
18 have barely gotten themselves started in the sense that
19 their initial was 18, 20 months ago. And in the source
20 selection criteria, as they're evaluated, I would hope
21 whatever momentum they've gained is part of the
22 evaluation so that we're not starting all over again
23 with new groups.

24 MS. CARSON: Past performance is absolutely
25 one of the criteria we assess.

1 MR. FIELDER: Thank you.

2 MR. AUMENT: Any further questions, either
3 from those in attendance here or on the phone?

4 (No response.)

5 MR. AUMENT: All right. Thank you, Barb.

6 Moving on to the next item on the agenda, it
7 looks like we have already gone through the updates
8 from Barb and from Tom Leney, so it looks like, you
9 know, Ken Dodds, updates on the contracting and
10 business development.

11 MR. DODDS: Thank you very much. Good
12 morning. I'm going to give you a brief update on
13 pending FAR small business cases that might be of
14 interest to you, upcoming SBA rules that you may see in
15 the next fiscal year, and then the NDAA of 2018 was
16 signed on the 12th, so there are some small business
17 provisions that I want to give you a high-level, you
18 know, brief on.

19 So starting with the FAR, we have a case on
20 similarly situated entities that allows firms to team
21 together. We finalized our rule in 2016. We're trying
22 to do this as an interim final rule. We're done in the
23 small business committee working on it; it's just a
24 question of getting it submitted to OIRA for intra-
25 agency review. So hopefully it will be published

1 sometime this fiscal year, but I don't think it will be
2 published before the next time we meet in March.

3 We also have a rule that we worked on around
4 joint ventures because you know back in 2016, and we
5 did a rule on all-small mentor protégé, which allows
6 SDVOs to get a mentor, joint venture, and go after
7 government contracts. We want to update the FAR to
8 make sure it's accurate in the way that it causes talk
9 about eligibility, but the important thing to note is
10 that SBA's rules, which are final and effective, are
11 what we use when we do a size or status protest. And
12 we're the ones who decide whether a joint venture is
13 eligible for a small business or SDVO setaside. So we
14 will update the FAR, but you can still contract and use
15 all the things that we did in 2016.

16 The multiple award contracting final rule,
17 this is from the Jobs Act of 2010. You know, we're
18 still -- SBA did a rule in 2013, and we're still trying
19 to update the FAR around reserves and order setasides
20 and things like that. Because we require size
21 standards on orders under our policy, there are some
22 impacts on FPDS and contract-writing system, so we are
23 talking about how that rule will be effective, but
24 hopefully we'll issue that this fiscal year.

25 The fourth rule up there is the one around

1 contracting outside the United States. The FAR
2 currently says that the Part 19 does not apply outside
3 the United States. We've always argued that you have
4 the discretion to contract with small business outside
5 the U.S. Some agencies read that and say, we're
6 prohibited from doing setasides outside the U.S., so
7 we're trying to update that language to make it at
8 least usable outside the U.S., especially since some of
9 that is included in the goaling base for agencies.

10 And then the last rule really applies to
11 other-than-small businesses, and that's the one where
12 they'll get credit at lower tier for subcontracting.
13 And that case was just opened in December, so there's
14 still a lot of work to be done on that rule.

15 Let's go to the next slide; thank you.

16 So these are the rules that you may see in the
17 next fiscal year. The first one, there are some
18 adjustments that I think need to be made to the
19 limitations on subcontracting rule. There are some
20 questions about whether you can do a setaside under a
21 setaside contract or an order setaside, so we're going
22 to propose some language and get comments on making
23 some adjustments. And there's a lot of other things
24 from like the NDAA of '16 and '17 in there. It's kind
25 of a mix of many different things in that rule, but

1 hopefully that will be published this fiscal year.

2 The one of interest to you that Tom talked
3 about, the SDVO ownership and control rule, we've
4 worked with the VA. We've drafted something. It's
5 gone through clearance. The next step is to get it to
6 the Administrator for signature, and then we can
7 publish it in the Federal Register. This rule does not
8 have to go to OIRA for interagency review, so that cuts
9 off probably three months of time.

10 So hopefully it will be published end of this
11 month or in January. It will have a 60-day comment
12 period, which means the comment period will close
13 before the next time we meet in March. So you can go
14 to Regulations.gov and submit your comments online.
15 And you can also, I believe, sign up there to be
16 alerted when a rule is published in the Federal
17 Register, since most of you probably don't read the
18 Federal Register every day. So that's the way you can
19 do it.

20 So after that, we have a women-owned
21 certification rule that we're -- we've drafted, but
22 it's not yet in clearance. But that's from the NDAA of
23 2015, which said we need to have a certification
24 program for women-owned small businesses. So hopefully
25 we can get that published this fiscal year as well.

1 And then we're going to work on a proposed
2 rule for HUBZone and make some adjustments because, you
3 know, we've struggled to meet the goals for HUBZone.
4 It's one of the ones that we have missed for 20 years
5 now, and part of the problem is compliance is so
6 difficult. So we're going to try to come up with some
7 ideas to make using the program and being in the
8 program easier.

9 All right, let's go to the next rule. So Tom
10 did mention also that OHA will now -- under the law
11 will hear protests and appeals from CVE verification.
12 There's the cite to the rule. It was published in
13 September. The comment period has closed. I think the
14 final rule is in clearance here at the agency, so
15 you'll see that maybe before the next meeting in March
16 as a final rule. And from that point on, all those
17 kind of things will go not to the VA but to SBA's
18 Office of Hearings and Appeals. Let's go to the next
19 slide.

20 So the NDAA '18 was signed. One of the things
21 that is in there that is of interest to government
22 contracting is the portal idea. This is kind of called
23 the Thornberry Amendment, and the idea is that you can
24 go -- the Government should just be able to go online
25 and order items. So it's going to be phased in, going

1 to be run by GSA. Let's go to the next slide.

2 They did mention small business. One, if you
3 order from a small business through this portal, you'll
4 get credit as an agency. It also says that nothing in
5 this law limits your ability to restrict competition to
6 small business, which we think is important. Let's go
7 to the next slide.

8 So it will apply to items, commercial, off-
9 the-shelf items, and it will apply to procurements that
10 are below the Simplified Acquisition Threshold. Let's
11 go to the next slide.

12 So speaking of the Simplified Acquisition
13 Threshold, it was increased to \$250,000. And the
14 micropurchase threshold was increased to \$10,000. And
15 they put these terms into Section 15(j), which is the
16 statutory small business contract reserve. So what
17 that means is every time in the future that they raise
18 the SAT that the statutory reserve will also go up. So
19 we think that's great. Let's go to the next slide.

20 Because this went up, the limitations on
21 subcontracting and nonmanufacture rule will not apply
22 to small business setasides below the SAT, so now it's
23 going to -- right now it's at 150, but it's going to go
24 up to 250 because that was raised. They also put in
25 language defining a prime contract to include contract

1 or contractual action.

2 And, so, to me, when you look at the Small
3 Business Reserve, that kind of means that that may
4 apply to orders. We've had, you know, the Kingdomware
5 case, which involved the VA using orders and whether
6 they had to do a rule of two. This language, to me,
7 kind of applies it to the entire government, but we'll
8 see how that's interpreted. Go to the next slide.

9 A lot of changes around HUBZone. Again,
10 Congress is also trying to make it easier to comply
11 with the program and to use the program. Of note,
12 governors will be able to petition the SBA to create a
13 HUBZone. Right now, HUBZones are created based on
14 statistical designations, but if the governor can make
15 a case and there's criteria, they can come to us once a
16 year to ask for an area to become a HUBZone and we can
17 approve that. Go to the next slide.

18 One of the big changes is also that the map --
19 one of the problems with the program is like every year
20 the map changes, and now you have to move your business
21 across the street to become eligible, and people will
22 have to move where they live. So they've basically --
23 Congress froze the map, so there's not going to be any
24 changes between now and 2020. Then we're going to do
25 an analysis in 2020, and then from then on it will be

1 every five years. So it won't be an annual change to
2 the HUBZone status. So we think that will help
3 stabilize the program as well. Let's go to the next
4 slide.

5 All right, now I'm going to turn it over to
6 Ajoy, and he's going to tell you about Certify.gov.

7 MR. FIELDER: Ken, can you take questions
8 before we --

9 MR. DODDS: Oh, yeah, I'm sorry.

10 MR. FIELDER: Yeah, I had a question all the
11 way back on slide four.

12 MR. DODDS: Oh, I'm sorry.

13 MR. FIELDER: Slow down, man. Back to slide
14 four. In reference to the earlier conversation, and
15 I think you were still in the room when Tom was
16 talking about the VA certification program and this
17 troubling -- we found a quarter of a million dollars,
18 that was the people that we couldn't certify -- yeah,
19 quarter of a billion, excuse me, dollars. And, so, the
20 first question, SDVO ownership and controlled proposed
21 rules. You sort of went right straight through that.
22 What's the substance of that rule?

23 MR. DODDS: We have -- SBA has rules that
24 define what ownership is control for a serviced
25 disabled veteran business that we use for our protests

1 throughout the Government. And the VA has their own
2 ownership and control rule that they use to be
3 certified by them to get in their database and to go
4 for VA contracts.

5 Now, generally speaking, they were very
6 similar, but there were slight differences. And, so,
7 it's a better -- it would be better policy if we're
8 defining it to have one rule that everybody follows.
9 And, so, that's what Congress hopes --

10 MR. FIELDER: Assuming this may be the crux of
11 this -- the similar data that's coming out, self-
12 certification and their program. Is this a rule that a
13 contracting officer can apply, or it only applies when
14 it gets to the protest stage?

15 MR. DODDS: The contracting officer really
16 doesn't have a role in determining eligibility. That's
17 not their business, but they can file a protest at any
18 time. So if they see something that makes them think
19 that it's really not being -- this company isn't really
20 owned and controlled by a service-disabled veteran,
21 they can and should file a protest with us. And, of
22 course, SBA can also file a protest if we get
23 information.

24 MR. FIELDER: Okay, now, this one's going to
25 put you on the spot a little bit. So you can hand off

1 if you have to.

2 MR. DODDS: Dodge it? Okay.

3 MR. FIELDER: This comment about the protest
4 system not -- and these are my words. These are not
5 Tom's words, but not working, so that when other
6 contractors protest, they don't have the data to
7 sufficiently -- and we talked about FOIA and a couple
8 of other things, they don't have the data to be able to
9 adequately protest awards, and therefore self-
10 certification, with the way it's working through the
11 protest system, may not be an adequate system, could
12 you comment on that?

13 MR. DODDS: I mean, I've been at SBA now 20
14 years, and, you know, we've had from the beginning a
15 self-certification program for small business, you
16 know, and so to some extent, it is a self-policing kind
17 of community where, you know, we do get a lot of
18 protests where the status is challenged. I can't -- I
19 don't know, like, what the data really shows. For
20 example, there could be anomalies in there where a
21 contracting officer misclassified it.

22 There could be -- there are situations where
23 we may say they're eligible and they may say they're
24 not, just based on -- it's just kind of a -- to some
25 extent, it's subjective determination, when we're

1 looking at documents to determine whether you really
2 are owned or controlled. So there are some nuances
3 there.

4 MR. FIELDER: Yeah, and I can just follow up.
5 What was troubling in that conversation was is that
6 protesting contractors are not able to get adequate
7 information so that they can adequately protest. Too
8 many adequates, but nonetheless, I think you know what
9 I'm trying to say.

10 MR. WONG: This is Robb Wong. One of the
11 challenges, I think, is that you have to kind of look
12 at business in general. Are businesses inherently
13 trying to do good, or are they trying to inherently do
14 bad? We'd like to think that they inherently try to do
15 good. By the same token, then you have to also have an
16 orderly process because this is a competition, right?

17 And, again, I think that -- so if you look at
18 things that businesses are trying to do good, we want
19 to take away the restrictions for good businesses to --
20 that impede them to get into business. So on one hand
21 you have self-certification, right? Okay, well, then
22 we have opportunists, right? And that's -- you know,
23 that's the elephant in the room.

24 The opportunists will take an opportunity that
25 if, you know, when in doubt, right, you know, when in

1 doubt, push forward, right? Or we could take a
2 restrictive government view and say when in doubt, kick
3 it out, right? Somewhere in the -- we have to -- we
4 have to -- it's an imperfect science, but we have to
5 make the best efforts that we can to try and find
6 equilibrium between the good actors and the bad actors.

7 One of the things that complicates the things,
8 and this is something that Tom didn't say, and I'm
9 anticipating your question, it's not something that SBA
10 can do necessarily on its own to enforce against all of
11 the bad actors. One of the weird things you have with
12 the legal system, aah, it's the lawyers, right? But
13 the lawyers require that just because you see something
14 wrong, you have to actually -- these are my words --
15 you actually have to have standing, which means that
16 you have to be an interested party, you have to be in
17 that game and effectively have something to stand -- to
18 win or to lose, but you had to put some skin in the
19 game first.

20 So even if you see something that's wrong, you
21 can't really -- you can't -- right now, the rules don't
22 allow you to be able to have standing to enforce those
23 rules. And it's very similar to watching a football
24 game. If everybody sees a clip, but we're not playing
25 the game, and we don't have access to -- we don't have

1 access to the referees, okay?

2 But what I think will happen with these rules
3 here, it will hopefully help the good actors to, as I
4 tend to say, when you look at rules, lots of people, or
5 there are some people that try to avoid the rules and
6 try to figure out the rules and try to have the -- to
7 find loopholes to the rules. In my opinion, though,
8 businesses should look at those rules as an instruction
9 manual on how to structure your business and when to
10 qualify.

11 But the problem that you have in terms of even
12 if -- to your question, even if the individuals had the
13 information about the bad actors in this case, they
14 still don't -- they still may not have standing. And
15 we've dealt with a couple of cases in our office
16 already this year. So that's -- it's just something
17 else for the committee to consider.

18 MR. FIELDER: So I don't even know if this is
19 a rhetorical question or it's a question, but please
20 take a shot at it. If Tom tells us there's \$250
21 million and it's essentially 150 contracts that they're
22 aware of and that those are contracts from \$100,000 and
23 on up, okay, just do the math, 150 into \$250 million,
24 those are big contracts. Is there any -- am I being
25 naive to suggest that this rule may clear up a good

1 part of those?

2 MR. WONG: I think that it will help. I think
3 that it will help, again, with the bad actors. You
4 know, I think there are some people that intentionally
5 try to game the system, absolutely, but I think that
6 there are people that are protested who unwittingly or
7 just merely through the appearance may not actually be
8 in violation. I don't doubt the number that Tom
9 proposed, and at 250 million, you know, on my radar,
10 that's way too much. So we've got -- we've got to act,
11 and we can't simply say it's not our problem. It is
12 our problem. And I think that we need to be as
13 proactive as we can to ameliorate as much of the damage
14 that's being caused by that as we can. But it is -- it
15 is not simply within any one agency's capability.

16 MR. FIELDER: Let me drill down one more time.

17 MR. WONG: Sure.

18 MR. FIELDER: The difference between the SBA
19 certification program and your ruling, what's the --
20 what is the actual substance difference between the
21 two? Will we be lessening the VA, or will we be
22 strengthening the SBA ruling?

23 MR. DODDS: I mean, I think we're -- like I
24 said before, they were very similar. There was just
25 some distinctions at the margins where it could impact

1 a company. So now they'll be unified, and we're going
2 to get comments on it. So it's just a proposed rule.
3 So we can refine it and make it better if we missed
4 things, if something is too restrictive. We can get
5 comments and take that into account.

6 The other thing it did, like for example, it
7 unifies the definition in terms of it allows a
8 surviving spouse to qualify for a certain period of
9 time, which the VA has in their legislation but we did
10 not have in our rules.

11 It also allows ESOPs to participate and, you
12 know, basically we're picking over that ownership, and
13 then you still have to be 51 percent owned by an SDVO.
14 So the good news is that everybody, VA and us, will be
15 operating under the same playbook once we -- once we
16 finalize it.

17 MR. AUMENT: Ed, let me jump in to sort of
18 amplify. First of all, I was really remiss when I
19 introduced Ken, and I also should have introduced Robb
20 Wong, Associate Administrator for Government
21 Contracting and Business Development. Thank you very
22 much for being with us today, Robb. Your interest is
23 well noted.

24 But correct me if I'm wrong on this, Ken. The
25 fact that we've got the definitional aspects of this,

1 of ownership and control, has nothing to do with the
2 verification process. We're not putting in place any
3 sort of a process to actually apply that rule across
4 the board towards companies. VA still remains the only
5 entity that actually performs that type of activity.

6 So while it's a great thing to have that rule,
7 that is unified on that, the real question is, you
8 know, how do we -- how do we apply that rule to the
9 companies that are not currently, you know, subject to
10 any verification process.

11 MR. DODDS: Yeah, the legislation itself, you
12 know, directed us to create a unified rule and to allow
13 protests and appeals to go to our Office of Hearings
14 and Appeals. It didn't have anything to do with
15 setting up a government-wide certification program. So
16 in order to do business with the VA, you have to be
17 certified by them, and those procedures will continue.
18 For the rest of the Government, it will continue as
19 self-certification until such time as there is
20 legislation telling us to create one.

21 MR. AUMENT: Would that require legislation?

22 MR. DODDS: I think so. I mean, that's
23 certainly -- it would be my interpretation.

24 MR. WONG: But I think one of the things is
25 that, you know, it's moving from a present state, which

1 is unacceptable, to a better state. You know, because
2 until -- you know, until -- it would be great,
3 everybody could, you know, until we get to the better
4 future state, right, I think that we've made an
5 improvement. Again, it was something I said last
6 night. We're not perfect yet, but please accept that
7 we're trying to make progress.

8 MR. FIELDER: One editorial comment. \$250
9 million on 150 contracts, that gets out to Congress,
10 you're going to have a situation to deal with that's
11 beyond just a simple rule adjustment.

12 MR. WONG: No, we understand that, and that's
13 one of the -- you know, that's one of the things that,
14 you know, I'm advocating as hard as I can. We see
15 these problems. You know, the challenges that we --
16 you know, we often get blamed for those problems,
17 right? So I don't like that as much as anybody else,
18 and it -- you know, for lack of a better term, I don't
19 need to be hit over the head before I understand that
20 that's a problem. But -- so we're trying to do as much
21 as we can now as fast as we can.

22 MR. SINHA: If I can just add something, I was
23 privy to the list that Mr. Leney did provide, so I did
24 a quick ad hoc review of some of those contracts,
25 exactly three. Of the three, two of those businesses

1 that received the awards did not self-certify as being
2 veteran-owned or service-disabled veteran-owned.

3 Two, of those, one of those actually was
4 issued by the VA itself. It's not as easy as we all
5 think. It's not the small business that may or may not
6 be, you know, implying that it is something that it is
7 or is not. It's not necessarily a CO who just ignored
8 the certification. There's a whole host of problems.
9 One of the biggest issues I've always had is that we
10 somehow need to put sufficient time in identifying what
11 is it that we're really looking at. So let's say \$200
12 million in contracts were issued to non-service-
13 disabled veteran-owned businesses. That sounds good on
14 a piece of paper, but what does that mean?

15 We've had 20-plus years of a system where the
16 policing was done by an interested party, which
17 included SBA, the contracting officer, including other
18 businesses that submitted an offer. It has been a
19 truly good system. For the most part, it has been
20 beneficial. It's been accurate. We're talking about a
21 certain percentage. And, yes, I do concur with you.
22 We should look at it. We should specifically identify
23 the issue, and then we should move forward. I
24 completely concur with that.

25 MR. AUMENT: I would argue, though, that they

1 did not discreetly self-certify explicitly in some
2 fashion. The mere fact that they applied for the
3 setaside contracts, it doesn't -- you know, is a
4 statement.

5 MR. SINHA: Okay, and so that's perfect.
6 That's one interpretation. My other interpretation
7 could be something as simple as this. The activity
8 that issued that award was behind on a goal and they
9 simply checked it off. We don't know which scenario
10 happened. It's a possibility that both could have
11 happened, and we do not know.

12 It's not necessarily that a non-service-
13 disabled veteran business actually went and submitted a
14 proposal on a specific setaside. These things happen
15 in the Government. There's a lot of changes that have
16 occurred. We've had a cadre of contracting officers
17 that have retired, and we have a whole new generation
18 coming in that is not as well versed yet, simply based
19 on experience on FAR 19.

20 These things really do take time, but I do
21 concur with you that we should look at this, what
22 percentage of contracts are truly awarded to non-
23 service-disabled veteran-owned small businesses. We
24 need to really look into it. The Veterans Board is a
25 great place to look at it, I concur.

1 MR. O'FARRELL: And this is Jim O'Farrell.

2 Can you hear me in the room?

3 MR. PHIPPS: Yes.

4 MS. CARSON: We can hear you, Jim.

5 MR. O'FARRELL: Okay, Barb. Hey, I'm a board
6 member of ATBVA. I apologize. I'm sorry I'm not there
7 in the room with you today. I just wanted to hear
8 those numbers again. Did I hear it said that of the
9 \$250 million in contract awards that were found to be
10 not certified SDVOSB that there were only three
11 contractors that participated in that \$250 million, or
12 did I mishear that?

13 MR. SINHA: No, that is not what I implied,
14 and I apologize if that's what came across. When I
15 received this list, basically I do what people do, a
16 quick analysis, right? I looked at -- I just ad hoc
17 picked three identified contracts and three identified
18 firms and went into SAMS and looked up to see what
19 could have been the issue. What surprised me is that
20 the two of the three that received the awards, they,
21 themselves, never self-certified in SAM as to being a
22 veteran-owned small business or a service-disabled
23 veteran-owned small business.

24 There's no conclusion to that. Two out of
25 three is not a sufficient statistical range to make any

1 kind of conclusion. I just -- an ad hoc review.

2 MR. O'FARRELL: Okay, but you don't know if
3 anyone else has taken the time -- wasn't it like 150
4 contracts?

5 MR. SINHA: Yes, there was 150 contracts.
6 And, of course, we will be looking at it because it's
7 within our office, absolutely.

8 MR. O'FARRELL: Okay. So, Ron, I would
9 definitely suggest that we have this reported back at
10 our next quarterly meeting.

11 MR. AUMENT: Can we ask that of the Office of
12 Government Contracting and Business Development?

13 MR. WONG: Thank you, Ajoy.

14 Sure, we'll take a look at the numbers for
15 you. I think what Ajoy is trying to say is something
16 that we -- Ajoy will be very busy. He's very happy to
17 help.

18 (Laughter)

19 MR. WONG: One of the things, I think, that
20 Ajoy is trying to say, and this is something that we
21 discussed, right? We need to -- you know, as a group,
22 the reaction generally is post hoc ergo propter hoc
23 reasoning. If that is the result, therefore it must
24 have been created by this. And sometimes that's simply
25 not so.

1 One of the things, if you look at our rules
2 and regulations, I'm one of these people that says, you
3 know, I like to use simple words and short sentences if
4 I can because I'm not really that smart. But by the
5 same token, I like to be clear, and I like to be
6 simple, and our regulations are not clear and simple.
7 You listened to Ken Dodds, and that's the way he speaks
8 every day.

9 (Laughter)

10 MR. WONG: You know, but, no, we're in very,
11 very good hands with Ken, but the thing is is that if
12 you look at things like ownership and control, why do
13 we have two different rules and regulations? Some of
14 the contractors, what Ajoy is saying, is that they did
15 not -- you know, it's impossible to tell even from the
16 result whether initially when they self-certified or
17 they were being lumped into the category of being bad
18 actors. It's entirely possible they either misread the
19 rule, misinterpreted the rule, or in the case of VA,
20 they misread the rule when they certified them.

21 So there's plenty of different ways that blame
22 can be apportioned, but I think that we should focus
23 more on the solution, to reduce that amount or
24 eliminate that amount, you know, of contracts that are
25 going to people that are determined to be ineligible at

1 the time that we've reviewed them.

2 MR. O'FARRELL: Okay, this is Jim O'Farrell
3 again. I just -- the reason I bring up the analysis of
4 the 150 contracts is that I was at the NVSDC dinner in
5 November when Mr. Leney spoke, and he raised that issue
6 very prominently during his briefing. And then I was
7 in St. Louis for the business engagement -- small
8 business engagement with the VA, and he once again
9 raised that issue. And it's kind of, in my opinion,
10 fanning the fire, and yet we don't know what's behind
11 that fire. So it would be -- it would be very helpful
12 to have that analysis completed.

13 MR. AUMENT: If I could maybe try to bring
14 this a little bit to closure on this, too, I will say
15 that it's been a very, I thought, a useful discussion
16 here. As I mentioned to Barb a couple of months ago
17 when we were talking about the upcoming year for the
18 committee's agenda, the two things that I'm really
19 interested in pursuing this year during -- under my
20 tenure as chairman, is, number one, is trying to put
21 together recommendations regarding certification to
22 create a more level playing field across government on
23 this.

24 I would like to see it two ways. First of
25 all, the -- doing business with VA should not be

1 substantially different in my view from doing business
2 with any other agency of government. And I would also
3 like to see some sort of parity across government
4 preference groups as well, too.

5 The processes, you know, for verifying the,
6 you know, women-owned, you know, small businesses
7 should not be substantially different in my opinion on
8 this, and this is opinion, than for veteran-owned small
9 businesses. And the -- one other goal for the year,
10 too, but we'll get around to that one a little bit
11 later, but I thought this discussion really helps
12 inform those views, so thank you very much.

13 MR. FIELDER: Under the auspices of Jim's
14 comment about fanning the fire, we need to know what
15 that \$250 million is and the 150, and as you suggested,
16 is it just poor recording? Is it just not going to the
17 SAMS? We don't know.

18 MR. SINHA: We don't know.

19 MR. FIELDER: Hear me out. I don't believe we
20 want it to be fanning the fire of VA certification
21 across government. We're all proponents of self-
22 certification. And I'm a proponent of self-
23 certification. Let me correct myself.

24 (Laughter)

25 MR. FIELDER: And this fire gets fanned, then

1 we're going to be having that conversation again.

2 MR. WONG: So one of the things, I mean, if
3 the proponents to self-certification mean that
4 businesses can get into business much faster, right?
5 What we have to try to do and what we're being asked to
6 do is also look at things but, you know, in that speed,
7 we've got to, you know, we're obviously -- the \$250
8 million on its face appears to be that we're also
9 losing quality.

10 Okay? So for running a business, that's one
11 of the things. We can produce as many widgets as you
12 want, and half of them will work and half of them
13 won't. By the same token, we could take ten years to
14 make the widgets. All of them will work, but by that
15 time, everybody doesn't need them. But, so, again,
16 we're trying to -- we're trying to find the right
17 equilibrium in the balance.

18 MR. PHIPPS: I'm going to interrupt and change
19 the conversation a little bit. This is Mike Phipps. I
20 have two questions that might take a little bit of
21 time. Internally within the American Legion, we've
22 been having some discussion on AbilityOne and the
23 impact that AbilityOne is having within the VA,
24 specifically with the new Supreme Court ruling.

25 So I just wanted to get a little bit more

1 information on the specifics about the nonmanufacturing
2 rule from page 3, an interim final rule, and the
3 details of that, and also the limitations on
4 subcontracting adjustments. There's some relation to
5 both of those, and that could have potentially a big
6 impact on veteran-owned small businesses.

7 MR. DODDS: All right. So right now, under --
8 you know, under the law, you can -- you have to do
9 certain percentage of the work but setaside so that,
10 you know, we don't want to have setasides where it's
11 just passed through to large businesses, right? So,
12 for example, in the service context, it's 50 percent of
13 the cost incurred for personnel. You know, that's the
14 standard limitation on subcontracting.

15 Under some of our laws right now, you can team
16 up. You have to do that as the prime, or you can team
17 with a sub to do that. For example, on an SDVO
18 setaside, a prime sub can team together and meet that
19 limitation. Also in a HUBZone setaside, right now you
20 can team together and do that. But for 8(a), small
21 business, and women-owned, you can opt, based on the
22 way the law was previously written. In the NDAA of
23 2013, that's when they changed the law to make
24 everybody allowed to team in a prime-sub relationship
25 to meet the limitations on subcontracting.

1 And then for the nonmanufacture rule, we just
2 wanted to -- we clarified a lot of things around how
3 that's supposed to be done. This is a law that allows
4 you, if there are no small manufacturers, it allows you
5 to sell the product of a large business to the
6 Government. So there has to be that determination.
7 They have to come to SBA and get that blessing from us.

8 Once they have that, then they can do a small
9 business setaside, and it can be a product of a large
10 business. Otherwise, the starting point for a supply
11 contract is small business has to supply the product of
12 a small business. That's what we want, we want small
13 manufacturing. If there isn't any manufacturers that
14 are small, that's what we can do to stop manufacturer
15 rule waiver.

16 So that's kind of what that's about. It's
17 about, you know, letting us -- making sure it's known
18 up-front before you do a competition what the rules are
19 because we've had situations now where things are set
20 aside for large business products and there is no
21 waiver, so you're in jeopardy there because when you
22 submit an offer you're basically saying you are
23 supplying the product of small business. So these are
24 trying to improve the rules of the game as we play.

25 Now, if we go to the next slide, the proposed

1 rule that I was talking about, there are certain
2 scenarios, let's say, of a service contract where it's
3 for environmental remediation, let's say. So you're
4 going to go out as a small business and do that work
5 with your employees, but you also have to transport it
6 and dispose it, and that costs a lot of money. And the
7 only ones who do that are large businesses.

8 So let's say it was 60 percent of the contract
9 was off to a large business to dispose of it. Under
10 the rule, it says 50 percent has to be done by you, so
11 an agency would maybe take the position that we're not
12 going to do a setaside now because you can't do 50
13 percent. And we don't think that's what it intended,
14 right?

15 So there are certain little niche industries
16 where there's problems. If you apply the rule
17 strictly, agencies may not do setasides. So we want to
18 go with the proposed rule and create these exceptions,
19 get public comment and create those exceptions. So
20 that's what we're trying to do with that particular
21 rule.

22 MR. PHIPPS: So going back to the
23 limitation -- the nonmanufacture rule, if I'm a large
24 software manufacturer, as most -- as there are a lot of
25 them, and it's a commodity-type, Microsoft, VMware, go

1 down the line, and I'm a reseller of those products,
2 I'm not -- as a small business I am not -- there's no
3 small business setasides for those large procurements,
4 in essence making the large manufacturer the ability --
5 they can only get it through a full and open
6 competition, and the Government can only do the
7 procurement through full and open competition.

8 But as a small business, because there's a lot
9 of small business -- small businesses that resell
10 software at that level, they would -- every time a sale
11 came up or an RFP came up and they wanted to resell or
12 get a setaside for that particular large software
13 vendor, they'd have to go to the SBA first and get a
14 waiver. Am I understanding that right?

15 MR. DODDS: Right, correct. Previously, you
16 know, we didn't even address kind of software in our
17 rules because, you know, if I hire you to create
18 software for me, that's a service, but obviously the
19 Government and people buy software as a commodity, too,
20 where it's just off the shelf, right? So we -- in our
21 rule that we did in 2016, we clarified that you can
22 request a waiver for software, and we said how to do
23 it.

24 So we thought that was an important policy,
25 and that will be hopefully updated in the FAR as well.

1 But we're following that right now. So, yes, you can
2 come to us and request a waiver for that.

3 MR. AUMENT: All right. Moving on to
4 Certify.gov with Ajoy.

5 MR. SINHA: Thank you. I'm here representing
6 the team from GCBD to talk about its new system,
7 Certify. Just on a personal note, years ago I was a
8 deputy to this office, Office of Veterans Business
9 Development, under William Elmore. We were responsible
10 for implementing Public Law 10650. So I am very
11 intimately aware and passionate about the veterans
12 issues. I fully understand it, so it's a privilege to
13 appear before this committee again. Thank you.

14 Okay, Certify. Just to give you a little
15 brief history on this. Prior to this system, what we
16 had in 2015 and prior basically is somewhat of a system
17 based on previous technology, wasn't so efficient,
18 wasn't so cost-effective. The administration actually
19 provided sufficient amount of funding to reanalyze that
20 whole system. The decision was made to eventually
21 mothball an old system and come up with a better,
22 technologically relevant system that we're trying to
23 implement now.

24 Certify.gov. It's almost akin to a one-stop
25 shop, something similar to those of you in the

1 contracting arena, if you're aware of it, is the
2 contracts-writing system. You can execute and
3 implement a contract within it from beginning to end,
4 including collect payments from the same system, PRISM.

5 What we envision Certify.gov is something
6 that's fully enclosed. Enhancements would be built
7 over time. You know, it will adjust to new
8 technologies, new needs for the Government, new needs
9 for the client, so on and so on.

10 The system, as it is right now, it's very
11 efficient -- I can sincerely say that -- for small
12 businesses seeking to participate in the 8(a) program.
13 They now have the ability to sit down, organize their
14 documentation, upload it by specific categories. So,
15 in other words, the dividers are already set up. So
16 once they upload all their documents, SBA becomes more
17 efficient because we no longer need to search to ensure
18 the documents are in the right category, so I don't
19 have to go through 19 files just to find the one
20 document that I need to review. So this is truly a
21 cost-saving and time-efficient manner for both, for the
22 public sector, the individuals trying to get in, and
23 for the Government to actually see it and analyze and
24 do its job.

25 I'm going to give you -- it's not the general

1 rule, but just to put it in perspective for you, right?
2 If a business is truly organized, it knows what the SBA
3 requires to participate in this particular program, it
4 has all its documents in place, it can actually upload
5 all of its information within 47 minutes. Now,
6 obviously, this is very extreme. This is not going to
7 be the typical business coming into the 8(a) program,
8 right?

9 We're looking at the average somewhere between
10 maybe 40 and maybe 100 hours of man-time to sit down
11 and go through the system, upload its documents, et
12 cetera, et cetera.

13 What is it?

14 MR. GOLDSCHMITT: Did you say hours?

15 MR. SINHA: Hours, yeah, because you need to
16 know what the regs are. You need to understand what
17 you have to provide. And you have to have those
18 documents handy. You can PDF it, organize it, and then
19 upload everything.

20 So you still have a substantial amount of work
21 to do. It's not that -- you know, it's not like a
22 credit card. You're not going to just give me ten set
23 of numbers and I'll say yes or no, right? It's a lot
24 of supporting documentation. But the outliners are 47
25 minutes to maybe 100 hours.

1 The efficiency in this system alone I can tell
2 you is that within, I don't know, a month and, say, 15
3 days or so and we have well over 200 applications
4 received. Generally, we get about 100 applications per
5 month. So we're already speeding it up, and if you
6 take the time and consideration that it was a holiday,
7 Thanksgiving Day, that we basically, you know -- I
8 mean, this has just been one great scenario so far.

9 But what does the system do? It obviously
10 makes it much easier for you as an applicant to read, to
11 understand it. It's a question-and-answer scenario at
12 times. It'll guide you through the system to submit
13 the required information. At the end of the day, the
14 end result is that we get a cleaner, a better
15 application that we don't have to go -- hopefully --
16 back and forth 30 times to get something organized to
17 say this is now a completed application.

18 I'm just going to sort of combine all these
19 things. This is -- the details I think you really
20 don't need to know. Back in the efficiencies, what SBA
21 has actually succeeded in doing to date is increasing
22 the number of applications coming into the agency. I
23 haven't done a full analysis yet, so I can't say
24 anything about the quality or the benefit of the actual
25 applications. Has it improved, has it not improved?

1 I'm not certain. It has not been a sufficient amount
2 of time.

3 We have received some wonderful accolades from
4 the businesses saying, wow, this was very friendly to
5 use. We've delivered our products. I've had analysts
6 now that are actually sitting down and looking at the
7 caseloads and looking at the documents submitted.
8 We've had some glitches, obviously. It's a brand new
9 system. We're moving along. I think we're doing
10 tremendously a very good job.

11 As a gate, we have in excess of, I think -- I
12 checked it yesterday, it was 203 applications, so you
13 can increase it by, I don't know, maybe 20, so maybe
14 we're close to 220 applications as of this morning.

15 I think we're going to be able to reduce the
16 time in review. We're going to reduce the cost to the
17 small business. We're going to reduce the time and
18 efficiency for us to free our time and resources to
19 actually help the businesses that get into the program
20 because now we're automating the system. So, whereas,
21 for example, 60 percent of a VOS's time was devoted to
22 paper processing, we're looking at maybe 20 percent.
23 Now they have 80 percent of their time to devote to the
24 small business and doing the actual business
25 development, stuff that we should be doing.

1 Thank you.

2 MR. AUMENT: I have a question. It's sort of
3 a two-part question. First of all, is this system a
4 potential candidate for, you know, certification or
5 verification of service-disabled veteran-owned small
6 businesses?

7 MR. SINHA: In this system, the answer is it
8 could be, yes. It depends on what certifications, the
9 funds available, yes. It's a system. You can grow the
10 system to do anything.

11 MR. AUMENT: And the followup question is a
12 question of scale, its capabilities of going -- you
13 know, being taken to scale. So you've -- to date,
14 since November, you've done maybe 220 applicants on
15 that. If you had, you know, tens of thousands of, you
16 know, companies banging up against it, does this have
17 that kind of capacity?

18 MR. SINHA: The capacity to collect and gather
19 the information and to prepare it for review, the
20 answer is yes. The ability for an agency like us to
21 sit down and pull down an application and review it and
22 within 90 days, that is stretching it.

23 MR. AUMENT: Thank you.

24 MR. SINHA: My pleasure.

25 MS. CARSON: We'll now introduce Sandy

1 Clifford of the All Small Mentor Protégé program.

2 MS. CLIFFORD: Good morning again. Thank you
3 for the opportunity to address you and just give an
4 update on what's been a little bit more than one year
5 of the All Small Mentor Protégé Program. We have
6 actually been live in the Certify system that Ajoy was
7 just talking about since October of 2016.

8 We've received over -- about 450 applications.
9 We have over 360 approved mentor protégé agreements in
10 our portfolio, an average roughly of ten-business-day
11 turnaround time once we receive a complete application.
12 We've declined approximately 71 applications, generally
13 for failure to provide the requested information in a
14 timely fashion.

15 And as part of the lessons that we've learned,
16 we've learned that we need to continue to work with our
17 federal agency partners to get them more up to speed on
18 the All Small Mentor Protégé program and the
19 opportunities that it provides, especially for service-
20 disabled veteran-owned small businesses that wish to
21 participate in our program.

22 And going forward this year, we're looking to
23 take the opportunity to work to enhance our customer
24 experience. We have a protégé community of practice
25 that we're very proud of. Proteges can call in and

1 participate. Last month, our big topic was how to get
2 a security clearance and how to work with the GSA on
3 schedules. And we're also looking to develop
4 additional joint venture guidance for our firms.

5 And there is just a quick snapshot of the
6 firms that have SBA certifications that participate --
7 or not -- that participate in our program. And as you
8 can see, veteran-owned businesses and service-disabled
9 veteran-owned small businesses are certainly -- 37
10 percent -- is our largest constituency. So we're here.
11 We're happy to help. And please feel to reach out.

12 MR. AUMENT: Any questions?

13 MR. GODWIN: Can I make a quick comment on...

14 Good morning. My name is Jerry Godwin with
15 the Office of Veterans Business Development. So I have
16 a comment and a suggestion for the HUBZone program. So
17 I've been with federal service and the SBA two years in
18 October. Right before the SBA I was with the
19 Montgomery County, Maryland Department of Economic
20 Development and was a business incubator manager. So
21 we ended up building five in total. As we were going
22 through site selection for our second high-tech
23 business incubator, we said, hey, why not build it in a
24 HUBZone and add value to the small businesses.

25 So we did. We procured almost \$3 million from

1 the county council, built our business incubator in
2 Silver Spring. It's still there, just south of the
3 Silver Spring metro, the big white building there. It
4 looks like a big ocean liner, Silver Spring Innovation
5 Center. And only to lose the HUBZone designation about
6 two years later.

7 So I felt like a jilted boyfriend a little
8 bit, as did the four companies who had gotten the
9 designation while they were there. So they had to move
10 -- so actually five, but four had secured business, so
11 they moved to chase HUBZone. So I applaud the efforts
12 to stabilize the HUBZone program every five years.

13 For example, you're getting the local
14 government -- so as a suggestion, I would also like to
15 say for companies that got the HUBZone designation and
16 after the zone gets -- loses a designation to give them
17 an extra three to five years -- choose what you like --
18 to hold the HUBZone designation to provide further
19 stability and reward those companies for having
20 participated in the rehabilitation of that business
21 zone. And who knows, they may get a 504 -- SBA 504
22 loan in the meantime to buy or build a building in that
23 HUBZone. Thank you.

24 MR. WONG: So, Jerry, I agree with you. You
25 know, this is my own personal feeling. We have to --

1 we have to socialize this and I have to bring this up
2 to the Administrator, and I'm trying to bring this to
3 her attention.

4 But in general, I'll tell you that I think
5 that the HUBZone program is a tremendous program in
6 idea, but in practice, I think that the rules that we
7 have right now penalize small businesses for being
8 successful. The 35 percent rule stinks. I think that
9 the -- I think that the principal office rule also
10 works as a disadvantage. And, Jerry, thank you for
11 bringing that -- you know, the evidence. I think we
12 need to hear more people who have similar experiences.

13 The thing that I generally look at as I
14 have -- you know, you look at a small business and
15 you're asking them to go to an area that they may not
16 necessarily want to go to, and they put -- they put
17 their stake down into an area, only to possibly have it
18 changed randomly through really no fault of their own,
19 but they're already making this investment.

20 As a businessperson, I think the current rules
21 are -- one of the reasons is if you look at in
22 forecasting as a business, sometimes you don't have
23 enough time to make good decisions, so the decision is
24 not to do it. But I think in general, if we can
25 address the 35 percent rule and the principal office

1 rule, give some fixed time period, at a minimum, for
2 people to be able to go into the programs, I think that
3 we'll be able to definitely achieve finally getting the
4 goals and exceeding the goals that we've been missing
5 for 20 years.

6 I've been on record as saying that the 8(a)
7 program, I believe, has been a cornerstone to SBA's
8 success. It's been synonymous with our name, and it
9 has a lot of integrity with our agency, but I do
10 believe that HUBZone has the capability to be our
11 future and exceed that, but we have to -- we have to
12 make some legislative and regulatory changes.

13 MR. AUMENT: I think we've reached that time
14 where we are going to take a quick break here. It is
15 just a couple minutes before 11:00. If we can be back
16 in five to ten minutes, we'd like to resume with the
17 discussion of 8(a) and, you know, for veteran-owned
18 businesses. All right.

19 MS. CARSON: We're going off the record
20 momentarily. We'll be back at 11:10.

21 (Recess.)

22 MS. CARSON: This is Barbara Carson, Deputy
23 Administrator, Office of Veterans Business Development.
24 We're going back on the record at this time. I'm
25 turning it over to the Chairman.

1 MR. AUMENT: Thank you, Barb. I think I
2 mentioned earlier that as I was, you know, trying to
3 consider, you know, what to focus on during my tenure
4 as Chairman, I mentioned two things. One was the sort
5 of normalization of verification/certification
6 processes, you know, for veteran-owned small
7 businesses. The second one, though, was something that
8 this committee has talked about many, many times over
9 the years, is trying to advocate for a business
10 development program for veteran-owned small businesses.
11 And we've heard many, many speakers who have informed
12 us of this. I think Max --

13 MS. CARSON: Kadalov.

14 MR. AUMENT: -- Kadalov has had some very
15 interesting data that he has shared with us in the past
16 regarding the -- you know, just trying to take a look
17 at this notion. And then basically saying there is no
18 business development program focusing on veteran-owned
19 small businesses. So we're going to be having some
20 discussion on that, starting today, and, you know,
21 further discussion in -- I'm hopeful -- hopefully
22 leading to some recommendations that this committee
23 could ultimately make during the course of the upcoming
24 year on this.

25 So I've invited someone I know has great

1 passion regarding this issue and has spent a lot of
2 time, you know, researching it and, you know,
3 developing a very good understanding of this as an
4 issue, and without further ado, I'd like to invite Marc
5 Goldschmitt to, you know, sort of take the floor and
6 step us through and share his thoughts with us.

7 Marc?

8 MR. GOLDSCHMITT: Thank you. If you take a
9 look at the back door, about five feet in, about four
10 years ago, that's where a couple of senior SBA folks
11 and retired SBA folks launched me on a journey of
12 working to get an 8(a) certification when they said,
13 yes, you're an SDVOSB, or SDV, you can do it. As part
14 of the adventure, and I think I'd probably call it an
15 adventure rather than a journey, an opportunity to look
16 through and, like in other programs, look through the
17 statutes, the regulations, and I think master some of
18 the ideas and then pass that forward to other veterans
19 through some of the Veteran Institute of Procurement
20 sections.

21 But as I go through there, there was a lot of
22 questions I had, a lot of things that I observed. So
23 what I'm going to talk about right now is on that
24 adventure what kind of things did I learn, what kind of
25 things did I observe, what kind of ideas do I have.

1 And the purpose is to establish a dialog around some of
2 the different areas, around some of the different ideas
3 so that we can get some kind of an idea forward to
4 maybe make some progress on a business development
5 program for service-disabled vets.

6 What I learned, I had to do this for a couple
7 -- I had to demonstrate to people that I can still
8 learn, so I had to put that first. But in here, the
9 veteran community does not really understand the 8(a)
10 program. As I got into it, I found some perceptions,
11 et cetera. And my observation was when I started to
12 get into the issues, that veterans really are socially
13 disadvantaged through their military service. In the
14 context of the VSOs, it's an earned benefit.

15 And the other is that there is -- within the
16 regulation, there's mechanisms that this can be done
17 administratively, not necessarily requiring
18 legislation. Next slide, please.

19 I decided to put the agenda second because
20 that's really a walk through the process that I went
21 through, some of the questions I asked, some of the
22 issues that were addressed, and the things of where we
23 have to go to move the program forward, both in the
24 veteran community and, I think, SBA. Next slide,
25 please.

1 I wanted to put this in there as kind of a
2 standard. I think everybody knows the definition
3 that's in the room, but I put this in there for a
4 specific reason. One is the Small Business Act, but
5 the second is as you get in -- as you really get into
6 there, very few people, particularly in the veteran
7 community, read much past the ethnic prejudice
8 statement. They don't look at the cultural bias within
9 American society and don't look at an interpretation of
10 what that really means.

11 I reference in the back 30 questions. That
12 really is addressed around some of the samples that SBA
13 provides in the regulation of what kind of things do we
14 look at "such as." So it's a starting point, but I
15 give it to some of the veterans -- service-disabled
16 veterans to say here's where you can start to look to
17 see if you may be qualified in terms of discrimination
18 that may be chronic and sustained. Next slide, please.

19 When I say vets do not understand the program,
20 I got asked the question last week in St. Louis by Sean
21 Crean. He said, "What are you guys really looking
22 for?" Are you looking for sole-source, or are you
23 looking for a business development program? My first
24 response was sole-source, because that's what I
25 generally think of, you know, from the business side.

1 This is what most people are looking for. And I think
2 that's still the answer you'll get from most veterans,
3 we want the sole-source capability.

4 But then when I thought about it some more and
5 I went back and, oh, wait a minute, let me go take a
6 look at this. I started to look and said, well -- the
7 other thing I'll say is from the VSO perspective, it
8 really is considered a welfare program by a lot of the
9 executives and not necessarily a business development
10 program.

11 So when I looked at the definition from the
12 SBA website, what constitutes a business development
13 program, there are a number of pieces in there. And
14 when I started looking at the different pieces, I saw
15 those are all things that the veteran community is
16 asking for in one form or another, so the real answer
17 is while we may be saying we want the sole-source
18 authority, we're really looking at we need a business
19 development program. Next slide, please.

20 The other is the issue of social disadvantage
21 and what is it. And this is an eye chart, but I figure
22 if somebody before used an eye chart, so I'm good. It
23 is a little dense, but I put some examples in there of
24 where are places we can look for what would constitute
25 some ideas of either Congressional language, programs

1 that may say, yeah, we really do have a disadvantage.

2 If you believe in the Transition Assistance
3 Program, the purpose is really to take care of that and
4 address the disadvantage, both on the employment side
5 and the entrepreneurial side. The language is not
6 necessarily that specific, but what it does say is if
7 the contract -- if the commanding officer -- too many
8 acronyms. If the commanding officer believes you will
9 not be essentially disadvantaged, you're excused from
10 the program.

11 And I don't have statistics -- that's not what
12 it says?

13 MS. CARSON: It's not -- that is not the case.
14 It's mandatory now.

15 MR. GOLDSCHMITT: Mandatory?

16 MS. CARSON: Yes.

17 MR. GOLDSCHMITT: Okay.

18 MS. CARSON: But I understand your point. I'm
19 not trying to stop your line of reasoning.

20 MR. GOLDSCHMITT: I'll quote someone from last
21 night -- I may not be right, but I'm never in doubt.

22 (Laughter)

23 MR. WONG: Sometimes I'm wrong.

24 MR. GOLDSCHMITT: Oh, sometimes I'm wrong?
25 Okay.

1 (Laughter)

2 MR. GOLDSCHMITT: Well, I misquoted that. I
3 misquoted Robb. So --

4 MR. WONG: But very well stated.

5 MR. GOLDSCHMITT: I lost my train of thought.
6 But the idea of living outside the mainstream of
7 American culture, there are some examples in the
8 standard operating procedure book. But if you look at
9 the military as active duty, I lived in Virginia Beach
10 as part of -- I lived in the community, but my life
11 centered around the squadron, it centered around the
12 command. There was a different criteria for promotion,
13 which is basically statutory. I lived under a
14 different set of rules, and not only the community
15 rules, but I lived under the UCMJ, which is a different
16 thing. Promotion was a completely different animal
17 than what I would find in the civilian sector. So
18 there's a lot of pieces that I was in the military that
19 where I was conditioned to do and it's very
20 conditioned, it's very prescribed, and this is the way
21 I'm going to live my life for the next 20 years.

22 When I got out, it was a whole different ball
23 game in the commercial sector. So while I can say I
24 lived in the community, I was not part of the
25 community. I was really outside of that mainstream.

1 Congressional statements, I put that in as
2 just kind of a placeholder. It's been a long time. If
3 you go back to the 1997 when some of this started,
4 there were issues that came up in the Congressional
5 commission and the report. Many of those issues are
6 still issues and problems today with veterans adjusting
7 to both employment and to the entrepreneurial world.

8 And it comes down to more recent things like
9 Chairman Chabot's statement that he made in a press
10 release and effectively used terms that equate to
11 disadvantage. And I see that in a number of different
12 documents. Once I went through the program, I got very
13 conditioned to start looking at specific terms. I
14 noticed them in different writings, and it really is up
15 to me in some ways to get a whole stack of those to say
16 here's what people are saying.

17 I continually reference the 30 questions.
18 They're in the back. I wouldn't recommend reading them
19 right now, but essentially it is a starting place to
20 ask the question, did something happen to me? Because
21 when I looked at these questions when I was first going
22 through the program, I could say every veteran I know
23 can answer yes to at least one of these questions.

24 And then you get into the question of what
25 then becomes the criteria for how many, how much, how

1 frequently, how long that it's going to take to make
2 the threshold for what is essentially qualifying as
3 socially disadvantaged. So I think in some cases that
4 can be extensive, particularly with some service-
5 connected disabilities. Next slide, please.

6 I looked at three different alternatives and
7 based upon some of the answers that I'd seen. One is
8 8(a) inclusion. And the reason I listed that as what I
9 favor is it's -- it can be administrative, and it can
10 be quick, relatively speaking. If I want to do an
11 expanded sole-source capability that would be
12 government-wide, that's going to take legislation,
13 that's going to take regulation, and an extensive
14 period of training contracting officers in a new
15 program. So it's going to be a long time before
16 veterans see any benefit from that.

17 The other is as a separate BD program,
18 effectively you've got the legislation again, the
19 regulation. Now you've got to do something for the
20 appropriation. You've got to hire the people, stand up
21 the organization, develop the policies, and then take
22 that out to the contracting officers and train them on
23 yet another program. And that can take a very long
24 time.

25 I put this in here from a capitalizing on CVE

1 verification. Tom mentioned there's over 12,000
2 veteran companies that are already vetted for ownership
3 and control, so from the context of a burden of what
4 has to be done for bringing veterans into the 8(a)
5 program, you've got the vetting of the ownership and
6 control already done, and it's a limited set of
7 documentation after that that might be required.

8 The other is Ajoy talked about the centralized
9 system. It fits in that context, to be able to do
10 that. And I think it also encourages adoption of a
11 government-wide certification standard or standards.
12 And my understanding is the reason that the government-
13 wide was never adapted or adopted by the committee --
14 Small Business Committee -- was because of the two
15 standards. And once those are resolved, it sets the
16 stage for going to a government-wide program. Next
17 slide.

18 Recommendations. I kind of took the step of
19 saying this is an opening dialog to some of the
20 different issues and questions. I expect a lot of
21 feedback. I expect a lot of pushback in some of the
22 different areas, but really it's a first step, I think,
23 in putting together a package to say we really want to
24 go through here and get approval. What that will be,
25 where that will go, when that will be, that's another

1 question, and I think it may get resolved within
2 hopefully this committee.

3 The other is gain VSO commitment that this
4 really is an earned benefit. I've been through that
5 with a little white paper that I presented to a few
6 people. It really is because of service. We have
7 as -- particularly as service-disabled vets incurred a
8 lot of time. There may be rehabilitation. There may
9 be other issues. There may be manifestations of some
10 of the different service-connected disabilities. That
11 would apply to say these are things that have limited
12 my ability to get a job and get promoted, do an
13 effective job and be part of the workforce.

14 I think the other thing is -- and I think,
15 Robb, you mentioned it before, and you mentioned it
16 last night, every program has its own ownership and
17 control mechanism. And the ownership and control is
18 really the same between all the different programs.
19 The only thing that's really different is the
20 demographics of the owners.

21 So if there is an ownership and control issue
22 that you've identified for an 8(a), for women-owned
23 small business, for HUBZone, why not have that accepted
24 by VA for ownership and control? If VA has vetted a
25 number of companies, why not take their vetting and use

1 that for any of the other SBA programs?

2 The others, you know, from the government-wide
3 certification, I think it's time that we really take a
4 look. The veteran community has been looking at doing
5 that for as long as I can remember, and, you know, it's
6 been self-policing. It will still be self-policing,
7 but I think that will help particularly if there is an
8 issue with those 150 companies and the \$250 million.
9 It will help get to the root of that, identify if there
10 is a problem, where the problem is, and how we can fix
11 it.

12 The other -- and this is from my experience,
13 and I'm not going to go much further than that, is I
14 think some of the SBA evaluators could use a little bit
15 of training in some of the veteran-unique issues that
16 are there. And I promise you I'd talk to you then
17 about that offline.

18 And the other is a little bit from -- I've
19 been through both the SBA's Emerging Leaders class and
20 the Vendor Institute of Procurement -- the VIP Grow
21 class. I also instructed the VIP Start class. When I
22 looked at these pieces, I think there's always been a
23 question for small businesses, whether they be veteran-
24 owned, 8(a), HUBZone, small business in general, what's
25 it going to take to help them succeed.

1 And the essence of what's in the VIP course,
2 from a curriculum, in terms of the operational aspects
3 of what do I have to do to win business, is important.
4 The other piece of that is the strategy that you pick
5 up and start to learn and the three-year business plan
6 from the Emerging Leaders class.

7 And if you put those together in the right
8 order, I think you talked about before having mandatory
9 training, those might be the two essence pieces of
10 those, where you can take the key pieces, you've got
11 existing programs that you can leverage, you've got the
12 feedback, the knowledge of what works, what doesn't,
13 and I think you could put those in place to expand and
14 essentially have people more procurement-ready.

15 MR. AUMENT: Marc and I have had more than a
16 single conversation on this issue, and I know Marc is
17 very passionate and he has, based upon his researches
18 and I think thoughtful consideration of this issue for,
19 you know, quite some time right now, is very confident
20 that the existing 8(a) program is the way to go for a
21 business development program for service-disabled
22 veterans and veteran-owned businesses. I feel very
23 fortunate today to have what I would consider to be a
24 brain trust of SBA people here as well, too, to comment
25 on that, whether or not you believe -- you share Marc's

1 views on this, if so, why; if not, why.

2 MR. FIELDER: Ron, before that happens, one of
3 the great things about being on this committee for six
4 years, you know the right questions to ask and when to
5 ask them. One of the sad things about being on this
6 committee for six years, you hear the same questions
7 over and over again.

8 Three years ago, I think at that point Mike
9 was in the room. Jim, you're on the phone. Ron, I
10 think you were just joining us. We had an SBA person
11 come in here and tell us that vets were qualified for
12 the 8(a) program, that previously it was a track
13 record, 10 or 12 years ago, of vets successfully
14 becoming part of the 8(a) program and that all that
15 needed to happen was for a series of events to apply to
16 start the process to see what would come of that. And
17 that was reported in the report, the annual report,
18 when I was Chairman three years ago.

19 And, so, we heard SBA that it's possible.
20 And, so, I'll just put an edge on that response from
21 the SBA folks.

22 MR. WONG: Oh, so thank you, Barb. This is
23 what you were talking about. First and foremost, I
24 want to say I think one of the -- you know, I have a
25 passion to help all small businesses, but I am

1 particularly -- I like veterans. We have an individual
2 in our office who has -- I take the time to get to know
3 him and his past, and the commitment that veterans have
4 to our country -- I said this last night -- they
5 provide people like me the luxury to run away from
6 danger because they run towards that.

7 And in that regard, the thing that you are
8 talking about, Marc, was, you know, they certainly --
9 they certainly deserve earned benefits, absolutely.
10 The challenge that we might have in terms of the 8(a)
11 program -- if you want I can go through these with you
12 and tell you maybe present state, and then we can also
13 discuss future state, okay?

14 I am inclined to listen to small business --
15 to veterans, and thank you for taking the time to get
16 to know me through last night's dinner, through -- I've
17 been to two Triad conferences already. I've been out
18 to Goldcoast. I have lots of veterans within my
19 office. I hear this all day long, and I love it. So
20 I'm inclined to help.

21 Mr. Fielder, going back to your concerns, I
22 don't think that SBA was lying to you, but I think that
23 some of the things that they're saying -- what they're
24 talking about with applying and getting, you know, a
25 couple of people together and putting the application,

1 that's the process, but it's not guaranteeing the
2 result, right?

3 What they have to do is -- you know, what I
4 would tell you from a -- very simply, and we can go
5 into this and I can spend as much time as you want, the
6 8(a) program right now will accept veterans as long as
7 they can prove their social disadvantage by a
8 preponderant standard. In the old days, you couldn't
9 say that.

10 However, what I think what you're looking at
11 is you want to -- you want to have the class of
12 veterans to be approved for 8(a) certification as if
13 it's a presumptive class. Okay. The challenges we're
14 going to have is that these are things that even if I'm
15 willing to do them, for example, we've got to do things
16 with -- you know, we have to work through Ken Dodds'
17 shop, and then we have to work through OGC, and then we
18 have to work through Congressional liaison to work with
19 Congress, to work with Mr. Chabot so that we can change
20 those rules. Okay?

21 So is that something that -- is that something
22 that is rote? It's probably rote, but by the same
23 token, is it something that's guaranteed an outcome?
24 Or a favorable outcome? I would say that that's a
25 difficult -- that's -- it's certainly more difficult

1 than it may have been presented to you. Okay, is it
2 worth trying? Absolutely. Right? I said last night,
3 only the hard things are worth trying, right? You
4 know, because they'll make an -- they'll make a
5 necessary impact.

6 So let's look at present state. In present
7 state, one of the things, Mr. Goldschmitt, is that I
8 see your 30 questions, and I think that's an excellent
9 roadmap. One thing I'll tell you is that in my opinion
10 after reading those things, I think that it will help a
11 lot of the people in your community. It may not help
12 all of them, okay?

13 Another thing that you've said that, with all
14 due respect, I don't know if this is true. I'm
15 certainly willing to listen to it if it's true. I --
16 from the anecdotal evidence that I'm able to gather,
17 you make the statement that you believe that service
18 disability is a disadvantage, and if you could show me
19 additional evidence that the rest of your community
20 does feel that way and that the community at large
21 feels that way, then I'm certainly willing to listen,
22 and then I can help you in trying to give you guidance
23 on how to have service disability as a presumptive
24 class.

25 You have significant challenges, however, with

1 that. Under -- if you're looking at the 8(a) program
2 as the 8(a) program and the rules that govern the 8(a)
3 program, per se, okay, this is all not doom and gloom,
4 okay? I do believe, generally speaking, that we will
5 find a way or we will make one, okay?

6 But, so, under the current rules, if you look
7 at the history, okay, and history is very, very hard to
8 change, the people that are benefitting from these
9 sole-source programs, and I know that's -- you know,
10 you said that you didn't necessarily want that, but the
11 ones that are benefitting from the sole-source program
12 have a history of long-standing discrimination, right,
13 and prejudice.

14 So in order to make the case for the class,
15 for a presumptive class, you've got to provide
16 compelling information, and it's a higher standard than
17 preponderance, but you've got to show that the United
18 States has a history and a pattern and a practice of
19 discrimination and, you know, mistreating people who
20 are veterans.

21 Moreover, you also have another combination of
22 evidence that you have not only just veterans, but you
23 also have service disability. We'd have to make a
24 distinction between service disability and then
25 disability in general because I know that the SBA, one

1 of us at this table among the three -- and it's not
2 Ajoy and it's not Ken -- in a former career with SBA
3 had the issue of looking at disabled -- people with
4 physical disabilities and looking at them as a class.
5 So I'm just saying that that's the table that we're
6 looking at, okay.

7 So one of the things that we can do, again
8 today, for present state, you asked about business
9 development. I do agree with you, and I talked about
10 this last night. In general, I don't -- I like the
11 fact that we have a product, and I'm looking at SBA and
12 our division more or less like it's a company that's
13 producing four certifications that the public wants to
14 have so that they can go and make more money.

15 Well, we're great at producing the
16 certifications, okay? We're doing better at making
17 sure that we have the quality that's there to make sure
18 that people who say that they're qualified are
19 qualified. By the same token, we have another
20 challenge, that if everybody has a certification, then
21 they've got to have a contract that goes with that
22 certification, because that's the whole point of it,
23 right? Simply put, if you get our certification, the
24 public has the expectation that they're going to make
25 money with it. It's going to improve their ability to

1 make money on that. And we've got to do a better job
2 to do that. So part of my -- excuse me, I have a cold
3 -- part of my -- part of my challenge with this office
4 is not just to make sure that the public gets their
5 certification but that they can also win contracts with
6 that.

7 So the other side of what I have to do with
8 our contracts is we have to talk to Federal Government
9 agencies and the Federal Government in general who
10 hires these companies with these certifications so that
11 -- so that they have trust in them so that they can
12 provide more -- a higher supply of contracts for the
13 people that have them.

14 In that regard, we talk about business
15 development. And the thing I was talking to you about
16 last night is it is my wish that we improve the quality
17 of the companies that are in the certification. One of
18 the things that has traditionally been -- that a lot of
19 companies have traditionally used our 8(a) program --
20 and, again, I'm just focusing on them, but you can see
21 it relates to others -- somehow we've let -- we've let
22 the public or part of the public believe that the 8(a)
23 program is a startup program. They think the hard work
24 of business is to get the certification. And it's --
25 that's the beginning of the journey. You got a ticket

1 to ride, but you still got to walk through the park in
2 order to get on the rides, and in some cases, you still
3 have to be this tall to go on that ride. I'm a short
4 guy, so I know what I'm talking about, okay?

5 But, so, here's the thing. And sometimes
6 there are some things where you're just wanting to do
7 something, just wishing you could do something, it
8 doesn't really -- it doesn't really deliver the mail,
9 right? That's not enough. So I feel that one of the
10 things that I want to do here is to increase our
11 ability to add some real industry-level BD to the BD in
12 GCBD. Okay?

13 So what does that mean? It's just like, okay,
14 I helped you to get your certification; now I want to
15 tell you how to use it, answering the simple questions
16 that we run into every day, and I mean every day, that
17 since I -- you had asked me a question before. I've
18 worked with SBA for about ten years, okay? I ran the
19 8(a) program for six months during that time. And then
20 I went to run two of the district offices. So I know
21 SBA; I love SBA. I came back here, what an
22 opportunity. Two of these guys are some of my best
23 friends. I remember Ajoy here from his first day.
24 Okay?

25 So this is how much I -- you know, this is how

1 much I believe in this program. I have one of my best
2 friends, Bill Gould, right now, he left private sector
3 on a partnership track to come here. I'm committed to
4 trying to do good. But I do understand from my
5 experience how I think I can help people. And in this
6 regard, when we get back to business development, this
7 is what I've done for the past 20 years for small
8 businesses, for 8(a) companies, for HUBZone companies,
9 for service-disabled companies. I realize the
10 challenges that everybody has so I have an opportunity
11 to fix it.

12 In that regard, something that we could
13 possibly do is we're trying to create business
14 development experience. How does the Government buy
15 things? How do you put together a proposal? How do
16 you find people who buy what you sell? These are all
17 things that people think. They think that if they try
18 it once and it doesn't work, well, then, the system's
19 broken. All right?

20 Here's one thing that I do -- you know, that
21 I'm preaching to everyone. It's probably Asian dad
22 syndrome and things like that, but we can provide you
23 the opportunities, okay, but I can't do the work for
24 you, okay? But what I can do is I can try to train you
25 up, and I can train you so that you can develop those

1 capabilities, and that's what we're trying here. But
2 that works right now.

3 Something else is Sandy -- you know, Sandy
4 Clifford is here, one of the secret weapons we have
5 with SBA, and you're sitting right next to her, Mr.
6 Goldschmitt, you know, is Sandy Clifford's program is
7 the All Small Mentor Protégé, okay? And we still have
8 8(a) Mentor Protégé.

9 But as I said last night, I think that's a
10 secret weapon that nobody really knows about, and they
11 don't know how to use it, but that's the glue within
12 our current programs right now that if you have a
13 service-disabled veteran-owned company or a VOSB-
14 certified company, you could take that as the glue and
15 you can take Mighty Mouse and team them with Superman.

16 And that's how you -- okay, we can't turn --
17 we can't go back to 1978, because that's how long I
18 know the 8(a) program. I'm a teenager on the fourth
19 floor of my uncle's warehouse. I'm afraid of heights,
20 and his answer was put a -- if we had a fifth floor,
21 you'd go up there, okay? Didn't learn to -- after
22 working with him for three years, I didn't learn to
23 like heights any better, but I liked my uncle a little
24 less.

25 (Laughter)

1 MR. WONG: But the thing is -- but we can't --
2 in the old days, the 8(a) program was a program where
3 you didn't have to do any marketing. They would -- the
4 BOSs would pick up the phone, and if you needed office
5 machinery or you needed office furniture, you'd call
6 Government Marketing Services, and then I'd have to go
7 pick -- I'd have to go pick the tickets.

8 Well, we can't do that anymore, because if you
9 look at the Government, if you look at the Government
10 industry for contracting right now, it's getting much
11 more sophisticated. We have so many things that are
12 working that are going to disfavor small businesses of
13 all kinds. And, so, we have to have this business
14 response.

15 And if you look at -- if you look at how the
16 government industry is working, they're going to
17 consolidation, strategic sourcing, category management.
18 It's going to -- we're going to hit the -- you know,
19 Ken Dodds is going to be really happy. We'll hit the
20 dollars -- the prime dollars awarded to small
21 businesses, no problem if I do absolutely nothing. But
22 the problem is this. I'm trying to do something. And
23 we'll hit the dollars, but it's going to be compressed
24 into a much smaller group of companies, right?
25 Everybody agrees with that. So we've got to do

1 something as -- you know, as a business response. I'm
2 trying to advocate to not only the small business but
3 mostly to the government agencies to let them know
4 we've got to continue to provide the supply of small
5 business contracts, right?

6 So those are the things that are on my plate.
7 The things that we're trying to do for -- again, right
8 now, for the 8(a) companies now, that I believe that,
9 you know, we can talk about this as a way to possibly
10 assist you. You asked for some business development.
11 We can possibly try to include you, that group, which
12 typically would not be included under 7(j), but perhaps
13 we could try to do that as an interim step between
14 present state and future state.

15 But what it will do, I am trying to get
16 industry-level business development assistance so that
17 it will literally teach people to understand the
18 federal marketplace a little bit better. One of the
19 things we're doing is we're taking -- we have -- with
20 7(j), we have a one-to-one approach, okay? We help
21 maybe 10,000 companies. We have 350,000 registered
22 companies in our database. I'm trying to turn this
23 around so that it can be one-too-many. We could
24 certainly include -- I think that -- well, I can't say
25 certainly, but we could certainly try to figure out a

1 way that we could include that information or get that
2 information to service-disabled veteran-owned, okay?

3 I think with your education for some of the
4 service-disabled veteran-owneds, who do believe that
5 being -- having a service disability is a social
6 disadvantage, I think that your 30 questions is
7 incredibly helpful. You can give them hope today. It
8 doesn't matter if the other service-disabled company
9 doesn't believe that. They believe that. And, you
10 know, we can't help everybody, but we can help some of
11 them that are willing to do that. And then combined
12 with, you know, some of the beginnings of the industry-
13 level business development that will help small
14 business today, hopefully that will be more beneficial
15 today with the service-disabled companies.

16 MR. PHIPPS: Robb, thank you very much.

17 Marc, did you want to --

18 MR. GOLDSCHMITT: I wanted to make -- I'm
19 going to change hats for a minute. This is one of the
20 organizations, ACT-IAC, that I'm a member of. They
21 have initiated a program to start looking at what is
22 meant by procurement readiness. And I'll be doing --
23 essentially leading that group, asking the questions
24 involving some of the government people, the government
25 buyers. And what I've seen so far from the market

1 research side and from the procurement readiness side
2 is there's a relation between the two, and when you
3 talk about the government-wide marketing, I think
4 there's pieces in there that can help give you a
5 roadmap to those things that would be important. So
6 I'd like to get your office's support in doing the
7 study, making that available to you, and being part of
8 that group.

9 MR. WONG: Thank you.

10 MR. PHIPPS: This is Mike Phipps. Marc, thank
11 you very much for your presentation. In fact, if we
12 can, whoever is working the slides, I'd like to go back
13 to page 5. Robb, are you a lawyer?

14 MR. WONG: Yes.

15 MR. PHIPPS: Okay, great. And in this case, I
16 think that's a huge benefit for us.

17 MR. WONG: Could you please say that louder?

18 (Laughter)

19 MR. PHIPPS: It's a benefit because you'll be
20 able to help us nonlegal types, and I think this is not
21 a conversation that's going to be solved here. I think
22 this is going to -- this opens up a discussion that has
23 been ongoing. We had an excellent presentation with
24 Max Kadalov, who did a full study on this subject at
25 the Naval -- Post-Naval Graduate School, something like

1 that.

2 So he took us through legislation from the
3 1970s, all the way through when the SBA had a chance to
4 actually roll, in 2005, and there was some opinion on
5 the SBA and the FAR Council for the 3 percent rule.
6 The SBA had an ability at that time to make a business
7 development program but did not, 2000-and -- so that
8 was before your time, a little bit before your time.

9 This is not a pointing of fingers at, hey, SBA
10 could have or should have done this. The most
11 interesting part of this is following the legislation
12 through the last 40 years and seeing all these
13 opportunities -- these lost opportunities to create a
14 business development program for service-disabled
15 government-owned companies.

16 This chart here is huge, right? Because what
17 we have now in the -- and Barb's program, amongst other
18 resources for service-disabled veteran-owned companies,
19 we have all of this or some of this -- I'll take as
20 step -- some of this in very disparaged, very
21 unorganized fashion, right?

22 So a business development program -- and we
23 had -- veterans have access to these resources at some
24 level. Not having it under one program makes it
25 inefficient. Also, we're very popular right now as a

1 community because of the ongoing -- that historically
2 will change. We will -- the veterans -- the veterans
3 community historically goes through ebbs and flows
4 within society of when we are getting paid attention
5 to.

6 So having a business development program is
7 our goal separate from the 8(a) program. I am not
8 against -- and that's why I'm listening to this,
9 listening to Marc's actions here and his comments on
10 how you could make it into a current -- bringing
11 SDVOSBs into the current program, we do see the
12 challenges. I think when you get to those 30 questions
13 and having talked to many, many veterans, those 30
14 questions are why the veterans doesn't want to go into
15 the current 8(a) program. The current -- those 30
16 questions is not something a service-disabled veteran-
17 owned company owner wants or feels he has to go through
18 and answer.

19 It's an earned benefit, right? It's an earned
20 benefit. So having to answer those questions is where
21 I get a lot of pushback. It's the number one reason
22 why, right, when we have to -- and I read your
23 questions. What I like about your approach is the time
24 line, but sometimes the harder path is to kind of take
25 the longer time line. We actually wrote an outline,

1 and we spent a lot of time. I actually testified for
2 the Kingdomware case at the Senate Small Business and
3 Entrepreneurship Committee on this very subject. That
4 has led to the last two years of putting together what
5 we think might work as a program, understanding there
6 might be some legislative hurdles, understanding that
7 there might be some things that we could do
8 organizationally within the SBA to get -- to get a
9 program like this started. We did speak to the
10 Associate Administrator about this actual program.

11 And, so, what we would like to do is show you
12 the plan or show you what from a non -- like from a
13 nonlegal perspective what we think is a way forward.

14 And I think it's very important, especially if
15 we're going to go and maybe somebody like the American
16 Legion is going to take this onto Capitol Hill to talk
17 to Congress about this, that we have the buy-in from
18 the SBA prior to that, that we say that you guys give
19 us some direction and say, you know what, yeah, that's
20 a good idea, but in practice, as you were describing
21 earlier, it would work like X, Y, Z because that
22 program ten years ago I started -- before I was even
23 caught up to speed on certain things in business, but
24 what I did know I would go and teach at American Legion
25 conferences, and that's continued on from the last ten

1 years.

2 I had Vietnam veterans coming up to me,
3 talking to me about this very subject, a decade ago,
4 and I didn't even understand what they were talking
5 about until really I got more involved and was able to
6 utilize the resources within the SBA and really look at
7 the programs that had been developed. If it wasn't for
8 Barb and her program, we would have nothing in terms of
9 a program. So taking that to the next level is
10 something I think even the veterans before my
11 generation and then the next generation of veterans
12 that are now -- they have less patience, right, for the
13 legislative process.

14 So I think being able to work through that
15 with you so we can take something to Congress and
16 really just nail down exactly what we're talking about
17 legislatively, looking at the history, and putting
18 together a program with the SBA would be a huge benefit
19 for this committee in our eyes.

20 MR. WONG: Great.

21 MR. AUMENT: Do we have a question here?

22 MR. KLINGELHOFER: No, I have a few comments.

23 MR. AUMENT: Comments?

24 MR. KLINGELHOFER: I'm Victor Klingelhofer.
25 I'm on -- I'm the Vice Chair of VET-Force, and I also

1 am on the Economic Opportunity, I think it is,
2 Committee for the Vietnam Veterans of America. And I'm
3 also a lawyer, who's been doing government contracts
4 for the last 30-some years, 35? Something like that.

5 Anyway, I spoke with Marc about this several
6 months ago and started looking into it from a legal
7 perspective. And I -- it's my opinion, you know, and
8 it's not set yet, that it is doable. It is doable
9 under the existing regs. You look at the initial
10 Congressional findings back to 1987 -- 1990-whatever it
11 is, '79, I think it was. Yeah, in 15 U.S.C. 631(f)(1),
12 they find that -- and this is many such persons --
13 they're talking about the 8(a) program here. These are
14 people who are qualified: Any such persons are
15 socially disadvantaged because of their identification
16 as members of certain groups that have suffered the
17 effects of discriminatory practices -- and here's the
18 kicker -- or similar invidious circumstances over which
19 they have no control.

20 And you go and look at the 8(a) regs, and now
21 they talk about a cultural bias. So what is a culture?
22 Being a veteran myself, I know that the veteran
23 community is a culture in and unto itself. We are
24 different. We are certainly a minority in this
25 country, though there are a lot of us. And over the

1 years, there -- I remember when we were not allowed to
2 wear our uniforms in airports. I remember that well.
3 I remember when I was accosted in Los Angeles airport
4 just because I had no hair -- high and tight, as they
5 say.

6 And, you know, I remember, you know, the way
7 we've been treated over the years in films and in
8 books, in newspaper articles. You know, you look at
9 any newspaper article, the first thing they check on a
10 shooting or anything else is whether it's a vet. And
11 they identify them.

12 If you look at the movies and books and all,
13 the vets are certainly the disabled vets are people who
14 are on the verge of massacring people because they have
15 PTSD or they're living under a bridge somewhere on
16 alcohol and drugs. I mean, and, yes, right now we have
17 a certain popularity, but I don't think that that
18 popularity necessarily translates to economic
19 advantages.

20 You know, I think in many ways we are still
21 discriminated against, that people are afraid of doing
22 business with many of us because they have that inner
23 feeling that something wrong is going to happen if I'm
24 dealing with this veteran, especially someone who is
25 disabled. You know, can he fulfill the contract? Can

1 he do what he wants -- what we want?

2 You know, it comes down to basically a showing
3 of cultural bias. And I think if we phrase it in such
4 a way that we're looking at cultural bias, we will
5 overcome the reluctance many veterans who feel that --
6 that they are a minority group, you know, it is the
7 cultural bias that they talk about in 124.103(d), where
8 they talk about having a presumptive class. And this
9 is only a presumptive class. This isn't a set class.

10 This means that if you're a member of the
11 presumptive class, you don't have to answer all of
12 those 30 questions maybe. You know, there's still a
13 lot of showings you have to make, you know? And
14 veterans, by and large, are economically disadvantaged.

15 When I was discharged through the medical
16 conditions back in 1980, I had \$600 in my pocket. I
17 was a combat arms officer who formerly was a combat
18 arms NCO. I had no training in business. I had no
19 good knowledge of business. You know, I had virtually
20 nothing, no good experience. I mean, you know, there
21 weren't people who were looking for former nuclear
22 weapons officers or field artillery, you know, NCOs.
23 There's not a lot of market for that in the community.

24 But, you know, I think that there is a -- I
25 think that if we work with the SBA, there is a good

1 chance that we could put in an application, some group
2 of us. And I'm not quite sure what that is. I believe
3 the last time that was happen -- that one was attempted
4 was when the Hasidic Jews tried to apply as a
5 presumptive class and were turned down. I would like
6 to have discussions with the SBA on what actually is
7 looked for. I don't know when the last time a
8 presumptive class was added. I don't know if one ever
9 was added specifically. That would be an interesting
10 question.

11 But, anyway, I also agree that what we're
12 looking at is business development. I do a lot of pro
13 bono work with these -- I call them kids -- people
14 getting out of the service now who have nothing. And
15 they get an idea and they want to start a business, and
16 you have to help them through, you know, everything,
17 part of business development. And I think that is a
18 big thing.

19 But also the sole-source awards is important.
20 A lot of veterans really are upset about the fact that
21 at the end of the contract year, there are many
22 contracts that are awarded on a sole-source basis just
23 to get them awarded, and the vets aren't getting any of
24 those, even though there's some mechanism in place that
25 isn't followed for such awards.

1 So I am in favor, personally of Marc's
2 proposals. Thank you. Sorry I went on so long. It's
3 a passion.

4 UNIDENTIFIED PHONE PARTICIPANT: Great way to
5 put it, Victor.

6 MR. AUMENT: Yeah, thank you, Victor.
7 Marc?

8 MR. GOLDSCHMITT: I wanted to add one thing to
9 what Victor just said that I inadvertently left out of
10 my chart, that when veterans look at the 8(a) program,
11 it's a "but I'm not disadvantaged." So when you look
12 at Victor's term of the invidious and how that is and
13 the fact that maybe it's just the wording in the
14 context of changing that and it's, oh, yes, I'm
15 qualified. Maybe I don't have to ask all the 30
16 questions or I could put them in a different context,
17 has this ever happened to you. And I think a lot of
18 people would answer yes. So it may just be the context
19 and the terminology that we need to adjust in my
20 questions and some of the ways that we approach the
21 veterans.

22 MR. AUMENT: Additional comments?

23 MR. KLINGELHOFER: I don't know, I find this
24 to be very instructive conversation here, and I really
25 do consider it that, a conversation. We've heard some

1 -- I believe some very well-reasoned advocacy, you
2 know, for two different approaches on this. And I feel
3 a little more informed on that. I certainly personally
4 still believe that there's additional persuasion that's
5 needed and some additional reasoning that's needed on
6 this, but I think it's at least it's been a great start
7 today.

8 MR. AUMENT: Any additional comments?

9 MR. FIELDER: Ron, Ed Fielder. Whenever you
10 have a conversation like this and everybody agrees to
11 agree, as opposed to agree to disagree, if you walk
12 away from the conversation, it just stalls. So I would
13 ask -- and I'm not the one -- but those that are,
14 comment on what are the actual takeaways from what we
15 just talked about.

16 MR. AUMENT: Yes, I don't disagree at all on
17 that.

18 MR. PHIPPS: Ed, I think the first takeaway --
19 I'm just going to jump right in here.

20 MR. AUMENT: Yeah, go.

21 MR. PHIPPS: Is to have the dialog with the
22 SBA on -- first as our committee to circulate what we
23 have previously generated in our research and kind of
24 formed the recommendation for this program, take a
25 deeper look at that after today's testimony, take that

1 information, hand it off to -- I think Robb is probably
2 one of the key personnel here because he understands
3 the differences of implementing the current program or
4 performing a new program. It is a legal issue, and a
5 legislative -- a mixture of -- and legislative --
6 current legislation, and those are the issues that have
7 to be addressed. And I think that has to be addressed
8 from Robb's office because we have a lot of good ideas
9 in what we think and, you know, what we want to do, but
10 I think those hurdles should be evaluated, maybe by the
11 SBA, and I think we should have a deliverable to the
12 SBA to evaluate.

13 MR. FIELDER: So I heard, Mike, you're going
14 to step up and --

15 MR. PHIPPS: Absolutely.

16 MR. FIELDER: -- lead that effort.

17 MR. PHIPPS: Absolutely.

18 MR. FIELDER: And I also heard that the
19 American Legion might have some interest. Marc's got
20 some interest. And, I'm sorry, your organization, sir?

21 MR. KLINGELHOFER: Vietnam Veterans of
22 America.

23 MR. FIELDER: Vietnam Veterans of America has
24 some interest, and they --

25 MR. KLINGELHOFER: And VET-Force.

1 MR. FIELDER: -- and VET-Force, and maybe they
2 should be in the room, too.

3 MR. WONG: So if I can offer, you said, Mike,
4 that you would -- you had a plan for the SDVOSB
5 business development plan. Why don't we start, and
6 we'll have lunch, and you can show that plan to me.

7 MR. PHIPPS: Sounds good.

8 MR. WONG: All right. I'm still here next
9 week. I don't take vacation too much, but I got to go
10 see my Dad. I broke his heart three weeks ago when he
11 had a birthday party, got me to go, and then I ditched
12 him at the end, for Bill Gould.

13 But, no, I'd be happy to -- I'd be happy to
14 see that, or if you could send that over
15 electronically.

16 MR. PHIPPS: Absolutely. Marc, I'll send it
17 to you. I'll send it to the Vietnam Veterans. I'll
18 have -- the American Legion has seen it because they're
19 on the board and they made comments on it. Joe Wynn,
20 I'll send it to you as well. We'll get input from as
21 many people as we can. And I think having an 80 or 90
22 percent solution with everybody's input is better than
23 after-the-fact we start any infighting that we see
24 occur so often. So we'll start -- I'll start that as
25 well, Robb, and then we'll get you --

1 MR. AUMENT: Yeah, I don't want to be a
2 bureaucrat, so I'm going to have Barb do it.

3 (Laughter)

4 MR. AUMENT: I'm kind of curious. I just want
5 to make sure that whatever we're doing in this regard
6 that we're FACA-compliant.

7 MS. CARSON: If there are any considerations
8 to be shared, I will make sure that you have them so
9 that you can be compliant. I will look for the
10 appropriate attorneys in SBA, but what I have heard
11 proposed so far is an external engagement among VSOs
12 who would present a proposal to the SBA, and there is
13 nothing within the FACA guidelines that would prevent
14 that.

15 MR. WONG: I think that this -- yeah, in my --
16 you've socialized an idea. I just want to see what
17 you're talking about. And we're not going to take any
18 official action at this point, but, you know, it's just
19 education. One of the things I'd like to also leave
20 the committee with, Victor, thank you very much. I
21 thought that the information is certainly probative,
22 right? And so that's a very good start.

23 The challenge is whether that's going to be
24 dispositive, right? And, so, that's -- you know, it's
25 -- it is through advocacy. It's through strength of

1 advocacy. It's going to be -- you know, it's certainly
2 not my decision alone to make. But, you know, to the
3 extent that I can help you out, I'll certainly try.

4 One last thing I'll tell you is just, you
5 know, it's not all doom and gloom. Right now, for
6 example, for the constituency, this is, you know, try
7 to, you know, find solutions, and we got to figure out
8 how. But, you know, with, you know, Mr. Goldschmitt,
9 with your -- you know, Marc, with your proposal right
10 now, for those service-disabled companies, right now in
11 present state for our programs, with those companies
12 that want 8(a) certification and can make that case
13 using your 30 questions as a guideline, they can become
14 8(a) certified. There's no bar against that, okay?

15 For those people that don't feel that they
16 want to be subjected to those questions, that's a
17 choice that they make, okay? But the option is open,
18 right? It's the difference between being good turning
19 into great, or great turning into greater. But just
20 because it's not greater doesn't mean that it's not
21 great, right?

22 But -- so there's still a way, and those
23 things I can give you a commitment that, you know, our
24 office and even with our field, with the initiative
25 that Mrs. McMahon has going, we're empowering our

1 field. We're empowering 68 district offices so that we
2 can become more customer-centric, so that we can use
3 our 68 district offices more as a sales force, which is
4 going to deliver not only the products that we sell but
5 the customer service on how to use those products,
6 okay? And worse comes to worse, you all have my phone
7 number and you have my email.

8 You know, okay, then I'll give it to you.

9 MS. LEWIS: For those on the call, I
10 apologize. I don't know who's speaking, so if you
11 could identify yourself, I would appreciate that.

12 MR. WONG: This is Barb Carson.

13 (Laughter)

14 MR. WONG: No, this is Robb Wong.

15 MS. LEWIS: Robb Wong.

16 MR. WONG: Yes.

17 MS. LEWIS: Thank you.

18 MR. WONG: But, Michael, I'll give that to you
19 right after the meeting, okay?

20 But, you know, right now, I just want to
21 emphasize again that service-disabled veterans, while
22 they are not a presumptive class, they are still
23 eligible for those that want to avail themselves of
24 that opportunity, they are still eligible to apply and
25 receive 8(a) certification.

1 Okay, the other things I'll tell you is that
2 with our existing state with SBA, if they need to staff
3 up, if they need to get stronger, use that All Small
4 Mentor Protégé. There's amazing benefits, okay? One
5 thing that I'll tell you as the Asian dad, okay, this
6 is not the seventies. We do not call you with
7 contracts. We don't have pockets of contracts ready to
8 hand out at the moment's notice, okay? But it's
9 incumbent upon -- it's incumbent upon the small
10 companies, and particularly it's being requested by DoD
11 and by GSA that we need to improve the quality of the
12 companies that are performing these contracts.

13 The small businesses that get our
14 certifications need to focus on quality. The old
15 way -- I'm digressing a little bit -- but the old way
16 used to be, hi, I'm a minority and you have goals.
17 Okay? My experience says that's not a great way to
18 sell. The best thing to do is to say I know you have a
19 problem and I have a solution, and I'm the best at
20 doing this part of the solution, even if it's not the
21 whole solution. But it's something just to start that
22 conversation and then, oh, by the way, I have an
23 acquisition method that will make it easier for you.
24 And those are the things that --

25 MS. LEWIS: Mr. Wong, can I comment?

1 MR. WONG: Yes, ma'am.

2 MS. LEWIS: Good morning, everyone. We
3 brought this up -- I got in on the tail end, so -- but
4 I heard Marc's presentation. I just couldn't see the
5 slides. But we brought this issue up once before, and
6 I know there was someone in the room who had mentioned
7 the historical data was -- I think that might have been
8 Mike -- was given to veterans, and I would like us to
9 go back since we're having this discussion again and
10 revisit the disparity study that was done by the
11 Department of Transportation that gave the DBEs their
12 presumption and, you know, socioeconomic status.

13 So I would add that veterans were at that
14 table, and we keep bringing this issue to the
15 forefront. We just haven't had the resources to dig it
16 out of the archives. But those who are in the position
17 that's looking at the historical data, I would ask you
18 to go back and look for that data from the Department
19 of Transportation because veterans were at the table.
20 They did not get the designation because there was no
21 follow-through in my opinion, but then the historical
22 data was lost, and the Department of Transportation
23 took it down.

24 But there were representatives at the table
25 when that disparity study was done, and veterans were

1 included. So I just want to add that, if we could go
2 back and pull that information, it might help what
3 we're discussing for the guy on the --

4 MR. AUMENT: Thank you --

5 MS. LEWIS: And this is Valerie Lewis, I
6 apologize.

7 MR. AUMENT: All right. I would like to see
8 if we can bring things to closure for the morning
9 session here. We ran a little bit over time, but I
10 thought it was, you know, a valuable use of all of our
11 time. And I want to thank all of the presenters who
12 have presented this morning. You know, at this
13 segment, Marc and once again to the Office of Business
14 Development?

15 MR. DODDS: Government Contracting.

16 MR. AUMENT: Oh, oh, I see. Well, thank you.
17 Let's resume the afternoon session at 1:00, please.

18 (Recess.)

19 MS. CARSON: This is Barbara Carson, Associate
20 Administrator, Office of Veterans Business Development.
21 We are going back on the record for the Advisory
22 Committee on Veteran Business Affairs.

23 Mr. Chairman?

24 MR. AUMENT: Yes. Thank you, Barb. So it
25 looks like this afternoon -- this afternoon, later

1 we're going to be doing some followup to some of this
2 morning's presentations, in particular the notion of
3 certification, options for certification and
4 verification of veteran-owned businesses. But first,
5 before we do that, I guess we're going to be having an
6 internal presentation from SBA, in fact from the Office
7 of Capital Access.

8 Peter Gibbs?

9 MR. GIBBS: Yes, sir.

10 MR. AUMENT: All right. Thank you, Peter.
11 Please.

12 MR. GIBBS: Hello, everyone. I'm going to
13 give you a presentation on SBA's lending, analysis on
14 SBA's lending. So the first slide shows you SBA's
15 entire portfolio and how much money we lend on an
16 annual basis since 2012. It shows you the loans that
17 were approved and the dollar amount. Next slide,
18 please.

19 In our small loans, SBA has a Microloan
20 program, which is a program for loans that are \$50,000
21 and below. And we have a Community Advantage program,
22 and that is for loans that are \$250 and below --
23 \$250,000 and below. And that shows you our activity
24 since 2012. Next slide, please.

25 What you guys are more concerned about is

1 lending to veterans. This shows you since 2012 the
2 number of loans and the percentage of our portfolio
3 that goes out to veterans and service-disabled vets.
4 Next slide, please.

5 If anyone has any questions, you know, feel
6 free to ask.

7 MR. PHIPPS: Hi, Peter. This is Michael
8 Phipps, and I think we talked about this yesterday.
9 Any insight onto the decrease in the amount of approved
10 dollars to the veteran-owned companies?

11 MR. GIBBS: I'm not sure. We can -- I'll take
12 that question back and try to figure out, you know, why
13 that's occurring.

14 Okay, so loans to veterans, they get a relief,
15 so the fee that veteran and service-disabled-vet
16 businesses is reduced if they're in that category,
17 based on the loan size, that's the fee that a veteran
18 or a service-disabled vet pays.

19 The next slide shows you -- the last column
20 tells you, like, as far as dollar value how much relief
21 the veteran-owned businesses has taken advantage of
22 since 2012 -- 2014 to 2017.

23 MR. AUMENT: Question for you.

24 MR. GIBBS: Yes, sir.

25 MR. AUMENT: The number of approved loans from

1 2015 through 2017 were, you know, quite similar. The
2 approved dollar amounts of those loans are not that far
3 apart --

4 MR. GIBBS: Mm-hmm.

5 MR. AUMENT: -- but the fee relief for '17 is
6 quite -- quite different than for the preceding two
7 years. Is there any explanation for that?

8 MR. GIBBS: Without looking at the details, I
9 would guess that it's the size of the loans. That's
10 probably why it's smaller.

11 MR. AUMENT: I guess the math would suggest
12 that the numbers of approved loans and approved
13 dollars, you know, are pretty much in line, but it's
14 only the fee relief that's not...

15 MS. CARSON: This is Barb Carson, OVBD. I do
16 have some context. There is fee relief that was
17 approved by the SBA Administrator in '15, based on
18 whether we could stay subsidy-neutral or not, and that
19 amount of fee relief that could be given in those two
20 years, '15 and '16, was substantially higher than what
21 was available in 2017 to remain subsidy-neutral.

22 For example, the fees up to \$5 million on 7(a)
23 were half -- reduced by half, and that obviously drove
24 some significant yearly to the higher dollar level
25 loans. If you would like a further breakdown, though,

1 I can work with Peter and the --

2 MR. GIBBS: Right.

3 MS. CARSON: -- the Office of Capital Access
4 to get you a more detailed breakdown.

5 MR. AUMENT: At yesterday's interagency
6 meeting, there was a good presentation on, you know,
7 capital access as well, too. One of the things that
8 the speaker mentioned would be talking about annual
9 adjustments in order to hit that zero subsidy, and
10 there would be instances where the, you know, ceilings
11 or floors and everything would be, you know, raised or
12 lowered in order to achieve that.

13 One question I had, Barb, was does that
14 mean -- is that only for the, you know, veteran loans?
15 I know they're the only ones that are eligible for fee
16 relief, but where you have experienced losses, does
17 that look at the total universe of loans versus just
18 the veterans loans?

19 MR. GIBBS: Yes.

20 MS. CARSON: Barb and Peter would answer. It
21 looks at the entire population of the lending
22 portfolio. There is not one segment that is receiving
23 -- veteran relief is a part of the total package, so
24 for example, one correction I would make is that
25 yesterday for all borrowers, there's no fee on certain

1 7(a) products under \$125,000.

2 Veterans can -- we can continue the modeling
3 to provide some additional fee relief and still remain
4 subsidy-neutral, so in addition to the no-fee at
5 \$125,000 and below, like every other borrower gets,
6 veterans have further relief from \$125,000 to \$350,000
7 on non-Express, 7(a).

8 And one distinction -- you didn't ask, but I'm
9 going to tell you anyway, is that the Veteran
10 Entrepreneurship Act of 2015 provides for zero fees to
11 be paid by veterans on that up-front guarantee for
12 \$350,000 and below, but only on SBA Express products.
13 And that is why we -- I mean, SBA has to stay subsidy-
14 neutral, but that's why it is especially important to
15 that Act, being able to be enforced. We would lose
16 that relief if we were not subsidy-neutral.

17 MR. GIBBS: Okay, so that's the last slide,
18 but I am the Acting Director of the SBA's Office of
19 Surety Guarantee, so I decided to bring a bonus for you
20 guys today. So Germaine is going to give you some -- I
21 want to give you a breakdown of how, you know, a
22 significant number of veterans, they own construction
23 companies. And the biggest -- one of the biggest
24 obstacles for construction companies is the ability to
25 get what's called a surety bond, a performance bond.

1 And my office, you know, we provide -- we guarantee
2 bonds up to \$10 million if it's a federal contract. On
3 a regular contract, we can go up to \$6.5 million, and
4 we have what's called a quick-app. So if you have a
5 contract that's \$400,000 and below, you can get a bond
6 through our program in less than -- in a couple of
7 hours. A regular contract, we approve it in about less
8 than two days.

9 So I apologize, I only have like 15 copies, so
10 the people who can see it, in FY17, you know, we
11 guaranteed over \$522 million in contracts, and which
12 was for 764 bid bonds and final bond contract, which
13 means that half a billion dollars was submitted in
14 bids, and the final contract, which means that the
15 veteran-owned business actually got the project, we had
16 \$128 million in contracts.

17 If anyone who does not have a copy wants to
18 get a copy of it, but we -- we've been reaching out to
19 veterans. I'm a veteran, and I have three or four
20 members of my staff that are veterans, so we do a -- we
21 reach out to veterans and we see the numbers as far as
22 veteran-owned construction companies actually obtaining
23 surety bonds increasing over the last couple of years.

24 Yes, ma'am?

25 MS. PEREZ-WILHITE: What has your approval

1 rate been for the VOSBs that contact you that want
2 those bonds?

3 MR. GIBBS: The approval rate in our program
4 as a whole is about 98 percent. Very rarely do we not
5 approve a bond. And it's several reasons. We partner
6 with 31 surety companies and about 400 agents, so the
7 agents who are -- who have user names and passwords to
8 submit bonds to us, they know our program. So by the
9 time it gets to us, they've done their vetting, so they
10 -- so rarely do we ever not approve a bond.

11 Any additional questions?

12 (No response.)

13 MR. GIBBS: All right, thank you.

14 MR. AUMENT: Thank you very much, Peter.

15 Our next presented, just a little bit of
16 background, as we were trying to put together the
17 agenda for this -- you know, today's session, we wanted
18 to, you know, expand upon the whole theme of
19 verification/certification of veteran-owned businesses.
20 So far this morning, we talked about the different
21 options for those of us who are working in the govcon
22 area, and whether it's going through the VA's more
23 formal process or whether it is a self-certification
24 process for SDVOSBs or VOSBs that do not choose to do
25 business necessarily as VA as their primary customer.

1 But we also know that there are more veteran
2 businesses that are actually doing -- you know, relying
3 upon either selling goods or services in the private
4 sector than there are in the public sector. So we
5 wanted to talk to some entities that have been -- their
6 experience in going through certifications of veteran-
7 owned businesses, you know, for the work that they do
8 in the commercial supply chains.

9 So I'd like to start out with a presentation
10 by Matthew Pavelek, who is with the National Veteran
11 Owned Business Association. And he's here with his
12 colleague, Mimi Lohm. And I think you have one other
13 colleague with you?

14 MR. PAVELEK: Yes, we do. We have Shirley
15 Bailey. She works with our team, and she's with GCC
16 Technologies.

17 MR. AUMENT: Okay. Well, please.

18 MR. PAVELEK: Okay, so first of all, I'd like
19 to thank Ronald and the committee for having us here
20 today. We really appreciate the opportunity to speak
21 with you all. My name is Matthew Pavelek. I'm the
22 President of the National Veteran Owned Business
23 Association. And just in terms of background, I've
24 been the executive editor of Vetpreneur Magazine for
25 the last nine years, and I've been extensively working

1 with the veteran business community. I've written
2 quite a bit about federal spending and government
3 programs, but our core advocacy has been with the
4 private sector and corporate contracting entities and
5 trying to help veterans get equal inclusion in
6 diversity circles within corporations.

7 And, so, my colleague, Mimi, if we can go to
8 the next slide -- actually advance two slides forward,
9 please -- she and I have been working together, but
10 largely she's really led our advocacy efforts over the
11 years to get more corporations to include veterans. So
12 in 2007, when NaVOBA launched, there were about 100
13 companies on the Fortune 500 list that had goals to
14 include veterans. That's increased to more than 430
15 companies now, largely because of that advocacy. So
16 we've seen a really high level of engagement with
17 corporations wanting to include goals for veteran
18 businesses. So next slide please.

19 So what we've really worked to help veterans
20 or help the corporate community understand is the value
21 of working with veteran businesses. So the argument
22 that your customer base for corporations is very
23 diverse and so should your supply chain has largely
24 been the reason for supplier diversity in general. We
25 take that a step further with talking about what the

1 military teaches people and what veterans learn. Many
2 of us in this room are veterans, but there's a lot of
3 discipline and leadership and skills that are taught,
4 intangible skills that make veterans excellent
5 employees and also make them excellent suppliers. Next
6 slide, please.

7 That translates into a greater propensity for
8 entrepreneurship for veterans, and there's been a lot
9 of studies to try to understand why that is. But in
10 either case, what it means is for private sector
11 corporations the answer to the bottom line, they have
12 shareholders. They don't give contracts to anybody
13 based on who they are; they do it because it's good
14 business reasons. And including veterans in that
15 supply chain is important.

16 One of the other things that we've worked
17 really hard through the magazine and through just
18 conversations is to help everybody understand how
19 diverse the veteran community is because veterans are
20 everybody. The key distinction is over the last 44
21 years or so, everybody that's served in the military
22 volunteered to do so.

23 And, so, we had some commentary early about
24 the way that the media portrays and our society
25 portrays the veteran experience, and I have some

1 experience with that in my research. When I went to
2 the University of Kentucky for my Ph.D. program, I was
3 looking at how media covers veterans, and what I found
4 in about 85 percent of cases, you do see a lot of those
5 themes of PTSD, homelessness, unemployment, what I
6 coined the broken hero syndrome or the damaged goods
7 syndrome, which is unfortunate because what we talk
8 about, even with veterans that have incurred a service-
9 connected disability, we still see a lot of great
10 business leadership skills and a lot of great
11 businesses.

12 And, so we honor our women vetrepreneurs of
13 the year and the minority vetrepreneurs of the year,
14 Hispanics, et cetera, to make sure we truly help people
15 understand that there is a great diversity within the
16 veteran community.

17 And, so, if we could advance the slides
18 forward to show all the different covers, because we
19 write these stories about these great people because we
20 can help personify this notion. So these are all
21 excellent business owners that we were able to
22 recognize this year, and with that discussion earlier,
23 Dave from Coqui Disposal, the third one in from the
24 left, he's actually an 8(a) company as well. So, I
25 mean, there's a lot of synergies to what we've been

1 talking about today.

2 So if we can go to the next slide, please.
3 One of the other things that we've found to be very
4 beneficial for the veteran business community is
5 veterans like to hire veterans. And this is not unique
6 because women-owned companies hire women as employees
7 and et cetera. And, so, this is a great opportunity to
8 -- for -- so so many corporations have initiatives to
9 hire veterans as employees, and also to include goals
10 for veterans as suppliers in their supply chain, so
11 this is something that actually helps on both of those
12 fronts when they include goals for veteran-owned
13 companies.

14 So we've been studying this for a while, and
15 so veteran businesses are 30 percent more likely to
16 hire veteran-owned -- or veterans to work with their
17 companies than nonveteran-owned companies for a lot of
18 those same reasons, and especially because if you're
19 the owner of a company, you understand your military
20 experience and what that did for you, and that
21 translates into how you understand that benefit from
22 your employees as well. Next slide, please.

23 So NaVOBA is -- we're a nonprofit
24 organization. We just went through that process to get
25 the IRS approval. And it's very important for us to

1 let you all know that we are governed by Corporate
2 America. So the majority of the board seats on our
3 board of directors are the corporations themselves to
4 make sure that this is patterned -- is nearly identical
5 of a fashion to what we've seen as the gold standard
6 for the [audio interference] programs with the Women's
7 Business Enterprise National Council.

8 MS. CARSON: Could you please mute your phone
9 if you are not speaking? Thank you.

10 MR. PAVELEK: So it's important for us to get
11 the feedback and the leadership from the corporate
12 community. So making sure that they have that voice in
13 how we are operating to make sure that this brings
14 maximum value to the veteran businesses that work with
15 them in their supply chain so they can guide our
16 policies and how we go about certifying these
17 businesses and connecting them with these businesses.
18 Next slide, please.

19 So we also want to help -- for businesses that
20 are not just necessarily those businesses that are part
21 of the supply chain, America does love veterans right
22 now. And to Mike's point earlier, the -- it is
23 cyclical. There's time that -- in America that that
24 was not necessarily the case. It is right now.

25 And, so, what we want to be able to do is for

1 those companies that own products that are actually
2 sold to everyday consumers for them to recognize that.
3 Once again, this isn't something new. I was just at
4 the grocery store yesterday, and I saw a box of
5 cucumbers that said women-owned right on the box as it
6 was coming from a women-owned farm. And we wanted to
7 make sure that we replicate that, too, so when everyday
8 consumers want to say, hey, I want to support the
9 veteran community, I can do that by buying products and
10 services that are actually provided by these large
11 companies that use these companies in their supply
12 chains.

13 So we have this certified veteran-owned logo
14 that we're putting on products. So if we go to the
15 next slide, pointing out -- so all of these folks that
16 have served in uniform, we did research a while back to
17 find out what level of people -- or how what level of
18 support from the average Americans and from respondents
19 from all walks of life.

20 We found that 95 percent of folks feel a sense
21 of gratitude toward people who have served in the
22 military; and two-thirds of people said they'd be
23 identified -- or they would be inclined to purchase
24 from a business identified as veteran-owned, all things
25 being equal -- price, quality, et cetera. So there's a

1 propensity for that. And, so, that's a huge impact for
2 corporations to want to be able to recognize that. So
3 if we can go to the next slide.

4 This woman that you see there, this is her
5 company. It's Savannah Sauce Company. I don't know if
6 you're familiar with her company, but we worked with
7 her last year on a cookbook project that they did, and
8 the proceeds of the cookbook went to the Tiny Homes for
9 Heroes, and they built a community of tiny homes in
10 Savannah, Georgia for homeless veterans.

11 But these products are sold in WholeFoods
12 Markets, and so to be able to take a product like that
13 and say, okay, there's this product that's an excellent
14 product, but also see that it's a veteran-owned company
15 and supports the veteran community is what we want to
16 accomplish with this program to get more of these
17 things out there because we know that the veterans will
18 benefit and the corporations will benefit as well.

19 So we have more than 435 companies that do
20 want to support veteran-owned businesses. And like I
21 said before, that's quadrupled over the last decade,
22 which is fantastic. And, so, what we also like to do
23 is recognize that. So if we can go through the next
24 several slides, when I get to the FAQs later in the --
25 at the end of the presentation, we'll take a look at

1 all these different companies, but these are the
2 companies that support NaVOBA and have asked us to
3 create a program like this and said we want to be able
4 to recognize these veteran companies that we're doing
5 business with.

6 And, so, we also recognize the best
7 corporations for veteran business enterprises. We've
8 conducted this survey for the last decade, and it
9 started off with, as you might imagine, a lot of the
10 large prime contractor, defense companies that really
11 had aggressive goals to recruit veterans and work with
12 veterans and largely because of Public Law 10960, et
13 cetera. But that has expanded so much further outside
14 of that beltway requirement now and it is for -- all of
15 these companies want to be inclusive of veterans. And,
16 so, we like to recognize that.

17 And, so, our -- this year's survey, we had
18 more than 163 corporations respond who want to be
19 included in this recognition program, which is
20 fantastic because it just demonstrates the level of
21 commitment and then the corporations want to be able to
22 identify that they are doing great things for veteran
23 companies to be as inclusive in their supply chains as
24 possible, including folks who have served in the
25 military.

1 MS. PEREZ-WILHITE: I have a quick question.
2 These companies that you have here, are they also -- is
3 this their focused areas of giving to -- with their
4 community relations? Are they also giving to the
5 veteran community? Is that how you found them? How
6 did you determine which companies would work with you
7 with this?

8 MR. PAVELEK: So the companies that we work
9 with, we work with their supplier diversity programs.
10 So their commitment to us is they demonstrate they want
11 to work with veterans in their supply chains, in their
12 diversity inclusion programs. Many of them already
13 have a program that's in different levels of community
14 engagement and outreach, military affinity, et cetera.

15 And more frequently you see much more
16 engagement with hiring veterans and supporting the
17 military community and supplier diversity because of
18 its specific nature is actually you see less corporate
19 -- so some corporations might have a great program to
20 hire veterans, but don't actually have a robust program
21 for supplier diversity. So the folks that -- these
22 corporations, these are the ones that have dedicated
23 supplier diversity resources and include the efforts to
24 use veterans in that supply effort.

25 Next slide, please. So the one thing that

1 we've found is very important and something that our
2 corporate members have pointed out to us quite a bit is
3 it's vital for us if we're going to say we're spending
4 money with companies we need to know who they are and
5 make sure they are actually owned by who they say they
6 are owned by. And, so, we patterned our program
7 largely after the Women's Business Enterprise National
8 Council's program. We hired their president emeritus
9 to consult with us for most of the year in 2015 to
10 write the standards for how we certify the ownership,
11 operation, and control to that 51 percent.

12 We went through the U.S. Patent and Trademark
13 Office to make sure that we got protections for
14 certified veterans business enterprise and service-
15 disabled veterans business enterprise to make sure that
16 it's consistent with the private sector contracting
17 world. So in the private sector, they track spending
18 with women's business enterprises, minority business
19 enterprises, and so we wanted to make sure that we did
20 everything to stay consistent with that.

21 One of the reasons, too, is because for
22 corporations, they don't necessarily have to have a
23 small company. They can work with a very large company
24 if it's certified as minority or women-owned. They can
25 still take credit for that, so that's one of the key

1 distinctions between an OSB program versus a BVE
2 program, et cetera.

3 And, so, next slide, please. So we've been
4 spending a great deal of time trying to educate
5 veterans on who can benefit from our certification
6 program. For the majority of companies that are just
7 trying to sell more products and services in their
8 hometown or where they live or even online retailers,
9 et cetera, the overwhelming majority of companies
10 really don't need to get certified unless they're
11 actually working in the supply chains for corporations
12 that want to do that, and I know Misty's group can talk
13 a little bit more about the opportunities that are out
14 there for veterans and just entrepreneurs in everyday
15 America.

16 But, so, who needs it? Why is it valuable?
17 It's a huge value-add to your corporate customer is
18 what we try to help our corporations or our veteran
19 business enterprises understand. So the reason that
20 you do this, because if your corporate customer has
21 already said we need to be inclusive in our supply
22 efforts, and if we're accomplishing this by spending
23 money with your company and you're veteran-owned,
24 please let us know that so we can measure that
25 effectiveness.

1 And, so, it's valuable to the corporations
2 that want to be inclusive of veterans. And, so, for
3 the -- then by its nature it's also valuable for the
4 veterans business enterprises that want to be able to
5 provide that value-add to that corporate customer or
6 that prospective corporate customer.

7 It's different from the VA's business
8 verification in a couple different ways, and we've
9 heard the term "certification" kind of used
10 interchangeably with what the VA is doing, and it's not
11 the same thing. And with the self-certification
12 program, understanding the vernacular with the
13 corporate contracting world, that certainly applies
14 with self-certification, but in the private sector
15 contracting, certification is a much more clearly and
16 rigidly defined term that is the 51 percent ownership,
17 operation, and control of at least one or more
18 veterans, but it doesn't have to be a small company,
19 but it also includes a site visit in 100 percent of the
20 cases in which VA has been progressively reducing the
21 number of site visits they conduct for the businesses
22 that they verify.

23 The other key difference is the VA's
24 verification program is for VA to be compliant with its
25 own spending in its supply efforts. It's really no

1 other requirement for any other agency outside of the
2 Federal Government or inside the Federal Government to
3 use the VA-verified database. And for the majority of
4 the businesses that have been verified through VA, they
5 actually have not gotten VA contracts. And many of
6 them are not trying to. They just want to have some
7 measure of validation of their veteran status. And,
8 so, that's one of the -- that's probably the biggest
9 difference about what we're doing is that it's designed
10 for that private sector, so when these companies say,
11 well, I'm a VA-certified or VA-verified business, it
12 doesn't really apply that much to corporations when
13 they say they want to go get included in these supplier
14 diversity efforts.

15 They do have to pay a certification fee. Once
16 again, this is identical to the WBE certification fees
17 with WBENC, and it's \$350 for every other year at the
18 lowest tier for veteran companies and goes up from
19 there. We know that there are other certification
20 programs that are much more costly and much more
21 frequent that they have to be conducted.

22 But all of the information about this is
23 available on the NavOBACertification.org. So if
24 anybody wants to check that out and take a look at the
25 requirements and read the overview and understand

1 exactly what it's about, if it's right for you for your
2 current customers or your prospective customers and
3 what to expect. I think someone made a great point
4 earlier that no one -- I think it was Ben, actually,
5 that said that no one's going to give you a contract
6 based on who you are and the idea that, hey, I'm a
7 service-disabled vet, what do you have for me, is --
8 that's something we have to educate the veteran
9 community on.

10 I mean, no one is ever going to give a
11 contract to anybody based on who they are, especially
12 in Corporate America. They're going to give -- they're
13 going to find solutions to their problems, and they're
14 going to find ways to bring value to their shareholders
15 and boost their bottom line. And if working with your
16 company, the -- and the products, services, expertise
17 you provide helps them achieve that, that's great. And
18 if you also happen to be diverse in some category that
19 they can measure that, that's how it works, and that's
20 what we try to educate the veterans on what to expect.

21 So looking at supplier inclusion and
22 diversity, this is -- it's been around for 40-plus
23 years, and this is inclusive of the LGBT community, the
24 veteran community now, the Hispanic community,
25 minority, women. But this is an important program for

1 these corporations that want to make sure that they
2 include as many different groups as they can in their
3 supplier diversity programs because their customers are
4 inclusive of all these other groups.

5 So the best companies want to be part of what
6 this thing that's called the Billion Dollar Roundtable,
7 and that's these corporations that spend more than \$1
8 billion annually with companies that they can measure
9 that are diverse companies. And, so, 26 percent of
10 those companies are also current corporate supporters
11 of NaVOBA that are on that Billion Dollar Roundtable.

12 And, so, we have discussions with corporations
13 every day to be more inclusive of veterans and to
14 understand how veterans can be part of these existing
15 programs. Next slide, please.

16 So most importantly, why is an inclusive
17 supply chain important for the veterans? This --
18 having different companies that can provide -- small
19 companies in general, small businesses in general,
20 provide great value to corporations.

21 So we had our annual conference in Phoenix
22 last month, and we met so many different businesses.
23 One business in particular was impressive to me. They
24 have an alternative to Sterno, the canned heat. So
25 they're essentially distilling rum, but they're turning

1 it into a canned fuel source, and it's also a lighter
2 fluid that you can use, so it's a direct competing
3 product to Sterno and to the Kingsford lighter fluid or
4 anything like that. It doesn't have any aromas; it
5 doesn't have any -- the char that happens at the bottom
6 of the chafing units for the hotel industry when you
7 use those things. It doesn't produce carbon monoxide;
8 it's much cheaper to produce.

9 And it's an incredibly innovative product that
10 our corporations -- especially the companies that want
11 to see -- so if you're a customer, you see something
12 that's an innovative product, that's actually a better
13 alternative, and it's on the shelf, and you also see
14 that it's provided by a veteran-owned company, that's
15 going to help boost sales for that company for the
16 corporation that puts that on the shelves, et cetera.

17 So companies understand -- the corporations
18 understand that having an inclusive supply chain of
19 people that bring different ideas and fresh
20 perspectives, and that's true for all small business
21 and not just veterans.

22 And in certain areas, we do see that veterans
23 in particular have a much greater likelihood or a
24 different set of skills. Like in unmanned aircraft
25 operations for -- and the private sector opportunities

1 for that, we see a lot of veterans that have a lot of
2 expertise in that area simply because of the military
3 applications.

4 So -- am I running out of time?

5 MR. AUMENT: Yeah, you're doing fine. Can you
6 talk a little faster?

7 (Laughter)

8 MR. PAVELEK: Okay, so we've had more -- at
9 any given time, we've had generally 70 to 80 active
10 corporate members that work with us. We've had 135
11 over the years that have been financial supporters of
12 NaVOBA. And, so, they've asked repeatedly for this
13 certification program. Please do for the veteran
14 community what the women community has done for women's
15 business enterprises.

16 Okay, and so we've done that. We've gone
17 through this process. So I've talked about the VBE and
18 the SDVB certification program. So all the SDVBs,
19 those are the folks that can also demonstrate that they
20 have a service-connected disability, are inherently
21 VBEs. The majority of the veteran companies are not
22 service-disabled, however, so the majority of veterans
23 would be veterans business enterprises.

24 And what we've found is there's a -- it's a
25 self-identity issue. There are so many veterans that

1 are doing business with corporations right now, but the
2 corporations don't know it and the veterans haven't
3 told them that because there's really no advantage.
4 They don't understand that value-add to their corporate
5 customer by saying I'm a veteran-owned company, or they
6 say, well, I didn't serve in combat, or I wasn't
7 wounded. And, so, I'm not a veteran, but yes, you are
8 if you served honorably.

9 And, so, we've really been working with our
10 corporate partners to reach out to their supply chains,
11 to help their suppliers understand the value of
12 identifying if they're a veteran-owned company and the
13 value that brings to that corporate customer.

14 So we talked about the trademarking those
15 certifications and seals, and then the site visit is
16 conducted in 100 percent of the cases, and that's, once
17 again, consistent with all private sector certification
18 programs. We do an incredibly thorough document review
19 to find out everything we can about the ownership,
20 operation, and control of the company.

21 And then we'll go out and visit you. We'll
22 look at a government-issued ID to make sure the person
23 that we're talking to is the person we should be
24 talking to, that you are who you say you are and what
25 we found out to be true on paper we know is true in

1 fact. And are you making the things you say you make,
2 are you providing what you say you provide, et cetera.
3 Next slide, please.

4 So there's the gold standard that's out there.
5 So in any -- in as many ways as we can be identical to
6 the standards of these other groups that are out there,
7 with the Women's Business Enterprise National Council,
8 the National Minority Supplier Development Council, the
9 National Gay/Lesbian Chamber of Commerce, and the U.S.
10 Business Leadership Network, the VA verification, we
11 will work with the companies that have gone that
12 process because we know how robust VA's process is.

13 I mean, it is, they do put you through -- and
14 in many ways -- not many ways, but in a few significant
15 ways, it might be a little too much for the limiting on
16 the business' -- the veteran business' potential or you
17 don't necessarily need to do certain things for that.
18 So -- but we do look at that VA verification record.
19 We know that they put that application together, so
20 we'll still do the site visit for that. But it's the
21 same gold standard.

22 And, so, for our program, I think this is a
23 key distinction, too. It's every other year. I know
24 that for the majority of private sector certification
25 programs it could be every year or every other year.

1 The VA recently switched to every three years for your
2 verification to be valid, but our corporate board felt
3 that every other year would be something that would be
4 trustworthy that we could depend on things.

5 We still have ways to make sure that if things
6 have changed with the company they can provide that
7 information to us, but not necessarily put that much
8 burden and cost on the veteran business applicant. We
9 wanted to keep that as minimum as possible, especially
10 knowing that the VA is providing this to the veteran
11 company at no cost to them.

12 Now it is -- there's significant cost to the
13 taxpayer, several thousand dollars per verified firm,
14 but still, the veteran applicant doesn't actually have
15 to absorb that cost. So we wanted to make sure that we
16 minimize that to the veteran as much as we could.

17 And, so, for the veteran businesses -- next
18 slide, please -- you know, the navobacertification.org
19 is where we have the certification application program.
20 They can take a look at everything and see if they feel
21 that it's going to be right for them and their current
22 or prospective corporate customers. And we have
23 events. We'll be announcing the 2018 events, and we
24 work with other groups to help veterans understand that
25 if their company is that type of contracting company

1 that can benefit from private sector certification,
2 please do so.

3 Next slide, please. We have a lot of
4 corporations that work with us as founding members and
5 support us, and we're building a database of our
6 certified veteran businesses so these corporations can
7 find these firms to work with. And also other veteran
8 business enterprises can find other veterans to work
9 with. And just like every other community, there's a
10 lot of V-to-V contracting or whatever, so veterans want
11 to support other veterans when they can, or find other
12 veterans to work with because they know what they're
13 going to get from a veteran company.

14 So for the corporations, we ask them to get
15 their suppliers certified because we know they're
16 already doing a great deal of business with veterans,
17 so they can start to measure what they already have.
18 And then we work with the employee resource groups at a
19 lot of these corporations because they have so many of
20 these groups that have goals to try to do something to
21 give back to the veteran community and to provide that
22 resource. And a lot of times they can work with us to
23 help us find people to do those site visits and make
24 sure that the companies are who they say they are.

25 And a final slide, please. So these are the

1 questions that we get from veteran business owners,
2 because I talk to veteran business owners all the time.
3 So the first question, who authorized NaVOBA to certify
4 my business? And, so, that's why I showed you the
5 slide with all of those corporate logos on there. All
6 of these corporations that have said please do this
7 for, that's who. It's important to them, so if those
8 companies are your customer, do this for your customer
9 because that's what they want us to do for them.

10 Why do you have to get certified? You don't.
11 It's -- we use the metaphor that it should be viewed as
12 a hunting license. If you tend to use this
13 certification to work with these prospective or current
14 customers, then do it. If you choose not to do that,
15 that's at your discretion.

16 Why do I have to get paid -- or why do I have
17 to pay? Because it's costly. It's very detailed work,
18 and whether it's VA verification or anything else, you
19 have to have people with expertise that know what
20 they're doing, to look at the documents about how a
21 company is structured and controlled.

22 And, so -- and at the same time, the
23 corporations were unanimous, because we did talk about
24 that, that there is some price sensitivity. The VA
25 does this essentially for free to the corporate -- or

1 to the veteran applicant, and they were unanimous in
2 saying, well, if they're going to -- if this value-add
3 that's going to cost them less than \$350 to us is
4 something they're not willing to do, they're probably
5 not doing business with us. Okay, understood. Cold,
6 but it's business, right?

7 So -- and if you're already certified
8 somewhere else, why do you need to do this? Well,
9 there's ways that we can take -- we can capitalize on
10 whatever certification that you've already had and not
11 make you do duplicative work if necessary, but simply
12 to say that you're a -- so we'll use an example. So,
13 say I'm certified as a women's business enterprise, and
14 -- but the woman -- but I have three women owners. One
15 of the woman owners is a veteran, but we all own it
16 equally at 33 percent or so of the company.

17 So we couldn't -- we still qualify as a WBE
18 because we're greater than 51 percent women ownership,
19 but we wouldn't qualify as veteran because we have less
20 than 51 percent veteran ownership. So it's important
21 for us to make sure that we look at all of those
22 aspects, even if you have been certified in another
23 area, because it must match our standards to be a
24 NaVOBA-certified VBE.

25 And that's all I had for today. Does anybody

1 have any questions?

2 MR. AUMENT: Yes, Matt. Thank you very much.
3 Are the majority of the veteran-owned businesses that
4 are going through your certification process, are they
5 product companies versus service companies, or is there
6 an equal mix?

7 MR. PAVELEK: I'd say the majority of the
8 companies now are service companies because they are
9 those companies that are already providing services, or
10 they're the companies that are familiar with what a
11 veteran-owned business is and try to sell to the
12 Government.

13 We do get a decent number of product
14 companies, but oftentimes we'll have folks that if
15 they're not going to be a product that they actually
16 want to sell to the corporations, we tell them they
17 don't really need to get certified through us, that
18 they can actually work with the different organizations
19 to be able to put that product out there and let them
20 know it's coming from a veteran, because they might not
21 get the value, because once again, our corporations
22 want to see the companies that they're actually working
23 with in their supply efforts. So I would say at this
24 point there's probably close to 60/40, service to
25 product.

1 MR. AUMENT: Okay.

2 MR. PAVELEK: But there's, you know, a lot of
3 -- if those products aren't selling to corporations,
4 then it's not necessarily applicable.

5 MR. AUMENT: Other questions for Matt?

6 MR. PAVELEK: Stephanie.

7 MS. BROWN: Stephanie Brown. My quick
8 question: How many do you have certified currently? I
9 know this is relatively new, it's very exciting.

10 MR. PAVELEK: Yeah.

11 MS. BROWN: And what is the approximate time
12 frame from application to certification?

13 MR. PAVELEK: Okay, so we officially opened
14 our certification program November 9th to coincide with
15 our national conference in Phoenix. Over the summer,
16 we went through our pilot program. We did about a
17 dozen businesses to get their feedback on what they
18 experienced with the certification program.

19 Right now, there's about, I would say, 30
20 businesses that are in process right now, so we get
21 three or four businesses every week. We have a list of
22 520 firms that have told us over the last year that
23 they would like to apply, and so we're reaching back
24 out to that list.

25 Time frame, it always depends on the veteran

1 applicant. So 96 percent of folks that apply for
2 business to get VA-verified do not submit a completed
3 application the first time through. And there's a lot
4 of time going back to those business owners and saying,
5 hey, can you provide this, we need to see this, or you
6 need to work with them to say, hey, the way that you
7 have this template that you downloaded from the
8 internet and it has your operating agreement doesn't
9 actually work to satisfy that you own the company, et
10 cetera.

11 So -- but when the application is submitted in
12 its entirety, especially if a company's already gone
13 through the VA verification or something else, it's a
14 matter of several hours for a case analyst to look at
15 that, and then as quickly as we can line up a site
16 visit or -- and we will coordinate together, so our
17 site visitor will meet with the business owner; they'll
18 set up a time; and then they'll go out and meet with
19 them at that location, but it could happen as quickly
20 as, you know, a couple weeks' time, if everything works
21 out.

22 It might take longer, but we usually try to
23 say that it's -- it's going to happen within 60 days,
24 if they complete it, but once again, I've got to stress
25 that it is vital that the application is submitted in

1 its entirety. And, so, they're not on -- we're not on
2 the clock until they've completed their aspect of it.

3 Thank you, Stephanie.

4 MS. BROWN: Mm-hmm.

5 MR. AUMENT: Other questions?

6 (No response.)

7 MR. AUMENT: Thank you very much, Matt.

8 MR. PAVELEK: Thank you.

9 MR. AUMENT: All right, next we're going to be
10 hearing from Jill Houghton of the USBLN, and I had the
11 pleasure of speaking to a couple of your colleagues
12 about a month ago to learn more about USBLN, Jill, and
13 so I'm very excited that you're able to be here with us
14 today, you know, to tell us about your organization and
15 the, you know, certification process that is relatively
16 new, as I understand, you know, for USBLN. So, please.

17 MS. HOUGHTON: So thank you, Mr. Chairman, and
18 thank you members of the Advisory Council. My name's
19 Jill Houghton, and I'm joined with Brian Horn, a member
20 of my team over here, chief of staff. So to begin with
21 the next slide, just a little bit of information about
22 who the USBLN is, because our name doesn't really do us
23 a lot of justice.

24 So 27 years ago, when the Americans with
25 Disabilities Act was passed, that was civil rights for

1 people with disabilities, and that is inclusive of
2 veterans who either have encountered disability as a
3 result of their service or encountered disability
4 outside of service. And, so, the Congressman that
5 introduced that piece of legislation, Congressman
6 Coelho, had the foresight that, you know, we can -- we
7 can give civil rights, we can give access to buildings
8 and public transportation, et cetera, but the one thing
9 that we can't do is legislate attitudes.

10 And, so, he believed that one of the things
11 that we would have the hardest time achieving would be
12 employment for people with disabilities and inclusive
13 of service-disabled veterans and veterans with
14 disabilities. So that being said, fast forward. He
15 had this concept that business responds to their peers.
16 So if one company is doing something that's good for
17 their bottom line, the other company wants to know what
18 it is and they want to do it better. So, thus, the
19 USBLN was born, and that's the back story on this whole
20 concept of business leadership network.

21 If we -- go back to that. If we fast forward
22 just to paint a picture, we're a national organization.
23 We have over 50 affiliates across the U.S. We're
24 focused on disability inclusion in the workplace, the
25 marketplace, and the supply chain. So in other words,

1 we represent -- today, there's like 137 corporate
2 partners -- BIT, multinational firms -- that want to do
3 better. They want to include people with disabilities,
4 service-disabled veterans, veterans with disabilities.

5 And they are part of our network, and we have
6 a wide variety of programs to help them do that. Okay,
7 so but today we're here to talk about certification,
8 but I just wanted to kind of level set for, like, who
9 the heck are you. So if you go to the next slide, the
10 back story on this disability supplier diversity
11 program is essentially that in 2010 Walmart and IBM,
12 two of our partners, came to us and they said, we want
13 to include disability-owned businesses, service-
14 disabled businesses, and there's not an entity out
15 there that provides certification. And we have done a
16 review, and we think that you're the right place.

17 So we said, okay. And then they connected us
18 with the Women's Business Enterprise National Council,
19 WBENC. There's a theme here, with the same person that
20 helped NaVOBA, she helped us, their president emeritus,
21 and at the time she was the president. And the
22 founders, Justin and Chance, from the National Gay and
23 Lesbian Chamber of Commerce. And it was a beautiful
24 thing because what they said to us was the sandbox is
25 really large, and we'll teach you everything that we

1 know, which is like a gift.

2 And, so, they took us under their wing, and we
3 needed to go out there, and we needed to figure out,
4 well, how do you define disability. And that's a very
5 complex thing because there's, like, over 70 federal
6 definitions alone before you even get down to the
7 states. So next slide.

8 I'm going to jump around here. So we did
9 focus groups. We engaged with people. And what we
10 decided is that we would rest with the definition that
11 resides in the Americans with Disabilities Act, as well
12 as add a component for service-disabled veterans that
13 I'm going to get to in a second. And our corporate
14 partners said we see you creating three certifications.

15 One is for what we call a DOBE, which is a
16 company that's 51 percent owned, operated, controlled,
17 and managed by a person with a disability or persons
18 with a disability. And then a V-DOBE, which is a
19 veteran disability-owned business enterprise, where
20 it's 51 percent owned, operated, controlled, and
21 managed by a veteran who has encountered disability
22 outside of their service. And then the SDV-DOBE, which
23 is the -- you know, it's pretty self-explanatory. Next
24 slide.

25 So in terms of highlights of the program, in

1 the early days, we went out and we got 15 founding
2 partners because the National Gay and Lesbian Chamber
3 of Commerce did that, and so we set out to get these 15
4 companies to help us build this thing. We developed a
5 strong national certification committee. So we have a
6 national body. We never reveal, like, who's on it, but
7 what I can tell you that who's on it are procurement
8 leaders and service-disabled veteran-owned businesses,
9 and disability-owned businesses.

10 So these are people that this is -- you
11 know, that they know this business, and they oversee
12 the procedures, the policies and the procedures of
13 the program. As well as we have built out a
14 procurement council. So we have a procurement council
15 with about -- representatives from probably 90 of our
16 corporate partners. And on that procurement council,
17 there are leaders from procurement and supplier
18 diversity that are there to talk about, like, cutting-
19 edge things, issues that are going on in their
20 companies, challenges that they're having, things that
21 they need help with that will help to influence this
22 program.

23 We have also built out -- we are the place
24 where Corporate America comes together around
25 disability. So we have built out a whole supply chain

1 track of our conference. We have a conference that
2 this year attracted 1,200 corporate leaders, including
3 businesses owned by service-disabled veterans and
4 veteran-disability-owned businesses that are there to
5 match-make and to have lots of opportunities to engage
6 with each other.

7 Recent initiatives, we've taken everything and
8 we've put it online. So I'm just here to tell you,
9 like, we're building this thing. We like to say we're,
10 like, driving the car and building it at the same time.
11 So in the early days, we were a whole bunch of
12 spreadsheets, but we've grown up, and it's now all
13 online on a sourcing hub, and it's accessible. So if
14 you're a service-disabled veteran or a veteran or a
15 disability-owned business and you're blind, guess what,
16 you can use our system because it's fully accessible,
17 and that's a big, like, sticking point for us. So it's
18 accessible.

19 We do a webinar series for our corporate
20 partners. We have a mentoring program. You know, and
21 I'm not here to say -- I mean, we're building this
22 thing. So, like, we launched a mentoring program last
23 year, and we had 12 matches. And then we're going to
24 take that and we're going to double it in size this
25 year. We've modeled it after -- we've got a whole

1 rising leader program that we do that's separate, with
2 college students with disabilities that include
3 veterans with disabilities, where we're matching them
4 with our corporate partners.

5 That program's, like, got 300 matches a year,
6 so this program is kind of following in its footsteps.
7 We're working with our partners at the National Gay and
8 Lesbian Chamber of Commerce directly to go into state
9 and local governments to try to get our certification
10 recognized. So we had a huge win in the State of
11 Massachusetts when Governor Baker signed an executive
12 order and recognized NGLCC's certification and USBLN
13 certification. And then we subsequently had a win in
14 Pennsylvania. And now we're working on New Jersey, and
15 we're working on New York. And, so, we're trying to
16 fly together and get included together, just like the
17 Billion Dollar Roundtable. So, you know, that's an
18 entity that was created in 2002, and it was a really
19 big day last August when they decided that the sandbox
20 was larger, and they included veterans, and they
21 included disability, and they included LGBT. So we
22 believe that there's power in working together.

23 We're trying to increase the numbers. We have
24 got a lot of work to do. So we've got 150 certified
25 businesses, and about 30 of those are service-disabled

1 veterans and veteran-disability-owned businesses. And
2 I can tell you, 19 of those are VA-verified. So we're
3 an opportunity-rich environment, and how we're doing
4 that is that -- so our organization, we had chapters
5 before we had the national mothership. Then we created
6 the national USBLN in 2007. So now we're working
7 backwards. So in -- we had to build things nationally,
8 and now we've got to work with our local 50 affiliates,
9 our footprint, and we've got to take what we've built
10 nationally, and we have to make it local.

11 So, for example, this year, we were able to
12 get a grant from Wells Fargo and begin to work with
13 seven of our affiliates locally to take this program
14 and help make it local, to be our boots on the ground,
15 to try to reach these businesses.

16 And lastly, but certainly not least, is that
17 we're trying to work with our corporate partners. You
18 know, certification isn't for everybody, like you were
19 talking about. And if you don't use it, it's a piece
20 of paper. But on the corporate side, we need companies
21 to include it in their programs and to measure it and
22 to be held accountable.

23 And, so, how are we doing that? So as an
24 organization, we also were involved in something called
25 the Disability Equality Index. It's something that we

1 created in partnership with another organization called
2 the American Association of People with Disabilities.
3 If you go to disabilityequalityindex.org, the survey
4 lives out there. There's a whole section in that
5 survey on supplier diversity.

6 It's there for a reason. And it calls out
7 specific questions around service-disabled veteran-
8 owned businesses and veteran-disability-owned
9 businesses and disability-owned businesses, because we
10 want to be included. We want our certified companies
11 to be included and utilized. And, so, we're using this
12 tool. We had 110 corporations take that survey this
13 year; 69 of them are Fortune 500 firms, and slowly over
14 time raising this bar, but rating them on their efforts
15 to be inclusive of disability across their business.

16 Next slide.

17 This is the criteria. It matches -- it's very
18 standard. I'm not going to waste your time reading it,
19 but I will say that we have changed. We've -- for the
20 -- since the beginning, it was a one-year
21 certification. It was \$200 for one year. Effective
22 January 1st, we're moving to a two-year certification
23 for \$300. Next slide.

24 There's our definition of "disability." So
25 specifically in terms of a service-disabled veteran,

1 it's a person who served in active military, naval, or
2 air service and who was discharged or released under
3 conditions other than dishonorable, and whose
4 disability was incurred or aggravated in the line of
5 duty in the active military, naval, or air service and
6 is documented by a disability ratings letter issued by
7 the VA. Reservists or members of the National Guard
8 who are disabled from a disease or injury incurred or
9 aggravated in the line of duty or while in training
10 status also qualify. So just giving you the facts
11 there. Next slide.

12 Status qualifiers in terms of -- I just told
13 you it's the DD -- it's your adjudication letter, and
14 then it's the DD 214 or the National Archives and
15 Records Administration letter, and then there's a bunch
16 of different status qualifiers there for people with
17 disabilities. Next slide.

18 We -- our certification committee went through
19 this whole process because we recognize that veterans
20 who are going through the VA process, that it's a very
21 rigorous, cumbersome, lengthy process, to put it
22 mildly. And, so, what we wanted to do was we wanted to
23 create two paths. So we have one if you're non-VA-
24 verified, then you go through the standard process, and
25 there's more paperwork involved. The next slide.

1 There's an abbreviated paperwork that's
2 involved if you're VA-verified because we want to
3 recognize the fact that this veteran business owner has
4 already been through this lengthy process, and our goal
5 is to not create more barriers or burdens. Next slide.

6 Our process, our process takes 90 days.
7 Sometimes it takes less, but I'll tell you the
8 applicant starts the application process. Nine times
9 out ten, they don't turn in everything, and so you got
10 to hunt it down and help them. It goes to our
11 certification committee for review. Then it goes out
12 to a site visit. Then it goes back to the
13 certification committee, and then the determination is
14 sent to the business within 15 days.

15 And the certification committee either votes
16 to approve, deny, or request more information. If they
17 deny it, there's a whole appeals council, and there's a
18 whole appeals process. Next slide.

19 Ways that we support our certified
20 businesses. Monthly teleconferences. We have
21 scholarships, so we -- through the support of partners,
22 we utilize that to support people to go to the Tuck
23 School of Management or to go to Google to learn more
24 about Google Analytics. Our corporate partners provide
25 information on bidding opportunities during networking

1 events throughout the year with quarterly spotlights
2 and newsletters, our conference, our mentoring program,
3 webinars.

4 And we've got an awesome partnership with the
5 Institute for Veterans and Military Families, and we
6 don't do what they do. And they do it very well. So
7 together we like to think that we make a really good
8 team because they do -- we're just -- we're the
9 certification body. Next slide.

10 That's our contact information, happy to
11 answer questions.

12 MR. AUMENT: A very simple question, Jill, and
13 thank you very much for your presentation. How do you
14 define your affiliates? You spoke of them a couple
15 different times. Please explain that -- who they are.

16 MS. HOUGHTON: So they're a rainbow, so to
17 speak, you know. In some communities, they are, like,
18 robust. And in some communities, they're an
19 opportunity to grow and to develop. But at the core of
20 each of our affiliates, they're business. So we bring
21 together business leaders in a community that are
22 committed to including people with disabilities.

23 And a lot of times, these may be employee
24 resource group leaders that may lead the military and
25 veterans ERG or may lead the disability employee

1 resource group, business resource group, because a lot
2 of times in our corporate partners, we're seeing a lot
3 of connection between military, their veterans efforts,
4 and their disability efforts.

5 In fact, a lot of companies have created
6 positions where they're sandwiching those two together.
7 And, so, locally, you're going to see local procurement
8 leaders, local, you know, human resources folks,
9 technology, because that's a really hot topic around
10 the accessibility of technology. You're starting to
11 see accessibility people come into our mix. And you're
12 going to see business owners.

13 MR. AUMENT: So would they be, for example, an
14 offshoot of the local chamber of commerce or something
15 like that?

16 MS. HOUGHTON: It depends on the community.
17 So in Chicago, we are part of the Chicago Chamber of
18 Commerce, the Chicagoland Chamber or Commerce. In New
19 Jersey, we're part of the New Jersey Chamber of
20 Commerce. But in Indiana, we're associated with the
21 SHRM, the Society for Human Resource Management,
22 whereas in Alabama, we're associated with the
23 vocational rehabilitation agency. So we look different
24 depending on the community.

25 MR. AUMENT: Do we have other questions for

1 Jill?

2 MR. PHIPPS: Jill, really quick --

3 MS. LEWIS: We can't hear the questions on the
4 phone.

5 MR. PHIPPS: Hi, Jill. This is Mike Phipps.
6 Can you explain the Disability Equality Index a little
7 bit, and is there a differentiator for veterans versus
8 the other groups that you represent?

9 MS. HOUGHTON: So the Disability Equality
10 Index was inspired by something called the Corporate
11 Equality Index that is a tool that was created by the
12 Human Rights Campaign, or HRC. And it is a tool -- the
13 Disability Equality Index is a tool that was created in
14 partnership between our organization and an
15 organization called AAPD, the American Association of
16 People with Disabilities. We created an advisory
17 committee of corporate leaders and of people with
18 disabilities.

19 And, you know, the two cross over and there
20 are some individuals on there that are veterans,
21 veterans with disabilities. And they created a tool
22 that looks at leadership and culture, employment
23 practices, enterprise-wide access, community
24 engagement, and support services, and now supplier
25 diversity. It's a 72-page survey.

1 It's out in the public domain at
2 disabilityequalityindex.org, and it is intended to be a
3 tool to help business get better at including people --
4 all people -- including service-disabled veterans and
5 veterans with disabilities. And, so, it causes a
6 company to bring together a cross-functional team and
7 to look at these questions, respond to these questions.
8 And we then turn around -- it takes -- the survey --
9 the registration is open right now. It closes on
10 January 12th.

11 The survey goes live on January 24th. It's
12 online. It runs until April 13th, so and on April
13 13th, companies will submit their surveys. And then we
14 present the results in July, and we -- we talk about
15 the top companies for people with disabilities, and we
16 only talk about the companies that scored an 80 or
17 above because it's not a "gotcha."

18 So this year, in 2017, 110 corporations
19 participated. Again, 69 were Fortune 500 companies,
20 and then we call out opportunities that we see where
21 people can do better. So, for example, we saw that 51
22 percent of the companies that participated included
23 disability service-disabled veteran in their
24 procurement. And we see that there's a real
25 opportunity for the other 49 percent to get in the

1 game. If they want to get more points, then they need
2 to be more inclusive. So that's kind of an example.

3 Over time, the bar will raise. So this year,
4 we added a nonweighted whole category on supplier
5 diversity, and we're telling people that get ready,
6 because in 2019, that category is going to become
7 weighted. And, so, we'll determine how and what
8 questions, but so for example, there's eight questions
9 in that category right now, so we may determine -- the
10 committee may decide five of them are going to become
11 weighted, and so in order to get ten points, let's say
12 you have to answer three of five affirmatively.

13 And you don't just answer. Then you have to
14 provide us with the documentation. So if you say, yes,
15 we include service-disabled veterans in our supplier
16 diversity program, okay, great, show us a screen shot.
17 So it's not just a --

18 MR. PHIPPS: It's just for the corporations.

19 MS. HOUGHTON: Exactly, exactly.

20 MR. PHIPPS: To measure how well they're
21 performing.

22 MS. HOUGHTON: And to try to encourage them to
23 do more.

24 MR. PHIPPS: To do more, right.

25 MR. AUMENT: Other questions for Jill?

1 MR. PAVELEK: Hi, this is Matt Pavelek from
2 NaVOBA. So you'd mentioned something about Guard and
3 Reserve service and how that applies to the veteran
4 status. How does that work if -- are they eligible if
5 they've never been activated?

6 MS. HOUGHTON: So I am probably not the
7 most -- I would defer to my team member, Patricia
8 Richards, who is not present. And I can get an answer
9 and come back to you with that fact.

10 MR. PAVELEK: I know Patricia well.

11 MS. HOUGHTON: Okay.

12 MR. PAVELEK: It's something that we've been
13 getting a lot lately, and I just didn't know how other
14 organizations were handling that.

15 MR. AUMENT: Let me jump in there, too. Jill,
16 you probably can answer this question as well as
17 anyone. That typically if you have been activated for
18 a period of six months or more on that, you become a
19 veteran in that instance. Otherwise, if you are -- if
20 you receive a service-connected disability or aggravate
21 a disability on a period of duty, active duty for
22 training, a period, even though you've not served six
23 months in an active-duty status, you, you know, are
24 eligible in that case.

25 MR. AUMENT: Well, if there are no more -- oh,

1 yes, Marc.

2 MR. GOLDSCHMITT: Marc Goldschmitt. When I
3 was in the Reserves and I was activated for 30 days
4 or more, I received a green card, and when I got out a
5 DD 214. I don't know if that's still the situation,
6 but --

7 MR. AUMENT: I know at VA we went through lots
8 and lots of sea changes back in the -- at the beginning
9 of, you know, our adventures in Iraq, and where we
10 started using -- increasingly using Guards and
11 Reservists in that particular capacity. And I could
12 stand to be corrected, but I thought it was six months
13 at that time to automatically become a veteran.

14 MR. GOLDSCHMITT: Just when I look at things
15 like VA verification, DD 214 and/or -- and if you're
16 going for service-disabled vet a letter from the
17 service or a VA disability.

18 MS. HOUGHTON: I just want to thank you.

19 MR. AUMENT: Jill, well, thank you very much.
20 We do appreciate it, and I was very pleased to learn
21 more about the USBLN as well, too, and the good work
22 that you do. So thank you very much for joining us
23 today.

24 MS. CARSON: The person who's on the phone,
25 could you please mute.

1 MR. AUMENT: All right, our last presenter for
2 the day, last but not least, is Misty Stutsman from the
3 Institute for Veterans and Military Families and
4 Coalition for Veteran Owned Business, is going to be
5 speaking to us today about commercial supply chain
6 opportunities for veterans. Misty, thank you for
7 joining us.

8 MS. STUTSMAN: Thank you very much for having
9 me. So as mentioned, I am Misty Stutsman. I am the
10 Director of Entrepreneurship and Small Business at the
11 Institute for Veteran and Military Families at Syracuse
12 University. I am not a certifying body, so what I will
13 talk to you about, though, is what IVMF is, and I'm
14 going to go over a little bit of an overview.

15 And when I was invited to speak in front of
16 this group, I was also asked to include one of our
17 partner corporations. So here in a little bit, we will
18 have a couple of words from actually Walmart to dial in
19 to talk about why a group like this is important to
20 them as well.

21 But first I'm going to start with a little bit
22 of an overview of what the IVMF is, what we do, and how
23 the Coalition, which is now just about two years old,
24 kind of fits into this whole group. So the IVMF is an
25 institute that's about five years old. And our mission

1 is pretty simple: To advance the post-service lives of
2 America's service members, veterans, and their
3 families.

4 Really, we started and were founded on
5 entrepreneurship and small business. And, actually,
6 those programs predate our institute. So we were
7 started on the entrepreneurship bootcamp for veterans
8 with disabilities, which was started about 11 years
9 ago. And since then, we've grown up a little bit into
10 a portfolio of programs that in entrepreneurship alone
11 has served over 70,000 veterans and their families.

12 To dig into that a little bit, here I just
13 provided a slide of what our focus areas are. So at
14 the IVMF, we focus on career prep and employment,
15 community-based care coordination, which basically
16 means that we bring together groups in different
17 communities in order to better serve veterans and their
18 needs. We also do entrepreneurship in small business.

19 And then we have what's kind of interesting,
20 is an entire group of researchers and evaluators that
21 look at our programs and that also look externally to
22 see what's going on in the larger ecosystem and how not
23 only programming but policy can better serve our
24 veterans and families. And they really look to provide
25 those insights to not only ourselves but to external

1 groups so that our research is informing our practice
2 and our practice is informing our research in a
3 cyclical manner.

4 So when it comes to small business, small
5 business, we are a portfolio of brands that really work
6 to meet veterans where they are in their
7 entrepreneurial career. As you can see there, we
8 started with EBV, EBV-F, Vwise, IGNITE, all of those
9 that have been supported by the SBA. We then, you
10 know, started to realize that our companies are growing
11 up. So they're no longer startups. They now are large
12 companies that are doing business with corporations.
13 They're larger companies that are doing business with
14 government, and they are larger companies that are
15 looking for more opportunities.

16 And what we realized, not only from feedback
17 from them, but also again looking at a larger
18 ecosystem, is that we now need to kind of extend that
19 continuum and stop just working with startup groups and
20 actually work to advocate for and provide opportunities
21 for larger veteran-owned businesses. And that's where
22 we came up with the Center of Excellence, which is a
23 research aggregator and resource aggregator, as well as
24 the Coalition for Veteran Owned Business. And those
25 are the things that I'm here to talk about today.

1 Both of those were supported by corporations
2 like FirstData, BNR Founding Partners, to kind of bring
3 to the forefront. Recently, an offshoot of that
4 Coalition of Veteran Owned Business is what we do here
5 and why we're here to kind of talk about is our Vet
6 Source, which is a training program for veterans that
7 are interested in becoming procurement-ready so that
8 they can work within private supply chains.

9 So while we do not certify those companies, we
10 will not tell you, you know, they're 51 percent owned
11 or operated, we will get them ready so that they can
12 take advantage of the certification and understand all
13 the opportunities that are out there in the private
14 supply chains and understand how to make those
15 relationships and grow their business through those
16 supply chains.

17 So to dig in on that a little bit, the
18 Coalition for Veteran Owned Business is a first-of-its-
19 kind coalition of large companies. So think -- and
20 I'll have their logos up here in a second. But it's
21 FirstData, it's Walmart, it's Disney, that actually sit
22 around the table four times a year to come together,
23 and we use their input all throughout the year to
24 really discuss and share best practices, not only
25 within themselves as corporations but also with veteran-

1 owned businesses. They have agreed to come together
2 and get more veteran-owned businesses into those supply
3 chains.

4 We have three major priorities, so it's
5 increased opportunities and information for veteran-
6 owned businesses when it comes to corporate supply
7 chains, create networking opportunities and capitalize
8 on the convening power of a coalition and corporations,
9 and create awareness and advocate for these
10 opportunities for veterans within the supply chains.

11 Here are the corporations that are involved
12 with our coalition so far, and with that I'm going to
13 see if Joe Quinn has dialed in. Walmart is actually a
14 very important partner with us in the coalition. This
15 past fall, we launched Vet Source. Vet Source is a
16 one-day training program where we look to bring
17 together veteran-owned businesses to not only learn
18 about the opportunities that are out there in corporate
19 supply chains but also we bring in corporate supplier
20 diversity professionals to work with those companies,
21 not only to understand the opportunities, but to
22 understand the nuances and how they can best prepare
23 themselves to do business.

24 In addition, it's much more than just getting
25 those companies ready to do business with Walmart, but

1 actually getting those companies ready to do business
2 with each other, because we do know that past tier one,
3 veterans do want to work with veterans. And while they
4 may not be ready to be, you know, in Disney's supply
5 chain, they may be ready to do business with a prime
6 contractor that is in Disney's supply chain.

7 So with that, Joe, if you're in, I'll let you
8 say a few words.

9 MR. QUINN: Yeah, hey, Misty. Thank you all
10 for, you know, giving us an opportunity to sort of walk
11 through some of this this afternoon. Just, you know,
12 sort of briefly, we have a long relationship with
13 Syracuse. We consider Syracuse some of the best
14 thought leadership on veterans issues in the United
15 States, and our foundation has funded their work for
16 many years now.

17 And then we sort of evolved from that to using
18 some corporate dollars for some work that we are doing
19 with Misty, really trying to help veterans sort of
20 understand what it takes to maybe compete in the
21 marketplace. And along the way with FirstData and with
22 Misty's team and, you know, I think we've found some
23 interesting things as we pull veterans together. I
24 mean, first and foremost is, I think, what is the
25 difference between, you know, a veteran who has a

1 concept or an idea or a thought versus a veteran that
2 has an actual business.

3 So I think pretty quickly you get into the
4 realization that some people say they're a small
5 business, but they're really just someone with an idea,
6 and they have not secured capital, they don't have a
7 business plan, and they come to events that we are
8 doing and sort of have some, you know, conversations
9 with us where I think we try to put them on the right
10 road to becoming an actual business. So I think that's
11 one issue.

12 The other issue, I think, and I have found
13 this a great deal since we started down this road, is
14 that people who have been in the military, I think, are
15 too hung up on government contracts. And at Walmart,
16 we spend, you know, billions of dollars in virtually
17 every state buying product from companies here in the
18 United States that we sell.

19 And I -- the thing I have said over and over
20 to the veterans groups that we speak to with Misty in
21 terms of helping better prepare them to function in the
22 marketplace, I mean, the message I deliver is you have
23 to have a great widget. You know, if you bring Walmart
24 a product that we think our customers want and it's at
25 the right price range, we're going to be more than

1 happy to sell that.

2 But we don't pay extra because you're a
3 veteran. We don't subsidize you because you're a
4 veteran. And those are issues that I think -- now,
5 those may sound like simplistic messages to some people
6 on this call, but I think we have found that those are
7 messages that some of the small businesses that are
8 veteran-owned need to hear as they come into this
9 process with us.

10 So we -- we are embarking with Syracuse on
11 doing more events this year, where we could pull
12 together veteran-owned small businesses and help them
13 better understand how to deal with a big company like
14 us or a big company like FirstData, and, again, I think
15 that may sound simplistic to you, but I think there's a
16 lot of need to sort of help these people understand the
17 fundamentals of what we are about and what they want to
18 be as their business grows.

19 We think it's meaningful work. We think the
20 time is right. As I say to people all the time, Iraq
21 and Afghanistan are now off the front pages, and the
22 transition issues that veterans face I think are very
23 real, and I think a company of our size and scope,
24 working with, for instance, a company like FirstData, I
25 think we can use our collective voices to try to keep

1 these issues sort of out there in the forefront. I
2 think that's another important part of this work.

3 That's why we want to do events with Syracuse.
4 I think events matter because when you convene smart
5 people to talk about veterans issues, maybe in a city
6 or a market with a large military presence, you're kind
7 of just elevating and driving the discussion. I don't
8 think really any of us can take for granted that the
9 discussion is going to advance without us.

10 So that's sort of some broad thoughts on why
11 we think helping small businesses understand how to do
12 business with larger businesses matters, and at
13 Walmart, we're committed to hiring 250,000 veterans by
14 2020. We hired 188,000 so far. We think we're making
15 good progress in that direction. We think these issues
16 are very real, and this whole body of work matters a
17 great deal to our company.

18 MS. STUTSMAN: Thank you, Joe.

19 And to kind of continue, really what the CVOB
20 also looks to do is educate both sides of the coin. So
21 we really look to work with groups like USBLN, like
22 NaVOBA to put everyone to their first best use so we're
23 not duplicating efforts, right? So part of that's been
24 even having the corporations kind of share their own
25 best practices. LaQuinta came forward with 15-day

1 payment terms for veterans. So how do we get that out
2 there to let them know, not only on a national front,
3 but on a local front, they want more veterans in there,
4 and they will pay you within 15 days.

5 Well, hearing that, groups like other groups
6 around the table, FirstData being one of them,
7 challenged themselves to do their payment terms. So
8 that's really what we're looking at. You know,
9 building off of what Jill said earlier, companies see
10 another company in their area doing good, and they want
11 to do better. And, so, we use that kind of challenge
12 mentality to basically make a better ecosystem for
13 veterans.

14 So moving on, just a little bit of the things
15 -- well, I guess I should mention, we also have about
16 500 veteran-owned businesses in our database that our
17 corporations do have access to, and we are building
18 that. And then we have a great network of affiliates,
19 obviously some that are in the room right now, again
20 that we work with to get kind of the advocacy out there
21 that we work to share opportunities that all these
22 affiliates bring forward to get veterans where they
23 need to be.

24 Our themes that run through all of this is
25 train, mentor, connect. That's really what we do

1 through this coalition. Year to date, we've been to
2 many different events, obviously advocating, but also
3 learning more about the ecosystem, understanding why --
4 what gaps are in the market and what we can do to fill
5 them, but also how can we convene others to make sure
6 that, again, it's not just one person trying to work
7 towards those gaps.

8 So we did launch Vet Source with Walmart. We
9 have the first one in Hampton Roads this next year.
10 Next year, we'll be going to Austin, Texas in February,
11 more on that later, and also two more locations. So
12 get at those events. We bring together groups like
13 Johnson & Johnson, Lockheed Martin, Walmart, so that
14 they can work side by side with these veterans.

15 We also launched VETNET, which is monthly
16 webinars, and then we also have tools and resources so
17 they can learn more about certification, they can learn
18 more about access to capital, they can learn more about
19 employment.

20 So one thing that I mentioned earlier is that
21 we are constantly looking at what gaps are in the
22 market and how we can adjust them. I did include a
23 couple of slides in here that I will go through rather
24 quickly so we can get to the end, because I know I'm
25 standing between you and break time. So really, we

1 launched Operation Vetpreneurship this year to
2 further understand what veterans are lacking and so
3 that again we can educate both sides of the coin --
4 what stakeholders need to do about that.

5 So with that, here we're really looking at
6 what are the motivations behind veterans starting
7 companies, it is one of the larger qualitative studies
8 of its kind done to date, so we went around and so far
9 have interviewed over 85 veteran-owned businesses in
10 nine different cities, and we're continuing interviews
11 throughout this year.

12 Features, we'll actually have a checklist in
13 the back of it, and I do have some copies here, so that
14 stakeholders understand what veterans are lacking and
15 what we can do about it. And we're looking at this to
16 start kind of bringing together again back to the
17 convening factor other groups to say here are the gaps
18 and here's how we as IVMF fill, so looking at the
19 larger ecosystem, what you can do to address them.

20 We've talked about motivations, why veterans
21 are pursuing entrepreneurship and common challenges. I
22 don't think any of these come as a surprise to anyone
23 who has ever worked with a veteran entrepreneur. So
24 the top three challenges being access to capital,
25 limited networks, and difficulty developing mentors.

1 There's a million people out there that want to mentor
2 a veteran-owned business. There is not a lot of people
3 on either side of the equation that understand how to
4 manage a mentoring relationship.

5 And, so, these are the three themes that
6 through the coalition we're going to be building into
7 all of our training programs, but we also want to make
8 sure that we provide tools, resources, and information
9 to other stakeholders and bodies interested in also
10 building these into their programs so we can address
11 what good looks like and make sure that that's being
12 delivered to our veteran-owned businesses.

13 And these are also resources that veteran
14 entrepreneurs find most helpful and ones that they feel
15 like would benefit but they can't find enough
16 information on.

17 So what's next? VetEdge is a new conference
18 that we're bringing together through the coalition,
19 again to train, mentor, and connect. We'll be working
20 with groups, many of which presented today, to get
21 those connections made. We'll be having two more Vet
22 Sources next year, and we'll be looking to grow the
23 coalition. This is the big event that we're launching
24 next year, so it's a first-of-its-kind conference.
25 It's really focused on growing veteran-owned companies.

1 So they've had to be established. It's not
2 for startups. There's going to be over \$175,000 in
3 capital that will be deployed into veteran-owned
4 businesses during that week, or weekend. There will be
5 a procurement event.

6 There will also be a mastermind event, where
7 we're bringing in top entrepreneurs from across the
8 country to work one-on-one with a smaller cohort of
9 veterans, preconference, so that they can really take
10 advantage of the learnings over the next three days.

11 In addition, I'm extremely excited to announce
12 that we are actually working with a group that you
13 would all recognize with 5,000 in the name to celebrate
14 the top 50 veteran-owned businesses in the nation. So
15 this is veteran-owned or operated growing businesses in
16 the nation, so we'll have a dinner celebrating that.

17 But, again, you know, this is something that
18 we are not the certifying body, but we are trying to
19 train veterans and corporations and other stakeholders
20 how to do better by each other when it comes to
21 business and supply chains. So with that, I will take
22 any questions.

23 MR. SHARPE: I'm really excited about this
24 conference that you're putting together. For the
25 American Legion, the deepest concern that we have and

1 what we hear from our veterans is that many of them
2 that go into business don't really know how to run a
3 business. And not only that, they're not able to
4 maximize their profit margins. So we always feel like
5 there should be another level of training for those
6 already in business to really teach them how to stay in
7 business and to grow and make a decent profit. So
8 that's something that we really like to see.

9 MS. STUTSMAN: Thank you. I think a big part
10 of this, too, is when we bring together over 150
11 veteran-owned companies, that's going to happen. So
12 there's going to be a lot of learning from each other.
13 We really got out the agenda for thoughtful networking
14 and jam sessions. And another thing that we'll be
15 announcing at this is a lot of people are familiar with
16 our entrepreneurship bootcamp for veterans. It's been
17 a program, like I said, that's been around for 11
18 years, and it's been extremely successful.

19 Next year, we're taking it to the next level.
20 We will still be doing EBV to help veterans that want
21 to start and have a great idea. We also have two
22 schools that will be launching a new version of EBV
23 that will be focused on growth. So the companies had
24 to have already been in business for a certain amount
25 of time and have to have a certain amount of revenue,

1 and then we have another program that meets them again
2 further down the continuum so that they can keep
3 growing.

4 MR. PHIPPS: Hi, Misty. It's Michael Phipps.
5 One of the things that this body does is it's able to
6 make recommendations to change the way government deals
7 with veteran-owned small businesses. And, so, when I
8 see your qualitative study, it's very interesting. Is
9 that a study that's complete?

10 MS. STUTSMAN: So it's a study that we've
11 turned out an interim report right here. We'll be
12 turning out a final report next year.

13 MR. PHIPPS: Excellent.

14 MS. STUTSMAN: So at that point it will be
15 complete.

16 MR. PHIPPS: One of our challenges is finding
17 qualitative or quantitative studies that point us in
18 the right direction, such as the common challenges.
19 We've seen variations of this, and so having that
20 report will really help, I think, this body just in
21 simply some general directions.

22 One of the things that we've -- and I just
23 want -- you may not be able to answer this, but
24 business development/marketing as a whole has -- we've
25 seen in a lot of cases, like that's more important than

1 access to capital. Have you come across that issue?
2 Access to capital is really cool, we keep hearing it,
3 but it's usually not the top

4 MS. STUTSMAN: Access to capital has actually
5 become like almost a blanket term, right? So I've had
6 a veteran come to me before and say I need a loan so I
7 can open a gym. It's, like, well, do you have
8 customers yet? Well, no. So why don't you host
9 bootcamps even outside, build up a customer base, and
10 get some equity, get some skin in the game, and then
11 you can probably get your loan a little bit easier.

12 So I think that right there that's exactly it.
13 Access to capital is a blanket term that just means I
14 don't have money. And, so, really what we're looking
15 at here is actually diagnosing what you just talked
16 about, that is it a sales issue, is it an idea issue,
17 is it a product issue, is it a service issue, is that
18 why it's now a cash issue? And, so, I think that, you
19 know, that's what we're looking for in some of this. I
20 think that we'll be turning out a final report, but
21 then over the next two years, we'll actually be diving
22 in on some of these themes. So when we say access to
23 capital, this is what we really need. And it's
24 something that we've taken into account. We do over a
25 million dollars in pro bono services a year for our

1 graduates, and one of the ones that we just brought on
2 was actually sales training as one of our partners. So
3 I agree with that completely.

4 MR. PHIPPS: So if you -- just from your
5 experiences and some of the outcomes that you have can
6 show or provide some recommendations to this committee
7 for us to consider, that would be very helpful because
8 it seems like you have a really good knowledge base
9 and, you know, that could help this committee

10 MS. STUTSMAN: Of course. We'll share all of
11 our findings.

12 MR. AUMENT: Agreed, Michael.

13 Misty, just a quick question. You had the top
14 50 veteran-owned companies that you are going to be
15 recognizing. What is your criteria for deciding who
16 these companies are

17 MS. STUTSMAN: So right now there is a body
18 Inc. 5000 that already takes in and identifies the top
19 50 or top 5,000 growing businesses in America. So
20 right now, we're identifying the veteran-owned
21 businesses in there. Moving forward, we'll actually be
22 working to refine that a little bit more to make sure
23 that veteran-owned businesses know that they can apply
24 to that and be celebrated as a separate group. So it's
25 -- but they do, they have an entire auditing process

1 that they have to go through with that one.

2 MR. AUMENT: Do we have other questions for
3 Misty?

4 MS. LEWIS: Yes, on the phone. Valerie Lewis.

5 Misty, I was wondering, I kind of missed the
6 talk, I guess you were saying that you guys are now
7 offering mentorship matching, so to speak, at this next
8 coming event that you're holding. I didn't really
9 follow that

10 MS. STUTSMAN: Yeah. So at the event that
11 we're hosting, we'll have a lot of mentoring going on
12 at that event. So instead of -- I mean, we're going to
13 have learning pathways and breakouts and panels and
14 everything that you would expect there, but we'll also
15 be having jam sessions, which is something where we
16 bring in successful entrepreneurs and subject matter
17 experts to actually talk with businesses one-on-one to
18 kind of assess what their challenges are and start
19 working through a roadmap to address those challenges.

20 And then we will have a procurement event
21 called our Vet Source, which is really looking at the
22 education side of things, but we do bring in companies
23 that are looking to do business with veteran-owned
24 businesses to talk about their opportunities and how
25 you as a veteran-owned business can take advantage of

1 those opportunities.

2 MS. LEWIS: So I do thank you for that. Do we
3 sign up? Like, do we tell our constituents that they
4 would have to sign up with you? What's the process so
5 that the body knows that these are veteran companies
6 that are actively looking for mentors

7 MS. STUTSMAN: Yeah, so you can sign up --
8 signing up for the coalition is completely free if
9 you're a veteran, to get in there, but signing up for
10 Veteran EDGE, and I did not put the website on my
11 slide, but it's just IVMF.syr.edu/veteranedge. And you
12 can see all the information there, and veterans can
13 sign up for the conference there.

14 It is a small registration fee. It's \$150 for
15 the conference. The veteran gets themselves there;
16 hotel and meals are covered during that time.

17 MS. LEWIS: We thank you so much.

18 UNIDENTIFIED PARTICIPANT: What hotel

19 MS. STUTSMAN: It's at the Hilton -- the
20 Hilton Austin Airport.

21 MS. LEWIS: What is the deadline for that
22 signup --

23 MS. STUTSMAN: December 30th.

24 MS. LEWIS: Great. Thank you.

25 MS. BROWN: Stephanie Brown with the Rosie

1 Network. First of all, I am a VWISE grade, so I can
2 attest to the quality of the -- that particular program
3 and the support -- the follow-on support that you
4 receive is pretty remarkable. We're also a resource
5 partner with the CVOB. Of course, Ron asked my
6 question, how are -- what is the application process
7 for that top 50 veteran-owned. Is there -- is that
8 going to be announced through Inc. 5 -- Inc. Magazine,
9 or is it -- will it be available through IVMF?

10 And then how many approximately participants
11 do you get in your survey, and how can a veteran or a
12 military spouse-owned business find that survey in
13 order to participate in it

14 MS. STUTSMAN: So we are still really
15 formalizing the relationship that we'll have about the
16 Vet 50 going forward, and so there will be more
17 information coming out on that this year. Like I said,
18 we're using an existing list to recognize, and then
19 we'll be looking to build that out going forward.

20 To your second question about the survey is
21 it's a qualitative survey, so if I know that there is a
22 veteran-owned business that wants to be included in it,
23 there is a site for Operation Vetpreneurship that
24 they can go to and actually sign up for an interview.
25 And our research team will call and conduct an

1 interview, and there's another quantitative survey that
2 goes out after the qualitative survey, which basically
3 means we look at numbers and feelings. So, you know,
4 we'll look on both sides of that as well.

5 MS. BROWN: How many typically

6 MS. STUTSMAN: So in this qualitative so far,
7 in terms of interviews, we've done 85. Now, one thing
8 that I should mention is that IVMF has surveys. We
9 have what we call our residency graduates, so VWISE,
10 EBV, EBV-F, and you all get a survey about once a year,
11 and that's another big quantity. And that's about
12 5,000 people that that survey goes out to.

13 MR. AUMENT: Thank you very much, Misty

14 MS. STUTSMAN: Thank you.

15 MR. AUMENT: That was very informative.

16 I'm told right now that we've got about seven
17 more minutes of access to this room, and after which,
18 you know, the -- we'll probably be concluding our
19 public meeting. So I guess at this point in time,
20 while we still have a few minutes left, if there are
21 any public comments that either speaking to any of the
22 presentations that we've heard today or other matters,
23 we would welcome it at this time.

24 MS. LEWIS: Could you please let us know how
25 we get copies of the slides and name and contract

1 information of presenters if it's not on the slides?

2 MS. CARSON: Hi, Valerie. This is Barb
3 Carson. Please write to veteransbusiness@sba.gov.
4 Again, it's a plural, veteransbusiness@sba.gov to get
5 the slides.

6 MS. LEWIS: Thank you.

7 MS. CARSON: Thanks.

8 MS. KANDO-PINEDA: Hi, this is Carol Kando-
9 Pineda from the Federal Trade Commission. I just
10 wanted to make one remark if there's still some time.

11 I wanted to draw everyone's --

12 MS. CARSON: Go ahead, Carol.

13 MS. KANDO-PINEDA: -- hi, hi, Barb. I wanted
14 to draw everyone's attention to a new website that our
15 Acting Chairman has directed the agency to create.
16 It's ftc.gov/smallbusiness, and it's meant specifically
17 to help small businesses and their employees to avoid
18 scams and to protect your businesses' computers and
19 networks and to keep your customer and employee data
20 safe.

21 So you'll get tips on there about how to avoid
22 scams that target businesses, and they can run the
23 range of various types of scams, but small businesses
24 are targeted just the way the average consumer is
25 targeted as well. And, so, we're trying to provide

1 information for those small businesses to be able to
2 protect themselves.

3 Again, that URL is ftc.gov/smallbusiness, and
4 I'm happy to take any questions if anybody has any.

5 MS. CARSON: And, Carol, this is Barb. I'm
6 just going to give FTC a shout-out. They really are
7 working on a few other financial -- individual
8 financial literacy items, and also working with other
9 federal agencies and sectors to address licensing and
10 credentialing barriers that are particularly difficult
11 for military spouse entrepreneurs and often for
12 veterans as they exit service.

13 Reciprocity and multistate contacts, they're
14 trying to draw together some disparate actions among
15 federal agencies to address those issues. So thank you
16 for all the work that your organization is doing,
17 Carol.

18 MS. KANDO-PINEDA: Thanks so much, Barb. We
19 really do have a focus right now on helping our service
20 members as they transition and our military spouses in
21 terms of finding employment and starting their
22 businesses and protecting those businesses as they move
23 forward.

24 We also have a website that's
25 militaryconsumer.gov, and we do have some veteran-

1 related information on there, mostly consumer-
2 protection-type issues. And over the course of 2018,
3 we'll be looking to build that out a little bit more
4 and add in more helpful links for people for the
5 particular kinds of consumer issues and financial
6 issues and money management and debt collection and
7 identity theft, those kinds of things that might affect
8 or target veterans in particular.

9 MS. BROWN: This is Stephanie Brown again with
10 the Rosie Network. First of all, thank you for all the
11 work that this group does. I -- as a military spouse,
12 my husband retired after 30 years. I just have a quick
13 comment. We're seeing a growing number of military
14 spouses choosing to become an entrepreneur versus
15 traditional employment because of the challenges that
16 so many of us here are already aware of, given the
17 lifestyle that we lead.

18 We certainly as a organization headquartered
19 in San Diego, taking care of the Southern California
20 area, we're seeing that more and more often. And while
21 some of the older mind set may see unfortunately
22 military spouses, you know, not as competitive but, you
23 know, as taking away from. We're actually adding to.
24 It's the other side of the same coin. You can't have a
25 military spouse without a veteran or an active-duty

1 member.

2 So I just ask and encourage you all, and I
3 know the SBA and Barb's office does this tremendously,
4 is this IVMF, really keep in mind the military spouse,
5 the family member, because it's often time a husband-
6 and-wife team, especially when they're active duty and
7 the service member deploys. It's often the military
8 spouse, he or she, that is at home running the business
9 or launching it. So that's one of the things that the
10 Rosie Network does focus on. And thank you for keeping
11 that in mind as you move your programs forward.

12 We also host veteran and military family-owned
13 business showcase events around the country. You can
14 find the calendar on our website, and it's an
15 opportunity that we put our local-based veteran-owned
16 small business owners and spouses in front of the
17 communities, typically in large shopping centers or big
18 community events that usually bring about 40- to 75,000
19 people. And it's a chance for them at no cost to
20 actually interact with their communities, sell their
21 products and services directly to customers.

22 So there's lots of great things that we're
23 doing that include the military spouse, as well as the
24 veteran. And, again, thank you for all the work that
25 you guys do and for having me.

1 MR. AUMENT: Well, if there are no further
2 comments, I'd like to thank all of the presenters for
3 today. And thanks to all of the attendees as well.
4 And with that, I guess we'll go off record?

5 MS. CARSON: Yes. This is Barb Carson again,
6 Office of Veterans Business Development. We will be
7 ending this and going off the record. A reminder that
8 the next Advisory Committee on Veteran Business Affairs
9 will be on Thursday, March 8. Thank you.

10 (Whereupon, at 2:40 p.m., the meeting was
11 adjourned.)

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