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U.S. SMALL BUSINESS ADMINISTRATION

INTERAGENCY TASK FORCE ON
VETERANS SMALL BUSINESS DEVELOPMENT

PUBLIC MEETING

WEDNESDAY, DECEMBER 13, 2017

1:00 P.M.

Recorded by: Jennifer Metcalf Razzino

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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, 1:11 p.m.)

4 MS. CARSON: Good afternoon. I am Barb
5 Carson, the designated federal official for the
6 Interagency Task Force on Veterans Small Business
7 Development, and I am pleased to welcome you here
8 today. I'm going to share a few administrative items
9 with you before I turn it over to the Chair.

10 We'll start with attendance. Please respond
11 when your organization name is called by stating your
12 name.

13 American Legion.

14 MR. PHIPPS: Michael Phipps.

15 MS. CARSON: Department of Defense?

16 DR. GALVIN: James Galvin.

17 MS. CARSON: General Services Administration.

18 MR. GAVINO: Amando Gavino.

19 MS. CARSON: Department of Labor.

20 MR. MATHENY: Bill Matheny.

21 MS. CARSON: Office of Management and Budget.

22 MR. BLUM: Matthew Blum.

23 MS. CARSON: Department of Veterans Affairs.

24 MR. LENEY: Tom Leney.

25 MS. CARSON: Thank you. Is there anyone on

1 the phone, an agency as a member?

2 MR. ROCKEFELLER: Yes, good afternoon. It's
3 Mark Rockefeller from the Street Shares Foundation.

4 MS. CARSON: Thank you. Mark Rockefeller,
5 Street Shares Foundation.

6 Is there a representative from Treasury?

7 MR. STOUT: Jeff Stout.

8 MS. CARSON: Thank you.

9 MR. GOLWITZER: Michael Golwitzer, Vetbiz
10 Central.

11 MS. CARSON: Thank you.

12 MR. GREEN: Jim Green, Department of Energy.

13 MS. CARSON: Thank you, Jim Green.

14 Any other agencies?

15 MR. ZACCHEA: Mike Zacchea.

16 MS. CARSON: Mike Zacchea, I copy, from
17 University of Connecticut.

18 MR. ZACCHEA: Yes.

19 MS. CARSON: All right. We do have a full
20 agenda. You'll note we got off to just a few minutes
21 delay start.

22 MR. THOMPSON: Also James Thompson, Veteran
23 Business Resource Center.

24 MS. CARSON: Thank you.

25 So we will try to ensure that there's adequate

1 time for every presenter. This special note for all
2 the presenters, Task Force members, and public
3 commenters, please use the microphone each time you
4 speak and identify yourself by name. This meeting is
5 recorded, and it is open to the public. There will be
6 a transcript.

7 For those of you who are against the wall, I
8 ask that you go the microphone toward the front of the
9 room by the screen where Mr. Dodds is currently
10 sitting. The transcript of the meeting will be posted
11 within 90 days from today, and it will be available at
12 SBA.gov/OVBD.

13 And now I am pleased to introduce the Chair of
14 the Interagency Task Force for Veterans Small Business
15 Development, the Honorable --

16 MS. LESLIE: Allie Leslie.

17 MS. CARSON: Why have I forgotten your first
18 name, ma'am? Allie Leslie, the Deputy Administrator of
19 the U.S. Small Business Administration.

20 MS. LESLIE: Thank you. This is my second
21 forum with this group, and it's great to be back. My
22 first forum was just very brief, a few minutes, where I
23 got to meet some of the folks, and then I had a
24 subsequent meeting. So it's great to see everybody
25 here, and now I understand better what the agency and

1 what this particular forum does for the agency.

2 I'd also like to welcome Stan Kurtz, who is
3 our new director of the VBOC. Welcome.

4 (Applause.)

5 MS. LESLIE: And just the last couple of
6 months with the veterans weeks and different events
7 that we've had around the country, I had the
8 opportunity to speak at a few of these events and
9 am just incredibly impressed by what is being
10 accomplished out there. So thank you all for the work
11 that you're doing. I see it in the field, at the
12 district offices, through our partners, and it's a lot
13 of great things going on out there. So thank you for
14 all the efforts.

15 I do need your commitment to take on a very
16 important endeavor of getting our reports done timely.
17 With -- the 2016 report still is pending. We need to
18 wrap that up and get the 2017 report going. The
19 Administrator is very anxious to see these. I have
20 briefed her that they are coming, and I am looking
21 forward to the brief on the 2017 report.

22 I did have the one on the 2016 report, and I
23 am looking forward to convening her in the next
24 meeting. So as soon as that's ready to go, we would
25 like to get on her calendar and my calendar. We are

1 expecting to combine those reports at this point.
2 That's the intention, as I understand it.

3 That being said, please plan to respond with
4 your draft by the end of January. And Barb will be
5 coordinating that from her office. And I appreciate
6 your support in getting this done timely. Are there
7 any questions so far?

8 (No response.)

9 MS. LESLIE: All righty. I will turn it over
10 to Barb to keep things on track because we know that
11 she's a rogue warrior and knows how to run a meeting.
12 So go for it, Barb.

13 MS. CARSON: Thank you, ma'am. I'm going to
14 turn it over to Mr. Tom Leney, the representative from
15 Department of Veterans Affairs as he does have a
16 commitment shortly.

17 MR. LENEY: Just to provide you with an update
18 on what the VA is doing. We've made great progress on
19 the NDAA 2017 mandate to come up with a single rule for
20 verification. Thanks to Ken Dodds from the VA and his
21 team, we are close in closing, and we -- I think we're
22 now through all the concurrences, and we should have
23 something in the Federal Register within the next 30
24 days hopefully.

25 We've also taken action on the other mandate

1 from the NDAA 2017, which is to move the appeals
2 process to OHA. OHA has also drafted their -- their
3 rule for that. We have drafted a revised rule of our
4 own, and both of these rules should be going into the
5 Federal Register very shortly. So I don't see any
6 major issues there. This has provided us with an
7 opportunity to adjust the rule. And, again, I want to
8 thank SBA for their collaboration on this to make the
9 rule more in line with normal business practices. So I
10 think we will not only have a single rule; we will have
11 a better rule.

12 And we are looking forward to soliciting
13 feedback -- active feedback -- from the veteran-owned
14 small business community on other ways we can make
15 this rule more appropriate to the way people do
16 business.

17 Secondly, we just finished last week the
18 National Veterans Small Business Engagement. We had
19 over 1,800 veteran-owned small business representatives
20 there and 15 federal agencies. The Secretary brought
21 250 VA staff as well, and I want to thank the Honorable
22 Ms. Leslie for coming out. She spoke on Thursday. And
23 even more importantly, the staff went and gave learning
24 sessions, and so we had, once again, a great
25 collaboration between the SBA and the VA in terms of

1 the SBA providing help to small businesses in becoming
2 procurement-ready, and then enabled us to focus on the
3 networking opportunities for procurement-ready firms.

4 The data we have from the previous two events,
5 over \$1.5 billion has been awarded by the VA alone to
6 firms that attended the last two national engagements.
7 Now, understanding that there's a lot more to getting
8 an award than merely attending an event, but what we
9 have found is if your customer has never met you, your
10 customer doesn't have much interest in doing business
11 with you. So we think that makes a difference. And
12 that's all I have.

13 MS. CARSON: Thank you, Mr. Leney.

14 Any questions at this time?

15 (No response.)

16 MS. CARSON: Thank you.

17 All right, we will move into the Office of
18 Veteran Business Development presentation. For those
19 of you who are on the phone, we hope to have the
20 webinar working soon. If you'd like copies of these
21 slides, we can provide them at a later date if you
22 write to VeteransTaskForce@sba.gov. And we will send
23 those within the next 24 hours.

24 I'm going to hit on a few highlights of 2017
25 for our office, and starting with the Veterans Business

1 Outreach Center plan. You've just met Stan Kurtz, the
2 new director for this program. We currently have 20
3 VBOCs across the country. You've heard me brief on
4 them before. They really are doing a fantastic job of
5 meeting their statutory responsibility, which is to
6 serve transitioning service members through the
7 transition service assistance program.

8 So in this year, they have trained over 28,000
9 people, primarily through Boots to Business, and
10 they've spent time -- we call it counseling if it's a
11 one-on-one session -- over 20,400 people. So their
12 participation in Boots to Business increased by 50
13 percent this year.

14 Also of note at this time, the entire program
15 is under recompet. So that means that all current
16 VBOCs are now entering into a funding opportunity, as
17 well as any other eligible organizations. That
18 information can be found at grants.gov. If you search
19 SBA, you will find that funding opportunity. It is
20 open through January 8.

21 And moving to -- I just briefed a bit about
22 Boots to Business in that update on VBOC, but I'll tell
23 you that we've trained over 17,000 service members in
24 this past year. There continues to be a great demand
25 for self-employment information. We work closely with

1 Department of Labor for those who go back and forth in
2 between finding a job or creating their own and
3 creating jobs for others.

4 Moving into the areas of other contracting
5 highlights I'd like to touch on, you have heard me
6 brief before that we do have the Veteran Federal
7 Procurement Entrepreneurship Training Program. And
8 the grantee for that program is the Veterans Institute
9 for Procurement. I wanted to highlight their
10 successes.

11 This program has immediate market value to the
12 company and to those agencies who want to do business
13 with graduates. Thirty-three percent of the awardees
14 on the VA's Vector contract were VIP graduates, and 21
15 percent of the awardees on the GSA Vets2GWAC were VIP
16 graduates. We think that's significant. With a
17 throughput of 200 firms per year, that's a significant
18 number of graduates who are making it onto schedules.
19 And obviously they're demonstrating they have capacity
20 and capability to be good companies in your supply
21 chain. So please keep an eye out for VIP grads, and we
22 will look for other opportunities to introduce them and
23 other veteran businesses to you so that we can do
24 better, continue to grow that veteran awards.

25 Moving on to outreach. As many of us know, we

1 have incredible resources for veterans and programs,
2 and yet we continue to hear, "But I didn't know that
3 that was available." So outreach is an important
4 mission that we accomplish. We do that for targeted
5 audiences such as service-disabled vets and woman
6 veterans and transitioning service members. There are
7 just a few of the numbers up there -- 920 unique
8 clients for those programs that are for service-
9 disabled vets and woman vets.

10 Those numbers do seem small. We have
11 opportunities to grow, but it is something that we're
12 quite proud of and we're working with partners to
13 increase our amplification of what's available here at
14 SBA. The greatest way we've done this, and I thank you
15 for your support, is National Veterans Small Business
16 Week, which was 31 October to the 5th of November.
17 Many of your agencies participated.

18 We reached, through social media, 6.7 million
19 folks. We trained in-person over 6,000 people --
20 service members, veterans, military spouses. We're now
21 looking at -- to see how does that convert into program
22 participation, and I look forward to giving you an
23 update as we are able to refine that data collection.
24 Thank you for your support on that.

25 And then I also appreciate and wanted to note

1 that your participation in these federal committees
2 have been meaningful. We've done a lot of work this
3 year, and, ma'am, you'll begin to see it, where we
4 synchronize our efforts. We're not duplicating
5 services, and we are beginning to show some meaningful
6 results together. So I thank you for that work, and
7 it's something that we're proud of.

8 Moving on, I've already briefed the VBOC
9 funding announcement, so I don't need to say more at
10 this time.

11 And, finally, for later reference, because I
12 do want to keep us on track, we do have some details on
13 the National Veteran Small Business Week effort. Keep
14 going, through the impact. It's more detail on who
15 participated, who we reached, and how. And the next
16 one, events and themes, for those who are members, I'd
17 really appreciate if you took a look here. We have a
18 day of focus on federal procurement. I'd really like
19 us to get ahead of the time wave this year and talk to
20 you no later than May about what can we be doing with
21 your agency so that you can more fully participate in
22 National Veteran Small Business Week.

23 I realize Q1 is difficult. You all are taking
24 a deep breath. Most of the opportunities have been
25 awarded. So if there's a different time cycle that

1 would work for you, please let us know, but let's get
2 it aligned with the work we're trying to do during this
3 week so that we can maybe talk about future
4 opportunities with your agencies.

5 Keep moving through. The field activities,
6 which the Deputy Administrator took part in, were
7 meaningful. We would love to highlight when you are
8 going out and doing things with veterans as well. We
9 have some great synergy that we could build on that we
10 have not done before, so please think about that in
11 '18.

12 Interagency partners, just a few highlights on
13 how some of you engaged on social media to help us
14 spread the message. And, finally, our planned
15 activities for 2018. Significant that the Veterans
16 Business Outreach Center program is going to go through
17 this renewal. They are more aligned by requirements
18 with their statutory mission. We've been seeing some
19 great performance, and we look forward to building on
20 that.

21 We will have our Boots to Business outcome
22 survey that everybody wants to prove that the things
23 that we provide are meaningful. So I hope to have that
24 released publicly in Q3 of Fiscal 18, with more to
25 follow on that.

1 There will be curriculum changes made in Boots
2 to Business. We, along with the Department of Labor,
3 Veterans Affairs, and DoD, are working those together.
4 Those will be at -- in the beginning of Q3. And it's
5 come from feedback from this committee and the one that
6 meets tomorrow. I'm very grateful for your input to
7 those improvements.

8 We will be looking at the Boots to Business
9 reboot, which is the same curriculum that's offered on
10 installations but out in communities, doing a bottom-up
11 review to see what lessons have we learned, how can we
12 tweak that. A different venue, I will seek your
13 feedback on that. Data sharing with Department of
14 Defense, really working on getting to machine-to-
15 machine data sharing so that we can get after some
16 outcomes and follow through with VA on that. And so
17 all three of us, plus Labor, should be talking to each
18 other to track longitudinally how we're serving
19 transitioning service members as they become veterans.

20 I do think that 2018 is going to be the year
21 this really begins to happen for us. Labor is leading,
22 and we've got a great CIO who's -- she's on it, so
23 we'll get there.

24 And, finally, client relationship management.
25 All of us want to be able to see who we serve and what

1 happens next for them. That's a place that we see
2 great potential for growth in 2018.

3 For policy engagement, we continue to be quite
4 grateful for the work of American Legion, who Mike
5 Phipps is representing today, and the work that you
6 focus specifically on small business opportunities for
7 veterans. Thank you. So we hope to introduce the
8 Administrator to the new commander of American Legion
9 when she's here in February for the D.C. conference.

10 The two FACA committees -- I'll remind you at
11 the end -- but here they are for you printed, that they
12 will be on the 7th and 8th of March. National Vet
13 Small Business Week, excuse me, is 29 April to 5 May.
14 And ongoing, we will be working with transition summits
15 and installations around the United States.

16 Finally on VBOC, new awardees, we expect to
17 announce them in early March so that they have time to
18 ramp up, and you'll see no disruption in service when
19 the others expire on May 1. There will be a training
20 event for those new Veterans Business Outreach Centers.
21 If your agencies have anything you'd like to share with
22 them, we will be convening them, most likely here in
23 D.C.

24 And, finally, VBOC 2.0 is shorthand for how
25 can we improve the consistency of service and improve

1 the kind of service we provide across the country so
2 that they have more standard offerings, in addition to
3 all the special things that they do that go above and
4 beyond.

5 So that is the end of my briefing. Are there
6 any questions at this time?

7 MR. LENEY: We have put together a CRM
8 platform, which we're happy to offer through the
9 Economy Act to other agencies. So we've done, like, an
10 easy way for us to do some of this integration. And so
11 we spent the money, built the thing. We're happy to
12 give it away.

13 MS. CARSON: That's an incredible offer.
14 Thank you. I'll follow up on that.

15 I will now turn it over to my colleague, Mr.
16 Ken Dodds, with the Office of Government Contracting
17 Policy.

18 MR. DODDS: Thank you, Barb. I'm going to
19 update you on some of the regs, FAR cases, and
20 legislation. Just to give you a heads-up, I'm not
21 going to go too deep into them, just give you a brief
22 update. And then we have -- I have colleagues here who
23 are going to update you on Certify.gov and then also
24 mentor-protégé. Okay, so let's go to the first slide.

25 So these are the FAR rules that the Small

1 Business Committee has worked on or is working on. The
2 limitation on subcontracting rule, based on the NDAA of
3 2013, to my knowledge, it still hasn't been submitted
4 to OIRA for interagency review. So we're still, you
5 know, waiting for that to happen.

6 Multiple-award contracting, we had a meeting
7 about that last week because there are some impacts on
8 systems, FPDS and contracting systems, so we're still
9 working on that rule.

10 Joint venture proposed rule, the FAR Small
11 Business Committee, I think, is done working on that.
12 And I do note that when it comes to determining whether
13 joint venture is eligible, we follow our rules, which
14 are already effective. So we do need to update the FAR
15 so that it coincides with our rules, but we're going to
16 follow our rules when we do a size or status protest
17 decision.

18 Overseas contract, a case we've kind of -- I
19 think we're done working on that in the Small Business
20 Committee. It's now on to further up the chain. And
21 then lower-tier subcontracting proposed rule, which
22 mainly applies to other-than-small concerns, we did
23 open that case on December 7th, and they're continuing
24 to work on that. So nothing -- nothing's going to be
25 published anytime soon, basically, with the FAR.

1 Let's go to -- okay, thank you. The
2 limitation on subcontracting adjustments and some other
3 things from the NDAA of 2016 and '17, that proposed
4 rule has been submitted to the administrator for
5 signature. Once she signs that, it'll go to OIRA for
6 the 90-day generally review.

7 The SDVO ownership and control proposed rule
8 that we've worked on with the VA, I got the final
9 clearance that I needed this morning, so hopefully I
10 can submit that to the administrator for signature this
11 week. And the good news there is it does not have to
12 go to OIRA for that 90-day review, so it can be
13 published as soon as it's, you know, signed. We'll
14 send it to the Federal Register. It usually takes four
15 or five days for them to put it in the Federal
16 Register.

17 So the next two that we're going to work on is
18 the woman-owned certification proposed rule requirement
19 from the NDAA of 2015. And then we're going to take
20 some -- we're going to talk about some legislation
21 around HUBZone that was passed in the NDAA of 2018, but
22 we're going to do some stuff around HUBZone to make it
23 easier to comply with the program, because that's the
24 biggest challenge with HUBZone is the compliance part
25 of it.

1 As Tom mentioned, in addition to the ownership
2 and control rule, there's also a protest and appeal
3 rule. They published a proposed rule in September, OHA
4 did. The comment period is closed. I think the final
5 rule is actual in clearance in the agency, so that
6 might be published sometime soon.

7 MS. LESLIE: That might be on my desk.

8 MR. DODDS: That might be on the Deputy
9 Administrator's desk.

10 MS. LESLIE: I think it showed up this
11 morning.

12 MR. DODDS: And I think this one is also --
13 does not have to go to OIRA, so once it's signed, it
14 can be published in the Federal Register. All right,
15 let's go to the next slide.

16 So just to give you the heads-up on the --
17 some things on the NDAA that have to do with small
18 business, this was signed yesterday. The e-commerce
19 portal that people talked about, you know, the
20 Thornberry Amendment or, you know, it had different
21 terms, Amazon, whatever, so that did -- that did make
22 it in the NDAA. It was revised a lot. There are a lot
23 of phases. I'm not going to go through that. Let's go
24 to the next slide.

25 They did mention small business. I mean, it

1 says, you know, if you award to a small business
2 through this portal, you'll get credit. And it also
3 says it doesn't restrict an agency's ability to
4 restrict competition to small business, basically.
5 Let's go to the next slide.

6 It applies to acquisitions below the SAT,
7 which I'll talk about in a minute, and it applies to
8 commercial items. So that will be phased in by GSA --
9 I think has the lead on that. Let's go to the next
10 slide.

11 So the simplified acquisition threshold was
12 increased to \$250,000. And the micropurchase threshold
13 increased to 10,000. They also inserted these terms
14 into Section 15(j) of the Small Business Act, which is
15 the statutory small business reserve. So that's good
16 because every time those things get raised, the
17 statutory small business reserve will go up.

18 Once we implement this, this will mean that
19 the limitations on subcontracting and nonmanufacture
20 rule do not apply to acquisitions below the SAT that
21 are set aside for small business. So right now, the
22 rule says 150 or below. It will be increased to 250.
23 They also defined a contract in this statute to include
24 contractual actions, which I think may have some impact
25 on whether orders -- you know, how set-aside and orders

1 coincide in my opinion. So that's 15(j) right there.
2 They're talking about the small business reserve.
3 Let's go to the next slide.

4 A lot of changes around HUBZone. I'll just
5 note that one of the interesting things is that it
6 does allow a governor to petition SBA to create a
7 HUBZone. Normally, HUBZones are created based on
8 statistics. Under this new legislation, a governor can
9 come to us and go through the criteria, and we can --
10 maybe once a year they can ask for that and we can
11 grant a HUBZone designation for an area that would
12 otherwise not qualify. All right, let's go to the next
13 slide.

14 Another big change for HUBZone is that the map
15 will not change. If you're a HUBZone right now, it
16 will not change until 2020. Then we'll do a new
17 analysis in 2020, or around there, and then we'll do it
18 every five years, because right now there's a lot of
19 changes that can happen every year, and that's another
20 problem with HUBZone is now you have to move across the
21 street because you've lost your HUBZone status. And,
22 so, this will give it more stability for the program,
23 basically.

24 All right, so Ajoy Sinha, the acting director
25 for 8(a) is going to talk about Certify.gov now.

1 MR. SINHA: Good afternoon. Just a quick
2 little brief history on Certify. Back in 2015, late
3 '15 to early '16, the administration made a commitment
4 to basically shut down a very old, antiquated system
5 that we've had for -- I think it's almost 13 years or
6 so, if not longer.

7 The contract that was basically improvised in
8 discussions was to come up with a system that would
9 very closely resemble a -- like a contracts-writing
10 system, a contracts-management system. So from
11 beginning to end we could execute all the documents,
12 including applications, have a library for learning, et
13 cetera, et cetera.

14 So this is truly a very forward-looking system
15 that we've tackled. It's very expensive. It's -- we
16 rolled it on November 15th. We've already received
17 approximately 206 applications in, which means -- you
18 have to imagine this. From November 15th until, let's
19 say, November 30th, we were somewhere around 100
20 applications already. On average, it takes about 100
21 applications to get to SBA in a 30-day time frame.
22 This was done within 15 days.

23 This was done over a holiday. This was done
24 where the system hasn't been fully announced to the
25 entire world yet. This is truly going to be very big,

1 and I hope manageable, right? So let me just run over
2 some of the details for you.

3 Basically, it's a one-stop shop for small
4 businesses. Our biggest concern was we've done the
5 actual, physical application procedure. So you fill
6 out documents and you mail it in. Then we went to a
7 system where it became essentially a -- like a PDF file
8 that you just simply uploaded, so it was like a
9 repository. It wasn't automated; it wasn't
10 maneuverable.

11 So we took all that and said, okay, we're
12 going to create this new system. So now it is a one-
13 stop shop where you can actually log on and you start
14 filling it out. It's a question-and-answer kind of
15 format, a lot like the taxes that, you know, you do.
16 It's a lot easier to apply for federal contracting
17 business development programs for small businesses
18 because it's a question-and-answer format. That's
19 really an important point. It's more efficient today
20 than it was in the last 13 years.

21 The other beauty of this is that if you apply
22 for one SBA program, you submitted a tremendous amount
23 of documents. Those same documents may very well be
24 required for other programs. Well, now, under this
25 system, you will be able to apply to the HUBZone

1 program, the WOSB, and obviously the 8(a) program.

2 And as the enhancements come up, we might even
3 broaden this a little bit more, maybe try to link it to
4 loans, you know, 7(a), 504, et cetera. We just don't
5 know yet. This is truly a very enormous undertaking.

6 I have a lot of things here, but this was
7 basically for the Veterans Task Force for tomorrow, but
8 the features and benefits. The true benefit of this
9 system will literally be the small businesses. The
10 amount of time, the amount of money spent in applying
11 to a program should be somewhat reasonable from the
12 Government's point of view, right?

13 So I'll give you an example. A business that
14 knows what it is doing, has read up on the regs, maybe
15 took some of the online training, can actually complete
16 this application, organize it, PDF it, upload it,
17 submit it within 47 minutes. Now, that is not the
18 general rule, obviously, right? It's just one of those
19 things.

20 On average, we're somewhere between, say, 40
21 and maybe 100 hours because you obviously have to read
22 it and et cetera, et cetera. We have a document
23 library that allows firms to reuse documents, as I
24 already said. It's seamless communications between SBA
25 and applications. That is another vital important

1 point. So the Government has to protect itself with
2 private identification information, right? We really
3 have to protect the individuals applying.

4 In the 8(a) program, for the first time, this
5 is absolutely guaranteed. This will stay within a
6 locked-down system. So analysts can't lose it; the
7 business owners won't lose it. So for example, if you
8 apply to the program and we need to contact you, we
9 contact you through an email outside the system, but we
10 do not tell you in that email what documents or what
11 signatures are missing. It simply advises you to go
12 back to Certify.gov, log back in, to read your own
13 information. It is absolutely guaranteed safe. We
14 actually accept electronic signatures, which took us
15 how many years now, because of the system.

16 The programs that it covers right now, 8(a)
17 obviously is the head of the entire system because of
18 the size and breadth of the 8(a) program. We also have
19 full intentions of adding in all small. We'll be
20 adding in the WOSB, which is already in there, it's
21 just not automated yet, and then obviously the HUBZone
22 firms.

23 The stats I already gave to you a little bit.
24 I will tell you some of the things that actually I've
25 heard from small businesses and my personal analysis

1 of this. If followed correctly, because of the
2 question -- it's almost like the Socratic method,
3 right? So I ask you a question, do you have two years
4 of revenue, and you say no, then there's actually a
5 diagram that pops up and says that you will have to
6 meet a waiver requirement. In other words, it will
7 encourage you to make a personal decision: Are you
8 ready to apply or not?

9 We did not allow that years ago. We simply
10 asked you to fill it out. We didn't guide you. We're
11 providing some guidance, but it's basically limited to
12 regulations and statutory, right? It's not that we're
13 guiding you into the program. We're guiding you to
14 specific regulations that if you don't meet you should
15 already be aware of it and make a decision: Should I
16 or should I not apply to the program?

17 It's a wonderful system. I figure within the
18 next several months I think we'll have such
19 enhancements out here, I think -- I think we deserve
20 some really good accolades. This is a wonderful
21 system. It's just unfolding. It just started November
22 15th. Thank you.

23 MR. PHIPPS: Sorry, Ajoy, this is Michael
24 Phipps, American Legion. With this program that you
25 have and this system, it sounds excellent. It sounds

1 like we may be or the SBA may be able to leverage this
2 to certify veteran businesses for a much -- much
3 cheaper cost, where previously it was thought that the
4 SBA would have to incur a lot of expense to take on the
5 program. This seems like it could be a force
6 multiplier in that. Do you think that would be the
7 case?

8 MS. LESLIE: Let me go ahead and respond to
9 that.

10 MR. SINHA: It's okay.

11 MS. LESLIE: This is Allie Lesley, the Deputy
12 Administrator. Yes, it would probably -- it was
13 definitely something that would have the capability to
14 do that if we roll it out to that population, but it's
15 not just as simple as putting in the application and
16 being certified because that's just a self-
17 certification.

18 It still requires the back-end auditing to
19 make sure that the business is what it says it is. So
20 that's where the resourcing -- and it's not just a
21 simple flip a switch and they're certified. So we are
22 exploring that with the VA, and we are -- I'm hopefully
23 going to be meeting with the Deputy over there within
24 the next couple weeks. And this is one of the topics
25 that we would like to explore.

1 MR. PHIPPS: Excellent.

2 MS. LESLIE: But it's not as simple as it
3 appears.

4 MR. PHIPPS: It has potential.

5 MS. LESLIE: Definitely. It definitely has
6 potential, but we have to figure out the execution
7 before --

8 MR. PHIPPS: Sure.

9 MS. LESLIE: -- we just dive right in.

10 MR. PHIPPS: Excellent.

11 MR. DODDS: If there's no other questions for
12 Ajoy, then we'll have Sandy come up and do the update
13 on all small mentor-protégé.

14 (No response.)

15 MS. CLIFFORD: Good afternoon. My name is
16 Sandra Clifford. I'm the Deputy Director of the All-
17 Small Mentor-Protégé program in the Government
18 Contracting and Business Development Office at SBA, and
19 I'm here just to give you a little briefing on how our
20 first year has gone in the All-Small Program.

21 As of the date of this -- when the briefing
22 was submitted, we had 360 approved all-small mentor-
23 protégé participants. We now actually have 372. We
24 have an average of ten-day turnaround time on review
25 and approval, and just for the room's knowledge, we are

1 actually in Certify.SBA.Gov. You submit your
2 application online to us right now.

3 There are enhancements that are coming for us,
4 but we've been up and running in there since November
5 of last year. We have declined -- thank you -- we have
6 declined 71 applications for failure to provide the
7 requested information.

8 Lessons learned are that we are continuing to
9 work with our federal agency partners to expand
10 knowledge of our program and let them know that our
11 participants are ready, willing, and able to submit
12 great proposals and do great work for your agencies.

13 And opportunities that we are looking for this
14 year are to enhance our customers' experience as
15 they're coming into Certify, and once they're in our
16 program how we can help enhance their experience in the
17 program and how we can help them get contracts and
18 create jobs.

19 And we are working to enhance our protégé
20 community of practice and provide more information
21 about joint venture training for firms. Oh, and
22 there's a next slide. One of the reasons we're here is
23 one of our biggest populations are our service-disabled
24 veteran-owned small businesses, and so we look forward
25 to continuing our great collaboration with Barb's

1 office. And thank you for the opportunity to present.

2 MS. CARSON: Are there any questions for Sandy
3 Clifford or Ken Dodds or Ajoy? This is your last
4 chance.

5 MR. BLUM: Barb, if I can just add a comment?
6 This is Matthew Blum at OMB. Ken mentioned during his
7 presentation Section 846, which is the -- as Ken
8 described, it started out as the Thornberry Proposal,
9 and this is designed to give the Government easier
10 access to commercial online marketplaces and the
11 vendors, including small businesses that are already
12 selling through those platforms.

13 Part of the value proposition is that
14 platforms have a lot of data analytics that can help
15 the Government be a much smarter buyer and use
16 information that the vendors participating on those
17 platforms are already providing so we don't have to do
18 what the Government often is forced to do, which is ask
19 for that information from the contractor again,
20 information that we should already have, which is a
21 huge burden.

22 I think the policy issuer or potential here
23 that's of relevance to this group is the extent to
24 which those members of the service-disabled veteran-
25 owned small business and VOSB community are resellers

1 selling COTS, what sort of business rules should the
2 Government use in accessing these online marketplaces.
3 The requirements of 846 do put GSA in charge of the
4 program, but they also create a role for OMB to play an
5 -- be an active participant.

6 In fact, the initial implementation plan Ken
7 mentioned that is due basically within -- I think the
8 clock starts today, if I recall correctly. The
9 President may have signed the NDAA, so we have 90 days
10 to get an initial implementation plan to the Hill, is
11 this is one of the key questions: What are the
12 business rules that should apply to this program?

13 How should they -- or should they even -- look
14 differently than what the FAR provides today in order
15 that, and I think the intent of those that were
16 creating this, as I understand it, was to try to make
17 it as seamless and as invisible so that if you're a
18 small business or a large business that has signed up
19 to be on one of these platforms, that the Government is
20 reaching you, it feels like a transaction as if they
21 were just selling to any other private-sector provider.
22 That has a challenge associated with it, given that the
23 Government isn't identically situated to every private
24 sector provider.

25 And there are also program design questions

1 about how many platforms should be in this program, how
2 should we use those platforms, and also how should
3 these platforms relate to existing programs, in
4 particular the Federal Supply Schedules program that is
5 probably one of our if not biggest government-wide
6 programs that provide a gateway for small businesses to
7 our federal buyers.

8 For all of these reasons, these are heavy-
9 duty, hard but good questions. From a procurement
10 perspective, kind of business perspective, we're going
11 to be doing a lot of outreach and wanted to make sure,
12 and we're happy to provide information through Barb and
13 Amy and others to make sure you're aware when outreach
14 sessions are going to occur, one of which, I think,
15 will be a public meeting coming up in the -- in
16 January. We're trying to do it as a modified town hall
17 session. So as we do listening, we organize these
18 discussions around particular topics -- program design,
19 business rules, waivers, and so forth.

20 So I hope that this group and members'
21 representatives will participate, and we're also happy
22 to provide updates and get on the agenda. I think this
23 is going to be an important issue for the segment of
24 the market that wants to sell COTS to the Government.

25 MS. CARSON: Are there any questions?

1 (No response.)

2 MS. CARSON: Thank you so much for those
3 comments.

4 DR. GALVIN: This is Jim Galvin for Ken. If
5 you know at this point the opportunity for governors to
6 declare HUBZones, has there been any downside to that
7 if they make a determination or a request like that and
8 they get it? Or is it still under review and --

9 MR. DODDS I think, you know, it's in the law
10 that was signed, but I think we're going to have to
11 actually put the procedures into our rules, which takes
12 a year and a half, two years. And then there's a
13 requirement -- you know, there's criteria that you have
14 to meet when you request it, you know, so there's
15 certain things you have to demonstrate as a governor.
16 And then --

17 DR. GALVIN: So there will be some constraints
18 on --

19 MR. DODDS: Yeah, yeah. There's a limitation
20 also on how often you can do it. I think it's once a
21 year. And then there's a reporting requirement to
22 show, I think, that this designation has led to
23 economic development. So it's not just --

24 DR. GALVIN: Right.

25 MR. DODDS: -- I want it to be known, there's

1 a lot of criteria, but that was just the high level.

2 DR. GALVIN: Sure.

3 MR. DODDS: This is a unique thing. Up until
4 now, HUBZones have been based on statistics, whatever
5 the data says is that's what it is. And now there's
6 this new avenue that's in there that we'll have to
7 contend with.

8 DR. GALVIN: Okay. Thank you.

9 MR. DODDS: Yeah.

10 MR. LENEY: Question on the increase on the
11 SAT and the micropurchase. Is there any language --
12 are we going to be implementing that immediately,
13 awaiting a rule on that? In the past, these changes
14 coming out of the NDAA have been somewhat ambiguous,
15 and therefore agencies have been left to either make a
16 decision to implement or not implement.

17 MR. BLUM: And this is high on the FAR
18 Council's agenda, and we also have a catch-22 because
19 we don't like to issue and implement new authorities
20 without getting public comment first. I think given
21 that the rules surrounding the SAT and micropurchase
22 are pretty well defined and understood, it's just an
23 expansion.

24 I'm hoping that there will -- we may do, for
25 example, a deviation -- use a deviation process that

1 puts language basically in place ahead of a formal
2 rulemaking. So I think that's a possibility, but the
3 Council is already working on a rulemaking for these
4 changes.

5 MR. LENEY: Thank you.

6 MS. CARSON: We'll pause for any questions
7 that might be from those on the phone for the
8 contracting colleagues.

9 (No response.)

10 MS. CARSON: Okay. I'm now pleased to
11 introduce Mr. Bill Manger. He is the Associated
12 Administrator for SBA's Office of Capital Access, and
13 he will provide a lending analysis of veteran
14 borrowers.

15 MR. MANGER: I thank you all very much. I'm
16 happy to be with you here today and discuss some of the
17 loan programs and where we are specifically in regards
18 to loans to veterans. Are you the driver of the
19 slides?

20 MS. SIMMS: I'm the driver.

21 MR. MANGER: Did you get my slides?

22 MS. SIMMS: Let's see if we can get your
23 slides here. Bear with me one second.

24 MR. MANGER: It should be lending volume.

25 MS. SIMMS: Okay, bear with me one second.

1 MS. CARSON: Everyone has copies, so we can --

2 MR. MANGER: Okay.

3 MS. CARSON: -- they have copies on the table.

4 MR. MANGER: Well, good.

5 MS. CARSON: And we can move forward.

6 MR. MANGER: And I will say that actually this
7 piece that was put together in the bottom third here of
8 the page, capital access for veteran business owners,
9 that really does describe the programs that we have
10 specifically in the Office of Capital Access here in
11 terms of our lending program. 7(a) is really the
12 flagship program, up to \$5 million, and this can be for
13 any use, including working capital.

14 The 504 program, again, is also up to \$5
15 million, and in some instances can go a little higher
16 if you can show that you're creating additional jobs.
17 This program is really for fixed-asset acquisition, so
18 plant, property, equipment. It's a great tool because
19 it's a long term at a fixed rate of interest. We've
20 seen a lot of interest lately because of the -- again,
21 the market saying that interest rates are going to
22 increase. A lot of people want to lock those rates in
23 now.

24 The microloan program is for loans under
25 \$50,000. If you can believe it, the average size of

1 these loans is only \$13,800. But that is really what a
2 lot of people come in for when they're starting up a
3 business.

4 It's a lot of noise on that phone. Could you
5 mute your phone, unless you're going to speak, please?

6 And then the Community Advantage program is
7 actually a subset of 7(a), and this is for loans
8 specifically under \$250,000. And the average size of
9 these loans is actually approximately \$140,000. And
10 that's really where we see a sweet spot of people
11 wanting to come in for between \$100- and \$150,000.

12 Anyway, all right, so now the slides are up,
13 so here we go. So this is showing loan volume for FY17
14 that ended September 30 of this year. As you can see,
15 7(a) lending, we reached an all-time record, over \$25
16 billion was done in the 7(a) program this past year.
17 You can see the steady increase on the bar chart to the
18 right from 2012.

19 On the bottom is 504. Again, the plant,
20 property, equipment lending. That actually had a spike
21 in 2012 on the heels of the great recession, but as you
22 can see, it's been coming back nicely over the last
23 three years. And we did, in fact, over \$5 billion in
24 that program alone this year. So the grand total for
25 our main two programs was over \$30 billion, which was

1 an agency record. Next slide, please.

2 So this shows the smaller loans. Specifically
3 at the top is microloans. Again, those are the really
4 small loans, but we had a good uptick actually this
5 past year in the microloans. You can see the numbers
6 there to the left. We actually got out a record in
7 this program, which is now 25 years old this year of
8 \$63 million. And that's amazing for loans that are,
9 again, under \$50,000 apiece.

10 Community Advantage, this is actually a pilot
11 program. It's a subset of 7(a). It's a pilot program
12 until 2020. The Administration is going to look at
13 this program within the next year to determine if we
14 are going to make this program permanent or not, if we
15 recommend it for permanency. That would have to go
16 through OMB, obviously, and then actually be
17 statutorily required by Congress to make that a full
18 program in its own right. But we're evaluating it over
19 this next year to determine if our recommendation would
20 be to make it permanent or not.

21 And that, as you can see, since its inception
22 in 2012 has really steadily increased year over year.
23 And you can see the bar chart obviously at the bottom
24 right-hand corner. Again, we had a record year for
25 that program in 2017. It's a smaller program in that

1 you can see we did \$137 million, which is smaller than
2 some of our other programs, but it did just over 1,000
3 loans. And, so, we expect that to increase again this
4 year. Next slide, please.

5 And just to let you know, in terms of loss
6 rates, on the regular 7(a), our loss rate is below 2
7 percent. I mean, that's almost a record in the agency
8 as well. And just for comparison purposes, the
9 Community Advantage program, the loss rate is around 4
10 percent. So it is higher, but they are riskier loans,
11 and we understood that when we built the program and
12 modeled that out. In fact, the 4 percent is lower than
13 what we had modeled it for. We thought the loss rate
14 would be higher.

15 So these are the loans approved to lenders.
16 Now, I know you're going to look at this and say, well,
17 wait a minute, the bar chart is not going the right
18 way, but if you look at the actual -- sorry, go back
19 again. If you look at the actual numbers, we made --
20 if you can believe it -- the same number of loans in
21 2016 as we did in 2017, in units -- 3,532 loans. So
22 that actually shows as a percentage of our overall
23 lending it was 5.1 percent.

24 So that's good, but obviously we think we can
25 do a lot better. We were disappointed that the dollar

1 -- approved dollars to veterans decreased, and it has
2 decreased as is represented by the bar chart at the top
3 here. And we are looking for ways to ensure that we
4 turn that around. Again, we're still doing better than
5 we did on the heels of the great recession, but we
6 think we can do a lot better, and we're going to be
7 working towards that.

8 The next slide shows the veteran fee relief.
9 This is in statute. This is required, so for any loan
10 under \$125,000, there is no fee that is charged. And
11 if it's an express loan, an express loan up to
12 \$350,000, which is the express loan program, there is
13 also no fee. So a veteran can get up to \$350,000 on
14 the express program with no fee, which is obviously a
15 benefit, and we do not provide that to any other
16 segment of the population. It is only for veterans.

17 Again, we hope that the fee relief will help
18 bring more people into the program, but, you know,
19 we're looking to our lenders because our lending
20 partners are those that make the loans. We're looking
21 to them to try and put a renewed effort into reaching
22 out to veterans and making sure that they can access
23 the capital that they need to build their businesses.
24 Next slide, please.

25 So this is just showing what veteran fee

1 relief has meant over the years. Fee relief actually
2 used to be a little bit higher in 2015 and '16 in order
3 to maintain zero subsidy, which we are statutorily
4 required to do. We do have to change the fee relief
5 from time to time to make surer and surer that we have
6 the zero subsidy. That just means that we are not
7 asking for a special appropriation for the programs.

8 The programs are basically funded by the fees
9 that are charged to the users of the program. So all
10 losses that I spoke about are paid for by the fees.
11 There is no additional money coming from the taxpayer
12 to pay any losses. And that's an important thing to
13 Congress, to the White House, and to us here obviously
14 at SBA.

15 So this just shows you, though, that in last
16 year, there was almost \$5 million saved in fees by
17 veterans. As you can see, it was much higher prior to
18 that, but, you know, we're, again, still working to
19 ensure -- and it's in statute, so we will continue to
20 provide the fee relief to veterans.

21 I wanted to point out that my Office of
22 Economic Opportunity recently launched an effort to
23 recruit more lenders, and we are doing that by
24 highlighting the work of existing lenders that are
25 really doing a good job of serving veterans. And we're

1 doing that as a way to share knowledge and best
2 practices from one lender to another. Why is one
3 lender doing much better getting veterans in and
4 getting loans to them than another one? And we're
5 trying to bring them together so that they can share
6 best practices to determine how they can get more loans
7 out to more veterans.

8 One of the goals that we have this upcoming
9 year that's a new goal of the agency, a strategic goal,
10 is to increase lending in inner-city and rural areas by
11 5 percent. And to do that, we are looking at HUBZones.
12 We were talking about HUBZones earlier with Government
13 Contracting. HUBZones are going to be what we use for
14 the inner-city designation so that we can codify the
15 loan. So any loan that is made in a HUBZone is going
16 to be counted as inner-city. And then for rural loans,
17 we're using a Department of Agriculture definition, in
18 conjunction with Census tracts.

19 And when we cross-reference those, we're able
20 to determine when a loan is made in a rural area.
21 Again, these are areas that have historically not seen
22 as much lending from the agency, and so we have a goal
23 that now all 68 district offices are going to also be
24 partially responsible for. We're having shared goals
25 between headquarters and our district offices to try

1 and meet these goals. So the district offices, out
2 there in the field, are going to be working with the
3 lenders in their areas to make sure that they push
4 further into inner-city and rural areas to try and
5 increase that lending.

6 MS. LESLIE: So, Bill?

7 MR. MANGER: Yes?

8 MS. LESLIE: If they don't have lenders -- or
9 they don't have enough lenders, lending capacity in one
10 region, is the headquarters going to be able to
11 leverage them into maybe another area of lenders, or --

12 MR. MANGER: That's a good question. So, you
13 know, it depends on really the bank and how their
14 footprint operates, but one thing that I also want to
15 mention that we launched last summer, in August, we
16 launched Lender Match, which is actually a website
17 provided by the SBA where a potential borrower goes
18 online, puts in the parameters of what they're looking
19 for.

20 That, then, is sent out to lenders in their
21 area. It does it by zip code. And the lenders in
22 their area, if they see a pre-application, if you will,
23 of something that looks interesting to them, you know,
24 the size of the loan and what they're looking for, then
25 the lender can ping that person back and say I'd like

1 to have a discussion with you and let's talk about, you
2 know, how we might be able to provide capital to you
3 for your venture.

4 And that has really taken off very strongly
5 since it was launched in August. And, in fact, it goes
6 all the way down to the microloan level. And
7 microloans, I didn't -- I didn't mention this, but
8 microloans must, by our laws, be made by not-for-
9 profits. And, so, what it does is it even allows those
10 not-for-profits to see who in their communities are
11 looking for loans, in this instance, very small loans,
12 and are being matched up, hence the name Lender Match,
13 with a lender so that they can access that capital.

14 And we've seen really great success with that,
15 and we are hoping that that will grow even more.
16 Again, certainly we were trying to talk it up as much
17 as possible and make sure that all of our lenders are
18 on that platform because it's a great way for them to
19 get references. And, again, Allie, to what you were
20 asking, if there's not a lender close by, they should
21 be able to go on Lender Match and someone could see
22 that and then come into that -- into that market and
23 make the loan.

24 MS. LESLIE: The other question I have is
25 regarding the Census data. You say that the HUBZones

1 and other agricultural regions are determined by
2 Census. How old is the Census data that we're basing
3 that on right now?

4 MR. MANGER: You know, that is a good
5 question, Allie, and I do not know if I know the answer
6 for that, but --

7 MS. LESLIE: Because they only do Census every
8 ten years or so, and so if we're going based on up to
9 ten years ago, is it really valid data for what we're
10 trying to accomplish?

11 MR. MANGER: Well, again, it's -- first,
12 Department of Ag definition, and then we do have to
13 check the Census tracks. That's -- that's really the
14 best data we have to verify that it is in an area that
15 is considered rural.

16 MS. LESLIE: Okay.

17 MR. MANGER: We do ask the lenders to check
18 the box, whether it's rural or not, but then we have to
19 double check just to make sure that, in fact, it is
20 really in a rural area. And, so, we're working with
21 the information that the Government provides.

22 MS. LESLIE: I know. Okay. I'm just
23 wondering if it's not --

24 MR. MANGER: Well, if you have another
25 solution, I'd love to see what else we could look at --

1 MS. LESLIE: I don't, that's just it.

2 MR. MANGER: Yeah, I know. It's difficult to,
3 you know, find, you know, information that's updated,
4 you know, on a timely, recent, recurring basis, yeah.

5 Anyway, any questions from everybody, anybody?

6 MR. PHIPPS: Bill, this is Mike Phipps. Is
7 there any -- and I know it's hard to gather insight,
8 and we've dealt with this on the ACVBA committee as
9 well. And sometimes it's positive information, but for
10 the decrease in loans from 2016 to 2017 for veterans,
11 is there -- is there any insight or any way to gain
12 insight onto why that's happening? Is it because
13 veterans are doing better so they don't need loans? Is
14 there any way to --

15 MR. MANGER: Those are very good questions,
16 and I might just preface this by saying that our
17 programs are only available to those individual
18 applicants who would not -- would not be able to access
19 capital through the conventional marketplace. So --
20 and, again, you have to understand that our loans are
21 not made by us directly.

22 MR. PHIPPS: Right.

23 MR. MANGER: They're made by our lending
24 partners. So if a bank is looking at an application
25 and they say, well, this person actually is strong

1 enough to be able to get this loan using just one of
2 our commercial -- our conventional products, we're
3 going to make the loan just under our regular
4 processing. It's only in the instance where the lender
5 looks at the application and says there's too much risk
6 involved here, I want to mitigate that risk, and for
7 that reason, I'm going to make sure this loan is made
8 with an SBA guarantee so that a portion of the loan is
9 guaranteed by the Federal Government.

10 So, again, that could be one of the reasons
11 that they're -- that lenders are looking --

12 MR. PHIPPS: Right.

13 MR. MANGER: -- at these applications and
14 saying, well, this veteran looks like they can stand on
15 their own, and they don't need the SBA guarantee, so
16 we're willing to make that loan to them conventionally.
17 And the lender would be wrong if they automatically put
18 that person into an SBA loan. You know, for two
19 reasons. One, obviously that's not right. I mean, the
20 lender could get in trouble for that. But, two, our
21 rates are higher, and we, you know, assess fees. And,
22 so, it really would be of benefit to the borrower to
23 get the lower rate on a conventional loan with fewer
24 fees.

25 MR. PHIPPS: Perfect.

1 MR. LENEY: Similar thing, Bill. Is it a good
2 news story on the fee relief? We had a dramatic drop
3 in fee relief, you know, sort of a 20 percent drop in
4 approved dollars. Is this because veterans don't need
5 the relief? Is this something we can trumpet as
6 something good happening? I mean, that seems to be a
7 very dramatic drop in fee relief.

8 MR. MANGER: It is a dramatic drop, and that's
9 because, again, to maintain the zero subsidy, the
10 number had to be changed slightly, and also it's what
11 Congress tells us we're allowed to do.

12 MR. LENEY: So this is a case of more bad
13 loans reduce the amount we could give in fee relief, so
14 it's not a good news story?

15 MR. MANGER: I don't want to say that either.
16 I mean, on the whole, our smaller loans are riskier.
17 And, so -- by -- you know, it's all a balancing act.
18 You've got to balance where can you give the fee relief
19 and where, you know, can you not give the fee relief.

20 We used to be giving fee relief up to
21 \$150,000. That number had to come down to \$125,000
22 because the modelers, when they modeled out the program
23 at 25 billion and we're expecting a higher number this
24 year -- in fact, our program right now is up over 13
25 percent just since -- since October 1. So when they

1 modeled it out, they said we're not going to be able to
2 offer as much fee relief. We need to collect more fees
3 to pay for the losses in the program.

4 MR. LENEY: Okay.

5 MR. MANGER: And it's a sophisticated game
6 that we have to, you know, work on, again because
7 statutorily we have to operate at zero subsidy. So we
8 have to do everything we can to make it come out just
9 at break-even. We're not allowed to make money; we're
10 not allowed to lose money. But it's very hard a year
11 out to predict exactly what we have to do to come in,
12 but, you know, that's what -- that's what we've done.

13 And, you know, so, you know, we just have to
14 always -- the dials have to be adjusted to make sure
15 that we come at that zero subsidy.

16 MR. METHENY: So just a comment. The question
17 about how old the Census data may be, while the
18 National Census is ten years, and I think we're
19 entering the next cycle, each month there is Census
20 data computed, and it's the current population survey.
21 And, so, it may be that that's a more current data feed
22 that is being used already. And that's the data feed
23 that goes into the Bureau of Labor Statistics data for
24 unemployment and so on. So it might be fresher than we
25 think.

1 MR. MANGER: We're probably using whatever is
2 the -- whatever, you know, Census puts out. I mean,
3 I'd have to ask -- I'd have to ask Steve Kucharski in
4 my office, who runs the IT area really and ask him what
5 -- what Census data he's using.

6 MR. METHENY: Yeah, so it may be -- it may be
7 very fresh and not a ten-year snapshot.

8 MS. LESLIE: The only reason why I raise that
9 is I read a report recently, and it was supposedly a
10 current report, but it was based on Census data that
11 was dated. And, so, I was hoping -- and what we will
12 do is we will find out and report it in the March --

13 MR. MANGER: Absolutely, yeah. I'll get with
14 Steve Kuchanski and we'll find out exactly what data
15 we're using.

16 MS. WOOD: And just a little bit more
17 information about that, too -- I'm Jaime Wood from
18 OVBD. I spent six months on a detail at USDA earlier
19 this year, but they do have an agriculture census that
20 they hold every five years, and it's similar to what
21 ours is as far as looking, but they're looking at the
22 producers -- the ag producers; however, what's
23 important is that the folks that are gleaning
24 information from that, they're really looking at Rural
25 America and the services provided by non-ag businesses

1 in those rural areas.

2 So that -- that information is very important
3 about the ag producers because that's -- you know, the
4 goods and services are needed to support them, and then
5 they're providing -- you know, it's part of that whole
6 ecosystem. So that is -- this year, they took it, in
7 2017. It launched this summer -- late this summer.
8 And this was the first year that they added veteran
9 criteria to that as well. So that's important.

10 MR. MANGER: Thank you.

11 MS. WOOD: Mm-hmm.

12 MS. CARSON: Are there any questions from
13 people on the phone for Bill Manger?

14 MR. MANGER: Yeah, you can unmute your line
15 now if you have a question.

16 (No response.)

17 MR. MANGER: Anybody? Okay.

18 MS. CARSON: Thank you, Bill.

19 MS. LESLIE: There's a question.

20 MR. MANGER: Oh, sorry.

21 MS. BROWN: I'm Stephanie Brown with the Rosie
22 Network, military spouse. I work -- represent over
23 12,700 veteran and military spouse-owned businesses
24 across the country. We're finding in our boots-on-the-
25 ground experience that more banks, especially those

1 that serve the military and government population, such
2 as PenFed, are moving away and no longer offering loans
3 -- business loans, even 7(a), loans to veterans and
4 military spouses.

5 MR. MANGER: Why are they doing that?

6 MS. BROWN: Are you doing anything -- it's
7 hard to get an answer. We've tried. But are you doing
8 anything to keep lending institutions, especially those
9 that serve this population, aware of some of these
10 changes and advocating on behalf of increasing those
11 numbers?

12 MR. MANGER: Definitely. And, in fact, is
13 PenFed a credit union?

14 MS. BROWN: Yes.

15 MR. MANGER: Yeah, so, in fact, we signed an
16 MOU, the Administrator of the agency signed an MOU
17 earlier this year with the credit union association.
18 And we are working very diligently with them to
19 increase their participation and increase their lending
20 with us, because I know there are some restrictions in
21 terms of credit unions and how much they can do in
22 business lending. You may know that they are capped by
23 law.

24 And one thing that is always worth pointing
25 out to those credit unions is the SBA loans do not

1 count against the cap. They could be making SBA loans
2 day in, day out, and they would never reach their cap.
3 So we need to do some education on that. We're hoping
4 that this MOU with the credit union association, NAFCU,
5 will help us in that endeavor. And we're trying to do
6 events with them, again, to make sure that their
7 membership knows that there should be greater
8 participation in our programs. Definitely. Yeah.

9 MS. CARSON: And this is Barb Carson from
10 Veterans Business Development. Bill and I have also
11 spoken together on the outreach that we can do
12 together, specifically for the veteran lending
13 opportunities, both to the borrowers on my side and
14 lenders on his. So we'll be looking forward to
15 reporting back on that.

16 MR. MANGER: Yeah. Thank you. Thank you all
17 very much.

18 MS. CARSON: Thank you.

19 We're going to transition into the members of
20 this Task Force and their reports, and we will go on
21 the order that is on the agenda. We have heard from
22 Veteran Affairs already. Let us move to the Department
23 of Labor.

24 MR. METHENY: Thank you. This is Bill Metheny
25 with Department of Labor. Always good to be able to

1 come and talk good news. Veterans unemployment rate
2 for November was 4.0 percent. That is better than last
3 November, which was 4.6 percent. So that's good news.
4 Also good news in that that 4.0 percent for veterans is
5 lower than the national average of 4.1 percent. So
6 that's still in the right direction. 6.1 million job
7 openings with 280,000 veterans that are available to
8 fill those jobs.

9 In the Department of Labor, we are working on
10 the Secretary's priorities, which include things like
11 closing the skill gaps between what employers need and
12 what veterans can provide. And so there are a few ways
13 that that's happening. Barb earlier talked about the
14 Transition Assistance Program that we're in a great
15 partnership and keeping the curriculum refreshed on.
16 There are follow-on courses, as we know, that are
17 elective and supplemental.

18 One of those is the Career Technical Track
19 Training, which is a feeder course now towards
20 apprenticeships. So that's one way that we're trying
21 to help folks, especially those who are not heading
22 right into using a GI bill or don't have degrees and
23 want to get everything from traditional trades but more
24 these days higher and technical kinds of certifications
25 as well through apprenticeships.

1 So we're working that. That is now a DOL-led
2 program, as part of the Transition Assistance Program.
3 So closing some of the gaps through apprenticeships is
4 one. You've probably heard some talk throughout the
5 Government about helping with licensing and
6 credentialing, both for service members, veterans, and
7 spouses, especially portability so that when our moving
8 and transitory population is uprooted as part of their
9 service, they are not disadvantaged in their work.
10 And, so, I think the NDAA that was signed today had
11 some language in it that specifically encouraged states
12 to look at ways to get at that problem and the Federal
13 Government helping as much as we can.

14 I did -- and especially on the military
15 spouses, that's another one of the Secretary's
16 priorities, is to find ways to be able to help them in
17 every way, shape, and form that we can. One of the
18 ways that already is available to them that we're
19 working through the Transition Assistance Program is to
20 make sure that they know that they are eligible to sit
21 through those same classes as those active-duty
22 spouses. So the military spouses can go through those
23 and get the same benefits, to include the follow-on
24 supplemental courses. So I wanted to share that with
25 you.

1 We know that our agency and our department
2 can't do it all ourselves, so partnerships is obviously
3 a big part of what we've been investing in from the
4 Transition Assistance Program to a partnership with the
5 VA that I mentioned before. We're now one year into a
6 partnership with their VR&E program so that 100 percent
7 of all veterans enrolled in the Chapter 31 VR&E program
8 are now also referred to the public workforce system.

9 On the front end, as they're figuring out what
10 it is that they want to do and start their training
11 program, they go and get labor market information --
12 where are the jobs and if I go through this training
13 program, is it going to be available to me. And then
14 they'll go back, go through their training program, and
15 as they're getting ready to come out, they get the
16 employment services that say, okay, no kidding, let's
17 get you into a job.

18 So we're very excited that as we move through
19 that we're watching the numbers to see the impact, not
20 only of the number of veterans that are taking
21 advantage of systems that are already out there for
22 them, but also the improved outcomes for their
23 employment opportunities.

24 And then I would also highlight that our
25 partnerships extend to public and private partnerships.

1 We have partnerships with the U.S. Chamber of Commerce.
2 One that we're getting ready to sign is with the USO.
3 So we know that the USO is highly regarded and it has
4 great access as an organization to service members
5 around the nation.

6 And, so, they have a Pathfinder program. And
7 what that does is it provides tailored services to
8 service members and spouses to be able to continue in
9 their transition, and it's not just employment
10 services. It includes other things like perhaps
11 financial counseling and some other tailored needs.
12 And one of the beautiful things is that they are
13 tapping into what's available through other
14 partnerships as well. So they're a great resource for
15 our service members and veterans and spouses.

16 And then the other part that I'll highlight is
17 the HIRE Vets Act, which its long word is Honoring
18 Investment in Recruiting and Employing American
19 Military Veterans. And so that act was signed this
20 past spring, and as Ken mentioned earlier, the act came
21 with a little bit of homework that said now produce a
22 rule. And normally rules take about a year to a year
23 and a half, and so we were asked to accelerate that and
24 did it in eight months.

25 And what that has done for us is the rules are

1 in place for it to kick off this coming year, FY19.
2 And so now we have time to work with employers and
3 businesses to help them be successful the coming year
4 to meet the criteria, to win these medallions, this
5 recognition. There's no cap on how many people can
6 apply and earn this medallion, so we're excited about
7 that.

8 Three different sizes of organizations are
9 eligible -- small, medium, large. Large is 500-plus
10 employees; medium is 51 to 499; and then our small
11 employers are 1 to 50 employees.

12 MS. LESLIE: So, Bill, how did you get away
13 with such simple standards for size?

14 MR. METHENY: They're almost rememberable in
15 numbers. Well, it was given to us as a gift in the
16 language. So that was helpful, as were the criteria
17 for the awards themselves. Pretty -- pretty
18 straightforward. There are some other things that
19 would be nice to have in there to be able to emphasize
20 certain populations. Right now, we're kind of locked
21 in to the criteria that was given.

22 There are two levels of the awards -- a gold
23 and a platinum. So there's a website for folks that
24 want to know more. It is HIREVets.gov. It will
25 describe all that we're looking for as we move towards

1 the FY19 full implementation, and because we were able
2 to accelerate our rulemaking timeline, that bought us
3 some time that we're going to do a small demonstration
4 project for the first few months of this coming
5 calendar year to make sure that all of our systems are
6 up and running, and we've worked out the forms and all
7 the bugs so that when we go full bore next year we're
8 ready to go.

9 So we're excited about that, and what we are
10 excited about is that it really does highlight best
11 practices of people who are, no kidding, finding
12 veterans, hiring them, and keeping them. And then
13 we're going to have a whole bunch of data that then we
14 can start learning about those best practices and
15 sharing them.

16 So we see that as something that really offers
17 great opportunity for our future. That's all I have.
18 Thanks.

19 MS. CARSON: Are there any questions for Bill
20 Metheny, Department of Labor, in the room and on the
21 phone?

22 (No response.)

23 MS. CARSON: Thank you, Bill.

24 Moving to Dr. Jim Galvin, Department of
25 Defense.

1 DR. GALVIN: This is Jim Galvin. So on the
2 table there's -- I put a sheet down. And I know I hit
3 that side of the room earlier when -- at the beginning
4 of the meeting. So I know we give you all a firehouse
5 of information here, so I'm trying to package it a
6 little bit to make it more digestible.

7 For those who are veterans, you'll recall you
8 always need to know the commander's intent, so I wanted
9 to let you all know where this new administration is
10 coming from. And so that's some of the initial -- the
11 Secretary of Defense's priorities, as you can see, are
12 very operationally oriented. One, to make sure the
13 military is ready. And he uses the term "lethality."
14 So I just bring this up because if those who are trying
15 to work with the Department, if they know the mentality
16 and the culture they're working with, their customer,
17 it might help them to communicate better.

18 Also strengthening alliances and partnerships,
19 and that does imply international types of alliances.
20 And the third one is less operationally oriented,
21 although it underpins military operations. And that's
22 to reform the way the Department does business. And,
23 so, there are a number of undertakings across the whole
24 Federal Government associated with the new
25 administration, and DoD's no different.

1 So with that and the second one I mentioned,
2 the Undersecretary, which is the office that's the head
3 of procurement with the Office of Small Business
4 Programs, that's where we reside. And the new
5 undersecretary, has just been there a few months, and
6 she's established direction as well.

7 The first thing is, and along with the reform,
8 is that we have to reorganize the office we're in. So
9 we're literally getting split into two, which you all
10 can imagine is an interesting journey for those who
11 were in the midst of it. And that unfolds at the
12 beginning of the new calendar year, essentially
13 February 1st we need to be in position, but it will
14 take a little while.

15 So there may be a little bit of a ripple
16 effect through the acquisition system where there's an
17 emphasis on getting things that we buy to the ultimate
18 customer faster and more efficiently. So that's
19 acquisition and sustainment. And then also getting to
20 the research and engineering part of our economy so
21 that we can bring innovative new ideas into the
22 Department quickly, with the concern that our potential
23 adversaries are closing the gap on things that we
24 either had been better at in terms of, you know,
25 military operations or in some cases they may be better

1 than we are and that we need to improve.

2 So looking to the second -- beyond the
3 reorganization to the major procurements, and so
4 there's going to be an emphasis on where the big money
5 is in the Department. Now, for small businesses and
6 even a lot of the better-knowns, you know, service-
7 disabled veteran-owned businesses, they're probably in
8 the subcontracting role in that case. So if they're
9 associated with a big project where there's probably a
10 large prime, there will be particular interest, and
11 that should flow down through the supply chain.

12 Transforming sustainment within the Department
13 to try to standardize how we do business, address costs
14 and speed of delivery are considerations. Improving
15 asset -- I'm sorry, increasing industrial
16 competitiveness, and one thing that could come out of
17 that is optimistically contract reform to make working
18 contractually with DoD a little easier. So that's an
19 important part of that initiative.

20 Improving asset utilization means things like
21 data and facilities. A lot of small businesses help us
22 with our military facilities, so there may be
23 opportunities in that space as well. Talent management
24 is more of an internal consideration on the
25 Government's side. And then the expanding

1 developmental capabilities across strategic -- I left
2 domains off there. That really gets at the innovation
3 hypersonics, big data, things like that, more --
4 bringing new technology into the Department.

5 So that's sort of the mind set where the
6 Department is in terms of priorities. And from a small
7 business perspective, I just wanted to share a few
8 concerns that we have. Yesterday actually here,
9 although I wasn't here -- I heard you on the phone,
10 Matt, and you did a great job of your dealing with a
11 challenging audience to convey concerns around category
12 management. And if you haven't heard that term, I just
13 bring it up to recommend you look into it.

14 Essentially the Government is trying to be
15 more efficient in the way it procures by doing broad
16 contracts across multiple agencies where it's feasible
17 to do that, mostly in commodity-type areas of common
18 spend like IT or maybe even some professional services.
19 And the concern there is that in the interest of being
20 efficient, the pool of opportunity may shrink. And,
21 so, the numbers of small businesses may not be as -- in
22 the position to be prime contractors as have been in
23 the past.

24 And from DoD's perspective, we just looked at
25 the broad numbers. We deal with about 8,000 veteran-

1 owned small businesses, about 4,000 service-disabled
2 veteran-owned small businesses, generally speaking with
3 unique D-U-N-S numbers. And, so, the concern would be
4 there's thousands of potential prime contractors, but
5 in some areas of spend, there may only be hundreds of
6 opportunities.

7 And, so, that competition could change and,
8 you know, the notion of maximum practicable opportunity
9 may be shifting under this -- you know, the approach
10 for efficiency on one side and then that's coming more
11 so from the administration, whereas Congressionally,
12 you know, their interest is ensuring that all of their
13 constituents have a fair chance to compete. So in the
14 Government, we get caught in the middle of those two
15 competing interests.

16 MS. LESLIE: Have you had any situations where
17 bundling -- you've had requests for bundling up at that
18 level?

19 DR. GALVIN: In some cases -- not -- it's not
20 any -- like a trend or a widespread issue. For
21 whatever reason, the bundling criteria dropped from 7
22 million down to 2 million. So that opened up the
23 database to actually we found more data entry issues.
24 And so we're still working through a few issues there,
25 but generally there's only a handful of bundling

1 contracts in DoD annually once we sort through all the
2 data issues and get down to it.

3 So I don't see a trend there, but essentially
4 you could say category management is a consolidation
5 effort.

6 MS. LESLIE: Mm-hmm.

7 MR. PHIPPS: Is there anything being done to
8 -- can we track this to see the effects on small
9 businesses and how many are participating?

10 DR. GALVIN: So there are a lot of -- there's
11 a lot of data associated with it, especially the GSA,
12 the work they're doing. And, so, if you look at the
13 numbers from a percentage perspective, they're great.
14 They're very attuned to ensuring that small business
15 participation is a part of all the categories. So it
16 is built in.

17 The issue becomes the number of opportunities
18 may diminish. And then if you get deeper into the
19 different socioeconomic categories, there really is one
20 big best-in-class vehicle out there for veterans as a
21 small set-aside. And, so, that's -- you know, we're
22 going through this period of change. And, so, I wanted
23 to bring it to the attention of the group. And, you
24 know, we'll be working through this as this process
25 unfolds.

1 And Matt will get to speak later, so I'm sure
2 he'll bring a perspective on this as well.

3 Another one -- and, Matt, this also is an OMB-
4 related initiative. Back in 2011, there was -- they
5 call it QuickPay or accelerated payments to small
6 businesses. It was a policy put into place. And that
7 policy was supposed to be temporary. It was renewed
8 annually and even expanded to large businesses who have
9 small businesses as subcontractors.

10 Right now, it looks like that may sunset at
11 the end of this year, so in just a few weeks. There
12 are things within DoD, the Defense Federal Acquisition
13 Regulation Supplement has some clauses that say it's
14 our aspirational goal to pay small businesses as
15 quickly as possible, but the idea of getting them paid
16 within a couple weeks rather than 30 days may become
17 more of an issue in the new calendar year.

18 I just want to highlight cybersecurity.
19 That's something, at the end of December there's
20 another DFARS clause that goes into effect, so it's
21 beginning in our calendar year 2018. And that requires
22 any business that handles covered Defense information,
23 so it could be things like personally identifiable
24 information or something that's operationally
25 sensitive, health records, things like that, that if

1 you deal with that type of data in your business, you
2 have to have a fair number of cybersecurity-compliant
3 practices, whether it's hardware, like the Government
4 has our Common Access Card and a PIN that we type in
5 that's two-factor authentication.

6 There's some cost to that. The key thing to
7 keep in mind is that there's a system security plan
8 that should come along with this practice. And if one
9 has a system security plan that addresses any
10 shortcomings that they're going to work on, then
11 essentially they're transferring the risk back to the
12 Government and are compliant with that regulation.

13 Of course, down the road, they'll have to show
14 that they're working to become fully compliant. And I
15 put our website there on this piece of paper that I
16 handed out. And that site has a lot more information
17 regarding cybersecurity.

18 And then the last point is that unofficially
19 for 2017 DoD exceeded the 3 percent goal with a 3.24
20 percent or over \$8.8 billion in procurement. So that's
21 all I have.

22 MS. CARSON: Thank you so much.

23 Are there any questions in the room for
24 Department of Defense?

25 MR. BLUM: This is Matthew. If I can take one

1 minute to go back on QuickPay for purposes of
2 clarification, since these policies -- and they were
3 inspired, actually, by a great DoD conversation that
4 occurred in the White House when there was a White
5 House small business working group a number of years
6 ago. But they're two related but separate policies.
7 So one policy is focused on small business primes, and
8 the other is focused on small business subs.

9 In 2011, at the end of 2011, OMB, I think, was
10 keeping score of the memoranda number. I think it was
11 M1132, created a policy to -- as a goal that we pay
12 small business primes within 15 days, as soon as
13 practicable, but with a goal of within 15 days. That
14 policy doesn't have an expiration. It is in effect and
15 stays in effect until OMB or, you know, Congress for
16 that matter, changes it for whatever reason.

17 After we did that, I think there was a lot of
18 discussion and understanding that subcontractors --
19 small business subcontractors felt like, what about us?
20 You know, certainly an important goal is to get a lot
21 of subcontractors that are today's subs to be
22 tomorrow's primes, but in the meantime, we don't want
23 to ignore their challenges.

24 So QuickPay actually was the second policy
25 that OMB issued that was focused on how to accelerate

1 payment to small business subcontractors. And the way
2 it was done, as Jim pointed out, was it said not only
3 are we going to accelerate -- not only are CFO offices
4 going to accelerate payment to their small business
5 primes, but we're going to actually accelerate the
6 payment to all of our prime contractors, large
7 businesses, so that they in turn, when they get
8 accelerated payment, will accelerate the payment to
9 subcontractors.

10 When that policy was implemented in the FAR,
11 the clause does create an obligation for the prime to
12 accelerate payment to the subs, but it says nothing
13 about the timing of that. And that wasn't done because
14 we were, you know, just trying to do something, you
15 know, that's symbolic, but it actually recognizes this
16 is a pretty complicated issue. The relationship
17 between the prime and the sub, you know, will vary, you
18 know, from, you know, relationship to relationship. It
19 varies by industry. And, so, anything we would do, you
20 know -- there's no way we could have a one-size-fits-
21 all approach. So, you know, while I think it has been
22 a good, you know, effort, one of the challenges that we
23 have had is that we don't necessarily have data other
24 than anecdotes that tell us the extent to which there
25 has been, you know, a benefit to the small business

1 subcontractors.

2 We do know that there have been some
3 challenges along the way for the Government, the
4 offices in accelerating payment to all, you know, all
5 businesses. And we also know that there are probably
6 some questions that would need to be answered in terms
7 of did the Prompt Pay Act anticipate from a legal
8 perspective accelerating payment to large businesses
9 indefinitely for any reason, including to accelerate
10 payment to small business subcontractors.

11 So all of these -- all of these factors are
12 being reviewed by OMB. I can't -- I can't tell you
13 where that outcome is. Not my, you know, decision, and
14 so our policymakers are weighing all of this. And --
15 but that's the -- that's kind of the background for why
16 the policies were done separately and one is, you know,
17 ongoing and the other had this kind of temporary nature
18 to it.

19 So I think it is fair to say that -- and, you
20 know, if there are ideas from this group about ways in
21 which to help address the payment challenges for the --
22 at the subcontract level, I think that would be great
23 for our community to continue to consider. If I recall
24 correctly, in the Jobs Act, there is a provision that
25 requires prime contractors, if you will, to report on

1 themselves if they don't meet their obligations to at
2 least pay promptly. So there are other mechanisms, and
3 maybe we, as a community, have been -- you know, as we
4 prioritize, you know, we have many priorities, should
5 look at these things.

6 MS. CARSON: Thank you.

7 Are there any additional questions for
8 Department of Defense?

9 (No response.)

10 MS. CARSON: Okay, we'll move to U.S. General
11 Services Administration.

12 MR. GAVINO: Okay. Good afternoon. My name
13 is Amando Gavino. I'm the Director for Public
14 Communications. I represent the SDVOSB, a voluntary --
15 representing Charles Manger over at GSA.

16 Just three small items. First, we have a new
17 administrator. Emily Murphy has been officially
18 confirmed by Congress, and she was sworn in yesterday.
19 She's already making some changes within the SES-4 as
20 of yesterday. Very, very fast-moving event. Very,
21 very fast-moving event. A lot of replacements have
22 taken place already.

23 Number two, the status of the VETS2 GWAC
24 contract, it was awarded October 26th to 70 vendors.
25 There's four vendors that protested basically. And

1 bottom line, up front, GAO should have a final ruling
2 no later than February of next year. I'm confident
3 that we're going to win that one. A lot of frivolous
4 suits there.

5 Let me see. We did host -- last month, we did
6 host a Vets to Vets coaching event, where basically VA
7 and the GSA -- partnered with VA. Basically we were --
8 it has two -- it has two purposes. Basically, the
9 objective is helping SDVOSB meeting or surpassing the
10 25,000 sales requirement. And the other one is
11 providing good -- a good pool of vendors for our
12 customer agencies to choose from to meet their
13 accumulative needs.

14 And requests will show -- again on the goals,
15 it was well attended. It was standing room only. It
16 was held over at the GSA event.

17 And, lastly, I went to a veterans event last
18 -- last week, St. Louis, Missouri. Basically the focus
19 -- my focus was basically to communicate the best --
20 the Vets2 contract. I had a lot of one-on-one session
21 by third-class vendors interested in partnering with
22 the 70 prime vendors, to be subcontracted out. So
23 there's a strong interest in the Vets2 contract.

24 MS. LESLIE: Were there any -- with your
25 collaborative effort with the VA, were there any SBA

1 reps at that event?

2 MR. GAVINO: Oh, yes.

3 MS. LESLIE: Okay, good.

4 MR. GAVINO: Yes. Oh, yes. Many, many
5 people.

6 MS. LESLIE: No, I know last week, but was
7 this -- was your big training in conjunction with that
8 event last week?

9 MR. GAVINO: It's more like a follow-on.
10 Whatever the message that was generated during the
11 Vets2, the Vets-to-Vets event in GSA. I carry that
12 over to my St. Louis TDY last week. And it was -- it
13 was highly successful. That's it.

14 MS. LESLIE: All right, thank you.

15 MR. GAVINO: Thank you.

16 MS. CARSON: Are there questions in the room
17 for GSA? Or on the phone?

18 (No response.)

19 MS. CARSON: Okay, this is Barb Carson from
20 SBA, and I did want to compliment GSA. Thanks for
21 including us in the vet-to-vet event. And I'd say --
22 that would be something, if you could please just share
23 a short writeup on how you did it, we'd be happy to
24 share with the members here and look for other
25 opportunities where we can support each other as

1 members of this body when we're trying to reach those
2 service-disabled veteran-owned small businesses that
3 want to do business with our agency and others.

4 And I will compliment also a member of team,
5 Jerry Godwin, who's been working with other agencies in
6 collaboration with our Office of Government
7 Contracting, the Department of Energy, I believe, and
8 the EPA most recently have done events specifically for
9 service-disabled veteran-owned small business
10 procurement opportunities. So please be thinking of
11 those and how we can amplify those opportunities.

12 Okay, let's move on to our next presenter. It
13 will be the Office of Management and Budget. And a
14 quick comment that this -- there was going to be a
15 breakout presentation by OMB separate. Specifically to
16 reach one of the recommendations that we're all trying
17 to make progress on that will be a part of Matthew's
18 report -- agency report today. So it will be a little
19 longer, and we've very grateful that you're doing this.

20 We'll turn it over to OMB.

21 MR. BLUM: Thank you, Barbara, I appreciate
22 it. And I handed out in hard copy a short
23 presentation. And we've provided it electronically, so
24 we will get it out to folks, including to those on the
25 phone, to look at it offline at your leisure.

1 As I was listening to Jim's comments on
2 category management, you know, I think it actually was
3 a good segue to this short little presentation because
4 oftentimes when this issue comes up in the small
5 business context, I always feel like small business
6 advocates feel helpless, like there's this initiative
7 that's going on and you're on the outside looking in.

8 And my goal and the message, I think, from OMB
9 today is, you know, we need to find a way to bring the
10 small business community as an active partner in the
11 decision-making and in shaping how we -- how we buy
12 common contract solutions. We have had a number of
13 conversations already in the last several months with
14 the OSDBU directors.

15 We had one yesterday that Jim mentioned. We
16 had one with the OSDBU council a month or so ago. I'm
17 sorry that Tom is not here because he has seen already
18 in maybe a six-week period some evolution of thinking
19 that is going on, and this is exactly the conversation
20 we need. So I hope this is the start of a
21 conversation, not the end of one.

22 It's one that's, I think, difficult to --
23 given the 20-plus years of feeling of tension between
24 the communities, the acquisition and small business,
25 that we're not going to be able to magically solve over

1 the next 10 minutes, 15 minutes. But as one
2 observation, that is kind of like a perfect storm in a
3 very good way, that if we had tried to plan we
4 couldn't, even with OMB's magical powers, and that is
5 that at SBA, with Allie's leadership and background and
6 knowledge in contracting, and we've had the great
7 pleasure and honor of working with you when you were at
8 DoD, along with Emily Murphy, who was just confirmed as
9 Administrator of GSA, who has a very rich background,
10 not only in government contracting but as a very
11 effective advocate of small businesses and understands,
12 you know, these tensions and equities.

13 And even the Director of OMB, Mick Mulvaney,
14 who you may recall actually when he came to Congress
15 was on the House Small Business Committee. And in
16 fact, Emily was his lawyer, so he has -- he has learned
17 some procurement, whether he likes it or not, and I
18 think that it is very important and helpful to have
19 people that have that context and appreciation, not
20 only for the complexity of acquisition but small
21 business here at SBA, at GSA, and OMB, given the kind
22 of prominent role that each of these organizations play
23 in shaping, you know, this issue.

24 So as you see from the title of this, it's
25 increasing small business participation, common

1 contract solutions. Everybody in this room is an
2 expert in how we increase small business participation,
3 but maybe some questions on what do we mean by common
4 contract solutions.

5 So by way of just brief context, when folks
6 are buying the same thing across a vast enterprise and
7 doing so over and over, you know, common sense
8 suggested if you share information you can achieve
9 greater efficiencies towards whatever goal you're
10 trying to achieve, whether it's better pricing, better
11 terms and conditions, or increasing small business
12 participation. We've frankly seen with the help of the
13 OSDBUs that as we share those best practices that's
14 what helps to accelerate better results across
15 agencies.

16 And if -- so if there are smarter and better
17 ways of doing business, the faster we can get that
18 information into the hands of our buyers and small
19 business directors, the better off we think taxpayers
20 will be.

21 The concept of collaboration, of course, is
22 not new in the Government. We know going back to the
23 early 1930s Congress passed the Economy Act to
24 facilitate interagency buying where it makes sense.
25 And in 1949, as Amando knows and we all know, Congress

1 created GSA, a whole separate agency to act as a
2 government buyer. And as we talked earlier, the
3 Federal Supply Schedules has really become a necessity
4 for many agencies looking to buy commercial items and
5 getting quick access to small business.

6 What we haven't done very well, at least not
7 consistently across the Government, is to organize
8 ourselves in a way that identifies the different types
9 of common spend that we make, the subject matter
10 experts who understand those markets in the government
11 context, and the acquisition small business program IT
12 and legal actions that are taken in those spaces, which
13 are -- may be related but are not the same.

14 And, for example, you know, over the last 15
15 or 20 years, we have seen various initiatives to
16 promote strategic sourcing, which as you know is where
17 we identify a particular type of spend that is common
18 to everyone, create a new vehicle, and encourage
19 everyone to use it.

20 That doesn't necessarily -- and we learned
21 this the hard way, it's kind of the build it and hope
22 people will come, it's a new vehicle. It doesn't
23 necessarily have a track record. It's very hard to get
24 people to accept and move over, not just from a small
25 business perspective where you don't know what it's

1 going to do if you move off of your vehicles to theirs,
2 but even from an acquisition standpoint because
3 managers don't necessarily -- can't see the information
4 to know whether it makes sense. And it misses, you
5 know, the larger perspective of understanding what it
6 is that the Government is buying in the first place and
7 where does it make sense to leverage or do other --
8 other efficiencies that can help the Government and be
9 equally powerful.

10 And as another example, you know, Congress
11 told us 20 years ago to maximize the use of customary
12 commercial practices and minimize the use of
13 government-unique requirements. And the -- I would
14 posit that if we had organized ourselves and identified
15 the experts in the various spaces that understood the
16 market and the negative impact of these government-
17 unique requirements, we would be farther along than we
18 are now and we wouldn't have Congress coming back to us
19 and standing up separate panels like they have with the
20 809 panel to revisit this issue and say why is it after
21 20 years that we continue to see the list of
22 government-unique requirements growing and the adoption
23 of customary practices that are good for small
24 businesses and good for the Government not being
25 adopted that rapidly.

1 So this lack of attention certainly has
2 consequences for this community as well because if we
3 don't share the information everyone is left to
4 reinvent the wheel for themselves, and I think over the
5 last several years in particular with tools like Max
6 Prac and others that help people identify where in the
7 market there are opportunities for small business
8 contracting, we all benefit and we -- and I think there
9 is a direct correlation between that smarter thinking
10 and the fact that we've been meeting our small business
11 goals and doing better, you know, with respect to our
12 other socioeconomic categories, although certainly we
13 need to do better.

14 And then in the small business space also
15 that's why we have the OSDBUs, that's why we have the
16 Small Business Procurement Advisory Council, that's why
17 we have this task force, and that's why SBA issues
18 scorecards to require agencies to do peer-to-peer
19 reviews.

20 So we need to do those same types of models of
21 collaboration for our common contract spending, and I
22 think when those -- the senior procurement executives
23 and the policy officials and certainly the last several
24 administrators of OMB -- OFPP, I should say, including
25 Joe Jordan who was here, this is kind of the context

1 and the thinking that's going on in their minds when
2 they come to this, that we need to identify experts in
3 categories, these category managers. We need to create
4 mechanisms to share information. We need to identify
5 existing practices, strategies, and solutions that will
6 make sense for those spaces.

7 And we also need to make sure that as we
8 identify these Government-wide solutions, and this is
9 particularly important, I think, to this community,
10 that we need to be doing alternatives analysis, but
11 empowering the OSDBUs in each agency to determine when
12 it makes sense to use a Government-wide solution and
13 when it's better to use an agency or even a local
14 solution in the process.

15 So, you know, what we have done well recently
16 is to get our category managers cognizant of the fact
17 that when they are setting up these solutions they need
18 to look at how we can increase small business
19 participation. And as Jim mentioned, if you look at
20 some of these, quote, unquote, best-in-class vehicles,
21 you'll see that the average small business
22 participation rate is well above the 23 percent. It
23 may be closer to 40 percent. But two things. One,
24 some people might ask, you know, just like they have
25 for the schedules for years, maybe we should be at 70

1 percent. You know, why is it true that we should
2 assume, you know, 38 or 40 percent as where we should
3 be satisfied with that.

4 And, number two, the category managers are
5 looking at this government-wide. They're not able to
6 put themselves in the shoes of each agency's CAO and
7 small business director to determine whether it's best
8 in class for that agency in particular circumstances.
9 And that's, you know, what we need to do today.

10 So if you look on the slide deck, you'll see
11 on the first page -- and this is a snapshot -- and when
12 we talk about common spending, roughly 60 percent of
13 roughly \$460 billion of annual spend is common, and
14 that means it's for types of goods and services that
15 generally every agency is buying, from IT to
16 professional services to facilities and construction,
17 human capital, security and protection.

18 And these are the -- these are the ten
19 categories that have been identified where there are
20 category managers and subcategory managers that are
21 looking at these market trends, that are looking at
22 where there are existing solutions that can be
23 beneficial and -- and where there are existing
24 vehicles, not necessarily have to create new ones that
25 are doing well and we should encourage people to

1 consider.

2 And if you look at the next slide, based on
3 those best-in-class contracts in these categories that
4 have been identified since FY16, there have actually
5 been -- this is the level of small business
6 participation on those vehicles. You'll see that it --
7 we have a fair number that have gotten over 75 percent,
8 but we also have a fair number that have had less than
9 25 percent and some in between.

10 So there is some success that we can point to
11 and it's important to consider, but again, we need to
12 figure out ways in which the OSDBUs are at the table,
13 you know, helping to shape this initiative. So if you
14 go to the next page, the challenge is -- and this is an
15 evolving discussion, and we've had, again, as I
16 mentioned, two conversations with the OSDBUs and plan
17 to have more, as well as with this group and others,
18 three challenges.

19 One is to build the shared vision and
20 principles that reflect the values of category
21 management and small business contracting, and I'll put
22 a strawman to you in a minute. Second is to promote
23 small business contracting interests and common
24 contract spending through actions taken at both the
25 federal-wide and agency levels. There's a lot we can

1 do at the government-wide level, but we can't forget
2 the critical role that the OSDBUs play in figuring out
3 what makes sense at their agency.

4 And then also ensure that market analysis and
5 strategies evaluate benefits and drawbacks on each
6 small business category in addition to small businesses
7 generally. When we have done some of the benchmarking
8 and baselining to date, I know that it has been for
9 small businesses, but I don't believe that they have --
10 at least not regularly -- identified what the impact or
11 the opportunities are in each of the socioeconomic
12 categories. And obviously that has a specific impact
13 and interest for this task force.

14 So if you go to the next page, you'll see a
15 strawman of a shared vision for common contract
16 solutions. So the first one is a little bit more
17 focused on kind of the economics and economies from a
18 procurement standpoint, that we want to buy as a
19 coordinated federal enterprise that shares and uses
20 market intelligence to analyze alternative federal and
21 agency solutions to save money and improve performance,
22 increase administrative efficiencies, drive more
23 consistent use of best practices, including statements
24 of work and terms and conditions with a proven track
25 record.

1 This is what I was mentioning earlier about,
2 you know, best commercial practices that work. We --
3 you know, if the small -- if a contracting officer has
4 worked up a contract with a small business at the local
5 level that works really well, shame on us if that isn't
6 shared, you know, with other colleagues in that agency
7 and across agencies. And also build better
8 relationships with small and large contractors that
9 perform well and with whom we do repeat business. We
10 need to continue all of our efforts to, you know,
11 reflect past performance and reward -- you know, reward
12 that as we move forward.

13 But in parallel, and this is where I think the
14 message needs to be strengthened, we need to maintain
15 and grow a healthy industrial base of small businesses
16 by recognizing that every agency small business
17 contracting goal and industrial base is different, and
18 as a result, the benefits of adopting a given best-in-
19 class -- that means best-in-class solution, other
20 government-wide solution or an agency-wide solution or
21 a local solution varies by agency.

22 So in the last two pages, we have broken out,
23 because I think it is important in the conversation for
24 the reasons I've mentioned, to understand what should
25 we be pursuing at the federal level and what we should

1 be pursuing at the agency level. Oftentimes we just
2 look at the first and we forget about the second. And
3 we need to make sure that, you know, we've got the
4 right mix and the right initiatives on both.

5 So on the -- on the federal one first, one is
6 we want to make absolutely certain we have a category
7 management leadership council that's comprised of the
8 largest buying agencies. I think it's the seven
9 largest. And we want to make sure that SBA or --
10 and/or other appropriate small business representatives
11 are actively engaged on that -- that council. And I
12 believe that Robb Wong is the -- I guess the
13 representative from GCBD.

14 Second is to make sure that we invite the
15 OSDBUs and their reps to participate on these
16 individual teams as they identify vehicles that may be
17 best-in-class. And we are going to provide to the
18 OSDBUs who we talked to yesterday a list of all the --
19 of the various teams so that they can see very
20 specifically where are OSDBUs part of them and where
21 are they not.

22 I think, Allie, this will, in part at least,
23 address the question -- good question you asked earlier
24 about bundling and consolidation. You know, by having
25 an OSDBU representative as part of those conversations,

1 I think it increases the likelihood that, you know,
2 either formally or even informally that those
3 conversations are being had. And as, you know, best-
4 in-class is being identified, you know, that's in the
5 mix.

6 MS. LESLIE: The concern there is if there's
7 such a push to do the consolidation then what is the --
8 what's the factor going to be before we get an approval
9 for bundling because it's a difference in -- you have
10 to show the benefit.

11 MR. BLUM: Right.

12 MS. LESLIE: And it has to be substantial. I
13 can't remember if substantial is defined or not.

14 DR. GALVIN: It's like 5 percent of either
15 dollars saved or time saved potentially. I think
16 there's a --

17 MS. LESLIE: Yeah, that's not very much to be
18 able to bundle. So we could --

19 MR. BLUM: Right, but as part of this, I
20 think, you know, what's important in this is that if we
21 were going to make these -- automatically make these
22 mandatory solutions, then I think that your point, you
23 know, is we would have to, I think, pay more -- given
24 greater attention, but as long as there's an analysis
25 that looks at -- with the input of the OSDBUs -- what

1 might be feasible for migration and do the evaluation
2 based on that anticipated usage, and also recognize
3 that these are not one-size-fits-all, so that each
4 OSDBU still has an obligation -- SPEE and CAO to figure
5 out for the agency, does that vehicle make sense for
6 me.

7 You know, so for example, we have situations
8 where -- you can imagine a situation where you have, if
9 you will, a fungible good, certain types of COTS
10 products, and the agency may have a lot of local
11 vehicles with small businesses that have kind of a
12 national presence that you can find on a government-
13 wide vehicle and there's no special expertise, there's
14 no special relationship. And by migrating, they may
15 get the benefit of the leverage and you don't really
16 harm the small business.

17 You have on the other extreme situations like
18 we see maybe at the Department of Homeland Security,
19 and I think you can repeat this at every agency, where
20 you have small businesses with specialized skills that
21 have, you know, a longstanding, well-established
22 relationship with the Department where, you know, the
23 migration, you know, to the government-wide vehicle
24 wouldn't necessarily have those skills, or it might be
25 asking the agency -- I think Tom Leney has pointed this

1 out as an example -- to rely on a fewer number of small
2 businesses than they currently have, and that might or
3 may not create mission risk. But those are all the
4 sorts of issues that at the agency level the OSDBU
5 still needs to make, even after the vehicles are
6 identified.

7 So -- but we want -- we do need OSDBUs at the
8 government-wide level to participant on the teams. In
9 terms of principles, we want to make sure that category
10 managers, I mentioned, are baselining, you know,
11 participation of small businesses. And also on
12 government-wide solutions, we want to -- we don't want
13 to forget, you know, the opportunities to create these
14 vehicles.

15 We were very pleased, as you know from prior
16 meetings, at the great work GSA has done to stand up a
17 GWAC for the service-disabled veteran-owned small
18 businesses. We want to continue to think about, you
19 know, how that is working and what other opportunities
20 exist. One might be, for example, a practice we've
21 seen with Alliant and Oasis, where there are parallel
22 vehicles set up as set-aside contracts. So as some of
23 these existing best-in-class contracts come up for
24 renewal, we need to look at the opportunity to create a
25 parallel set-aside vehicle.

1 And an idea that Robb has mentioned is to see
2 if we can put more thought into the use of on-ramps and
3 off-ramps. We certainly have heard many times the
4 challenge and criticism that once these vehicles are
5 established it's like, you know, it's a train. If
6 you're not on the train then you feel like you're left
7 out of the process.

8 So we've been brainstorming a little bit
9 about, you know, is there a way that you might have a
10 vehicle that has kind of a certain portion continuously
11 left open for on-ramping. It does create some
12 acquisition challenges for contracting officers, but we
13 have a lot of smart people. We're pushing innovation.

14 You know, and I think if we think pilot-wise,
15 if we can try to find, you know, the right fit, we can
16 do some piloting in this and see how that would work.
17 And we certainly want to make sure that we're doing
18 everything we can to improve the visibility of our
19 small businesses on these government-wide solutions.

20 And then lastly, on the next page, and to
21 balance out, and we've kind of already covered this,
22 but on the steps for the agency level, I think the
23 first one actually is one OMB needs to do, which is to
24 continually reinforce that the agency small business
25 goals remain unchanged and nothing alters the agency's

1 responsibility to meet its goals. And that means in a
2 very practical sense that as OSDBUs and others are
3 making decisions about when to migrate that the
4 migration is going to have a negative impact and could
5 imperil the agency's ability to meet its goals, that
6 needs to be included in the mix.

7 We've talked extensively about the OSDBU role.
8 Just one other kind of a thought on that is this is all
9 about common contract spending. Our rough estimation
10 of the total amount of spend that goes to small
11 businesses of the 100 billion, how much of that falls
12 into the common contract solutions that I showed you on
13 the first page. I think GSA's analysis shows it maybe
14 about a third.

15 Now, that -- it may be a little higher than
16 that, but it's -- but the point is there's a
17 significant chunk of dollars and of the work of the
18 OSDBU community in what are not common contract
19 solutions, although probably in the Department of
20 Defense that isn't a factor, that doesn't mean, you
21 know, let's not worry about this, but it just is a
22 reminder, you know, that there's a lot that's going on,
23 you know, that needs to continue that isn't just about
24 that.

25 But that said, we need, as I think step one,

1 our OSDBUs to try to segregate out from all of their
2 work, that work which is in that addressable spend so
3 that they can have a profile of what -- how are we
4 using small businesses to address common spend, and
5 then engage with senior accountable officials that are
6 looking at, you know, when to make migration so that
7 when they're looking at it going, gosh, from an
8 economic perspective this looks great, the OSDBU can be
9 sitting at the table saying, well, here are the
10 ramifications and the consequences from a small
11 business perspective.

12 MS. LESLIE: And are the agencies then going
13 to have the latitude to say, well, we understand the
14 common vehicle, but we really don't want to impact the
15 small businesses to that extent and, therefore, we
16 don't want to join in the common vehicle?

17 MR. BLUM: So, yes, the -- and I say yes, the
18 mechanisms that we are trying to create, we want to see
19 some more proactive engagement with OMB and the
20 agencies in these conversations, and we want those
21 conversations to include OSDBUs and we want to
22 understand what that impact is.

23 Now, you know, I'm oversimplifying here. We
24 want to give agencies lots of opportunities because we
25 think that there are going to be a number of

1 circumstances where it's kind of the fungible goods,
2 it's not going to have an impact on small business.
3 And in some cases, agencies may be struggling where the
4 migration is going to actually help participation. So
5 what I think we're looking for first and foremost is
6 that the agencies are doing smart alternatives
7 analyses.

8 And that gets to the last point, by the way,
9 which is, you know, we have this action called the
10 Acquisition Gateway, which provides all this data.
11 It's incumbent upon us and incumbent upon the category
12 managers to make sure that the information is being
13 made available to the OSDBUs and others so that they
14 can do this analysis and we can have smart
15 conversations.

16 And if they go on there and say I'd love to
17 participate but the information you put up there just
18 doesn't allow me to do that analysis, they need to tell
19 us that and that needs -- that's legitimate to -- and
20 we need that engagement. These need to be kind of
21 informed, you know, business decisions.

22 MS. LESLIE: Okay.

23 MR. BLUM: So that is -- that actually
24 concludes my discussion here, but as I mentioned, I
25 guess as the takeaway, you know, we're trying to do a

1 better job at meeting stakeholders where they are and
2 for this community. It's thinking from your
3 perspective.

4 We know that, you know, OSDBUs are evaluated,
5 first and foremost, about whether you're meeting --
6 whether we're meeting the small business goal. And,
7 so, we need to think about this as we're making choices
8 and understand, you know, that what might look like
9 it's irrational is actually rational from that
10 perspective, and then figuring out this balance.

11 So I think that there are lots of
12 opportunities here. If we pursue these federal and
13 agency-level actions, I'm hoping that, you know, we can
14 -- we can see a win/win, but I guess the challenge that
15 I'll leave for this group is, you know, to -- I know
16 it's a lot to digest.

17 If you can think about it, you know, and maybe
18 at the next meeting or whenever's appropriate, you
19 know, provide kind of feedback, I would actually
20 welcome feedback before the next meeting because if we
21 -- you know, we're thinking about buying stock and then
22 and while we continually improve them, I'd love to get,
23 you know, feedback and input that we can be considering
24 as policymakers and have that reflected when we -- when
25 we do make these decisions.

1 MS. LESLIE: Okay, great.

2 MS. CARSON: Thank you. Are there any
3 questions in the room?

4 Go ahead.

5 MR. PHIPPS: Question/comment. And we'll
6 probably be talking about this at tomorrow's meeting
7 because this is a pretty big deal for the Advisory
8 Committee, category management, bundling, the effects
9 on small business. It's been a fairly constant
10 conversation over the years, and it's probably not
11 going to go away.

12 I think it would help -- and this is just
13 initial feedback, and we'll have some discussion -- but
14 it would help to have whether it's an index or whether
15 it's an ongoing monitoring of the categories. So it
16 seems like a very -- the conversation, when you're
17 looking at individual categories and what the situation
18 is is -- is not -- it's not transparent.

19 We're not sure, is this hurting small
20 businesses, are we in a good spot with the category
21 management? Are we in a bad spot, is it hurting small
22 businesses? But if there were some sort of an index or
23 monitoring program that we could refer to and say, yes,
24 you know from the council, you know, this is in a state
25 of positive feedback or not for small businesses or

1 even getting deeper down into the veteran-owned
2 businesses, you know, that could be something that
3 would be very helpful, at least when we're having this
4 conversation because initially it's just not clear, you
5 know, what the status is of each category for -- and
6 the ramifications as well.

7 MR. BLUM: And I assume from what you're
8 saying that it's not -- it's not just what's happening
9 at the government-wide level, but you're saying across
10 the category, government-wide or agency, just all the
11 spend that we have in that category, what does the
12 breakout look like, small business --

13 MR. PHIPPS: Well, I'm sure there's criteria
14 that they're using --

15 MR. BLUM: Yes, yes.

16 MR. PHIPPS: -- to evaluate, and that's
17 probably -- the index criteria, they probably already
18 have that, right? And so what is that feedback this
19 year, because what we notice are these oscillating
20 trends with bundling and unbundling, you know, it
21 continues like that. And, so, they probably have
22 something already with the numbers that they're looking
23 at.

24 MS. CARSON: Thank you.

25 Any other questions in the room?

1 (No response.)

2 MS. CARSON: And on the phone?

3 (No response.)

4 MS. CARSON: Okay. I know that we are running
5 just a little bit behind, but please don't worry. I
6 think we have plenty of time before the end of this
7 meeting to have the few last discussions we have. I do
8 want to note that the Federal Trade Commission is going
9 to have a short presentation after the member reports
10 are done, and then we will go to public comment.

11 So let us now go to Department of Treasury,
12 who I believe is participating by phone.

13 And if you're on mute and still there, please
14 unmute.

15 MR. STOUT: Yes, I'm still here, sorry. I'm
16 just coming off mute. For the last few years, we've
17 been reporting on the state small business credit
18 initiative and interaction with SBA to ensure that
19 everyone is aware of the resources at Treasury
20 transferred to states over the last seven years. That
21 program onset September 27th of this year. And so that
22 comprised the bulk of our report in prior years.
23 That's really what we have to report this year, that
24 that's no longer operating. And we'll be standing by
25 and contributing as we can going forward.

1 MS. CARSON: Okay. Thank you for your report.
2 We likely will follow up and find other ways that
3 Department of Treasury may contribute to this
4 committee's work.

5 MR. STOUT: Happy to continue that
6 proposition. Thanks.

7 MS. CARSON: Okay, great. Thanks, and we'll
8 now go to the American Legion.

9 MR. PHIPPS: American Legion. So one of
10 the -- there's a bill that the American Legion is
11 supporting, and that is giving tax credit for 25
12 percent of the initial franchise fee for veteran-owned
13 businesses up to 400K. I think it's in the House, and
14 I can look at Caitlin and give a head nod, so it's in
15 the House right now.

16 And from reading the bill, it actually carries
17 over, so if you don't use your full 25 percent tax
18 credit and you're going to go on to another venture,
19 that will carry on for another venture. So that seems
20 like a positive -- a positive bill that will -- that
21 we're going to continue to follow.

22 I mean, I'm sure the next item that we have
23 here, I'm sure Barb knows, we're having the Washington
24 convention February 23rd, and the American Legion is
25 hosting the Boots to Business Reboot Program. And

1 that's going to be led by the VBOC in Springfield by
2 Charles McCaffrey who we actually did the site visit
3 with on the ACVBA committee. So that's something that
4 the American Legion is really looking forward to in
5 February. And that's my report.

6 MS. CARSON: Outstanding. This is Barb
7 Carson, OBVD. We do have some continuity between these
8 two committees, which Mike Phipps has referenced, the
9 Advisory Committee on Veteran Business Affairs does
10 meet tomorrow. He does serve on that, and the Chair is
11 behind him and in the room, Ron Aument, and so the work
12 that you do here as federal agencies then gets to the
13 veteran business owners and veteran service
14 organizations that are a part of that meeting tomorrow.

15 And a quick -- just taking a segue, one of the
16 topics they're going to cover tomorrow is they've
17 invited Tom Leney to come and speak on verification
18 programs. And then a pivot to the commercial sector,
19 there are more private-sector companies that want
20 veterans in their supply chains and what are the
21 private-sector solutions for certification and what are
22 the opportunities for veterans in the commercial world.
23 Many of those do both commercial and federal work, so
24 we're looking at some of the opportunities there.

25 There will be also a discussion of veteran

1 business development programs and what the -- what
2 is -- what could be explored in the federal realm. I
3 believe that is most of the hot topics for tomorrow.
4 So just want people in this room to be aware that that
5 is open to the public as well. It's on the record.
6 It's 9:00 a.m. to 4:00 p.m. tomorrow. And I thank you
7 both, gentlemen, for your service on that committee.

8 Any questions for American Legion before we
9 move on?

10 (No response.)

11 MS. CARSON: Okay. We're moving to Street
12 Shares Foundation and Mark Rockefeller.

13 Mark, if you're still with us, you may be on
14 mute.

15 Okay, we may have lost him. For a moment, I
16 will say for those who don't -- go ahead, Mark.

17 MR. ROCKEFELLER: There we go. Sorry, Barb.
18 Yes, I was, in fact, on mute. I said something very,
19 very eloquent, and --

20 (Laughter.)

21 MR. ROCKEFELLER: -- but I can start over
22 again. Mark Rockefeller from Street Shares Foundation.
23 Two quick updates, both kind of fun. You know, Street
24 Shares Foundation, our mission is to educate and
25 inspire and support veteran-owned small businesses.

1 And so we have two things that we're doing that I
2 thought I would mention to the Task Force.

3 The first is we're doing a series of very
4 short, one-minute interviews with veteran entrepreneurs
5 that we're calling Warrior Business Minutes. We filmed
6 about 15 of these, so we are interviewing veteran
7 entrepreneurs, business owners, and the theme is
8 basically military tactics and strategies applied to
9 business in 60 seconds or less. And so they're very
10 short, very snappy, very fun. Anyway, so kind of look
11 for those on social media. The hashtag that we're
12 using there is Warrior Business Minutes.

13 The second is we are giving away three
14 additional grants to veteran business owners tomorrow
15 evening in D.C. at the Gor-biz (phonetic) event that is
16 tomorrow evening at 5:00 at Kilpatrick Townsend law
17 firm near the White House. We're expecting about 600
18 people. It should be a very fun event. We're
19 cosponsoring it with some other great companies. And
20 if you want to come out, you can -- you can find that
21 online. I think tickets may or may not be sold out.

22 MR. PHIPPS: It's closed.

23 MR. ROCKEFELLER: I can extend the invitation
24 to anyone on the Task Force.

25 MR. PHIPPS: Registration is closed.

1 MR. ROCKEFELLER: Or anyone listening to come
2 out and join us tomorrow night. These will be our, I
3 think, 16th, 17th, and 18th grants that we've given out
4 this year, that we always try and give them out in kind
5 of a fun, public setting. So two very fun things
6 coming from the Street Shares Foundation, and that's
7 all the update that I've got.

8 MS. CARSON: Are there any questions for Mark
9 in the room?

10 (No response.)

11 MS. CARSON: Or on the phone?

12 (No response.)

13 MS. CARSON: Mark, thanks for your
14 contributions to addressing one of the enduring
15 challenges to veteran business owners, and that is
16 access to capital and looking for other ways to meet
17 that need.

18 MR. ROCKEFELLER: Yeah, thank you.

19 MS. CARSON: We transition now to the Federal
20 Trade Commission. If I can ask you, Svetlana Gans, the
21 -- right up here. She is the Chief of Staff for the
22 FTC and is going to talk to us on cybersecurity topics.

23 MS. GANS: So good afternoon, everyone. My
24 name is Svetlana Gans. I'm the Chief of Staff with the
25 Federal Trade Commission. For those of you who do not

1 know about the Federal Trade Commission, we have a dual
2 mission of protecting consumers and promoting
3 competition. So we have a consumer protection side of
4 the house and also a competition side of the house.

5 I work in the Chairman's Office, and we are
6 very interested in working with other government
7 agencies and other stakeholders on veterans issues. We
8 have a military task force that was just empaneled a
9 few months ago, which I'm chairing, at the agency, and
10 I'm here to just talk to you about three things that
11 we're doing for the veteran community and service
12 members. Perhaps there would be some interest in
13 coordinating with us on our work.

14 So the first thing that we're doing is an
15 economic liberty task force, and what this is is a
16 focus on undue state licensing restrictions on military
17 spouses and trailing service members and transitioning
18 service members. As the Department of Labor is also
19 interested in it, we are working together with them and
20 other stakeholders. So in the 1950s, only 5 percent of
21 jobs required a government license. Now that number is
22 close to 30 percent.

23 The FTC has a strong public policy shop that
24 does a lot of comments, and we've done a lot of
25 comments at the state level, telling them basically to

1 -- although a lot of the licensing has a public safety
2 and health justification, for them to also look at the
3 competition issues that are inherent in licensing
4 regimes. For example, some licenses are kind of
5 developed at the state level where you have market
6 participants who are actually telling the states how to
7 act and how it discourages new entrants from coming.

8 So based on the FTC's longstanding work on
9 occupational licensing reform and our public comments,
10 the Chairman developed an economic liberty task force.
11 We have public workshops and other kind of -- it's
12 basically the coalition of the willing, who else would
13 like to work with us on kind of working with the states
14 and the federal level to kind of try to see what we
15 could do in terms of undue licensing.

16 So we had two workshops, one focused on
17 portability, so we had representatives from the
18 Department of Defense and others talk about how they're
19 working to help on reciprocity and portability
20 arrangements for military spouses and others. So that
21 was very useful.

22 We've had a second -- also at that workshop,
23 we had representatives from different -- like the
24 accountants association and other kind of association-
25 based groups that are trying to work on state compacts

1 outside of the DoD context.

2 The second workshop we had just in November
3 talked about the empirical evidence concerning
4 licensing's effect on the marketplace, whether it's
5 wages or prices or unemployment. So that was very
6 helpful. We had economists, we had professors, we had
7 other people talk about really the empirical evidence
8 behind licensing and its effects on the marketplace.

9 Thirdly, the Chairman is very concerned about
10 occupational licensing's undue effect on military
11 spouses. In particular, our colleagues have said that
12 -- DoD, I think, reported that spouse unemployment is
13 up like 30 percent or something like that for military
14 spouses, and obviously that's something that we're
15 hoping to kind of curb. So we're having a voices
16 roundtable tomorrow that's not open to the public but
17 we'll put a link on our website after tomorrow, but
18 it's going to be showcasing military spouses and other
19 folks who have firsthand accounts of trying to break
20 into the market, trying to get a job, not being able to
21 transfer their skills from one state to another, and
22 just kind of the impediments that they're facing in
23 terms of getting a job. So that will be available on
24 our website as well.

25 We have a website devoted solely to economic

1 liberty at www.ftc.gov/econliberty. It houses all of
2 our information. It houses the agenda and PowerPoint
3 presentations with our workshops. And it talks about
4 our advocacy. We have advocacy at the state level from
5 various professions. So if you're interested in state
6 advocacy, we have samples available there.

7 And it also has contact information, how to
8 reach us, but we're very excited about other
9 stakeholders who are interested in working with us like
10 Department of Labor, Department of Defense, and it's
11 really kind of convening the coalition of the willing
12 to kind of move this forward because I think there's a
13 lot of excitement on this issue, and it's really
14 working together as one to kind of move it forward. So
15 that's kind of one big project.

16 And I'll just quickly turn to two other ones
17 because the topics were raised earlier today. So with
18 respect -- so that's economic liberty. The second
19 topic is assistance for small businesses. The Federal
20 Trade Commission has an amazing business and consumer
21 protection department that issues a slew of helpful,
22 free materials to help small businesses. And I just
23 brought a few with me today, and I'm happy to send
24 anyone links.

25 So we have a Start with Security handbook that

1 really talks about, okay, when you're a new
2 entrepreneur, how do you figure out what security
3 protocols to explore, how do you maintain -- you know,
4 you talked about your confidential information, your
5 PII, so this is a great booklet.

6 All of our information is free. We don't have
7 any rights of ownership, so you're happy just to put
8 your name on our materials and submit it to your
9 constituents and your -- and your groups. So this is
10 one very important work that we have on small business.

11 Then we have some other ones on, like, data
12 breach response handbook and protecting personal
13 information. So to the extent you're in the veteran
14 communities or the small business communities and
15 they're trying to just figure out kind of where to go
16 for information, we would love for them -- for you all
17 to refer folks to us as a resource because we already
18 have things in the can. And there's no need for you to
19 reinvent the wheel, and so it's just a win/win for you
20 all and kind of the people that you're interfacing
21 with.

22 There's also a small business scams, how do
23 you protect yourself from fraud. There's a lot of
24 small business scams like phone or toner scams where
25 they call you and say, like, oh, you have this

1 recurring billing and you're not quite sure what's
2 going on, so we have a lot of kind of consumer
3 protection materials for small businesses, veteran-
4 owned businesses, and consumers.

5 Lastly, the third thing that we're doing is
6 really helping veterans themselves as consumers. We
7 track our consumer complaint data, and we found last
8 year we had over 100,000 complaints from military and
9 veteran individuals. And that's a large number, and we
10 do two things when we see that. One is we have an
11 educational campaign that we're trying to send
12 information through, your channels through our
13 channels, to get people to know, like, okay, what
14 frauds to look out for, what frauds are targeting
15 military communities, and unfortunately there are some
16 culprits out there that do target military communities.
17 And this is really getting our information in front of
18 them to see how that they can protect themselves.

19 So we have 100,000 complaints from military
20 consumers. The two largest category of complaints are
21 government-impersonation scams and identity theft. So
22 the government impersonation scam might make sense
23 because the military is very trusting and so if you
24 say, like, I'm from the Government, they may -- may
25 fall prey to that. So those are the two kind of top-

1 selling or top categories of consumer complaints. And
2 we have specific information for military consumers how
3 to deal with that.

4 So, for example, we have a great online
5 resource that we have in conjunction with DoD and CFPB.
6 It's military.consumer.gov. This website has all of
7 our information on consumer protection specific to the
8 military community. For example, we have a worksheet
9 that folks can fill out concerning financial readiness.
10 So when service members transition from the military to
11 civilian life, financial planning documents and things
12 of that nature that could be helpful as you all counsel
13 them or kind of help them navigate, you know, the
14 military transition to the civilian life. So that's
15 military.consumer.gov.

16 MS. LESLIE: Svetlana, does FTC participate in
17 the Transition Assistance Program that's offered for
18 transitioning military?

19 MS. GANS: I don't think so

20 MS. LESLIE: Okay.

21 MS. GANS: But we're happy to --

22 MS. LESLIE: I don't have any direct
23 affiliation with them anymore, other than we support it
24 through our Boots to Business program, but it sounds
25 like you're -- the veteran -- I know VA provides that

1 financial counseling module within the transition
2 assistance, but some of what you're -- you seem to be
3 referring to may complement that very nicely.

4 MS. GANS: Yeah. I mean, that's -- we have a
5 ton of material, so it's just really partnering with
6 whoever's interested and kind of disseminating our
7 materials, because we already put all our work into it,
8 so it's now just getting it --

9 MS. LESLIE: Everyone is using your stuff.

10 MS. GANS: Yeah. That's okay. But, anyway,
11 we -- we're happy to work with anyone. I think we have
12 a lot of common goals around this table in terms of
13 kind of agency coordination for the betterment of the
14 military veteran community. I think we all have the
15 same goal, so I'm just going to go ahead and give you
16 my contact information. Please feel free to call me
17 with any questions or reaching out.

18 So, again, my name is Svetlana, S V E T L A N
19 A; S V E T L A N A; Gans. And I'm at the Federal Trade
20 Commission. My telephone number is (202) 326-3708.
21 And my phone number -- or my email address is sgans,
22 which is S G A N S, @ftc.gov.

23 So, and thank you to Barbara for the
24 opportunity to present. I appreciate it.

25 MS. CARSON: Thank you so much.

1 MS. LESLIE: One other question I had was with
2 the spouses -- spouse unemployment rate, is that
3 primarily based on the need to be relicensed, in other
4 words, licensing or credentials not carrying state to
5 state?

6 MS. GANS: I haven't seen data as to where
7 that 30 percent comes from, but I'm sure that the
8 relicensure issue and kind of the inability to get
9 relicensed -- so for example, tomorrow we're having a
10 few folks come to tell us their real life stories and
11 we're going to videotape it and have it on our website.
12 So what -- and we -- and the important thing, also, is
13 to recognize that it's not just women. It's also male
14 trailing spouses.

15 So we're going to have a diverse panel tomorrow,
16 women and male, and so one of the men I spoke with in
17 conjunction with it basically said he has an EMT
18 license, and although there is a national licensure
19 regime, some states don't recognize the national
20 license, or they require you to pay extra money just to
21 get a state license. And so at some point, if you're
22 only in that specific city for a few years, you're not
23 going to pay hundreds of dollars to get relicensed if
24 you know you're going to travel, you know, next year.

25 So it's really kind of working with DoD and

1 other stakeholders on these reciprocity projects, on
2 the compacts projects, to see how we can kind of make
3 sure that if you get a license you can actually get a
4 job, and if you're working in Afghanistan as, you know,
5 a truck driver on the bombs, you could actually be a
6 truck driver here for packages.

7 Like, there has to be some kind of correlation
8 between your real-life experience in the military and
9 also in the civilian life. So I don't know the
10 specific answer. Maybe DoD knows because they're --
11 they do those statistics, but I'm sure it's in effect.

12 MR. PHIPPS: This is Michael Phipps from the
13 American Legion. The American Legion does a lot of
14 that work with lining up those jobs, and they work with
15 DoD on trying to -- along with the certification and
16 the job skill alignment. So maybe we can -- I can hook
17 you up with somebody in the American Legion who deals
18 with those issues.

19 MS. GANS: Sure.

20 MS. CARSON: I believe we have a comment in
21 the room.

22 MS. BROWN: Again, Stephanie Brown, military
23 spouse. We work with a lot of military spouses that --
24 and veterans when they get out that have faced a
25 licensing issue and have chosen to instead of pursuing

1 it, such as teachers and attorneys, et cetera, become
2 entrepreneurs.

3 MS. GANS: Right.

4 MS. BROWN: And, so, they take that and start
5 a small business. The percentage that you're referring
6 to came from a IVMF, Institute for Veterans and
7 Military Families, and a Blue Star Family study that
8 was done. I guess the most recent one showed that 60
9 percent of military spouses face licensing issues.

10 There's an organization here in Washington,
11 DC, that we work with called MSJDN. It's military
12 spouse attorneys. They have over 900 members across
13 the country. That's a big issue that they're
14 addressing. So we see how the licensing issue for
15 military spouses from an employment perspective is
16 actually impacting the small business owner as well.

17 MS. GANS: Right.

18 MS. BROWN: Yeah. So thank you for addressing
19 that.

20 MS. GANS: Sure.

21 MS. CARSON: Thanks for your comment. Are
22 there any other questions right now for the presenter?

23 (No response.)

24 MS. CARSON: Okay, thank you so much for
25 joining us.

1 MS. GANS: Thank you so much.

2 MS. CARSON: I had a couple administrative
3 items, ma'am, and then we'll turn it over for public
4 comment, and then over to you.

5 Okay. So, again, if you were on the phone and
6 you didn't see a presentation or need more information,
7 you can write to vetstaskforce@sba.gov. I did forget
8 to mention during my presentation that there are
9 currently nominations that can be made to these
10 committees. This particular committee is missing two
11 spots that could be filled by a veteran service
12 organization representative or a military service
13 organizations. So please check out sba.gov and search
14 under our recent press releases, and all the
15 information on how to apply is there.

16 I also failed to recognize we've got two other
17 members of our advisory committee who have joined this
18 meeting, and I really appreciate people who are
19 business owners and vet service organizations making
20 time for 11 hours' worth of federal advisory
21 committees. That's a commitment, and I know how much
22 fun it is. So, Fran, who's here in the room and also
23 Mike Zacchea on the line, thanks for your commitment to
24 veteran entrepreneurs.

25 We do have potentially -- I'm looking to you,

1 Mr. Sobota, of the Office of Advocacy, would you care
2 to say anything about potential changes in the SBO, or
3 would you like to me say just a word?

4 MR. SOBOTA: Yes. You put me on the spot, but
5 -- you want me to sit here?

6 I'm Joe Sobota with SBA's Office of Advocacy.
7 And I didn't know I was going to have anything to say,
8 but I think I know what Barb wants me to mention
9 because we just met about this yesterday. I have to
10 have a caveat here that I cannot speak for the
11 Department of Commerce or the U.S. Census Bureau.

12 And the issue, though, that has come up is
13 that the Census Bureau from which we get a lot of
14 statistics about veteran business owners and veteran-
15 owned businesses, both the firms and the owners, is
16 changing or planning to change the way in which they
17 collect this data. And in the past, we've had a major
18 Census survey, the survey of business owners it's
19 called, the SBO, which is done once every five years.
20 And that's been our primary source of information about
21 firms that are owned by veterans, also by women and by
22 minority groups. It's a very important periodic
23 survey.

24 Census is planning for various reasons to
25 change how they collect this information. And they

1 published a notice about this in the Federal Register
2 in October, and currently the new survey instruments
3 are undergoing Paperwork Reduction Act review at OMB.
4 So they have not come out yet. But this will affect
5 the amount and potentially the quality of information
6 we get about veteran-owned businesses in the future.

7 And Barbara and I and a few others had a
8 briefing yesterday about where they stand on this now.
9 So I don't want to speak for the Census Bureau, but I
10 know that Barb is trying to arrange a briefing for you
11 all and -- for both the Task Force and for the Advisory
12 Committee to more fully explain what they are
13 considering.

14 And should I go any further, Barb, or is that
15 enough?

16 MS. CARSON: That is -- I'm sorry I put you on
17 the spot, Joe. I will add and just wanted to make sure
18 that I don't speak out of line, Census would like to be
19 open about these potential changes. Some of it is due
20 to funding. What we have the potential to lose if we
21 do not comment and participate in this is information
22 about nonemployer firms.

23 They will no longer be doing that question for
24 certain. That is done in the small business owners
25 survey. So that's 85 percent of our population of

1 veteran small business owners are sole proprietors. So
2 it is really important that we engage in this
3 conversation about the other ways that we can find this
4 information.

5 There is an opportunity that it would be a
6 more frequent collection, and also this is good that
7 they'd be looking at administrative data, where we
8 aren't relying on people responding. It's information
9 the Government has. And if that can help us in other
10 realms find longitudinal data potentially for other
11 purposes about our business owners.

12 So yesterday they did commit. Census said the
13 comment period is going to come to a close in the next
14 two months. They are going to host an open-to-the-
15 public call which we are going to coordinate. So I'm
16 looking to our members here to please, when appropriate
17 and we share the information, could you please amplify
18 that through the right channels for those who are
19 interested parties and service-disabled veteran-owned
20 small business and veteran-owned business.

21 Did I miss anything?

22 MR. SOBOTA: Let me just add this much so
23 we're not ending on a scary note. Census does have a
24 plan that we talked about yesterday to replace the data
25 that is potentially going to disappear -- well, it is

1 going to disappear. I shouldn't say potentially. So
2 the SBO as we knew it is history. But they haven't
3 gone on a voyage and forgotten about us. They are
4 working diligently to replace the information, and we
5 discussed our -- the economists and the Office of
6 Advocacy yesterday, and, Barb, a lot of your team was
7 there, too.

8 We discussed some of the problems, some of the
9 needs, and they already are fairly far down the road in
10 providing an alternative solution which would
11 potentially provide even better data on an annual basis
12 than what we're getting now. However, this is far from
13 a done deal. It will require a lot of interagency
14 cooperation about sharing data and will certainly have
15 to be vetted by OMB and of course there are always the
16 ever-present resource problems that will have to be
17 worked out.

18 So, anyhow, but they haven't gone to sleep on
19 this. I want to leave on a positive note. We're
20 working with them to try to replace and improve the
21 data that this new collection regime entails. And I
22 feel good about it, but it's -- let me just close with
23 this. The data that is going missing, if we didn't
24 have anything else change and the SBO went away, we
25 wouldn't even notice this change until the fall of 2020

1 because we're talking about the data collection for
2 Calendar Year 2017, and that's the normal timeline.

3 Census indicates that if they can get the
4 approvals that they need up and down the line, that we
5 will actually have the replacement data by 2020. So
6 hopefully there won't be a big disruption here. We'll
7 just be moving from one data source to another, and
8 potentially a better data source. But a lot of details
9 haven't been worked out, and I'm going to leave it
10 there because the Census Bureau, we will get together,
11 and where Barb and I are both working to try to get
12 them to brief you directly, and with a very high-level
13 official, and he will have more detail.

14 MS. CARSON: Thank you. Thank you, Joe.

15 We're going to turn it to open comment for a
16 few minutes. Are there any comments in the room at
17 this time? And if you do, then please find a seat that
18 has a microphone nearby. And please identify yourself
19 by name. And if you're representing an organization,
20 please state that as well.

21 MR. ROCKEFELLER: Yeah, this is Mark
22 Rockefeller with the Street Shares Foundation.

23 MS. CARSON: Go ahead, Mark.

24 MR. ROCKEFELLER: Just a followup comment to
25 what was just discussed around losing the data. As

1 someone who has gone through nearly every data -- every
2 study that's out there, from both the private and
3 public sectors, the Federal Government is the only
4 entity that has the reach to collect the data that we
5 need. Right, there are many great private-sector
6 initiatives, some coming out of IVMF at Syracuse, for
7 example, but only the Feds have the actual reach to
8 obtain this data.

9 And, so, just to kind of underscore what was
10 said, I think it is something that is worth fighting
11 for, and to whatever extent they fight can still be put
12 up, we should put up that fight. The other thing that
13 we can do is what we do with it once it's collected
14 from the Federal Government. I know that, you know,
15 there has been a bit of a challenge with, you know, one
16 thing that has been collected, being able to make that
17 publicly available. And so perhaps there's something
18 that the SBA can do if our data is going to be
19 inevitably reduced. Perhaps the SBA can respond with,
20 you know, greater transparency around the data that is
21 collected.

22 MS. CARSON: That's good feedback, Mark. This
23 is Barb. I think that having you on the call as an
24 expert in the data that has been instructive to us and
25 the programs we provide, both private sector and the

1 public sector, I really need you on that call. It is
2 an opportunity to provide more administrative data if
3 we can support what we would know if we had access to
4 that data. This can be, on a positive note, an
5 opportunity for great improvement. I'll make sure you
6 have plenty of notice so that you can join that
7 conversation.

8 MR. ROCKEFELLER: Thanks, Barb.

9 MS. CARSON: Are there any other comments in
10 the room?

11 MS. BROWN: I introduced myself earlier,
12 Stephanie Brown. I'm here from San Diego, where the
13 weather is much warmer, and thank you for having me. I
14 wanted to just share a few things. Again, our
15 organization, we have a database, it's a searchable
16 consumer-facing database. Other businesses use it as
17 well. I hear that all the time. We feature just under
18 13,000 verified veteran and military-spouse-owned
19 businesses in every state across the country. And we
20 often communicate and touch base with them on their
21 needs, what they're interested in, et cetera.

22 And two things. One is consumer-facing. We
23 are right now working -- we've actually developed it.
24 We're looking -- we'll be launching it early 2018, is a
25 badge. It's a verified veteran-owned badge. It's not

1 to compete with government set-aside or procurement.
2 It is strictly for consumers. We're working with a
3 national retailer that's got 56,000 stores across the
4 country to place these products in their stores that
5 will be labeled as such, verified veteran-owned. For
6 the purposes of this committee may not be, you know,
7 very relevant, but I do want to share that.

8 We are also working on a private certification
9 for military-spouse-owned businesses. Again, it's not
10 to compete with set-aside, but we are getting requests
11 and interest from some of the national organizations,
12 corporations that we work alongside with. The USAA is
13 one of them. They're expressing a desire to actually
14 track the number -- the amount of supplier diversity
15 spend that they do privately with military-spouse-owned
16 businesses. So it's not to compete, but as I often
17 say, you can't have a military spouse without a
18 veteran. So you're serving the same community. So
19 we're excited about that. Thank you.

20 MS. LESLIE: Thank you.

21 MS. CARSON: Thank you. Any questions for
22 Stephanie?

23 (No response.)

24 MS. CARSON: Thank you.

25 Sir?

1 MR. DRAGOMACA: Hi. My name is Rudy
2 Dragomaca. I'm from the International Franchise
3 Association. Thank you for the invitation.
4 Specifically thank you to Jaime Wood with whom I spoke
5 last week on the phone. A little bit more detail,
6 Michael Phipps introduced the Veteran Entrepreneurs Act
7 of 2017. The IFA is leading the effort behind the
8 bill.

9 We're happy to report that there are now five
10 Democrats and five Republicans who are cosponsoring
11 this bipartisan legislation. Again, it offers a 25
12 percent tax incentive, or tax credit, rather, to
13 prospective veteran franchisees on buying a franchise.
14 So it really eases the capital burden on entering into
15 this mode of small business ownership for veterans. So
16 we're excited that that's moving forward.

17 And I also wanted to thank the Small Business
18 Administration and VBOC specifically as they've started
19 to partner with us more and more, joining us on panels
20 and sharing their resources with the franchise
21 community. So I'm looking forward to more work with
22 the SBA VBOC and hopefully this committee.

23 MS. LESLIE: Thank you.

24 MS. CARSON: Thanks. Are there any questions
25 regarding franchise?

1 (No response.)

2 MS. CARSON: Thanks for appearing today.

3 Is there anyone on the phone who has a
4 comment?

5 Pardon? Joe, were you going to speak today?

6 MR. WYNN: I'd like to, yes.

7 MS. CARSON: Okay, good. Can you please
8 identify yourself and your organization?

9 MR. WYNN: Sure. My name is Joe Wynn with the
10 Veterans Entrepreneurship Task Force and the Vietnam
11 Veterans of America. And once again glad to be here
12 and want to also extend my appreciation for you, Ms.
13 Leslie, for being here as well. As you know, we met
14 last week at the conference, and listened to your
15 remarks regarding veteran businesses and appreciated it
16 very much.

17 One other thing, I just wanted to share just a
18 couple of points. I know we're at the end of the day.
19 I kind of end up on the tail end most times when I do
20 come to these sessions, which is fine, but just wanted
21 to express some of the concerns. You know, one of the
22 things about this Interagency Task Force, when it was
23 formed a few years ago, as you know, some of you we're
24 familiar with each other because we've been here for a
25 number of years now -- five or six, as a matter of

1 fact.

2 And we've gone through a number of discussions
3 and presentations. Prior to the start of the
4 Interagency Task Force, we had an executive order,
5 13360, which talked about directive to get agencies to
6 be more specific about how to increase contracting
7 opportunities for service-disabled vets and how to make
8 the 3 percent.

9 That kind of faded out. You know, that came
10 about 2005, 2006, it kind of faded out. And then this
11 Interagency Task Force, through advocacy efforts,
12 through many of the veteran service organizations, kept
13 pushing for more to be done in the veteran business
14 community. We had this 3 percent minimum goal, and
15 agencies still weren't making it.

16 Now we see -- you know, we've come to a point
17 in time where the number of agencies have slightly
18 surpassed the minimum 3 percent, but more is to be
19 done. But in the interim, this Interagency Task Force
20 was created in order to primarily continue to push for
21 more service-disabled vet businesses to surpass that
22 goal.

23 So, you know, I just wanted to mention that in
24 the sense that we as a veteran service, myself as a
25 veteran, a member of the veteran service organization,

1 we're still concerned and interested in the importance
2 of this particular task force. We're also very
3 appreciative of Barbara and what she's been doing since
4 she's been in her leadership position, the number of
5 programs and initiatives that she has led have been
6 very successful.

7 But I still need to come back to that point
8 about the federal contracting and this Interagency Task
9 Force. When we sit here, me, myself, and other members
10 of the veterans community, we just don't want to just
11 hear the discussion about the federal procurement
12 roundtable. At the bottom line, at the end of the day,
13 we want to know how does -- what is your agencies doing
14 to increase the contracting opportunities for our
15 veterans.

16 The annual reports often are late. When they
17 do come out, are they -- are they hidden in number?
18 Are they saying -- are they telling us what happened in
19 the previous year that was initiated and did we get to
20 a conclusion? I haven't seen that. And many of the
21 persons that I work with, they haven't seen it either
22 and they're concerned. And so we're hoping now, as we
23 are at the end of the year -- we're waiting on a couple
24 of other reports to come in from this Interagency Task
25 Force, and we're looking into the new year that we can

1 get focused in our priority and the purposes of this
2 Interagency Task Force.

3 And I know like with the Department of Labor,
4 you guys are focused on employment and training when
5 you first started. On the Task Force, there was a tie-
6 in to training to get more businesses to be more
7 proactive about hiring veterans. And that's still --
8 still a goal to be achieved. But many of your agencies
9 who are also participating, you're just -- you know,
10 the world of procurement is so vast and so large, but
11 we got to narrow it down to at the end of the day do we
12 have something going on now in the federal marketplace
13 that really has advanced our service-disabled vets from
14 one year to another.

15 It's unfortunate that still in talking with
16 contracting officers they are still saying I can't find
17 enough capable or qualified service-disabled vets.
18 What are we doing to change that view? Because when I
19 sit next to a service-disabled vet like Mike and he's
20 doing work in the marketplace and he can still do more,
21 I'm wondering why is the agency saying I can't find
22 enough. You can take on some more, right?

23 MR. PHIPPS: Always.

24 MR. WYNN: So we got to change this view, we
25 got to change this perception with our veterans and our

1 service-disabled vets. So just -- I just wanted to
2 mention that. A couple of things, recommendations on
3 the Task Force that I hope you will focus on.
4 Government-wide certification for service-disabled
5 vets.

6 We got this great program over here at the VA,
7 VA verification, but we're still having incidents
8 within the marketplace of fraud, people misrepresenting
9 themselves and taking advantage, actually what some of
10 the -- some the veterans communities call a stolen
11 valor. You're taking away from the opportunities for
12 veterans and their spouses and their families to have
13 these opportunities by misrepresenting themselves.
14 Perhaps you guys can start looking at giving some
15 consideration to establishing a government-wide
16 verification or certification program, okay?

17 Also, it has come up just a couple times in
18 this -- and I'm going to end it on this point. A
19 business development program for service-disabled vets
20 similar to the 8(a). We've talked about this a couple
21 of times. It keeps coming on the table, and then it
22 drops off. Let's give it some serious consideration in
23 2018. Or perhaps, quite frankly, the model is the VA.
24 Vets First throughout the whole federal marketplace.
25 Vets First. They've been hitting, what, 12, 10 percent

1 with vets? More than that?

2 MS. TORRES: Almost 20 percent.

3 MR. WYNN: See what I'm saying? Hey, why are
4 we -- anyway, I think I made my point. Thank you for
5 allowing me to make a few comments.

6 MS. CARSON: Thank you, Joe.

7 MR. PHIPPS: Thank you, Joe.

8 MS. CARSON: You bring up great points. And
9 one reminder, the nomination process is open for those
10 organizations that want to be considered to participate
11 and have an active role every time that we meet. That
12 would be welcome. And the two topics that you have
13 brought up are among the recommendations that were
14 accepted by this committee and took in public comment
15 last December. So they are not being ignored.
16 Appreciate your emphasis on those two in particular.
17 And I will turn it back over to the Chair right now for
18 any closing comments.

19 MS. LESLIE: Okay. It was a very productive
20 meeting and a lot of territory. I think we have some
21 followup actions that we will be looking into before
22 the next meeting, particularly around Census and
23 working with the VA to see if a certification through
24 SBA is a way to go or not, and if it is, then how can
25 we get that going as quickly as possible.

1 And I wish you all the best for tomorrow's
2 meeting. It should be a very -- I look forward to
3 hearing how that went afterwards. And on that, thank
4 you very much, and I think I can give you ten minutes
5 back.

6 MS. CARSON: All right. That concludes the
7 Interagency Task Force for Veteran Small Business
8 Development.

9 (Whereupon, at 3:50 p.m., the meeting was
10 adjourned.)

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