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U.S. SMALL BUSINESS ADMINISTRATION

INTERAGENCY TASK FORCE ON
VETERANS SMALL BUSINESS DEVELOPMENT

PUBLIC MEETING

THURSDAY, DECEMBER 10, 2015

9:00 A.M.

Recorded by: Jen Metcalf, CER

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P R O C E E D I N G S

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(Meeting called to order, 9:06 a.m.)

MR. KRAMER: Well, thanks, everybody. If we can start to take our seats, we'll get started here. I met a number of you on the way in, but to do that again, my name is Doug Kramer and I'm the Deputy Administrator here at SBA. It's my pleasure to be here again for my second meeting of the Interagency Task Force on Veterans Small Business Development.

Before we get started with the substantive parts of this morning's program, I did want to take a minute to do some housekeeping. As many of you are aware, though some of you are new to the task force and some of you may be visiting us for the first time, this is a meeting that we -- is conducted on the public record. So, we take a transcript. So, our friend, Jen, over there -- wave, Jen -- is dutifully taking -- creating a transcript of this morning's meeting. That will just create a few requests for all of you.

And the first and foremost is, not only for Jen, but also for people who are joining on the conference call, is to use the microphone whenever you speak. As you'll notice on the microphone in front of you, among other things, there is a little image of a

1 face with some sound coming out of it. That's the
2 button to activate your microphone. The little red
3 light around the microphone will come on. So, before
4 you speak, make sure you're speaking into a live
5 microphone, and then when you're done, feel free to
6 turn that off to avoid too much feedback. And I think,
7 actually, if you get two or three of these microphones
8 on at the same time, they sort of shut down.

9 So, if there are questions, we may ask that
10 you repeat something or clarify something just to make
11 sure we get the record straight on all of that.

12 And also to make sure that our record is good,
13 we're going to take a roll call here at the top of the
14 meeting just to create the record as to who's in
15 attendance.

16 So, Barb, did you want to call names or did we
17 just want to go around the room and ask people to
18 introduce themselves?

19 MS. CARSON: Go around.

20 So, why don't we start back over there and if
21 you could practice turning on the microphone and then
22 giving us your name and relevant affiliation.

23 MR. METHENY: I'm Bill Metheny. I'm with
24 Department of Labor, Veterans Employment and Training
25 Service.

1 MR. CHARLIP: I'm Ralph Charlip. I'm with
2 Department of Labor, Veterans Employment and Training
3 Service.

4 MR. LEGHORN: Davy Leghorn with the American
5 Legion.

6 MR. KLINGENHOFER: I'm Victor Klingenhofer
7 with Vietnam Veterans of America.

8 MR. KIDALOV: I'm Max Kidalov with the Naval
9 Postgraduate School.

10 MS. BAINTON: I'm Amanda Bainton with the
11 Military Officers Association of America.

12 BRIG. GEN. SCHROEDEL: Joe Schroedel,
13 executive director of the Society of American Military
14 Engineers.

15 MS. CARSON: Barbara Carson, associate
16 administrator of Veterans Business Development at the
17 U.S. Small Business Administration.

18 MR. KRAMER: And I'm Doug Kramer, the deputy
19 administrator at SBA.

20 ADM. GAY: Earl Gay, National Ombudsman at
21 SBA.

22 MR. GALVIN: Jim Galvin from the Department of
23 Defense.

24 MR. LENEY: Tom Leney, Department of Veterans
25 Affairs.

1 MR. FORNECKER: Chris Fornecker, General
2 Services Administration.

3 MR. KRAMER: And then on top of that, do we
4 have anybody who's on the phone that is participating
5 officially in the meeting by teleconference?

6 MS. JACKIEWICZ: Yes, this is Christy
7 Jackiewicz from GSA' Office of Small Business
8 Utilization.

9 MR. KRAMER: Jen, did you get that? Could you
10 spell your name for us, please?

11 MS. JACKIEWICZ: Sure, it's Christy, C-H-R-I-
12 S-T-Y, last name Jackiewicz, J-A-C-K-I-E-W-I-C-Z.

13 MR. KRAMER: Thank you, Christy.

14 MS. JACKIEWICZ: You're welcome.

15 MR. KRAMER: So, actually, I think there
16 should be one more? Steve? Steve Triplett, GSA, he's
17 the manager director of the GSA Small Business GWAC
18 Divisions in Kansas City.

19 MR. TRIPLETT: Doug, I'm on.

20 MS. CARSON: I think those who are missing at
21 this time are the Department of Treasury representative
22 and the Office of Management and Budget.

23 MR. KRAMER: Okay. And if necessary -- again,
24 apologies in advance -- but as folks make it here or we
25 have changes, we may note those just to make sure that

1 that's accurately reflected on the record.

2 Okay, we're going to start this morning with
3 just some introductory remarks to give us a reminder of
4 not only why we're here, but what we've done and what
5 we hope to do before we move on with the rest of the
6 agenda. So, Barb and I are going to take the lead a
7 little bit on that.

8 It is a pleasure to see everybody again today.
9 I attended my first of these task force meetings back
10 in September. I look forward to talking a little bit
11 about what we've done since that time and what we plan
12 to do, but also this is the couple of hours when we can
13 come together and really collaborate. And, so, I look
14 forward to some real progress we hope to make, not just
15 reporting in, but there are a few considerations that
16 we'd like to really have some back and forth on today
17 and make some progress.

18 It's particularly important to me because I
19 just had the great experience of living through my
20 first November at SBA, which means that I got to
21 experience my first National Veterans Small Business
22 Week and my first Veterans Day at SBA, in addition to
23 the other things supporting Barb and all the wonderful
24 things that her office did. You know, in particular, I
25 got to go up to Baltimore and see one of the dozens of

1 events we did where we really brought the opportunity
2 for veterans in a local community to the resources that
3 are provided there.

4 And not only did we see a couple dozen
5 veterans who had very specific sort of ideas of what
6 they might want to do with their business show up, but
7 we were able to put them in a room with people,
8 providing credit, both banks and CDCs, as well as
9 different representatives of state and local
10 governments to talk about all the different resources
11 that were available.

12 And, you know, we'll continue to follow up,
13 but anecdotally, in the room that day, I certainly got
14 a lot of good feedback from the veterans who were there
15 who felt that they were certainly on their own path.
16 It's something that we couldn't do completely for them,
17 but they felt well-supported and felt that they were
18 getting the sort of information they would need to take
19 the next step.

20 To just remind us a bit to the relevance of
21 and the importance of why we're all here, we know that
22 one out of every ten small businesses is owned by a
23 veteran and that veterans are 45 percent more likely to
24 start a small business than the average person.
25 Something in the -- you know, I think the makeup of a

1 veteran makes them uniquely able to -- and interested
2 in going and starting a small business. So, this is a
3 good way to create opportunities for them.

4 And today in America, more than six million
5 people owe the jobs that they're going to this morning
6 to a small business that was created by a veteran.

7 And in the small business community, veterans
8 aren't just impactful, they're irreplaceable, and so
9 are the people that support them. And, so, as a member
10 of the task force, that's what we're here to do, is to
11 create and make sure that we've created firm
12 opportunities for those veterans. SBA estimates that
13 it touches about 200,000 veterans each year and, so,
14 the ideas that we are talking about today have a very
15 significant impact and very significant reach.

16 So, before we go any further, I do want to
17 thank everybody for their participation, for the effort
18 that they've shown leading up to today, in the meeting
19 today, and then going forward.

20 So, since we were here in September, I'll
21 admit candidly there were a few places where we were in
22 arrears and I committed, at that time, that we were
23 going to dedicate ourselves to hitting a couple of
24 goals before this meeting. And I think we have hit a
25 couple of those and I'm very happy about that. Work's

1 not done, as I'll talk about in a second, but I do want
2 to take a section and provide some thanks.

3 The first, and most importantly, is that SBA
4 Administrator Maria Contreras-Sweet has appointed the
5 four VSO representatives to this task force. And I'm
6 very happy that they're here today and I'd like to take
7 a minute to sort of introduce them to the group and
8 acknowledge them.

9 So, Victor Klingenhofer, I think I'm close
10 with that, Victor?

11 MR. KLINGENHOFER: Close enough.

12 MR. KRAMER: Very good, thanks. Victor's from
13 the Vietnam Veterans of America. And, so, welcome to
14 Victor.

15 Also, Max Kidalov from the Naval Postgraduate
16 School, who introduced himself before. Thanks to Max.

17 Davy --

18 MR. KIDALOV: Glad to be here, thank you.

19 MR. KRAMER: Great. Davy Leghorn from the
20 American Legion and Amanda Bainton. Did I get that
21 right? Amanda is from the Military Officers
22 Association of America.

23 So, again, congratulations to all of them and
24 thanks for their interest in applying to be a member of
25 this board and congratulations on your appointment and

1 thank you for your time.

2 (Applause.)

3 MR. KRAMER: It seems a little bit like a
4 participation award to congratulate ourselves on
5 getting the 2013 Annual Report to the President out
6 since the last meeting considering it's the fall of
7 2015, but we did that and it's worth sort of noting
8 that in -- on November 24th, we submitted to the
9 President the 2013 progress report of the task force
10 and it's also available online at SBA.gov under the
11 IATF page. So, that was a major step in those
12 accomplishments, getting us sort of out of arrears and
13 back up to the way we should be operating, were
14 significant and deserve some acknowledgment.

15 But we want to make sure that we keep that
16 momentum going forward. And, so, there are three
17 things, in particular, that I now want to focus us on
18 going forward. The one is still a little bit of the
19 catchup work we need to do on the 2014 and 2015
20 reports. We have made the decision to consolidate
21 those two reports. It's the only thing that makes
22 sense. We have all the data to be able to do that.
23 One process seems better than two.

24 I will remind you of all this later, but we're
25 going to be, and I'm going to engage pretty directly on

1 making sure that we stay on task to get that done. All
2 of you have had the request for -- all the relevant
3 folks have had the request for information for that
4 report for a couple of months I think at least and
5 we're asking for all that information to be submitted
6 by the middle of December, which I'm going to use some
7 executive privilege and call, let's say, December 16th,
8 so next Wednesday. So, let's try to get all of that
9 in.

10 And then Barb and her office will work hard
11 over the remaining couple of days before the holidays
12 and immediately after the holidays to turn that into a
13 draft that we can start to circulate in January and get
14 the relevant approvals so that we can get that out
15 sometime this -- late winter, early spring. At that
16 point, I think then we're caught up on the reporting
17 side, which will be good.

18 So, in addition to that, I also want to make
19 sure that we spend some time today then looking forward
20 in a strategic way about what we can really do with
21 this task force and accomplish over the next year. And
22 that has to do with, first of all, a conversation, I
23 think, of just the process and how this task force
24 runs.

25 Currently, and as we will sort of call upon

1 today, we've been organized in a subcommittee
2 structure. I think it is sort of open for discussion
3 whether or not if that is the best way for us to
4 function outside of this room on a quarterly basis and,
5 so, I'd like to engage ourselves a little bit in that
6 way. Really to think about the best way to leverage
7 the different resources that each of us individually
8 bring to this table and the way for us to continue and
9 create -- maintain momentum between the quarterly
10 meetings.

11 Related to that, once we come up with that
12 process is then a discussion of what we think we can
13 accomplish over the next, you know, nine months to a
14 year. Again, I'll be a little bit candid. We will do
15 our best to make sure that the task force is set up in
16 a way that perpetuates itself. But part of the
17 problem, I think, in us getting behind for a little
18 while there was that a very long period in which the
19 deputy administrator's slot here at SBA was unfilled.
20 And I'm working hard to sort of catch up for that. I
21 am also aware of my own mortality in the sort of
22 federal appointment sense and that a little more than a
23 year from now, I will not be in this position.

24 So, A, I want to try to see what we can
25 accomplish in that time to provide some sort of

1 deliverable, what we think will be most valuable to the
2 community, and then also start to take the steps in the
3 second half of the year to make sure that the task
4 force is on good footing and can perpetuate itself even
5 in the absence of -- or during the likely period of
6 some length where there may not be political leadership
7 at the SBA during the presidential transition.

8 Finally, I want to go ahead and raise at the
9 top, I think that one of the positive conversations we
10 can have today and a place where we can get some of our
11 most important input is in the area of procurement
12 regulations. I think it's an area where we can make a
13 positive impact. It is an area that can have very wide
14 ranging and tangible impact and, so, I want to have
15 some discussion of that today.

16 Over the last couple of years, SBA has met our
17 3 percent goal for service-disabled, veteran-owned
18 small business contracting. And while we continue to
19 see that trend perpetuating itself and maybe even
20 getting a little bit better, we all know that we can do
21 even better in that space and we want to make sure that
22 that goal is not viewed as a ceiling or as success or
23 the finish line, but really as a floor to what we make
24 -- need to make sure that we're doing.

25 In addition to that, even beyond that goal, we

1 think there are other things that we can be doing for
2 all veterans and one is the opportunity to really
3 design an effective mentor-protégé program in the
4 coming year. We expected it will open the door even
5 wider for mentors and protégé to develop more complex
6 contracting opportunities.

7 I mean, just to say from my experiences, which
8 are so like anecdotal in some ways, but I'm starting to
9 be here long enough and have the same conversations
10 with folks that I start to see a bit of a trend. But
11 entrepreneurs, in general, are more prone than a lot of
12 folks to be helpful and be good mentors. And to --
13 sort of having survived that experience and see other
14 people that want to get into it, there is often a
15 genuineness of spirit and a willingness to help that I
16 find encouraging.

17 And I think when you take that, that I find in
18 entrepreneurs across the board, and you combine in with
19 the esprit de corps that obviously you see among
20 America's veterans, I think the ability for a mentor-
21 protégé program to succeed specifically with regard to
22 the subset of veteran entrepreneurs, I think there's
23 good opportunity there. So, it's something that we
24 want to spend some good effort on.

25 Also, with regard to procurement regulations,

1 there are a couple of more specific hard targets that
2 we might have. And the biggest nut in that regard
3 might be subcontracting. The nation is just facing --
4 putting more and more focus on the role that small
5 businesses play in subcontracting in the economy. And,
6 so, I'd like this task force to think about the role
7 that subcontracting plays and how we can specifically
8 boost the number of service-disabled vets that get
9 those contracting opportunities and how we open those
10 doors for them.

11 So, again, when I'm looking for these
12 opportunities, I'm looking for our opportunity to make
13 the biggest practical impact, the biggest bang, and I
14 think those sorts of contracting issues are
15 specifically in the wheelhouse of the people who are
16 sitting around this table.

17 But I don't want that to limit other good
18 ideas and, so, I want to make sure that this morning --
19 I think we have the time set aside and we have an
20 agenda that will allow for a free-flowing expression of
21 ideas, not only among members of the task force, but
22 other folks that have come and are attending today.
23 And we'll make sure that we prioritize hearing from
24 them as well. So, those are our priorities.

25 We've got to look at the internal operations

1 of this task force to make sure that we operate in an
2 effective way and we set some achievable goals for
3 ourselves over the course of the next year or so. Then
4 we also need to focus on a few external targets that
5 are particular relevant to what we do.

6 The good news is that whatever, you know, sort
7 of fits and starts this group might have had, there is
8 good momentum in the way that veterans are working as
9 entrepreneurs, the way that our counseling programs are
10 helping people transitioning back from the service and
11 a really good place for us to build on.

12 So, on that point, I will let one of my
13 favorite people in the agency and a person who I think
14 has done a great job achieving some of these good
15 results we've seen, Barb Carson, talk a little bit
16 about where we see the current status of some of our
17 veteran entrepreneur programs and some of the veteran
18 small business metrics that we're seeing.

19 Barb?

20 MS. CARSON: Thank you, Deputy Administrator
21 Kramer.

22 I am Air Force, so I'm going to go with the
23 30,000-foot view. That's my favorite one. We can all
24 fight about that later.

25 I wanted to -- as Deputy Administrator

1 mentioned, as we refocus what we're here to do to --
2 and we did go into some detail on contracting -- to
3 think about what else you might bring to the next
4 structure we have, your subcommittees, because many of
5 your agencies do more than focus on procurement. You
6 are creating opportunities for veteran small business
7 owners outside of that realm potentially. I'm going to
8 go over a couple of those and just refocus on what we
9 think we know right now about veteran small business
10 owners.

11 The 2012 census is going to be released this
12 month, and what we have seen in preliminary results, I
13 discussed briefly in September, that veteran small
14 business is still strong through a recession, through a
15 change in demographic within our population, still
16 going to be about two and a half million businesses
17 employing up to six million Americans. And many make
18 it a priority to hire other veterans. We want to
19 ensure that we empower them to continue to do that.

20 The things that I'm charged to do, and so are
21 you, are to eliminate barriers for veteran small
22 business owners to build their capacity and then to
23 create opportunities. So, I'm going to hit on a few
24 things that we've done together over this past year and
25 I'm not going to use my slide yet until we get to the

1 subcommittees on some of those bigger items.

2 So, eliminating barriers. I'd like to thank
3 OMB for their continued diligence in looking for ways
4 that we can improve the ways that service-disabled
5 veterans can go after procurement opportunities, and VA
6 as well specifically there.

7 In our agency, we're making it easier to get
8 access to capital through better IT, for example. We
9 are streamlining forms and processes and requirements
10 where applicable. I'd look to the 8A program and
11 significant improvement there, for example. Not
12 specifically targeted veterans, but absolutely is a
13 positive benefit for our veteran small business owners.

14 For building capacity, we are well-known here
15 at SBA for providing that often free counseling, one-
16 on-one mentoring to veterans with 15 Veteran Business
17 Outreach Centers across the nation. I'm doing a better
18 job mapping that with our resources. Department of
19 Labor specifically I'd call out. Department of Labor
20 has stepped up this year. American Job Centers, they
21 prioritize veterans for service. That's incredible.
22 It's proving dividends for those who are seeking
23 employment.

24 But there's another part that they do. They
25 are small business HR. They can provide incredible

1 staff for these small business owners. And we are
2 building on that linkage as well this year.

3 The opportunities, I'm going to move that.
4 [19:09] in federal procurement and just participated
5 our administrator, Maria Contreras-Sweet was with
6 Secretary McDonald at the Veteran Affairs National
7 Veterans Small Business Engagement. I'd like to thank
8 Tom Leney for the incredible showing there. The
9 opportunities that you created by bringing veteran
10 business owners together with those who want to bring
11 them into the fold by doing business with them, that
12 was -- it's a partnership that SBA wants to continue
13 with VA and we see it as an incredible value for
14 bringing opportunity to vet small business owners.

15 Each of your agencies has this as well and we
16 want to do a better job of amplifying that for you and
17 I hope that this group would commit to each other that
18 we will support each other's efforts in that.

19 And then creating opportunity through focusing
20 on sectors. My team has learned a lot this year and we
21 have much more to learn. We'll be reaching out to you
22 specifically. But I'd like you to know that we are
23 looking at construction. I'm very grateful that the
24 Society of American Military Engineers is here today.
25 There's more we could be doing in the federal space,

1 and on the civilian side as well, for those who have
2 chosen that their small business will be in the
3 construction arena.

4 For agriculture, working with USDA closely on
5 what more we can be doing, especially from access to
6 capital. And business is business, SBA can be there
7 for those who want to be in agribusiness and we're
8 working with the Farmer Veteran Coalition also.

9 And franchises. I have a strategic alliance
10 memorandum with the International Franchise
11 Association. VetFran is a part of that and they have
12 reduced fees or create free training. These are people
13 who want veterans to go into franchising and are making
14 it a possible viable option. SBA can provide lending
15 and access to capital to some of those. So, we're
16 looking for ways that we can grow and bring more
17 opportunity. That's another one of them.

18 Private sector wants small business owners who
19 are veteran and military-spouse-owned. We are paying
20 attention. I'm not setting goals out there, but I can
21 absolutely prepare them, and we're doing that.

22 And yesterday, finally, I'd like to say that
23 the Advisory Committee for Veteran Business Affairs
24 met. It's an incredibly reinvigorated group that has
25 some recommendations that you will see and we've

1 created a linkage that I'm really proud of. The
2 Advisory Committee said that they wanted to see member
3 -- one member at least, be a member of both the
4 Advisory Committee on Veteran Business Affairs and this
5 committee, Interagency Task Force on Veterans Small
6 Business Development, and that representative is Davy
7 Leghorn of the American Legion.

8 This will help us have a common framework
9 potentially, some unity of effort, and a discussion of
10 priorities which could be incredibly helpful in seeing
11 rapid results. So, Davy, thank you for taking that
12 one. And I appreciate the leadership of Michael
13 Phipps, the new chairman of the Advisory Committee,
14 who's also here today, and I'd appreciate it if you'd
15 stay and meet them afterward.

16 So, thanks for the opportunity to talk about
17 all the things that are going really well. We'll do a
18 slightly deeper dive on exactly what SBA's doing in the
19 veteran space when we get to our time.

20 So, Deputy Administrator Kramer, I'd love to
21 turn it back to you.

22 MR. KRAMER: Barb's hiding part of the
23 headline and saving it for later. I wanted to make
24 sure she didn't miss it, but she'll talk about some of
25 our funding numbers and credit numbers from last year a

1 little bit later.

2 Before I go on, I did want to -- we took roll
3 at the beginning and I know Matthew Blum showed up very
4 early in my opening remarks. And, so, I want to let
5 him sort of introduce himself on the record. I'm not
6 sure if there's anyone else on the task force who
7 walked in. I think he was the only one since we
8 initially took roll.

9 MR. BLUM: I'm Matthew Blum, the associate
10 administrator in the Office of Federal Procurement
11 Policy. And, again, a welcome to our new members.
12 Great to have you.

13 MR. KRAMER: I'll also note, I think I heard a
14 couple of other people jump on the conference call who
15 may be members of the task force or otherwise need to
16 be mentioned on the record. So, if there's anyone else
17 on the phone that wanted to add themselves, feel free
18 to identify yourself now.

19 (No response.)

20 MR. KRAMER: Hearing none, let's move on. So,
21 before we move on with the agenda, thank you, Barb, for
22 that helpful review of where we are with a lot of the
23 work of the task force and where we're headed. I just
24 want to sort of wrap up a little bit my opening remarks
25 to again sort of reframe what I want to try and do both

1 today and put us on a path for the next three months
2 until our next quarterly meeting, but frankly for the
3 next 9 to 12 months as we think about what we're going
4 to get done.

5 First and foremost, again, is the 2014-2015
6 report. Again, input by December 16th. I will then
7 endeavor to push our office to get a full draft in
8 circulation by early to mid-January, at which point we
9 will give reasonable time lines, but there won't be a
10 whole lot of fat on those guidelines. We'll ask you to
11 sort of -- on that draft and those deadlines. And, so,
12 we'll ask you to sort of pay attention to getting that
13 running through whatever system you need to get it
14 through. This is something that -- it's a very clear
15 mark. It's a clear mark we need to hit and, so, it's
16 something that I'll be very involved in sort of pushing
17 on to make sure that that gets done.

18 But once we're sort of done with that report,
19 again, I really want to create a vision as to what the
20 priorities are for this task force and what we can do
21 to hit on that vision. And, so, what I'd like to walk
22 out of here by the end of the meeting this morning is
23 with a very clear idea, or at least a couple of clear
24 ideas, as to what sort of a deliverable we think we can
25 have for nine months down the road that this group can

1 then work on in between the meetings and then really
2 shore up when we get all together.

3 So, you know, it's not a small amount of work.
4 I expect that there are big opportunities here and it
5 will take work to accomplish that, but when you think
6 about the impact -- the rather large impact it can have
7 well beyond this room, I think we all see the value in
8 that.

9 Again, I can't help to get to some of the
10 headlines, but if you just look at what we've been able
11 to do with getting rid of our fees on our 7(a) lending,
12 which was put into statute last year, and when we talk
13 a little bit later about the very significant impact
14 that had on the amount of credit and support we were
15 able to provide to small business entrepreneurs, you
16 get a sense of the very big levers that we have the
17 ability to push and pull in this room.

18 So, with that, let's get started and get
19 moving and get on to people who can do better things
20 with me with regard to our agenda.

21 So, the first person that I'm going to
22 introduce today --

23 MR. CHARLIP: Mr. Chairman, I have a question.

24 MR. KRAMER: Yeah, go right ahead.

25 MR. CHARLIP: In hearing what you have said

1 you want to accomplish today and looking at the agenda,
2 I don't see where the time's been allocated to have the
3 conversation about future goals, for example. So,
4 could you maybe help me understand where that's going
5 to fit into this agenda, because the way the agenda's
6 laid out, we're pretty compressed for time.

7 MR. KRAMER: Based on my limited experience
8 with this, but also I think -- I think when we get to
9 our discussion of our subcommittee reports, which is
10 where that work has been done by this task force in the
11 past, it's my understanding that we would engage in
12 some back and forth between those groups. And when
13 they talk about what they've done, whether or not that
14 subcommittee structure is worth perpetuating in that
15 forum or whether or not we think that those
16 subcommittees would recommend sort of doing it another
17 way.

18 So, I expect in those -- that sort of
19 extensive period we have for all the subcommittees to
20 report in, that we would be able to talk about those
21 sorts of things.

22 And with that, I'm happy to introduce a new --
23 maybe not a new face to some of you, but certainly a
24 new participant in this task force. He is somewhat new
25 to SBA, although he's been here for a couple of months

1 now. But Earl Gay, who has a long and distinguished
2 military career, joined the SBA this fall as our
3 national ombudsman and Earl's presence at the SBA,
4 beyond just being a gift to all of us, is, I think, a
5 particular gift to the task force because not only the
6 job he occupies here as ombudsman and the function of
7 that office, but also the background that Earl brings
8 to the job and our approach to small business
9 entrepreneurs.

10 So, I wanted to create some time on today's
11 agenda for Earl to come and join us and talk a little
12 bit not only about his background, but particularly
13 about his office here at SBA, what it does and how he
14 thinks he plans to have that contribute to the effort
15 to reach out to veteran entrepreneurs, but also ways
16 that he can be a resource for people who are part of
17 this group.

18 So, welcome, Earl, and thank you very much for
19 being here.

20 ADM. GAY: Thank you, sir.

21 Good morning. Wow. Are we up? I'm Earl Gay,
22 U.S. Navy. Any Navy brethren in attendance today? Big
23 game this week? Saturday? Sorry, General, but you
24 guys are going to lose.

25 (Laughter.)

1 ADM. GAY: Beat Army. And Air Force has been
2 done. We took care of them about two months ago.

3 MS. CARSON: That hurt.

4 ADM. GAY: Yeah, right.

5 MR. KRAMER: I should note for the record that
6 this isn't something Earl just pulls out at meetings.
7 He does this in the hallways repeatedly over the past
8 month or two.

9 ADM. GAY: Well, first of all, I want to thank
10 you all for your past and your current service to our
11 nation. What you're doing is very important. I had an
12 opportunity to meet with the Advisory Committee and,
13 Michael, you and your folks are outstanding. I was
14 honored to be a part of that. So, I'm very honored to
15 be here today.

16 My job here at SBA is the national ombudsman.
17 So, people are saying what -- so, what do you do? So
18 what? It goes back to what Barb talked about and that
19 is eliminating barriers. Eliminating barriers. The
20 purpose of the national ombudsman is to basically
21 assist small businesses how might receive unfair or
22 excessive regulatory enforcement actions from any
23 federal agency. And, yesterday -- Mike will remember
24 this -- we were asked, does that include SBA? Yes, it
25 does because SBA is a federal agency.

1 So, what we do, we go out and we help the
2 small businesses. We level the playing field with any
3 kind of issues they might have with any kind of federal
4 agency. And we do that through a comment form, which
5 I'll pass them out if you're interested.

6 And basically what we ask all the small
7 business owners to do, if you're having any kind of
8 issues, is to first list what the issue is and how it's
9 affecting your mode of operations. And, secondly, we
10 ask what do you seek as a resolution. And, thirdly,
11 and one of the most important challenges we have is
12 making sure that they put relevant information to help
13 support their position.

14 So, what happens then, that form comes to our
15 office. I have four incredible workers. They're all
16 military-affiliated -- and I asked the general counsel
17 if I could say that yesterday and he said that was okay
18 -- either spouses or former military. And, so, they're
19 workhorses. So, we work really hard to get those
20 turned around to our federal partners. As a matter of
21 fact, we have some here today, Kenya, Ashley and a
22 few others that I've already met with, and they are
23 fantastic. We have a great relationship with all the
24 federal partners and, so, I'm looking forward to
25 continuing that relationship -- those relationships as

1 well and building and nourishing them.

2 So, what happens next is the form comes in to
3 us. My case management specialists work on the
4 particular cases. I then send a letter to the agency,
5 the applicable agency, and we expect a timely and
6 quality response in less than 30 days. And those
7 responses -- the timeliness and the quality of those
8 responses get graded because guess what, I have to
9 report to Congress every year. So, I have a copy of
10 this and you can also get what I'm talking about
11 online, SBA.gov, under Ombudsman.

12 And we grade them. And we grade them based on
13 their timeliness and the quality of their responses.

14 So, you might ask, okay, so how do -- how do
15 the small businesses find out about what we do in the
16 National Ombudsman Office? Well, we have regional
17 regulatory fairness boards and each region throughout
18 the country -- we have -- we're ten regions. We have
19 five members on each board, each regional board, and
20 they are small business owners and entrepreneurs. So,
21 they serve as a conduit throughout the nation and they
22 bring -- for our small business owners and they bring
23 cases to us every day. And we get about 400 cases that
24 are documented.

25 But, most importantly, and this came up

1 yesterday, our regional administrators and also our
2 district administrators that are out there serve as
3 well as a base of knowledge for what services are
4 offered to our small businesses. So, basically that's
5 what I do in a nutshell.

6 Some of the frequently asked questions center
7 around what happens after the response gets to the
8 agency. Well, the agency comes back, responds back to
9 me. I then respond back to the small business owners.
10 If the small business owners aren't satisfied or are
11 not content with the answer and they feel that they
12 have more relevant information, they can rebut it and
13 we serve as the conduit again to make sure that their
14 voices are being heard. So, we're very, very active.

15 We have a fulfilling job. It's a worthwhile
16 job and it's a busy job. And, so, as soon as January
17 comes, Deputy Kramer has told me I can continue
18 traveling out there to continue the outreach efforts.
19 And we are combining with Barb and her office as well,
20 so any kind of affairs or awareness events, outreach
21 events, we're there. We're going to be there and we're
22 all over the place.

23 So, we go from representing farm owners with
24 the Mexican Gray Wolf migration all the way up to IRS
25 claims. We do it all. And I'm learning a lot. It's

1 intriguing and I'm very excited about it.

2 And what I'd like to do is pass along a couple
3 of ONO -- so, if you hear ONO, it's not "oh no." It's
4 the Office of National Ombudsman. So, if you hear ONO
5 from me, it's not what it seems to be. And, so, we
6 have a one-page fact sheet that I'd like to pass out to
7 you all and, also, I have some business cards, too, as
8 well. But it's pretty easy. I have a pretty easy
9 name. Earl, E-A-R-L, dot Gay, G-A-Y, @sba.G-O-V.
10 Smart, bold and accessible. [34:03]

11 So, I'm going to give you the opportunity to
12 look at that, but does anyone have any questions about
13 how we operate and what we do? Please feel free to ask
14 them now or send me an email and I'll get back with you
15 right away. I'm going to be here in the building all
16 day, too.

17 Yes, sir?

18 MR. GALVIN: This is Jim Galvin --

19 ADM. GAY: Hey, Jim.

20 MR. GALVIN: -- from the Department of
21 Defense. You mentioned the ten regions and the boards
22 there. Do they do any filtering before the cases come
23 up to you? Do they try to resolve things locally?

24 ADM. GAY: Yes, they do. As a matter of fact,
25 so, I stated that we have our 400 documented cases. We

1 probably have 500 to 600 that aren't even documented.
2 And, so, we -- I'm trying to incentivize them to do
3 their jobs because they're on boards like you all are
4 and they've very active. We have some pretty active
5 members on the working groups that are -- that are
6 pinging, pinging real hard. And, so, what they -- what
7 they do, Jim, is they resolve the issues before it
8 comes up.

9 As a matter of fact, I received an email
10 yesterday from our -- from Deborah Osgood in our -- in
11 Region 1 who stated she helped someone resubmit their
12 comment form because they weren't -- they were lacking
13 the relevant information and the things that would
14 expedite their case. So, that's -- yes, sir. Yes,
15 sir.

16 Ralph, I know you have a question. I'm trying
17 to cut into 15 minutes so you can have more time for
18 discussion.

19 MS. BULLARD-MARSHALL: May I ask a question
20 from the phone?

21 ADM. GAY: Yes, ma'am.

22 MS. BULLARD-MARSHALL: I just wondered, what
23 if the issue requires legislative action?

24 MR. KRAMER: And I'm sorry, could the
25 questioner identify yourself?

1 MS. BULLARD-MARSHALL: My name is Maggie
2 Bullard-Marshall. And I'm just wondering if the issue
3 that's brought to the National Ombudsman's Office, if
4 the resolution requires legislative action, what is the
5 role that the National Ombudsman's Office plays at that
6 point?

7 ADM. GAY: Well, what we do is if we find
8 issues that require policy changes, then we would
9 recommend them to the advocacy boards that are here,
10 the Office of Advocacy, which is an independent -- an
11 independent forum from us. So, that's how we do that,
12 ma'am. We basically don't form policy, but any kind of
13 systemic issues that come up, we report them to Deputy
14 Kramer and Administrator Contreras-Sweet and also the
15 Office of Advocacy. And those --

16 MS. SANCHEZ: Maggie, Maggie, this is Ami.
17 Mr. Gay, I have not had the chance to meet with you
18 yet. This is Ami Sanchez with Ranking Member Shaheen's
19 office. And we work very closely with ONO and, so,
20 they send us an annual report on their activities.
21 And, so, to the extent that there are things that
22 require recommendations or legislative action, they'll
23 submit it in that annual report as part of their
24 recommendations to the authorizers, the Senate Small
25 Business Committee and the House Small Business

1 Committee.

2 MS. BULLARD-MARSHALL: Good, thank you.

3 ADM. GAY: Thanks, Ami.

4 MS. SANCHEZ: You're very welcome.

5 ADM. GAY: Anyone else?

6 (No response.)

7 ADM. GAY: Okay, I'll leave the floor. Thank
8 you very much for your efforts in helping our veterans.

9 MR. KRAMER: Thank you, Earl.

10 At this minute, I'd also --

11 MS. CARSON: It's Barb Carson, SBA. Just one
12 housekeeping. For those of you who have joined us for
13 public comment, thank you very much for coming first.
14 And, second, if you have any questions at any point in
15 time, Jen, who is working on our transcripts, has a
16 microphone available and we would appreciate it, since
17 this is on the record, that you wait to ask your
18 question until you've got a microphone that is working
19 for you. Thank you.

20 MR. KRAMER: Okay. Well, thank you, Earl.

21 With that, I'd like to keep this moving. We
22 have one special guest to make a presentation today and
23 that's Retired Brigadier General Joe Schroedel, who
24 introduced himself earlier, from the Society of
25 American Military Engineers. And we thought it would

1 be valuable for him to come today and talk a little bit
2 about his organization, what they do, what sort of
3 opportunities they are attempting to pursue and how the
4 work of this task force might coordinate with them to
5 make sure that we're doing everything we can for his
6 organization. So, with that, welcome and thank you.

7 BRIG. GEN. SCHROEDEL: Great. Thank you,
8 Deputy Administrator.

9 I'd like to start first by saying the most
10 important thing that I think we can all say and that's
11 thanks. Thanks to everybody in this room for what you
12 do for our veterans, thanks for caring about this
13 country, because we are all blessed. And I always tell
14 people that to whom much is given, much is asked. And
15 those veterans -- and there are more disabled veterans
16 today, I think, as a result of the last ten years than
17 we might have seen in the past. I don't know the
18 numbers, but that would be my guess.

19 Anyway, a little background. The first thing
20 I want to do, too, is I want to make a note for the
21 record here that the Army agrees with the Navy that we
22 will give back some time for discussion. So, we are
23 all about serving the purpose of this great body, and I
24 guess the only thing I'd say about the Army-Navy game
25 is, for me personally, it's really heartrending to know

1 that this country still pays attention to that game for
2 what it is. It's a one-day season between a bunch of
3 fellows who, for the most part, will never play
4 football again because they will spend their lives
5 serving this great nation. So, I think we both share
6 that, and I'm not going to bet a dime on the game. So,
7 that's all I'll say about the Army-Navy game. But
8 we'll all be there cheering and rooting, so thank you,
9 Admiral.

10 What I would like to do is just a little
11 background. I spent 34 years in the United States
12 Army, Corps of Engineers. After retiring in '09, five
13 years in the private sector -- I hate to admit that I
14 spent half of that in South Africa building a power
15 plant, an \$18 billion budget. That was a great
16 experience as a project manager. And then I saw the
17 opportunity to serve again, you know, put volunteer
18 experience and all that together here.

19 So, first and foremost, just as an
20 introduction to the Society in general, we are 95 years
21 old, and we're about serving this nation and about
22 serving the architecture, engineering and construction
23 industry and our engineers in uniform, whether they are
24 in uniform or civilian and in any department. So, I'll
25 talk a little bit about our history in a second.

1 But the bottom line up-front, let me just say
2 three words. First, thanks, if you want to remember
3 anything about what I'm going to say today. Second, we
4 are about solutions. I'm here looking for who are the
5 people who can solve some of these issues not just for
6 the members of our society, but for anybody in the
7 architecture, engineering, construction industry,
8 because I don't have to tell anybody what the state of
9 affairs of our infrastructure in this country is. Go
10 to a foreign country and compare. You will be
11 embarrassed. And you can put that on the record
12 because I think that it's appropriate.

13 The other thing I'd say -- and, Barb, I'm glad
14 to hear you say it -- Barb said something that's very
15 important when she opened up, unity of effort. Unity
16 of effort is absolutely key. Every federal agency
17 can't have their own engineering arm, and that's why
18 we're partnered right now working very hard with the VA
19 and with others, and I think that's why you see the
20 Government pushing hard to get its engineering
21 capabilities, at least its public engineering
22 capabilities, corralled to focus the energy and the
23 effort.

24 I don't have to tell you about teamwork. We
25 can all get there if we work together. So, in our

1 business, that's especially key.

2 So, in keeping with my commitment and the
3 Admiral's lead-off, let me just cover a couple of
4 points about our society.

5 Can we go to the next slide? Is somebody
6 pushing buttons here? Thanks.

7 I was going to cover three things: Who are
8 we, what kind of small business contributions have we
9 made, and where are we going.

10 Next.

11 Ninety-five years old. We were formed after
12 World War II -- World War I, I'm sorry, in 1920. And
13 if you can do your math, that means five years from
14 now, we will celebrate our centennial. Write it down,
15 27-29 May, right here in the Washington Convention
16 Center, already booked. It's going to be a great
17 celebration.

18 Why were we formed? The nation mobilized
19 thousands and thousands of engineers to help with the
20 war effort. What happens after the war? What are we
21 going through right now? Demobilization, sending
22 people back out to the private sector. How do we
23 maintain the capability inside the government and how
24 do we maintain the readiness to go back to war if we
25 need to? And in times of peace, how do we leverage

1 that collaboration for the sake of our infrastructure
2 in peace time? So, that's why we were formed and
3 that's the service that we've provided for 95 years.

4 So, a few statistics. 30,000 members. We are
5 the only -- this is an important point. We are the
6 only multi-disciplined organization of our kind in the
7 entire industry. So, if you're familiar with AGC,
8 American General Contractors, ASCE, the American
9 Society of Civil Engineers, all of those societies are
10 focused on some narrow technical niche. We are not.
11 We're the only multi-disciplined.

12 I've met with all of my counterparts, the
13 other executive directors, and they agree, Joe, your
14 society needs to be that unity of effort provider
15 within the industry and we will follow. You lead; we
16 will follow. So, we're establishing ourselves as the
17 leader.

18 And by the way, just a little joke. Does
19 anybody know the difference between an extroverted and
20 an introverted engineer? Now, those of you who aren't
21 engineers probably don't know that 99.99 percent of all
22 engineers are introverts. Extreme introverts. So,
23 what's the difference between an extroverted and an
24 introverted engineer?

25 UNIDENTIFIED MALE: (Off mic).

1 BRIG. GEN. SCHROEDEL: I threw mine away a
2 long time ago, but anyway -- no, actually, an
3 extroverted engineer looks at your shoes instead of his
4 when he's talking to you.

5 (Laughter.)

6 BRIG. GEN. SCHROEDEL: And I am an introvert.
7 So, anyway, 30,000 members, military, civilian, and we
8 are going to lead the way and quit being introverted as
9 we have been for 95 years. This is the important
10 point, 1,600 sustaining member companies in our
11 organization. Large businesses, medium businesses,
12 small businesses. About 70 percent of our membership
13 are small businesses, veteran-owned for the most part.
14 I think you understand why I'm here.

15 104 posts. We are organized, again from our
16 military roots, with 104 posts across the nation,
17 Japan, Europe and the U.K. And a surprise to me, most
18 people don't know, we have 100,000 active duty in Japan
19 right now. I just came back from Japan. So, we are
20 vibrant across -- and generally our posts are located
21 near military installations for the most part. But we
22 also have posts like the one in Houston that have no
23 military whatsoever and that are comprised entirely of
24 federal, state and local public engineering agencies.
25 Okay? So, we are not just about DoD, we are not just

1 about federal engineers.

2 Next slide.

3 So, what have we done for small business.

4 Back in 2007, the United States Army Corps of Engineers
5 asked us if we would host their small business
6 conference. We've been doing that since. There are
7 the numbers on the conference we just hosted, 4-6
8 November, New Orleans, 2,100 attendees, 270 exhibitors,
9 and then you can see some of the participation.

10 What do we do there? Everything from
11 partnering, teaming, the mentor-protégé business,
12 professional development, market research, which is a
13 very important aspect of what we do, I know, to the VA
14 as we move forward. So, we offer the full suite. And
15 among -- best about that -- sorry, I've got back late
16 last night from an industry day down in Jacksonville.
17 But, anyway, foremost among all that are relationships.
18 We build relationships throughout -- and I got to tell
19 you, I mean, these people know each other.

20 So, when you and I talk about building trust
21 between a small business and a large business who's
22 looking for subs -- thank you for mentioning that
23 earlier, too -- you know, we're the ones who bring them
24 together. So, that's what we do.

25 Next slide.

1 Where are we going? I think I kind of tipped
2 my hand. We've spent this year really kind of working
3 on our strategic plan. Where are we going as a
4 society? What is it that we're going to -- what
5 difference is it we're really going to make in this
6 nation? We're not a club. We're a nonprofit. But
7 what's the real difference we're going to make?

8 Well, there's our mission that comes right out
9 of our new plan. But the vision is what's important,
10 that by 2020, five years from now, you know, we want to
11 come out of our shell, cast off those introverted
12 tendencies of the past, and be recognized in the AEC
13 industry as that multi-disciplined integrator of
14 military, public, private, academic, national
15 infrastructure related capabilities to produce real
16 solutions for this country. Back to that one word that
17 I said up-front, solutions.

18 So, where we're going with -- in the small
19 business arena, starting this fall, we're going to
20 rename it. Now, the federal small business conference
21 for the AEC industry, unity of effort. We're here to
22 serve this country, serve the Government, and serve the
23 industry at the same time.

24 And let me not -- I want to just emphasize,
25 too, the academic side of this thing. I'm also an

1 adjunct professor at George Mason University. I teach
2 a graduate course in construction management, and I
3 will tell you we've got the academic community engaged
4 in this, too. That's where we bring the professional
5 development. That's -- STEM, if you want to see what
6 our posts do in STEM, it would just make your heart go
7 pitter-patter.

8 Here's one for you. Our society gives each
9 year over \$1 million in scholarships. On top of that,
10 we follow those young folks through their education to
11 ensure that we are producing engineers for this
12 country. \$1 million from a little society like this
13 across the posts is not something to sneeze at. And we
14 do that every year, every single year.

15 So, in a nutshell, that's who we are. I want
16 to follow the Admiral's lead and give some time back
17 because I'm anxious to hear the discussion, too. I'm
18 honored to be here. Again, thanks for everything that
19 everyone in this room does, and we're looking forward
20 to working with everyone in this room to serve not only
21 veterans in the small business arena, but serve this
22 country and really make some inroads in our
23 infrastructure.

24 And, of course, you got to have a summary
25 slide, there it is.

1 So, Deputy Administrator, thank you so much.
2 Barb, thanks for being here. And I need to make one
3 more -- one more note, I guess. Truth-in-lending, we
4 have been more about the AE side than the construction
5 side. And we have recently partnered up, thanks to
6 Barb, with the VIP program and we're going to help
7 champion the establishment of a VIP construction
8 training program for veteran small businesses with the
9 help of the Chamber of Commerce and SBA. So, thanks.

10 MS. CARSON: I'm so glad you brought that up.

11 BRIG. GEN. SCHROEDEL: I'm done.

12 MS. CARSON: May I please go a little further
13 on that?

14 BRIG. GEN. SCHROEDEL: Please.

15 MS. CARSON: When we talk about building
16 capacity, the Society of American Military Engineers is
17 doing that for their community, and I think you're a
18 real model for what others can do for those. So, the
19 Veterans Institute for Procurement is run by the
20 Montgomery Chamber of Commerce Foundation in Montgomery
21 County, Maryland. It's a nationwide program. SBA
22 happens to grant to them to provide 150 business owners
23 the opportunity to grow in federal procurement. There
24 are very easy application criteria and any of you who
25 are interested, I'll put that out there. I've given

1 that information in previous meetings.

2 But what Joe and the Society of American
3 Military Engineers did was just two months ago,
4 committed to providing -- how many seats? Can I say?

5 BRIG. GEN. SCHROEDEL: I forget. What was it?

6 MS. CARSON: It's about 150 companies solely
7 focused on construction are going to learn to be better
8 federal contractors and compete for those opportunities
9 and be better at executing them, which makes it easier
10 for SBA to do things to back them up with capital, for
11 example, and train them as well.

12 So, thank you for your commitment to building
13 capacity among your community, and I really hope that
14 you will continue to spread that message as that is
15 available to others as well.

16 BRIG. GEN. SCHROEDEL: Thanks.

17 MR. KRAMER: So, any questions or comments or
18 anything else?

19 (No response.)

20 MR. KRAMER: I mean, I'll make one and it's
21 actually the whole purpose why we do this, because I
22 was struck by something when you were talking that we
23 hadn't put on the agenda but I now realize I think is
24 incredibly relevant to this group, and that is that
25 this year, for the first time, one of the pillar

1 efforts of SBA in general, beyond even the veteran
2 community, is in making sure that the Federal
3 Government hits its small business contracting goals.
4 And we've been very proud of the fact that over the
5 last couple of years, we've comfortably hit those goals
6 for the first time in several years.

7 This upcoming year, for fiscal year '16, when
8 we sent out those goals, for the first time we're
9 including in the denominator of that goaling overseas
10 contracts. And, you know, you talking about your
11 experience in South Africa and me thinking generally
12 about the sort of background that members of your
13 organization bring, they seem to me uniquely prepared
14 to take those opportunities. You know, when you think
15 of -- as we've worked to sort of implement that in as
16 smooth a way as possible, you know, we're talking to
17 DoD, we're talking to State Department, we're talking
18 to USAID, which is operating in a lot of the same
19 locations that your folks would have experience with in
20 a way that other organizations might not.

21 So, I think that as we open that door -- I
22 mean, candidly, I'll say we've made -- we've raised the
23 bar for ourselves. We've been very proud of hitting
24 that contracting goal every year, and we just raised
25 the bar because we put a lot of new -- a lot of

1 contracts into that denominator. They're going to be
2 tough ones to hit, and we're partnering with, you know,
3 folks across the Government to try and hit that goal.
4 It's an opportunity for you all. I think you all can
5 also be a good partner in us hitting that goal because
6 I think you'll be well-positioned to do that.

7 So, if you and other folks of the task force
8 and the public are not already aware of that, I want to
9 make sure that we bring that to everybody's attention
10 because I think it is a new effort, a little bit of a
11 change for this year that is uniquely an opportunity
12 for this group.

13 BRIG. GEN. SCHROEDEL: If I could just add on
14 to that, you know, it's interesting. When I was in
15 Japan, one of the key -- one of the key things that we
16 accomplished was partnering with the consul general
17 there from the State Department. You know, that -- he
18 is going to be key in our ability to help broker or
19 foster what you just said. So, there's a State
20 Department -- a very key State Department role that
21 gets played there, too, especially in Japan.

22 MR. KRAMER: Well, and I'll just put out
23 there, too -- and I'll put on the record as much as
24 Earl did and we'll see how this works. But, you know,
25 I'm douglas.kramer@sba.gov. I would like to hear those

1 examples. Because as we go through the growing pains
2 of this -- and in Washington, we see the abstraction --
3 it's good for us to hear the anecdotal areas where that
4 works that can then become a model if you've got a good
5 relationship with the fairly large number of troops we
6 have over there. You know, we can help create those
7 lines of communication and we're happy to do that.

8 Okay, anything else?

9 (No response.)

10 MR. KRAMER: So, let's do this then this way.
11 As you've seen on the agenda, it's a little bit
12 different than I think these meetings have been done in
13 the past. We actually inserted some time at this point
14 in the meeting to take some of the public comments,
15 because knowing that our subcommittee discussions were
16 going to be not only looking backwards at what we've
17 done, but also then trying to engage the different
18 members of the task force in a discussion of what we
19 should be doing going forward, it seemed a bit
20 incongruous to me to have all of that conversation,
21 make some decisions about the way forward, and then
22 invite public comment.

23 So, I want to make sure that -- we have some
24 folks who are here today and might have some things
25 they want to contribute to do that and then we can move

1 into our subcommittee reports. So, at this point,
2 again, we have the microphones and if folks want to
3 sort of identify themselves and grab those.

4 Again, when you start to speak, if you can
5 identify yourself and then provide any comments you
6 have.

7 MS. SCOTT: Thank you very much. It's on?
8 Okay. I can be heard without it. My name is Carol
9 Scott. I'm the Legislative Director of the Federal Bar
10 Association's Veterans and Military Law Section.

11 One of the primary emphases of our section is
12 Indian veterans. I don't know how many of you in this
13 room understand that we have the Third World within the
14 continental U.S. The unemployment rate on my husband's
15 reservation is 90 percent. For years, we have been
16 discussing how we encourage entrepreneurship and the
17 growing of businesses and the growing of jobs. Twenty-
18 seven percent of that entire population are either
19 members or veterans of the Armed Forces of this
20 country, and they serve in a higher proportion of any
21 other. In the special operations, they're highly
22 skilled. They come home to absolutely nothing.

23 Several months ago, I spent a half an hour
24 with the administrator of the Business Loan Sector of
25 the VA. I was told that they had -- it just seemed

1 impossible because the default rate on those loans was
2 85 percent. Everybody thought they were grants, so
3 they didn't pay them back.

4 I would recommend to this body that, number
5 one, you start looking at Indian country and start
6 looking at the skills that are there, particularly in
7 this generation of veterans coming home. They're the
8 best educated and most highly skilled of any in our
9 history. And that you start thinking in terms of
10 outside the box.

11 There is no reason why, with the resources in
12 this room and outside of it, that a loan program with
13 an 85 percent default rate -- don't look at the vets.
14 Look at your program. Something's wrong. And think
15 about incrementalized loans and mentorship. This is
16 something that the SBA and every agency in this room
17 should be capable of developing and that's a mentor
18 program, so that there is an opportunity for Native
19 vets, in the face of virtually nothing, particularly in
20 the big landed reservations of the Upper Plains, to
21 develop their own businesses, grow their jobs, not be
22 told to go to school and get a degree in accounting.
23 They need mentorship.

24 So, I encourage you to be creative and think
25 outside the box. Thank you.

1 MR. KRAMER: Thank you for that.

2 Barb?

3 MS. CARSON: Ms. Scott, thank you for bringing
4 that forward, and I did want to -- I would like to
5 follow up with you afterward but also tell you a few
6 things that are going on specifically for Native
7 American veterans, if I may.

8 For transitioning veterans, you're right, not
9 all of them want to go back to school or have the
10 desire to get a job. They'd like to create their own.
11 So, we have taken the same curriculum that we're using
12 for military members and military spouses transitioning
13 from active-duty service. It's called Boots to
14 Business. But that wasn't reaching everyone. We still
15 have a gap. We have a gap for veterans of every era
16 who may want the same targeted attention and training
17 and technical assistance, Reserve and Guard.

18 So, Native American Reboot, we held one in
19 Albuquerque last year to work with the Indian country
20 representatives that were -- and it was one of our best
21 attended. Over 100 people.

22 We also committed this year that one of the
23 awards for our Veteran Business Outreach Center is in
24 Montana, Big Sky country, with relationships that
25 already exist with many of the Indian communities in

1 that area, and we are making it a focus for what we do.

2 We also have, at SBA, the Office of Native
3 American Affairs. Chris James and Nate Segal, if you
4 haven't met them already, I'd really like to introduce
5 you so you can hear more about what they're doing.

6 And then just a few weeks ago, in November, we
7 had a program called American Supplier Initiative.
8 It's where SBA engages the private sector to bring in
9 veteran-owned companies into their supply chains and
10 all companies, all small business. But this one is
11 particularly targeted for Native American veterans.

12 So, I do want you to know that we are paying
13 attention. We do think that Native American
14 communities have a great need for entrepreneurship and
15 they'd be great at it, and we especially recognize that
16 Native American veterans, they are unique. It is the
17 community that has the most, I mean, targeted -- they
18 choose the military for their opportunity, and I'm
19 grateful for their service. And we will continue to
20 serve them. Thanks.

21 MR. WYNN: Good morning. My name is Joe Wynn
22 with VET-Force and I'm very pleased to be here this
23 morning. I just want to, first of all, reemphasize a
24 few of the opening remarks or comments that I heard
25 Doug say in his opening.

1 One is that I'm glad to see that the task
2 force is going to refocus and refocus its energies on
3 the true purpose of this interagency task force and
4 that is to identify ways that these different agencies
5 can help to increase contracting opportunities for our
6 veterans and service-disabled veteran business owners.

7 I'm also pleased that Barb is now, you know,
8 fully entrenched in the job over at the SBA now in the
9 Veterans Business Office. Also, I'm glad that we
10 filled those slots right away of our VSO
11 representatives, Victor and Davy, in particular. I
12 know they'll be a great asset in the -- participating
13 in the discussions here at the task force.

14 I'd also -- also going forward in this year --
15 and I know that, you know, the year is going to perhaps
16 move pretty quickly. The task force only meets
17 quarterly, I think it is. But I hope that at the end
18 of 2016, we can look back and see that there's some
19 significant accomplishments that have been made or at
20 least identified with regard to increasing not only
21 opportunities for the larger group or segment of
22 service-disabled vets and veterans, but also women
23 veterans. To get them more engaged, we had a women's
24 veterans caucus out at the VA conference last month to
25 start that dialogue and look at how to get them more

1 engaged.

2 And, also, I want us to not forget our blacks
3 and minorities need to be pulled more into this process
4 as well. We have a lot of black and minority veterans
5 that need to also be engaged and pulled into the
6 process.

7 So, I'm encouraged by the leadership we have
8 here now at the task force, the participation of its
9 members, and hopefully we will also hear from the other
10 agencies throughout the year of their strategic plans
11 to increase these opportunities and not -- hopefully, I
12 mean, I don't want to -- I don't want to say that I
13 don't want to hear from the SBA continuing to grow and
14 expand, but we want to hear the other agencies
15 continuing to grow and expand as well in terms of these
16 opportunities. Thank you.

17 COMM. MALLORY: Admiral, General, ladies and
18 gentleman, Commander Bill Mallory. I'll be retired
19 pretty soon. I'm on convalescent leave now and I will
20 be on terminal leave in about six weeks. And I started
21 a couple of small business, and I'm looking for these
22 opportunities. So, I'm encouraged by your comments and
23 to meet and discuss your ideas.

24 I think everyone would agree that the most
25 critical stage in any business is the startup. And

1 when I'm starting my businesses in construction, I'm
2 trying to get a responsible balance of residential,
3 commercial and government work, and after receiving
4 legal opinion from my command, immediately got the door
5 slammed in my face when I talk about government
6 business opportunities concurrent with terminal leave
7 as a federal employee. I cannot receive compensation
8 from the Government, although I could go back
9 immediately and be a GS employee for the same
10 organization that I'm with now for the same command.

11 And, so, it's a -- I think it's a problem of
12 legislation. And, so, I would just ask for your
13 comments and maybe see if you're aware that this is
14 potentially a barrier to small businesses starting up
15 for our veterans, like me, who are getting out and have
16 that opportunity where they're on terminal leave and
17 they're able to start working immediately. Thank you.

18 ADM. GAY: I'll take that on. This is Earl
19 Gay saying that he will take it on.

20 MR. KRAMER: Anything else at this point? We
21 might also -- you know, if there are other comments
22 later after the task force discussion, sort of come
23 back. But, again, I didn't want to wait until the end.

24 Okay. So, at this point, why don't we then
25 move on to our subcommittee reports and discussion

1 which will allow members of the task force to sort of
2 chime in. Again, the way that we've done this in the
3 past is for members of the group to come in and provide
4 reports on the specific areas that they address. I
5 know that I'm putting folks on the spot a little bit,
6 so I don't necessarily expect formal reports on this.
7 But I think -- and I'll just try to guide this in a way
8 that's most productive.

9 But I think after the reports about where we
10 are and what we've done, if either at that time for
11 each individual subcommittee or at the end after all
12 the subcommittees have gone, I do want to engage again
13 everybody on a couple of points. And that is both the
14 process and the substance.

15 One, do you find the process of having the
16 subcommittees organized the way they are on the topics
17 they are and doing this by subcommittees to be the most
18 effective way for us to move forward or are there
19 proposals of moving another way, either just sort of
20 working collaboratively as a group, but virtually on
21 documents over the course of our time between quarterly
22 meetings or whatever?

23 And then, secondly, specifically from your
24 subcommittee, what do seem to be the most promising
25 areas of potential where -- that you might propose

1 should be the real focus of this task force over the
2 next nine months or so? Do you identify that there's a
3 significant unmet need with great potential and then
4 something tangible we could do that you would propose
5 or just otherwise that you've observed?

6 So, we'll run through the subcommittees, take
7 some of those comments peppered throughout, and then
8 I'll work at the end to try and draw us into a bit of a
9 way forward or some conclusions based on all of that if
10 that makes sense.

11 So, with that, I'm going to turn it over to
12 the members of our Training, Counseling and Outreach
13 for Access to Capital Subcommittee.

14 MS. CARSON: Thank you very much, Deputy
15 Administrator Kramer.

16 So, this is our highlights reel here, but I
17 will comment on the subcommittee structure first, if
18 that's all right, sir.

19 SBA has chosen to approach this -- that we do
20 something in almost each one of these. So, we have
21 chosen to have multiple people come and report and that
22 may be for the larger agencies who have multi-rules,
23 something that we want to consider going forward. For
24 example, at DoD, significant rule -- and also with VA
25 and Labor, on our transition assistance to veterans and

1 how that affects them in their self-employment
2 opportunities afterward. So, that would not fall in
3 the small business procurement arena, but it's
4 absolutely critical to some of the work that we're
5 trying to do here.

6 So, I don't want to put my structure -- just
7 because I'm talking first -- onto anyone else, but I --
8 it works for me when I think about reducing barriers,
9 increasing capacity and creating opportunities. So,
10 that would be a starting point for me. I would love to
11 hear -- look forward to hearing your frameworks as we
12 go forward.

13 And for SBA's contribution in this area right
14 now, I'm thrilled. I love my work and I'm very pleased
15 to be able to do it with you. The SBA is -- the way
16 that the Office of Veteran Business Development is set
17 up -- and I'm saying this primarily for our new members
18 -- thank you so much for joining us and for serving --
19 is that we have accountability for each of the three
20 core missions of SBA, counseling, capital, contracting.
21 And we even have something in disaster. All of them in
22 statute.

23 So, while this body often focuses on
24 procurement, that's about 2 percent of the population
25 that I'm accountable to, and I want to do well by them

1 in that. But I have a lot more that we're focused on
2 as well.

3 I'm going to focus on the counseling and what
4 we call counseling as a one-on-one, but it's also
5 training. That's the number.

6 For those of you who are joining us by phone
7 or are here in the public, you can easily get these
8 briefings afterward if you write vetstaskforce@sba.gov
9 afterward.

10 So, we have had a significant increase over
11 the past few years. Our team within OVBD has grown.
12 We were less than ten just a few years ago. We are
13 now, with a fantastic contract staff made up of
14 service-disabled, vet-owned companies, up to 19.
15 Eleven of those are GS and they're doing an amazing job
16 at increasing our capacity through their talent,
17 innovation and commitment. Thrilled to have them. And
18 many have also served or have military families.

19 So, you can see the work that we've done
20 primarily is the VBOC, Veteran Business Outreach
21 Centers. We do have 15 of them. By statute, they are
22 to focus on transitioning service members in the
23 capacity that we build there. They have joined to
24 provide Boots To Business at over 180 installations.
25 So, if there's not combat pay being paid, we're likely

1 there. And I'm very proud of that.

2 This coming year, in fiscal '16, we will train
3 16,000 service members and their spouses across the
4 world. We've trained, to this point, over 35,000 since
5 we kicked off in January of 2013.

6 You can expect to see a lot more activity also
7 with Veteran Business Outreach Centers as they connect
8 with Labor, VA, in your communities, working on that
9 every day to make sure that veterans -- there is no
10 wrong door. They approach the Government or their
11 community and they're going to hear, I can't help you
12 with that, but I know who can, and they're going to get
13 that solid referral. That's what I'm building in our
14 Veteran Business Outreach Centers.

15 Moving down to capital. An incredible year
16 for SBA and its lenders, an 80 percent increase in the
17 number and volume of -- excuse me, the loans that went
18 out in value, in dollars last year. In fiscal '14, it
19 was a tough year. I was really worried about where we
20 were going. Veterans were performing the worst of
21 every demographic that we have at SBA that we target
22 and track. Since 2009 through '14, it was looking bad.

23 Through the leadership of Administrator
24 Contreras-Sweet, she's created Veterans Advantage,
25 which reduced fees for SBA 7(a) loans, for SBA Express

1 particularly. At \$350,000 and below, veterans paid
2 zero fee -- borrower fee, and military spouses are
3 eligible for that, too, and some survivors.

4 We see the impact of that in 2015 when we
5 added -- also she committed to a half a fee for the SBA
6 7(a) program, loans from \$350,000 up to \$5 million. It
7 drove incredible activity. It blew away some of the
8 stereotypes that one might have had about veteran
9 business and in what sectors they were in and what kind
10 of dollar values they needed in lending. They were
11 everywhere. I'm incredibly proud of that.

12 So, we went from \$771 million in SBA-backed
13 loans to veterans in 2014 to over \$1.3 trillion --
14 excuse me, billion -- maybe trillion next year. We'll
15 go for a billion this year. My apologies. But
16 incredible growth. So, I'm grateful to the banks that
17 stepped up, to the incredible effort in our field
18 offices who have those relationships with lenders, and
19 our outreach, too, was effective, when we told veterans
20 and service members and their families, it is valuable
21 that you served your country, there is something there
22 for you that's different.

23 And, finally, I'm going to move on to federal
24 procurement. You have heard this quite frequently,
25 that we are very proud of the 3 percent and it's

1 growing every year. The target -- or what we see so
2 far for '15, it will not be certified until the third
3 quarter of 2016. But we have an opportunity to break
4 the 4 percent threshold.

5 There was a question yesterday, well, then do
6 we know, is 3 percent still the right place to be? Has
7 the service-disabled vet population grown? Are we
8 building that capacity in companies that there are more
9 out there? Are agencies doing enough to find those
10 service-disabled vet companies? Could we be doing
11 more? This was all a discussion at the Advisory
12 Committee yesterday.

13 I look forward to your thoughts from agencies
14 and also the public on what more we can do. But I'm --
15 so, we're not resting on any laurels. I don't want you
16 to hear that. But I will say that we've had amazing
17 success in this past year in each of the three things
18 that I'm committed to and accountable for, for access
19 to capital, contracting and counseling, along with my
20 colleagues both in my office and across SBA and through
21 you, the agencies here.

22 And, finally, there's one more thing that I
23 want you to know about that doesn't get the flash. The
24 other core mission of SBA is helping survivors of
25 disasters. And it's not just in small business. We

1 have a bigger role that we'll go into another time in a
2 different meeting.

3 But for reservists, specifically, economic
4 injury occurs for a business when you are either the
5 essential employee who gets deployed or you are the
6 business owner who gets deployed. SBA has loans --
7 long-term loans that will help with the economic injury
8 that occurs in that case, and that is something that is
9 not known about. So, I'd appreciate your outreach in
10 that regard as well because, the force mix is changing,
11 as DoD can probably speak to. There will be more
12 Reserve and Guard members. The number of active duty
13 is coming down. You are going to see some at least
14 steady state for Reserve and Guard and they are being
15 deployed; you just don't see it in the ways that we
16 used to, a big mass. So, it's an important population
17 that we pay attention to and we want to serve.

18 Are there any questions for me before I turn
19 it over to the next member of this committee?

20 (No response.)

21 MS. CARSON: Thank you. Then may I turn it
22 over to my colleague at Department of Labor?

23 MR. CHARLIP: Good morning, Mr. Chairman,
24 committee members. My name is Ralph Charlip and I'm
25 the deputy assistant secretary for Veterans Employment

1 and Training Service for Operations and Management, and
2 I represent the Department on the task force.

3 First, let me tell you that the Department of
4 Labor is really vested in veterans' issues. We have
5 2,500 American job centers across the country, and in
6 most of those, we have specialists who deal with
7 veterans' employment issues. At seven states through a
8 grant -- a special grant program, we are also providing
9 entrepreneurial information to individuals who come
10 into the American Job Center. So, there is an effort
11 to do that.

12 For military members who PCS, they're eligible
13 for some special funding called Dislocated Workers, so
14 the spouses and also the veterans. So, there are
15 opportunities for them as they move around, which
16 doesn't directly affect veterans who are trying to
17 start their own business, but it does help them as they
18 move from place to place around the country.

19 I mentioned the seven states that have this
20 special program. We also do a tremendous amount of
21 research into veterans' employment. While it isn't
22 specifically focused on entrepreneurial issues, it is
23 focused on veterans' issues. One of those has to do
24 with the unemployment insurance that the United States
25 Army is paying for when their folks leave and don't

1 have jobs.

2 So, by doing this major study in terms of the
3 U.S. Army, we'll also be able to use the results, which
4 are not available yet because the study's not done,
5 we'll be able to use the results to look towards
6 entrepreneurial business and see how that -- those
7 things would apply.

8 We have also -- well, I've already mentioned
9 this study.

10 As Barb mentioned earlier -- last comment --
11 Bureau of Labor Statistics produces tons of information
12 about the American economy and veterans, in particular,
13 and if you look at the 2013 report that the chairman
14 mentioned earlier, you'll find an attachment from
15 Department of Labor with all kinds of links to BLS,
16 Bureau of Labor Statistics information that will help
17 provide information to you.

18 The other thing that Barb mentioned and I want
19 to stress is that we do provide priority service to
20 veterans and select certain members of their families
21 if they meet certain criteria at all 2,500 American Job
22 Centers, and they have priority not just for service in
23 the American Job Center, but they also have priority to
24 all of the funding that we have. So, the billions of
25 dollars that we distribute through the American Job

1 Centers for training and education and those sorts of
2 things are available.

3 I don't have anything else to report in terms
4 of this small business contribution other than we made
5 our 3 percent. So, we're quite proud of that, and
6 multiple years doing so. But I do have some
7 observations about the group and, so, I'll reserve
8 those if you want or do them now. It's your choice,
9 sir.

10 MR. KRAMER: Ralph, I'd be happy to take them
11 now. I mean, you've got good experience. And as Ralph
12 expressed to me before, this is going to be his -- his
13 last meeting. But I'd really appreciate you --

14 MR. CHARLIP: It is my last meeting with seven
15 working days left. So, okay. I think that the
16 subcommittee structure -- I haven't been involved in
17 the task force for very long, probably about five or
18 six months, but I haven't had -- I haven't participated
19 in a subcommittee meeting because I haven't been aware
20 that we've had one. And, so, I think that that
21 structure probably is a little bit cumbersome as well.

22 My focus, as I went through the '13, '14 and
23 '15 reports, trying to prepare our inputs is really on
24 the recommendations. And I think that really is a
25 better way to go about doing business, is to focus on

1 the recommendations. And if there's teams that have to
2 be formed around them, then I think that would be
3 really appropriate. Because then they can focus on a
4 recommendation and not on a broad strategic vision or a
5 strategic pillar. So, I think it makes it more
6 practical and easier to do.

7 I do think that there -- from my experience at
8 the last meeting, we should deconflict the role of the
9 task force with the GSA -- and I don't even know what
10 it's called, but I know GSA meets, I think, quarterly
11 with small business, OSDBU representatives from the
12 Federal Government. We spent a lot of time at the last
13 meeting talking about small business contracting, and I
14 think we ought to deconflict the roles between this
15 group and that group so that if this group is going to
16 focus substantially on small business, then the person,
17 for example, from the Department of Labor who needs to
18 be here is from our Small Business Contracting Office
19 and not somebody from a broader management perspective.
20 So, I think that would be helpful.

21 I think that some of the recommendations that
22 are in the reports are done, we've done as much as
23 we're going to be able to do, and to continue to track
24 and report on them, I don't think is particularly
25 productive and we ought to formally close them or

1 recognize what else there is left to do because, in
2 some cases, for example, the Transition Assistance
3 Program that we manage in the Veterans Employment and
4 Training Service is a very well-established program
5 now.

6 We do an annual curriculum review that
7 includes key stakeholders. So, it's an evolving,
8 continuous improvement thing, which is just a core part
9 of our business. So, how to continue to report on
10 that, we could continue to say, yep, we still have it
11 and yeah, we're still trying to improve it. And we'll
12 say that every year. So, I'm not sure how useful that
13 is in the long run.

14 I think it would be helpful at this meeting to
15 throw up like a chart. Down the left-hand side is the
16 recommendations and across the top are the agencies
17 that are involved in those recommendations with some
18 sort of coding scheme to let us know how the agency is
19 doing. So, red, yellow, green maybe might be one
20 option to help make it very visual and very quick for
21 this group to see and the public to see how things are
22 actually going.

23 I think it would be helpful, like with the
24 Society for Engineers, that each of the players in this
25 council talk a little bit about what they have to

1 offer, not just maybe focused on entrepreneurial
2 issues, but more broadly, and then see how those things
3 could be parlayed together. For example, Barb and I
4 have talked about how to better bring together the SBA
5 Veterans Regional Offices with our American Job Centers
6 so that there's a better collaboration. And if were
7 focused on only entrepreneurial things, I wouldn't be
8 talking about American Job Centers, and we'd miss the
9 opportunity for that linkage.

10 Another opp -- another example is we are the
11 agency of the Federal Government that collects the
12 report on contractors and their veteran hiring, the
13 annual report that's statutorily required for all
14 contractors and subs of a certain size. Anything over
15 about \$150,000, they have to report.

16 Well, there's a lot of data there that might
17 be useful to this group in a variety of ways, but if
18 you don't know we're collecting it and you don't know
19 that we have it, then you wouldn't even know to ask it.

20 I would think for some kind of an innovative
21 approach might be that SBA does grants to American Job
22 Centers to place people in the American Job Center that
23 are entrepreneurially focused and can provide services
24 not only to veterans, but to anybody that walks into
25 the American Job Center. And you might not be able to

1 afford one person in 2,500 locations, but you might be
2 able to afford something and we could certainly help
3 you design that grant since we do a lot of work with
4 states and state grants, which is how these job centers
5 are funded.

6 To the opportunities for us to work with
7 transitioning service members, we go to a large number
8 of job fairs at military bases and the Army, in
9 particular, has something called job summits, which are
10 multi-day events and they're really, really big. And
11 Barb knows well about this. The SBA is generally a
12 cosponsor of those events.

13 And, so, opportunities to talk to folks who
14 are transitioning about job opportunities not just for
15 themselves, but entrepreneurial opportunities and
16 helping them really begin to think about that, there
17 are hundreds of these -- well, maybe not hundreds,
18 maybe 25 or 30 of these really big job fairs across the
19 country.

20 But in every state, Texas, for example, right
21 around Veterans Day, has a statewide job fair for
22 veterans. It's in -- each of the Work Force Boards
23 sponsor their own, but it's all done in the same week.
24 So, if you are in Texas during that week, you could go
25 from place to place in Texas and have a wonderful

1 opportunity to learn about --

2 (Speakerphone interference.)

3 MR. KRAMER: Okay. Well, I think we have got
4 the conference call re-engaged. To those of you on the
5 phone, although Ralph is doing a wonderful job right
6 now and he's going to continue, we did sort of hold on
7 this end, so I don't think that you missed anything.

8 So, with that, Ralph, I'd appreciate it if you
9 could, you know, pick up where you were leaving off.

10 MR. CHARLIP: Thank you.

11 So, we certainly can help you if you have any
12 interest in knowing where these are and how you might
13 be a valuable player. The one I went to at Fort Carson
14 about three months ago had over a hundred employers
15 show up, and it was really a great opportunity. So,
16 promoting your business -- your agency or your business
17 to small businesses who are veteran-owned, so an
18 entrepreneurial business, there's a really great
19 opportunity there as well.

20 Finally, I was just reading, I think, 60,000 or
21 68,000 feds retired last year. OPM was reporting on
22 how well it was doing in processing retirements. It
23 dawned on me that -- and I'm one of those -- and it
24 dawned on me that there is a market for educating
25 people about starting small businesses. As 68,000

1 people leave the Federal Government, in my case
2 particularly, it became very clear when I figured out I
3 was retiring that I'd better start a business line for
4 future employment if I chose to do that, as opposed to
5 just myself working for somebody else.

6 So, I've spent a lot of time trying to figure
7 out how to do something really, really simple, which is
8 create an LLC and then have it in my name or whatever,
9 but it really would -- as an idea, as an opportunity,
10 to present that kind of information as part of some
11 sort of retirement package or something that OPM could
12 send you or you could send to feds who are retiring,
13 something like that. So, just a personal experience
14 that might be useful.

15 And we are really happy to be part of this
16 group, and I think that it really does have some
17 opportunities, and we are certainly committed to doing
18 things to help veterans start their businesses and be
19 successful.

20 MR. KRAMER: Thank you very much for that.
21 That was great, and I think we'll come back to many of
22 the points you just raised as the conversation goes
23 forward.

24 Also, as a part of this subcommittee is the
25 U.S. Treasury Department, although I don't think anyone

1 was here when we took roll initially. I just want to
2 check and see if there is someone on the phone who had
3 a report to provide.

4 (No response.)

5 MR. KRAMER: Okay. Hearing none, we'll move on
6 then to the Subcommittee on Federal Procurement and
7 Contracting Programs, and I'll recognize Jim from DoD
8 to take the lead on -- or at least go first for this
9 group.

10 MR. GALVIN: Okay. Thank you, Deputy
11 Secretary. Jim Galvin again from the Department of
12 Defense. I just wanted to run through a few things
13 that I thought would be of interest to the members of
14 the task force, as well as those visiting.

15 If we could go to the first slide with the
16 chart, please. This just shows, as you've seen some
17 other numbers, generally the trends are looking good in
18 terms of contracting going to veteran-owned small
19 businesses and service-disabled, veteran-owned small
20 businesses. The horizontal line is the 3 percent goal.
21 The upper line is the veteran-owned small businesses,
22 the percentage, so you can see it's up, about a little
23 over 5 percent for 2015, which is an unofficial number,
24 but that's what's in FPDS, the Federal Procurement Data
25 System. And then the two significant numbers on the

1 lower line are 2014 and 2015, where we exceeded the 3
2 percent goal both those years.

3 So, then, now I'd like to go to the next chart,
4 please, and just touch on a few things that perhaps
5 helps contribute to the upward trend that we have
6 ongoing. Of course, DoD, like the rest of the Federal
7 Government, is a large operation, and we have
8 legislation, regulations to help be good stewards of
9 the taxpayers' resources and to accomplish our
10 missions. So, there's about 3 million people in the
11 Department of Defense.

12 And so it's important that the legislation
13 helps us to continue to do our mission, and there are
14 several programs in particular that are funded and
15 re-authorized again in the National Defense
16 Authorization Act. One of those is small business
17 innovative research, and this is a type of program that
18 allows someone to come in to present to the Department
19 an idea that can address a requirement, some sort of
20 need that we have, and it enables folks to really come
21 in with a concept, present it to the research
22 community, and get some funding to develop it, perhaps
23 move it on to a prototype, ultimately to commercialize
24 that. So, it's a pathway that some -- a small niche of
25 veterans may be able to pursue.

1 Another area we have is the Mentor-Protegè
2 Program, and there has been some discussion already
3 about mentorship. We have 85 active agreements right
4 now where a mentor, usually a large or an other than
5 small business, partners with a small business and
6 provides some specific help, say, in their accounting
7 area or cybersecurity, something to that effect. And
8 of the 85 agreements, 23 are with veteran-owned small
9 businesses and 21 are actually service-disabled
10 veterans.

11 So, it appears that the veteran community is
12 taking advantage of that opportunity, and it may also
13 reflect some of the earlier conversation where industry
14 and the private sector values the role and the
15 experience of the military veterans, and so there's a
16 natural partnership that emerges from there.

17 Another area we have is the Rapid Innovation
18 Program, and, frankly, that's not a program that is in
19 the President's budget; however, Congress funds it.
20 That's an area, again, to introduce new technologies or
21 rapidly bring something in to the Department,
22 militarize it, and help it to address a specific
23 requirement.

24 And so, again, that's an area where veterans
25 may find a niche. They may have left the Service,

1 realize there's a -- some challenge that they
2 experienced, come up with a solution, usually a
3 technology-related solution, and then present that back
4 to the Department.

5 I'd also like to mention, we do have funding
6 for what's called the Indian Incentive Program.
7 Ms. Scott, you mentioned that. It's not a lot of
8 money, but essentially it's a rebate program where a
9 prime that subs to a Native American type of business
10 will then be reimbursed about 5 percent of what they
11 spend. So, that is one that's very popular. Frankly,
12 the money goes very quickly, it's very competitive, but
13 it is a small program that's out there to help.

14 To transition from the legislation and
15 regulations, those sorts of things, we've got the --
16 the Better Buying Power is another topic I'd like to
17 talk to you all about. That was something initiated
18 by -- when Secretary Carter, our current Secretary of
19 Defense, was the head of acquisition for the
20 Department. He started Better Buying Power with the
21 idea of bringing best practices in to the Department.
22 Since then, it's been continued by his at the time
23 deputy, from Frank Kendall, who's now our boss in my
24 office. He's the head of acquisition for DoD.

25 Better Buying Power has evolved, but it's gone

1 from a best practices to really creating efficiency,
2 looking at costing, those sorts of things. And then
3 recently, the 3.0 edition is looking at technology,
4 recognizing that our adversaries are developing
5 technologies very rapidly that are challenging for us,
6 catching up to us, reducing the gap.

7 So, again, if veterans recognize this Better
8 Buying Power environment that we're in, we're seeking
9 technologies that can help the U.S. military maintain
10 that sort of edge, it will help them to understand the
11 context that we're working in.

12 Additionally, we're all well aware of
13 cybersecurity --

14 (Speakerphone interruption.)

15 MR. GALVIN: -- whether it's a personal
16 cybersecurity, I'm sure many of you in this room have
17 received letters regarding that, but then also
18 organizational cybersecurity, and there are now -- in
19 some of the contracts, there's a clause 240.7012, in
20 particular, that directs companies that contract with
21 DoD -- it's a DFARS, Defense Federal Acquisition
22 Regulations Supplement clause -- for them to undergo
23 certain cybersecurity practices to protect technical
24 information.

25 It's challenging. It's just being implemented

1 now, and cybersecurity is a challenging and
2 unfortunately an expensive thing in terms of people and
3 money and time. Nevertheless, it's something that we
4 have to deal with. So, that's part of the context
5 that's important.

6 As far as within the Department, I mentioned
7 Better Buying Power was to help improve the acquisition
8 system. We're also trying to improve our small
9 business community as well within the Department of
10 Defense, and so we've got an initiative to create a
11 separate workforce that instead of having small
12 business embedded solely in the contracting community
13 and with some tentacles in other areas, like program
14 management, we've developed a small business career
15 track for federal employees, particularly those in
16 Department of Defense, and we're undergoing a
17 development of education program for them, career
18 management, those sorts of things.

19 So, what that does is it will help serve the
20 veteran community better, because there will be
21 people -- they're already there, but we're helping to
22 professionalize them some more so that they can provide
23 the advice to the contracting officers, look to
24 set-aside opportunities, monitor the stats, those sorts
25 of things.

1 I left a blank space. I had received some -- I
2 had reached out to a few of the folks that may be in
3 the audience, either here or on the line, and they
4 asked about mentor-protégé, and I mentioned that.
5 Subcontracting came up. That's an area of concern for
6 us. Also, challenge -- it's challenging to measure
7 subcontracting. The databases we rely on are -- have
8 some limitations.

9 Also, there is only -- legally, we can't reach
10 beyond who we contract to, although there are
11 regulations regarding subcontracting that can be placed
12 on those contracts. And then we also work with a
13 comprehensive subcontracting plan with some of our
14 larger defense firms. So, we're looking to address
15 that.

16 It's been a test program for 25 years now, only
17 within DoD, and we're working with industry and with
18 some of the legislative staff as well. They've asked
19 us to look at that. And also the GAO took a look at
20 that recently as well. And the path we're going to is
21 to try to reform that in some way to ensure that
22 subcontracting continues in a way that's helpful to
23 veterans, because the trends there unfortunately are
24 more downward. The percentages going to small business
25 in general were headed down.

1 Finally, I'd just like to -- one other context
2 discussion topic, and that's this idea called the Third
3 Offset Strategy. Again, for veterans, to just -- big
4 picture understanding -- historically, the first offset
5 was nuclear weapons back in the forties and fifties to
6 offset large enemy formations, like the Soviet Union.
7 And then in the seventies and eighties, that
8 transitioned to the second offset of precision-guided
9 weapons and command-and-control systems that could then
10 offset the nuclear weapon threat. And then, finally,
11 we're in this period of third offset, and, frankly, the
12 Department is looking deeply at that, what should we be
13 doing, what direction should we be going in. And some
14 of the emerging findings are a human-machine type
15 relationship.

16 For example, the most recent fighter jet, the
17 F35, the Joint Strike Fighter, has -- it's not -- it's
18 slower than older fighter aircraft, less maneuverable;
19 however, it's got so many countermeasures and sensor
20 systems and the ability to understand the environment
21 and deal with it and allow the pilot to respond very
22 quickly and be an important node in this whole
23 command-and-control system, that that human-machine
24 pairing is superior to the older technology.

25 So, I will leave you with that and look forward

1 to any questions you may have. Thank you.

2 MR. KRAMER: Very good. Thank you very much.

3 So, next at this point I would like to turn it
4 over to Tom, from the Department of Veterans Affairs,
5 for his report.

6 MR. LENEY: Last year has been a good year for
7 veterans in the VA but a bad year for statistics, and
8 I -- and let me just provide some statistics that may
9 be counterintuitive.

10 In the past year, the Secretary has made some
11 important decisions on behalf of veterans; for example,
12 to fund Hep-C treatment, which is a multibillion dollar
13 action. Why? Because we have lots of veterans who
14 have that medical issue, and the right thing to do is
15 to take care of it. It has been very expensive for the
16 Department. It affects our small business statistics,
17 if you will, because we don't buy Hep-C drugs from
18 small businesses.

19 We had -- the Department was under considerable
20 criticism for doing procurements and taking care of
21 veterans outside the Federal Acquisition Regulations.
22 The Department has taken significant steps to move its
23 non-VA care activities under the Federal Acquisition
24 Regulations. The result of that is to make sure that
25 under the Choice Act and under our community-based care

1 initiatives is to utilize large health networks to make
2 sure that we can give care to veterans when we're
3 unable to provide timely care at VA facilities.

4 That also has a significant impact on small
5 business statistics because we don't -- two elements to
6 that: One, most doctors' offices are not in the -- in
7 SAM, they are not contractors for the U.S. Government.
8 They are service providers, and they provide services
9 to veterans. And the VA is focused to make sure that
10 we get medical services to veterans in the most
11 efficient and effective way possible.

12 We have built these large health networks, just
13 like you see in the insurance companies, et cetera, to,
14 again, move some of this care into FAR-based contracts.
15 The impact of that is, again, negative on our small
16 business statistics.

17 There is a myth that exists I think in the
18 community, the stakeholder community, that our
19 activities under these non-VA care initiatives were
20 detrimental to small businesses, particularly
21 veteran-owned small businesses. Nothing could be
22 further from the truth. Why? Because, again, what
23 we're doing is we're paying money to doctors' offices.

24 I couldn't tell you how many doctors' offices
25 happen to be owned by veterans, but I can tell you that

1 the vast majority of doctors' offices are not inside
2 the contracting system as individual entities. And our
3 focus was to take care of veterans.

4 So, we are making sure we move into compliance
5 with FAR-based contracting, which is what we all seek
6 to do, but it has an adverse effect, not the
7 mythological positive effect that we are going to do a
8 lot more business with small businesses because we
9 bring non-VA care under the FAR.

10 So, in the face of some of these, I think an
11 important policy decision at the VA, which we do
12 because our primary goal is to support 23 million vets
13 in this country and the 6.5 million -- actually, almost
14 7 million that are part of the VA health system, we, I
15 think, have still managed to remain focused on our
16 commitment to doing business with veterans in the face
17 of, as I say, multibillion dollar additions in our
18 pharmaceuticals.

19 We have a goal of 12 percent procurement that's
20 set by the Secretary -- that has not changed for four
21 years -- to do business with the veteran-owned small
22 businesses. We have a goal of 10 percent for SDVOSBs.
23 Now, there are those who say, wow, we should increase
24 those goals. The VA does not take the approach -- and
25 the Deputy Administrator has said -- we are not trying

1 to use 3 percent in the Federal Government as a ceiling
2 but as a floor, but in the VA we treat those goals that
3 the Secretary set as a floor, not a ceiling.

4 And how do we demonstrate that? Out of the 32
5 percent of our total procurement we give to small
6 businesses, about 20 percent -- 19.7 percent went to
7 veteran-owned small businesses. And within that group,
8 more than 90 percent of that group are
9 service-disabled, veteran-owned small businesses. So,
10 we did almost 18 percent to service-disabled,
11 veteran-owned small businesses.

12 The indicator there is that the approach that's
13 been taken by our program and acquisition community is
14 to use maximum utilization of veteran-owned small
15 businesses where appropriate to support the veterans
16 and be good stewards of the taxpayer dollars. And I
17 think we reflected that, because if we were driven by
18 goals, we would be at 12.2 percent or 10.3 percent.

19 Another myth that's out there is that the
20 narrative that I hear is that the VA only does things
21 for veterans, particularly veteran-owned small
22 businesses, when it has to and then does the minimum
23 necessary. One of the issues that the VA is
24 confronting is the issue of set-asides and the
25 application of USC 8127 to federal supply schedules.

1 And since that is in litigation, I am not in a position
2 to discuss that, but I would provide a statistic.

3 Under our federal supply schedules, the VA
4 procures 18.6 percent of its dollar value under federal
5 supply schedules from veteran-owned small businesses.
6 So, if the narrative were correct, that the VA only
7 does business with veterans when it has to, since it
8 does not have to under federal supply schedules, the
9 fact that it does 18.6 percent to veteran-owned small
10 business I think is instructive.

11 It's also instructive to note that of the
12 set-asides to SDVOSBs in the Federal Government, 59
13 percent of the dollars set aside in the Federal
14 Government to SDVOSBs is set aside by one agency, and
15 that's the VA.

16 So, I put out these statistics not as a
17 commercial but as a little bit of an education and a
18 way to address a narrative that I think is misleading
19 to many in our community and to seek to provide a
20 little bit of education.

21 Now, we are not satisfied -- the Secretary is
22 not satisfied, so one of the things that we have
23 recognized over the last couple of years is a success
24 for veteran-owned small business, success for any
25 business relies on access. Our partners in the SBA

1 have done what I think is a magnificent job, in
2 collaboration with other agencies, to help prepare
3 small businesses to do business, and one of the -- our
4 goals in the VA is to operate to what we call -- what
5 Congress called comparative advantage. So, we do not
6 attempt to duplicate what the SBA does very well and
7 does far better than we do, which is to help develop
8 veteran businesses.

9 Our focus is once a business is what we call
10 procurement-ready, is competent and capable to add
11 value to the veterans of the United States through our
12 department's procurements, then we seek to enhance the
13 access. Coming out of the business community -- I'm
14 not a 35-year veteran of the Government, but I came to
15 the VA from the business community, and one of the most
16 challenging opportunities -- and I think to any
17 businessperson in the room -- is to gain access to the
18 customer, not to gain access to a small business
19 specialist, not to gain access to OSDBU, not to gain
20 access to the SBA, because if you're a business and
21 you're ready to do business, you want to talk to a
22 customer.

23 And I have spoken -- not only have I spoken to
24 hundreds of veteran-owned small businesses to confirm
25 that view, that hypothesis, but also when I was a

1 business guy, that's what I wanted to do. So, our
2 focus has been on expanding that access, and we
3 continue to do that. We brought more than 400 VA staff
4 to the National Veterans Small Business Engagement. In
5 fact, we had more than one VA staffperson in Pittsburgh
6 for every three veteran-owned small businesses that
7 were there. They all spent 2 1/2 days doing nothing
8 but engaging with small businesses. Nobody did a
9 touch-and-go. Nobody came in, signed up, went and
10 played golf. They all spent 11 hours a day in that
11 convention center for the sole purpose of engaging with
12 small businesses.

13 We have also expanded a direct-access program
14 at each of our major acquisition centers, the National
15 Acquisition Center, the Technical Acquisition Center,
16 and the Strategic Acquisition Center, where more than
17 200 VA staff have come forth with the sole goal of
18 providing that kind of access and beginning to build
19 those relationships. It makes a difference.

20 Our statistics from the last two years of
21 the -- our access program, veteran-owned small
22 businesses who participated in that program have been
23 awarded more than \$1.3 billion worth of procurements
24 from the VA. Now, let me be very clear. One does not
25 get a procurement from any federal agency because you

1 have a relationship with a program manager or a
2 contracting officer. There's many steps to get there.

3 However, for any of you who have been in
4 business, you know that if you don't have a
5 relationship with a customer, you don't do business,
6 and you can write all of the proposals you want. If
7 you don't have a relationship with the customer, you
8 don't know the customer, know the customer's needs, the
9 customer doesn't know you, at the end of the day, you
10 don't do business.

11 Back when I was in business, we focused on --
12 we didn't know the program office, we didn't know the
13 contracting office, we didn't even bid, because it was
14 a waste of precious resources. So, that's why we have
15 focused on this idea of access and continue to expand
16 it, and we will continue to do so.

17 We have one program that really is in the -- is
18 focused on helping veteran-owned small businesses
19 become procurement-ready. It does not really overlap
20 with the SBA, so we pursue it vigorously, and many of
21 you are familiar with it. It is our verification
22 program.

23 We have -- you know, four years ago, when I
24 came to the VA, we had considerable challenges, and
25 those of you who have been around are, you know,

1 painfully aware of those challenges. I think we've
2 addressed many of them.

3 And Secretary McDonald, when he came on board,
4 he said, well, that's not good enough. I want to apply
5 my VA and I want you to apply my VA to the verification
6 program. So, we've undertaken a transformation of a
7 program that -- it's a difficult transformation,
8 because when you're failing, it's easy to change. When
9 you think you're successful, it's harder to convince
10 people that they need to change, but we have changed.

11 We have focused on pre-application education,
12 prequalification assessments and discussions with the
13 veteran-owned small business, predetermination
14 discussions, resulting in now the approval rate on
15 verification applications is in excess of 99 percent.
16 In fact, I have a very hard time understanding why a
17 firm would be disapproved, found ineligible.

18 And a small anecdote, the major reason is the
19 existing requirement for -- under -- in those states
20 that have community property regulations, that a -- in
21 order to be eligible for any SDVOSB program in the
22 Federal Government, the spouse has to sign away all
23 control over the company. What we have found is we
24 have applicants who say, I understand that, but my
25 spouse is unwilling to sign over control to the

1 business without the Government telling me that I can't
2 do business without he or she doing that. So, the vast
3 majority of our disapprovals these days are on that
4 singular issue.

5 We have also shortened the time it takes to do
6 it. So, we are faster, better. We're not cheaper. It
7 is somewhat interesting when I deal with the Congress
8 that, you know, they want to say we want to -- we want
9 it to be rigorous, we want it to be fast, and why are
10 you spending so much money on it? Well, those of you
11 who have been in business, you get two out of three,
12 quality, price, or service. We're focusing on quality
13 and service.

14 The second big thing is in the Federal
15 Register, we are changing -- we have proposed a change
16 to the regulation that governs verification.
17 Currently, the regulations -- the SBA regulations and
18 the VA regulations covering the SDVOSB programs are
19 essentially the same with respect to ownership and
20 control. We are seeking to change that, and we
21 encourage you to go out on the Federal Register and
22 look at the proposed rule change.

23 Some of the key changes, we are simplifying
24 ownership, bringing it more into line with common
25 business practices. We are eliminating the community

1 property issue so that spouses aren't going to have to
2 divest themselves of any influence on the business. We
3 are removing ESOPs as an obstacle to verification,
4 because we believe it's a -- that's a very positive
5 thing for a veteran small business, to have employee
6 ownership, particularly with other veterans.

7 We have retained -- we have enabled a -- what
8 we call -- it's called a supermajority for key business
9 decisions. What that means is that nonvets have some
10 influence and some protection on major business
11 decisions like changing the bylaws, selling the
12 business, changing the character of the business. The
13 reason for that is one of the things, in talking to
14 many, many veterans, the current federal regulations
15 make it very difficult for veterans who are starting
16 businesses, running businesses, to get equity
17 financing. It forces them to go the debt financing
18 route. And because -- and the reason for that is
19 many -- in fact, most, if not all, business people that
20 I know aren't willing to invest significant amounts of
21 money into a business over which -- when they have no
22 control over the funds. So, this supermajority thing
23 is a step -- is a small step in the direction of giving
24 them some protection.

25 We've also tried to simplify the regulation

1 whereby if -- the veterans can eliminate members of the
2 board at any time for any reason, that will be viewed
3 as constituting sufficient control. And probably the
4 last substantive thing is we are now -- the new
5 regulation will allow for what we call split voting.
6 The current regulations say that if you have three
7 board members, two of them are veterans, one of them is
8 a nonveteran, and a nonveteran can combine with a
9 veteran to outvote the other veteran, so then the
10 veteran doesn't have control unless they establish
11 particular block voting, et cetera, et cetera, and I
12 won't go into the details.

13 That doesn't make a lot of sense, because if
14 you apply the logic to that, if you have 101 board
15 members and 100 of them are veterans and you have one
16 nonveteran, then there's a theoretical possibility you
17 could have a 51 to 50 split with the nonveteran being
18 the deciding vote, and that would make a firm
19 ineligible. It, frankly, doesn't pass the common sense
20 test. So, we're seeking to change that.

21 The last thing that has received some attention
22 is we're also recommending that if firms are found to
23 be ineligible with a final decision, that they -- we
24 have a one-year wait time rather than a six-month wait
25 time, and our logic for that is, given all the stuff

1 we've done, and we're at 99 percent-plus approval
2 rates, frankly, one really has to question the logic of
3 someone who gets to a determination of ineligibility.
4 And we think we need to have a very serious -- this is
5 a serious business, and so it isn't a situation where,
6 oh, oops, I'm not eligible and now I can come back and
7 be eligible quickly.

8 So, we're doing a lot of stuff in that regard I
9 think to make it easier, better, but we haven't reduced
10 the rigor, because the -- the reason we are able to do
11 almost 20 percent procurement to veteran-owned small
12 businesses is that they -- that our program managers
13 and program managers in other federal agencies view
14 veteran-owned small businesses who have been verified
15 by the VA as a low-risk partner.

16 We know more about veteran-owned small
17 businesses than anybody. Why? I've read their bylaws,
18 I've read their bios, I know who's on the board, and we
19 know a lot about them. The good news for them is that
20 rigorous process makes them low-risk, because you're
21 not verified by the VA if you're a fly-by-night, let's
22 run the business over the kitchen table with a couple
23 of guys I know. If that's the way you run your
24 business, you're not going to be part of our program,
25 and that's important for program managers and

1 contracting officers.

2 We also do something that isn't -- we don't
3 make a lot of -- we don't publicize it a lot, but we --
4 in 2014, we did 1144 post-verification, no-notice
5 audits of people in the program. In 2015, we did 605.
6 So, if you're doing business with the VA -- we gave
7 priority to the firms that are doing business -- to
8 where the VA is exposed, you have a better than 25
9 percent chance of having a no-notice visit. That
10 keeps -- that helps maintain the integrity of the
11 program.

12 And I have some really good news. We have
13 found less than 5 percent of these no-notice audits
14 find the firms to be ineligible. I'm using the term
15 very deliberately, "ineligible" versus "fraud," because
16 what we find in these no-notice visits, that sometimes
17 a firm will have done something in the course of
18 business that caused them to become ineligible and they
19 just, frankly, didn't think about it, okay? And when
20 we determine that, we give them a notice of
21 cancellation, there's a due process, and sometimes
22 they're able to fix it.

23 We also use it as a check on the quality of our
24 work. Three-tenths of 1 percent of the time, we've
25 found that we've made a mistake which the veteran then

1 gets a chance to fix at no penalty. So, the point
2 I'm -- the reason I'm talking about this is there is a
3 narrative and a myth in the stakeholder community that
4 there's widespread fraud in the VOSB/SDVOSB program.
5 That is absolutely not true.

6 I don't say that as a hypothesis. I say that
7 because in the last two years we've gone and visited
8 1800 firms. We received, in 2015, over 200 allegations
9 of fraud. We reviewed every single one of them. Most
10 of them are allegations without sufficient information
11 to take any meaningful action. They're an assertion
12 that Victor's firm is a fraud.

13 Sometimes it might be that they happen to have
14 won a -- by the way, these are not protests. These are
15 somebody who says, I don't like Victor, he's a
16 competitor, he's got to be a fraud. Why? Because I
17 went on the Internet and I saw something. And we get
18 all -- but we look at every single allegation.

19 I'm here to tell you with great confidence that
20 the program is not rolling in fraud. In fact, we have
21 not found in a single case of these allegations either
22 sufficient information or sufficient merit to go after
23 somebody because they're a fraud.

24 I don't give you -- tell you this because, hey,
25 the VA is doing something good. I'm here to tell you

1 this because the VOSB community, that this task force
2 is oriented on, is working with a community that is the
3 real deal, specifically at least the 7400 firms that we
4 have verified. So, my message to my fellow agencies
5 is, if they're verified by us, you can take them to the
6 bank. They are the real deal. They are a low risk as
7 a socioeconomic category. I will assert and argue that
8 they are the lowest-risk socioeconomic category that
9 the Federal Government does business with.

10 So, I apologize for the time, but I think it's
11 important that this task force, since it's on the
12 record, that my suggestion moving forward is that we
13 take on some of the narratives that are out there in
14 the community and that we hear some of the narratives
15 from the community so that this task force can report
16 to the President what the real deal is.

17 MR. KRAMER: Okay. Thanks, Tom.

18 We are going to move on to GSA in a second.
19 One thing I will raise, if we -- and especially the
20 last issue you talked about, certification. Before the
21 next meeting, what we might engage on in a bit of a
22 discourse is, I get the point about fraud, but since I
23 arrived at SBA, I have found a number of our programs
24 so concerned about a single report of fraud, reported
25 in one paper, that our certification programs were

1 taking years and costing small businesses tens of
2 thousands of dollars to achieve the certification.

3 So, I think we'll want to talk not only about
4 the integrity of the programs, but, again, as we go
5 back -- and a couple of people have talked about it.
6 To the extent that those certifications provide
7 obstacles to small businesses, who are often the very
8 sort of people who can't afford those sorts of delays
9 to get past those hurdles, it's great for the people
10 once they're past the hurdle, but not before. So, I
11 think we will also want to talk about that aspect as
12 well as we go forward between now and when we report
13 back in a couple months.

14 MR. LENEY: Some good news. Since we do it in
15 20 days, it doesn't cost a veteran anything, and,
16 again, we -- this is rigorous enough that they are --
17 there is not this -- by the way, we did refer five
18 firms to the IG, and if you go to our Web site, the IG
19 has pursued veteran-owned small businesses who are
20 fraudulent, and we have indictments and we have people
21 in jail. But five out of 7400? That's a pretty good
22 track record.

23 MR. KRAMER: Okay, thanks.

24 So, at this point, Chris from GSA, if you would
25 like to sort of provide your report.

1 MR. FORNECKER: Thank you. My name is Chris
2 Fornecker, a 26-year Army veteran, so it's my personal
3 pleasure to share with you an initiative we have in GSA
4 to award a follow-on contract we're calling VETS2. So,
5 my purpose today is to share -- I have got 18 slides
6 here. I am going to quickly go through them. Feel
7 free to stop me in between breaths. So, if I can have
8 the next slide, please, number 2.

9 Oh, on the phone, Steve Triplett is the manager
10 of our Small Business GWAC Division, and if there's any
11 questions I can't handle, I'm sure he'll jump in. The
12 next one, please, whoever...

13 So --

14 MS. CARSON: Excuse me. All right, Chris, are
15 you going to brief or will Mr. Triplett also be --

16 MR. FORNECKER: I am going to do it.

17 MS. CARSON: Okay, thank you, because at the
18 moment, all callers are muted, and I want you to know
19 that if you're waiting to ask a question, but you will
20 have the opportunity at the end.

21 MR. FORNECKER: Okay.

22 MS. CARSON: We actually are going to unmute
23 the callers, but the reason we have you muted is
24 because somebody was typing very loudly, so we ask that
25 you mute yourself, please, so that you'll also have an

1 opportunity to inject questions or comments as we go.

2 Thank you.

3 MR. FORNECKER: Not everyone knows what a GWAC
4 is, so I'm going to briefly explain it, and then I'm
5 going to get into the actual VETS2 GWAC. Next slide,
6 please, slide 3.

7 So, there's a small contingent of us here in
8 D.C., I'm based in D.C., running the GWAC program for
9 GSA, but we have two primary divisions. Steve
10 Triplett, who's on the phone, manages our Small
11 Business GWAC Division, and you see we have three
12 active GWACs who are now targeted for small businesses.
13 We have another division out in San Diego that manages
14 the large-business GWAC, called Alliant. The next one,
15 please, slide 4.

16 Okay, government-wide acquisition contract.
17 Back in '96, the Clinger-Cohen Act authorized this
18 unique contract. It's a type of an IDIQ contract, but
19 it's specialized on IT services. So, unlike the first
20 briefing on A&E, this is focused purely on IT. You
21 can't have a GWAC for anything but IT.

22 And they require approval from the Office of
23 Management and Budget to manage it, so there's only
24 three agencies right now who have received the -- that
25 approval, and we actually have a request in to Matthew

1 Blum's office to get approval to do this follow-on
2 contract called VETS2, which I am going to talk about.

3 The next one, please. So, why use a GWAC, an
4 agency? What happens is at GSA, we put together the
5 base contract, and then agencies come and place orders
6 against it. It's just a lot easier for them to award
7 an order against an existing contract, against a
8 prequalified pool of vendors who -- who are ready to
9 go, and it saves them an awful lot of time and money,
10 as opposed to doing it themselves.

11 And, of course, they will get -- this is a set
12 of -- these contracts, and particularly the VETS2, are
13 set-sides for 100 percent service-disabled,
14 veteran-owned small businesses, so they get the credit.
15 The next one, please. All right, the next one.

16 So, we have an existing VETS contract back
17 in -- awarded in 2017. We had 44 vendors that were on
18 that contract, and they are 100 service-disabled. You
19 can see that February 2017 is not that far away,
20 particularly in contracting land, so we are busy
21 getting ready to put together the follow-on, because it
22 takes a while to do that.

23 And really, the genesis of this particular
24 contract was an Executive Order that told the
25 Administrator of GSA that you shall create a GWAC for

1 service-disabled, veteran-owned small businesses. The
2 next one.

3 It's been successful. The VETS contract has --
4 over 1.8 billion, 330 task orders, you can see -- you
5 can see the data. The next one.

6 All right, now VETS2. So, these are ten-year
7 contracts. So, it's important to really get them
8 right, and so there's a lot of market research done and
9 a lot of outreach with customers, with the vendor
10 community, and it's no different with this one. We've
11 done it. We've had RFIs. We have -- GSA has a Web
12 site called Interact, which is basically a blog that
13 allows us to set up communities around topics of
14 interest. There happens to be one around VETS2, so we
15 will put information on that Web site, share
16 information. We attended the recent Veterans
17 Contract -- Small Business Conference en masse as well.
18 The next one, please.

19 MR. KRAMER: Chris, can I interrupt for one
20 second?

21 MR. FORNECKER: Sure.

22 MR. KRAMER: I'm not familiar with the GWAC's
23 terminology, but is that generally the same terminology
24 that I've heard referred to as shared services or is
25 that a different sort of effort?

1 MR. FORNECKER: That's a different kind of a
2 thing. So, this is a specific contract vehicle, all
3 right? There's a base contract that's put in place so
4 that agencies can place orders for IT services --

5 MR. KRAMER: Yeah, like an accelerated sort of
6 method of doing it, right?

7 MR. FORNECKER: Right.

8 MR. KRAMER: Sort of pre-approved, okay.

9 MR. FORNECKER: There are very few requirements
10 placed on the agencies. They -- they have to give
11 what's called a fair opportunity. So, all of the 44
12 contractholders have to have an opportunity to bid on
13 it, but the agency gets to control the -- you know,
14 what's in the RFP, the technical requirements, the
15 whole evaluation procedures. All the acquisition
16 procedures are really determined by the customer
17 agency. We don't --

18 MR. KRAMER: But as we move towards this idea,
19 if we do -- GSA, I know, has been talking about other
20 shared services -- does that get executed through sort
21 of GWACs or is that just a different thing altogether?
22 I don't mean to take you off your game here, too, but
23 it would be helpful to understand, you know, how that
24 might work as well as you describe this.

25 MR. FORNECKER: If an agency is going to offer

1 a shared service, they might use this -- a GWAC as a
2 contract vehicle, and that might be one option, but
3 it's not -- it could be any other. It could be a
4 unique contract or a schedule contract. It's not
5 really related to the -- I don't think the concept of
6 shared services.

7 So, in my mind -- we have a shared service to
8 provide PIV cards, okay, and we actually have the
9 contract relationship with the vendor doing this, and
10 agencies come to us, give us money -- typically what
11 happens is, on a shared service, is there's an
12 interagency agreement where one agency gives money to
13 another agency, and the providing agency actually has
14 the contract relationship.

15 So, we have a contract relationship with the
16 people who produce these cards, and then agencies
17 transfer money to us through an IAA. So, that's
18 typically how the shared services are run, maybe not --
19 but the GWACs themselves may not be the best vehicle
20 for something like that.

21 MR. KRAMER: Okay, I appreciate it. Sorry for
22 the interruption.

23 MR. FORNECKER: VETS2. So, we've had a draft
24 RFP out. The comment period has actually ended. If
25 there's anyone of interest in this particular contract,

1 the results of that are in a pretty well-documented FAQ
2 paper that's posted on this Interact site. So, if you
3 want to see the kinds of comments received and our
4 reaction to them, you can go to that FAQ paper. The
5 next one, please.

6 So, for VETS2, we're planning to expand the
7 pool from 44 to 70. It will be 100 percent set aside
8 for service-disabled, veteran-owned small businesses.
9 One of the differences on this one versus the existing
10 one is that we are going to use standardized labor
11 categories from the Department of Labor. We're going
12 to point to the DoL definitions and use them.

13 We're also going to be adding a cost contract
14 as a type of contract for VETS2. Currently, on VETS,
15 there is no cost contracting available. So, that will
16 expand the agencies' potential use of the contract by
17 supporting costs. And, again, this is -- this is for
18 IT services. The GSA GWACs are totally for IT
19 services, whereas NASA has a GWAC called SEWP, which is
20 more product-oriented.

21 And we can support products and professional
22 services, but it can't be the sole reason for using a
23 GSA GWAC. We have to have -- it's an overall
24 service -- service outcome that we use as the main
25 criteria for using a GWAC. The next slide.

1 MR. LENEY: Question. Do you have a fixed
2 percentage for some of these services (off mic)?

3 Is there a particular percentage you target for
4 determining that it's eligible for VETS GWAC versus
5 SEWP? Are there separate procurements who have both
6 services and product?

7 MR. FORNECKER: No, we don't control that,
8 right? So, it's the agency -- it's the customer agency
9 who decides which contract vehicle they want to use.

10 MR. GALVIN: Okay.

11 MR. FORNECKER: And all I'm saying is if the --
12 if the requirement is more of a -- for a product, it's
13 probably going to go to the NASA SEWP kind of thing,
14 because we don't support products. These are for IT
15 services.

16 So, an example, our CIO outsources his desktop
17 support, and so buying computers, loading the operating
18 system on it, helping people fix problems at their
19 desk, having a call center when there's -- you know,
20 when there's issues, that's all outsourcing. It's a
21 service that's being provided. That's a good use of a
22 GWAC.

23 MR. GALVIN: What we have just run into is
24 software is a service, where the bulk of the value of
25 the contract is software licensing, but it's under a

1 service provided by --

2 MR. FORNECKER: Right, you could --

3 MR. GALVIN: -- someone that's a GWAC is
4 providing a service utilizing, you know, a package of
5 software, but the bulk of the contract value is still
6 software. So, we can use -- there is some question as
7 to whether or not --

8 MR. FORNECKER: Yes, you could use it --
9 software as a service, it could be -- you could use a
10 GWAC for that.

11 MR. BLUM: Chris, quick question. I notice
12 that the average task order value is about \$6 million,
13 and I was just curious. Tom asked about the
14 relationship between VETS and SEWP. What about between
15 the schedules, because we know we have a lot of small
16 business, a lot of veteran-owned -- service-disabled,
17 veteran-owned small businesses on the schedules. Just
18 very big-picture, how do they choose -- how do folks
19 generally choose between whether they go to the
20 schedules or the VETS GWAC?

21 MR. FORNECKER: So, the GWACs are better suited
22 when -- for the longer term, more complex solutions.
23 So, you know, the example I gave of our CIO having a
24 long-term contract to outsource desktop support, which
25 requires the vendor to provide hardware, he provides

1 software, which are -- which on a schedule is
2 problematic, right, because typically you can do either
3 product or service on a schedule, whereas in a GWAC,
4 what's nice about it is, as long as it's supporting an
5 overall IT service outcome, you can buy and provide
6 professional services.

7 If you need project management, you need an
8 architectural project, you could do hardware, you could
9 do software. And that's a key difference of a GWAC
10 versus, say, a schedule in IT service-based solutions,
11 which encompasses hardware, software, and professional
12 services. Slide 13, please.

13 So, on the evaluation procedures, I'm not going
14 to dwell on this very much, but we -- we have been
15 moving toward or moving away from the more subjective
16 write-for-your-life narrative kind of proposals to a
17 much more objective system, self-scoring for the
18 vendors, and we find that it's easier for them and
19 easier for us to score if they have to provide, like,
20 relevant experience examples. Rather than explaining
21 away what they have to do, they actually have to
22 provide examples of where they have had past
23 performance supporting certain technologies, for
24 instance, okay, and just basically providing us copies
25 of things that they have done. And then there's a

1 scoring sheet that goes with it.

2 What's nice about this approach, I think, for
3 the vendors, too, is since it's self-scoring, you can
4 make decisions early on whether you want to do your --
5 use your bid and proposal money to bid on this. If you
6 think you have a chance, then fine. If not, you can
7 self-score and figure out whether it's worth your while
8 to go after a VETS GWAC. Next one, please.

9 Again, there is going to be points awarded for
10 certain certifications and clearances that they have.
11 The next one, please.

12 So, basically what this ends up being is we
13 pick the highest -- so, there's a scoring sheet.
14 There's the highest technically rated, and as long as
15 their pricing is fair and reasonable -- and, again, we
16 turn back to the Department of Labor's data on this --
17 then you'll be -- you know, then you'll be likely to
18 get a contract.

19 There will also be an open season capability,
20 just as there is in the current VETS contract, and by
21 that I mean -- well, the ways that these are structured
22 is there's a five-year base contract and then a
23 five-year option. Oftentimes, small businesses are
24 very successful and are no longer small by the time we
25 hit the five-year mark. So, you need a provision in

1 these contracts to replenish the pool of vendors, and
2 that's what I mean by an open season. And that
3 capability exists and will exist in VETS2. The next
4 one.

5 All right. So, the final RFP is scheduled to
6 go out this coming spring, and awards will come --
7 probably late in 2017 is when they'll happen. And the
8 best way to keep track of this one is to monitor
9 these -- this Interact community that's on the next
10 one. Next slide, please.

11 All right. So, here's some key -- a lot of
12 information on our Web site, gsa.gov, about GWACs in
13 general and this one specifically, but the latest and
14 greatest information on the VETS2 GWAC can be found
15 really at the Interact site, and the address is listed
16 there. So, that's it unless there's any questions.

17 MR. BLUM: I just wanted to say, I had asked
18 Chris to come today because from our vantage point --
19 and we always have to kind of achieve the right balance
20 between reducing contract duplication and also making
21 sure that some of the incredibly important
22 relationships that occur at the local level can remain,
23 but however you do the math -- and I'm not great at
24 math -- the 1.8 billion, I don't know how many years --
25 was that about a five-year period that that -- that

1 those obligations were made?

2 MR. FORNECKER: Six.

3 MR. BLUM: Six. So, you know, if you divide
4 that out, you're still looking at hundreds of millions
5 of dollars a year against our goal, the 4 percent now
6 of the -- what does that amount to -- \$4 billion. So,
7 it's not an insignificant amount of money that goes
8 through this one vehicle, and anything -- any sort of
9 outreach that can be done, which I know GSA is doing a
10 great job to make sure that any sort of recommendations
11 coming back from the community about how to make this,
12 you know, a more effective vehicle, making sure
13 agencies are aware of them, and people are taking full
14 advantage of it, I think is very helpful.

15 MR. KRAMER: Thanks, and thank you, Chris.

16 So, I'm going to -- I am actually going to have
17 you hold for a minute, because I want to make sure we
18 leave everybody enough time here, but we will go back
19 to -- Ken Dodds at this point from here at SBA, he
20 works in our Government Contracting Office, is going to
21 provide a brief report.

22 MR. DODDS: Okay, thank you very much.

23 I'll briefly update you on the five
24 procurement-related regulations we're working on here
25 at SBA, and then I'll point out two changes in the NDAA

1 of 2016 that may be of interest to you.

2 Starting with the one that will probably be the
3 most imminent, there should be a rule around the
4 women-owned small business certification program that
5 was part of the NDAA of 2015. There should be a --
6 something coming out asking for public comment on that
7 sometime this month, at the end of this month or early
8 January.

9 That legislation directs SBA to figure out
10 whether there's going to be a certification program
11 that SBA runs, are we going to use third-party
12 certifiers, state agencies, a hybrid, you know, those
13 kind of questions are going to be in that rule.

14 The second rule that we've been working on
15 since the NDA of 2013 is the teaming rule. That allows
16 similarly situated entities that are subcontractors to
17 help meet the limitations on subcontracting for a
18 set-aside contract. You can already do that in an SDVO
19 set-aside, and that's been there for years, and you can
20 also do that in HUBZone. This rule will allow that for
21 set-asides for 8(a) small business and women-owned as
22 well, and there's some changes in that around joint
23 venturing as well.

24 That rule -- we did a proposed rule. We got
25 comments. That's going to be a final rule that most

1 likely will not be issued -- you know, my guess -- and
2 don't hold me to this, I'm just doing this as a
3 courtesy to you --

4 MR. KRAMER: You are on the record, and I'll
5 remind you of that.

6 MR. DODDS: Can I plead the Fifth, then? It
7 will probably be March or April for that rule as a
8 final rule, and that will still have to get into the
9 FAR and all the FAR clauses that go into contracts.

10 The Mentor-Protégè Program that Congress gave
11 us authority to create for all small business, you
12 know, we have one right now. We have had one for many
13 years for the 8(a) program. We now have the authority
14 to do one for all small businesses. We did a proposed
15 rule. The comment period closed. That rule will be
16 final, and it will probably be around that same time
17 frame, March, April, as a final rule.

18 But because that program requires review by
19 SBA -- resources, people, things we were not given in
20 the legislation -- you know, there's a lot of work that
21 has to be done here at SBA. So, an open season for
22 getting applications for that program will not open, I
23 don't think, in March or April. It will open sometime
24 later, and we'll address that in the rule once we
25 figure out how we're going to do this. So, there's a

1 lot of work to be done on that from our end at SBA.

2 The lower tier contracting proposed rule,
3 Congress basically says if you're a large business and
4 you're -- you have an individual subcontracting plan,
5 you're going to start being goaled and start counting
6 at lower tiers for subcontracts. In other words, right
7 now, when you do a subcontracting plan, you only count
8 the first tier, and that's what you report on. The
9 idea behind this is that there are small businesses
10 second, third, fourth, fifth tier that are
11 participating. Let's figure out where that makes sense
12 and how much is going on and start goaling people all
13 the way through, basically.

14 That comment period closed on December 7th, and
15 so we will take the comments and come up with a final
16 rule. I am not going to even predict on that one, but
17 that one will be easier. We didn't get a ton of
18 comments, maybe 14 or so. So, that is moving ahead as
19 well. That will require changes to the FAR, and that
20 will require system changes to ESRS, at least in my
21 opinion.

22 The fifth rule to update you on is a rule
23 around the HUBZone program, proposing to make -- change
24 some definitions, get some input on the clarifications
25 that need to be done. It also will incorporate changes

1 from the NDAA of 2016 around BRACs. You know,
2 basically, they made BRACs HUBZones, but a lot of firms
3 don't actually locate in the base; they locate around
4 it. So, they were trying to fix -- help base closures
5 by expanding it out to the community around the base
6 closure basically. So, that will be in the HUBZone
7 proposed rule that we're working on.

8 In the -- and then, so, in the NDA of 2016,
9 which was just signed on November 25th, the two things
10 I wanted to highlight that will be relevant to you, I
11 think, are the changes to the scorecard. One of the
12 things we do at SBA that we're -- you know, that we're
13 known for is setting the goals for agencies and
14 reporting on those goals, and right now we have a
15 scorecard that focuses 80 percent on prime contracting,
16 10 percent on subcontracting, and 10 percent on these
17 success factors that we do. And we do a -- we give
18 agencies an A, B, C, D, and we give a grade for the
19 Government as well. And that's how we've been doing it
20 for several years.

21 Congress has decided to change that and to
22 insert themselves into our scorecard methodology for
23 2017. The highlights are it limits our consideration
24 of prime contract goaling to 50 percent of the overall
25 score. Right now, it's 80 percent. And then the other

1 50 percent they're directing us to look at
2 subcontracting, and not just for small business,
3 because right now, your grade -- your grade, your 10
4 percent grade as an agency is just small business
5 overall. They want us to, you know, grade you on all
6 the categories as well, SDVO and HUBZone and SDB,
7 women-owned, and so forth.

8 The other two things that they mention in this
9 legislation are a participation evaluation. How many
10 awards has the agency made to all these types of small
11 business in a fiscal year compared to a prior fiscal
12 year? And somehow that will be part of how we score
13 your agency in terms of how is small business
14 participation going.

15 The concern is -- from the Hill, anyway -- is
16 that the number of awards has been going down, you
17 know, and so this is a way to kind of direct focus
18 towards opportunity and awards, and there's more to be
19 fleshed out. Obviously, there will be a lot of
20 discussions.

21 The second thing they wanted us to also examine
22 is number of awards -- subcontract awards to all these
23 types of businesses, and I'm not even sure that we have
24 the data to do that. I know for prime contracting, we
25 probably can pull this off somehow. For

1 subcontracting, I'm not sure what we're going to do
2 with that. And then they also said any other factors
3 we can come up with.

4 So, the scorecard will be changing for '17 for
5 those of you who are in government, and, you know, the
6 focus will be shifting a little bit to subcontracting,
7 making it a little bit higher value for agencies, and
8 then this participation idea that we're going to have
9 to figure out.

10 And then the last thing I'll mention is -- it's
11 a minor change, but it's relevant. In one of the prior
12 legislations, they wanted us to put prime contract
13 goaling into the performance plans basically of SES, to
14 make not just the procurement people but also the
15 program people with the money, to make that an
16 evaluation factor, if appropriate basically.

17 The legislation showed prime contract goals,
18 and so this change just says subcontracting as well.
19 So, those -- to the extent those things are being put
20 into SES plans to motivate consideration of small
21 business, it's not just prime contracting but also
22 subcontracting as well.

23 So, that's all I have for my update. I can
24 answer a question if there are any, or if not, I'll be
25 done.

1 MR. KRAMER: Thanks, Ken. Any questions or
2 comments or anything for Ken?

3 All right. Well, let's move on to our last
4 grouping, subcommittee grouping, which is the
5 coordination of federal support. So, before I turn it
6 over to Matthew, because this will involve OMB and then
7 the VSO reps, because it is the first day of school for
8 the VSO reps, and we're happy to -- when it's your time
9 to report, obviously the nature of your discussion may
10 be different, and maybe you're prepared today to talk
11 in detail, but even if you're not, we'd be happy to
12 hear from -- I mean, frankly, just a little
13 introduction to you and any particular interests your
14 organizations may have, and then also just a little
15 feedback of anything you might have heard today or
16 brought in today that you want to hear more about,
17 because as we do try to jump from this meeting to the
18 next meeting a quarter from now, at least of the full
19 group, it would be very helpful to know what particular
20 interests you all are literally bringing to the table
21 that we can make sure that we're working on.

22 So, with that, I will turn it over to OMB and
23 Matthew.

24 MR. BLUM: Thanks very much.

25 Just to start, I wanted to express my

1 support -- I thought Ralph did a great job in
2 summarizing some, I think, helpful ideas for how we can
3 be more impactful with each other over the next year
4 and beyond by organizing around recommendations,
5 closing existing recommendations or at least refreshing
6 them if there's something left to be done, and I also
7 like the idea of somehow evaluating progress.

8 I know we have a short period of time, but our
9 administrator is actually -- we are just celebrating
10 the one-year anniversary of a road map she put out in
11 transforming federal procurement, and it had a number
12 of deliverables, and so they may not all be green, but
13 there is some very good progress that I think we need
14 to acknowledge.

15 And to Tom's point earlier about the fact that
16 there's a lot of good things going on that sometimes we
17 allow myths to overtake, and this can help on that, and
18 as well for things where we do need to do more, I think
19 when we've heard at some past meetings some
20 frustrations by some of our loyal stakeholders, I think
21 that would also help to be clear that they know that we
22 understand that there's more progress to be made. So,
23 I think that that would be a good way to help us be
24 organized in our prioritization of issues.

25 Just in terms of what OMB has been focused on

1 since our last discussion, I'd put it in three buckets,
2 tools, rules, and communication. On the tools part, as
3 I mentioned earlier, we were very interested in having
4 GSA come over to talk about the VETS GWAC, and although
5 Chris didn't mention it, his office is also working
6 towards the renewal of the Alliant GWAC, which is
7 probably the largest, at this point, service-related --
8 IT service-related GWAC for some of the more complex
9 services, and I think that's going to have a vehicle
10 dedicated to small businesses as well. If I remember,
11 Chris, it has a \$15 billion ceiling on that contract.
12 So, between those two vehicles, a lot of opportunity
13 for small business activity.

14 I'll also mention, give credit to FAS. They
15 have been working, trying to respond to customer
16 concerns on the GSA schedules, which, as we all know,
17 account for about 10 percent of total federal spending,
18 to create a fast lane to help get companies onboarded
19 to the schedules faster, to revisit some requirements
20 that GSA has historically had on minimum corporate
21 experience, and to determine, you know, whether that
22 really is necessary, because that can be a pretty
23 difficult barrier for small businesses.

24 And lastly, in the pricing space, they issued a
25 proposed rule last year to rethink the use of the price

1 reduction clause which requires -- which is a rather
2 complex process that requires a lot of investment by
3 companies to be able to track the prices or the better
4 prices that they may be giving to their private-sector
5 partners when, in fact, there may be other ways in
6 which we can make sure that we're getting fair and
7 reasonable prices.

8 One, by just improving the visibility of sales
9 with our own federal customers and doing some subject
10 matter benchmarking up front. So, I think more to come
11 in this coming year in that space that I think can be
12 very helpful in making the schedules more attractive to
13 small businesses that our office, in OFPP, is very
14 supportive of.

15 And lastly on the tools part -- and I think I
16 mentioned this before, maybe this is something that we
17 can get the task force to help us get over the finish
18 line -- but two legislative proposals, in particular.
19 One, we would really like to see the simplified
20 acquisition threshold raised from 150,000 to 500,000.
21 The amount of activity within that 150 to 500,000 range
22 that goes to small businesses, probably about half of
23 it at least. So, there's an impact in terms of small
24 businesses currently having to have those acquisitions
25 treated as if they're multimillion dollar acquisitions

1 when, in fact, they really much more have the
2 characteristics of the smaller dollar transactions.
3 So, for companies that are already in the procurement
4 system, we think that increase can help in reducing
5 some administrative burden to the community.

6 Secondly, as for those businesses that are not
7 yet in the community, on the outside looking in, we had
8 come up with legislation for a pilot on an innovation
9 set-aside. An innovation set-aside works like a
10 set-aside, but the qualification would be that you
11 haven't done business within the last five years and
12 you're a -- with a preference towards small businesses.

13 Tom is 100 percent right, that, you know, you
14 have to have relationships and know your acquisition
15 program people and customers, but I suspect if you talk
16 to the PTACs, it's a very common occurrence where you
17 will find companies that have had some contact with
18 some programs, and the programs would love to get a
19 hold of them, but if they don't have a mechanism to get
20 into the system, you know, they're stuck.

21 So, the way that we've crafted this legislation
22 would be, at a minimum, to relax the competition
23 requirements for purposes of making this a business
24 development program, so it would be easier for an
25 agency, on a sole-source basis, for example, or to

1 compete against other businesses that are also new to
2 the Federal Government.

3 It lets them get their feet wet, get in the
4 door, and learn the -- you know, the program. It's not
5 designed to be anticompetition but, rather, to be kind
6 of a simplified business development program that would
7 compliment other programs that exist, not to replace
8 any. So, those two, we will definitely send them back
9 around to the group to see if we can get some support.

10 As you know, we're at the front end of this
11 coming year's NDAA, and it would be fantastic -- the
12 more positive thoughts that we can get on this, as well
13 as any sort of feedback in terms of making tweaks to
14 these, we would love your input.

15 On the rules part, I think that Ken did a great
16 job in identifying a number of the ones that, you know,
17 are priorities. I would just add that we are working
18 very hard with the FAR counsel to get a couple of the
19 Jobs Act pieces on subcontracting that you mentioned,
20 as well as the order set-aside rule, over the finish
21 line. The order set-asides, in particular, I think
22 remain a very important tool, including the use of
23 reserves, and some of the good work that SBA has done
24 in clarifying how reserves work I think means that when
25 we're using these bid vehicles, we can make sure that

1 we're maximizing opportunities to get work to the small
2 businesses.

3 I also would mention, we talked about overseas
4 contracting at the top of our discussion today. The
5 FAR counsel has opened up a case to allow for what I
6 think will basically be discretionary set-asides, so
7 that there are the tools that agencies can use to make
8 those awards overseas. And when I say "discretionary,"
9 I think at least at the beginning it's important that
10 we think about this.

11 If it's a mandatory set-aside, I think there's
12 concern that there may be some companies that might try
13 to protest decisions and say to companies -- to
14 agencies, rather -- DoD, State, and AID, most likely --
15 that, you know, you have to do business with me, when,
16 in fact, they really may not be suited -- if we know
17 they may be geographically but they are not well
18 situated, and we have gotten some feedback about
19 concern of how this will work. So, no final decisions
20 made, but I think having the tools will be a very
21 important part of meeting this important new change to
22 the goaling process.

23 And finally, with respect to communications,
24 Earl said -- at the very beginning, I think, emphasized
25 the critical importance and the value of being able to

1 take specific ideas that come from our stakeholders,
2 where they see challenges, and then you obviously --
3 you all play a critical role in going back and working
4 with the agencies, making sure they're paying
5 attention, and with some incentives along the way to
6 make sure it's timely and effective.

7 Well, with all of those thoughts in mind, in
8 the last year, as one of the key issues in our
9 administrator's road map, she issued what was called
10 Acquisition 360 -- I think I may have mentioned but
11 probably worth mentioning it again -- which is the
12 first transaction-based survey that we asked agencies
13 to give to their -- to their contractors as well as
14 bidders, unsuccessful bidders, to provide feedback on
15 their experiences on a particular acquisition, you
16 know, in terms of communication.

17 What was the level of responsiveness to
18 questions on the RFP? What was their experience if
19 they held an industry day? You know, what was the
20 quality of the debriefing? Any range of issues. We
21 have tried to come up with a standardized format so
22 that there's some consistency in the way that agencies
23 deal with this. It's not designed to punish agencies
24 and it's not designed to get, you know, agencies angry
25 or contractors or to replace the protest process, but,

1 you know, we have seen over and over again agencies
2 that do really good debriefings tend to find that they
3 do not get protested as much, and we think here, this
4 type of feedback is a very important lane that can help
5 agencies individually, even down at a very local
6 component level, make improvements.

7 And the reason why I mention it to the group
8 today is we started kind of in the testing mode, the
9 alpha phase, by asking agencies to focus on larger IT
10 acquisitions. I have been pushing my colleagues, and
11 with their support, that as we go into the beta phase,
12 in round two, that we look at activities that are
13 specifically ones that are small business, community,
14 or actively supporting.

15 We haven't formulated the specific way that we
16 would do this, whether we would ask for set-asides for,
17 you know, some types of IT support services or
18 counseling or professional services that are outside of
19 IT, maybe construction. If anybody has any thoughts on
20 that, we would welcome your input, you know, in product
21 service codes that we think might be particularly
22 effective and where it would be really beneficial for
23 our agencies to get that feedback.

24 Thank you.

25 MR. KRAMER: Thank you for that, Matthew.

1 So, at this point, I am going to turn it over
2 again -- why don't we just go down the row here.
3 Amanda, from the Military Officers Association, if you
4 would like to, you know, make some remarks.

5 MS. BAINTON: Hello, everyone. I am Amanda
6 Bainton from the Military Officers Association of
7 America. I want to just start by saying thank you for
8 allowing me to represent my organization and have a say
9 in this group. It means a lot. I'm really excited,
10 and I hope we can do a lot for the veteran community
11 and their families.

12 Just a little bit about MOAA in case you
13 haven't heard of us. Our primary focus is on
14 advocating for the military family. We really focus on
15 protecting these earned benefits, and not just for the
16 officer community, the entire military community, but
17 we also do a lot of other things. I'm a part of that
18 category, the "other things."

19 I'm in the Transition Department. I have been
20 there almost seven years, which is crazy, but we help
21 people transitioning out of the military find
22 employment. Like a lot of people here, we are very
23 engaged in that community, and we noticed a few years
24 ago that when the job market tanked, that
25 entrepreneurship was something that we were getting a

1 lot of questions about, naturally.

2 And we teamed up with VetFran because we
3 thought the franchise model was very -- something that
4 would be familiar to this transitioning group. And
5 since then, we've started to get more involved in this
6 space. I'm very excited to continue that. It's really
7 nice to hear about all of these initiatives that
8 everyone has, and I'm really excited to go back and
9 bring this information to our team.

10 We have a team of 11. We travel around the
11 country to different bases. We host events. We help
12 with claim development. We do quite a bit -- our goal
13 is to have a comprehensive transition program and help
14 all of those we can. Most of what I do is open to the
15 entire military community and not just officers or
16 members of our organization.

17 We do have 390,000 members, and we only have 90
18 employees. So, we're small but mighty, and really our
19 goals for 2016 is to really build strong relationships,
20 and I hope to build those with you all, and collaborate
21 on initiatives, because the last thing we want to do is
22 try to re-invent the wheel and do it in a way that
23 isn't as efficient as what you all are doing.

24 So, anything that I can do to support what
25 you're doing, I'm here, and I'm happy to answer any

1 questions.

2 MR. KRAMER: Thanks, Amanda.

3 So, Max then from the Naval Postgraduate
4 School.

5 MR. KIDALOV: Thank you, sir.

6 Good afternoon or good morning. Thank you very
7 much for having me. I'm Max Kidalov, assistant
8 professor of procurement law and policy at the Naval
9 Postgraduate School in Monterey California, here
10 filling the military organization slot representing the
11 Naval Postgraduate School.

12 I would like to first -- if possible, I'd like
13 to kind of give you a description of what NPS is and
14 our involvement with these -- with the programs and
15 activities within the purview of the task force and
16 then just provide you -- provide you with some updates
17 and potential -- some notes of potential collaboration
18 that have been discussed with me in prior conversations
19 previous to this.

20 So, the Naval Postgraduate School is a school
21 in Monterey California. It educates -- it has
22 statutory authority to educate uniformed members, both
23 active-duty as well as Guard and Reserve. It also
24 educates international officers and defense civilians.
25 We do educate civilians as well from DoD and other

1 federal agencies, and we also have a limited authority
2 for defense industry participants.

3 The school itself is composed of four schools.
4 So, schools that deal with the sciences, the hard
5 sciences, and schools that deal with public policy-type
6 issues. So, I'm in the business and public policy
7 school.

8 Within my school, we have traditional business
9 education. We also have public administration. So,
10 the school is duly accredited. And we provide -- we
11 educate, at least in my work, we primarily focus on
12 contracting folks, both active-duty as well as
13 civilians, primarily active-duty.

14 So, they come to us through resident classes
15 mostly. We have some distance classes. We also have
16 some programs. And then we have some additional
17 education programs that we do through seminars or
18 certificates and things like that.

19 And as part of the charge of the school, which
20 is defined, of course, by our statute and instructions,
21 we exist to provide three things for the Navy and DoD.
22 We provide teaching, we provide research on topics of
23 national security, and we provide service in terms of
24 academic advice and professional expertise to
25 committees such as this.

1 So, I'd like to now touch on the issues that
2 are of interest to everybody here, which is counseling,
3 capital, contracting, and other things such as this.
4 So, our involvement with these, we conduct a number of
5 educational programs, as I mentioned already. So,
6 contracting officers -- current and future contracting
7 officers, program folks and other folks in the
8 acquisition community, when they come to NPS, they get
9 education about the veterans contracting programs.

10 And so that is something that they -- they
11 listen. We do exercises. I teach them. I teach a
12 government contracts law class. They learn about
13 veterans. They learn about set-asides. They learn
14 about certifications, all of that. And so that is a
15 topic of interest very much to these students.

16 And then, of course, they -- they get to leave,
17 and then their next -- you know, the next day, they're
18 already there making decisions, applying these things.
19 So, that's -- that's one.

20 The other is we also have some broader courses
21 related to entrepreneurship and general business
22 issues, and so students there, they learn general
23 business, general finance-related issues.

24 We also, of course, as an installation, we host
25 a number of transition programs. So, we host TAPP. We

1 host -- we just hosted the Military Officers
2 Association doing a -- doing a seminar. And so our
3 students are interested in that. We have had some very
4 interesting things that have come up out of the school.

5 We have had -- we had a former student going on
6 Shark Tank, and he and his other students, as part of
7 their -- as part of their thesis work, developed a
8 business plan that was for a noncaffeinated energy
9 shot. So, coffee is good, but, you know, they have
10 developed a noncaffeinated one, which they presented on
11 Shark Tank. Now it's a -- now it's a viable company.
12 So, there are -- there are practical opportunities like
13 that that have been -- that have been produced.

14 A number of our students are conducting thesis
15 research programs. They're all required, when they
16 finish, to have some form of a -- it's either going to
17 be a thesis or a project, depending on the type of --
18 the type of master's degree that they get. So,
19 students are always looking for topics, and from the
20 faculty are looking for research topics.

21 So, from the standpoint of different issues, I
22 heard Ralph, for example, talk about data that's
23 available. I heard others around the table talk about
24 data, talk about contracting trends, talk about
25 training trends, business startup trends.

1 There is a very willing and able and excited
2 population of students who need research to do, and
3 they are there, and so I am hoping that there would be
4 some opportunities and some topics that certainly
5 students can look at.

6 And finally, I do want to touch on faculty
7 research. There have been -- there have been faculty
8 research as well as faculty-student research related to
9 veterans -- different veterans topics related to
10 veterans transition.

11 My particular area of expertise and background
12 is in procurement. I previously served for three years
13 at the Senate Small Business Committee as counsel to
14 Senator Snowe, with procurement and contracting and the
15 veterans contracting programs under my purview. And
16 then I got to NPS and I found that I still get to do
17 the same -- the same thing and try to improve it, now
18 as an academic.

19 The Secretary of the Navy's office, Admiral
20 Crean, who was the small business director and is now
21 at the SBA, had designated me as principal investigator
22 at the time for a series of studies. One of the
23 studies that we have done is on veterans contracting at
24 the Department of the Navy and the Department of
25 Defense.

1 It's something that I've done with one of my
2 former students, who is also a contracting officer -- a
3 contracting specialist at the school, and we have
4 looked at issues such as goal achievement, we have
5 looked at issues such as participation, which is a
6 subject of discussion and congressional interest, as
7 was noted, and we have looked at issues related to
8 simplified acquisition.

9 I would -- we have briefed this study. I would
10 be happy to provide a further briefing, perhaps at the
11 next meeting, on the -- to the task force on it. We
12 are getting ready to brief it to additional folks
13 within the Department of Defense. We did brief it to
14 Admiral Crean. So, he came out to Monterey last year.

15 So, a number of opportunities for potential
16 involvement and collaboration. I did ask -- I asked my
17 president and my dean if there were any specific topics
18 they wanted me to raise. They didn't -- they didn't
19 have any, but I am hopeful I can take topics and issues
20 from here, take it to them, and hopefully we can have a
21 good, productive, long-term partnership established.

22 Thank you very much, and I'll be happy to
23 answer any questions.

24 MR. KRAMER: Okay, thank you.

25 Victor?

1 MR. KLINGELHOFER: Yes. I'm Victor
2 Klingelhofer. I'm here representing the Vietnam
3 Veterans of America, and I'll be very brief.

4 Obviously, our primary purpose in participating
5 is to help support SDVs, SDVOSBs, and VOSBs in federal
6 contracting in general. I'll just touch on two of the
7 areas that we are specifically or particularly
8 interested in.

9 The first of these is to make sure that SDVOSB
10 contractors are given the same opportunity as other SBA
11 program participants in federal contracting. An easy
12 example of this is the fact that while 8(a) and
13 women-owned small businesses are going to -- to some
14 extent are going to be given or have opportunities for
15 sole-source contracting, the same does not apply to
16 SDVOSBs, and we would be interested in leveling the
17 playing field here.

18 Obviously, the easier you make it for a
19 contracting officer to award a contract, the easier it
20 is for the program participant to get a contract. So,
21 that's one of our -- one of our concerns.

22 Another concern is -- that we've been seeing
23 involves the strategic sourcing that is going on now,
24 and we believe that the use of strategic sourcing is
25 actually depriving or greatly reducing the number of

1 veteran-owned small businesses and service-disabled
2 small businesses in federal contracting.

3 I mean, basically, where you have people
4 supplying VA hospitals, for example, in certain areas
5 of the country located around where they are, you know,
6 it's greatly reduced if you have two, I think, or three
7 SDVOSBs across the entire country who may or may not
8 have all the same products that are currently being
9 provided at -- and we wanted to look into that more,
10 because I think it's not being used appropriately.

11 And with that, I'll pass.

12 MR. KRAMER: Great. Thank you.

13 Davy?

14 MR. LEGHORN: All right, thanks. Good morning,
15 everyone. I, too, will make this brief.

16 A lot of you folks already know about the
17 American Legion. We are the largest wartime veteran
18 service organization. We are, I think, the largest
19 brick and mortar VSO, with a substantial small business
20 focus, and advocacy, counseling, and events.

21 I am just going to cherry-pick some of the
22 stuff that we're really interested in policywise. Of
23 course, as Victor said, we, too, are interested in
24 parity in veteran federal -- excuse me, federal
25 veterans programs. We're interested in the agencies

1 meeting their 3 percent goals, and we're also
2 interested in seeing that veterans' entrepreneurship
3 programs are funded adequately.

4 That's really about it. I was wondering if we
5 had time for some questions. I had a lot of questions
6 for the guys as they were moving down the row.

7 MR. KRAMER: Why don't -- because we are
8 running up against -- I think most people will stick
9 around a little bit afterwards if you want to ask
10 questions, but if you want to put some comments out
11 there that sort of tease those just so we have a sense
12 of what some of that interest is, so that -- you know,
13 because this is not the end of the process. The
14 process will go forward.

15 MR. LEGHORN: Okay.

16 MR. KRAMER: So, if you would want to, you
17 know, maybe hit a couple of those subjects, that would
18 be helpful.

19 MR. LEGHORN: Yeah. One of the things I was
20 really happy to hear came from Matt. You said that you
21 were going to raise the simplified acquisition
22 threshold from 150 to 500K, and I think going with
23 that, we've really got to look at increasing the number
24 of PCRs we have, because if we're increasing the amount
25 of the activity that's going to be in that field, that

1 will fall under that and be reserved for small
2 businesses, I mean, the PCRs are first-line advocates,
3 and right now, they're not even looking at FFSI
4 contracts, and that's a change that we would like to
5 see.

6 MR. BLUM: Let me just comment on the first
7 part. I wish I had the authority to raise the
8 simplified acquisition threshold, and I'm not -- so,
9 but we have to work with Congress to persuade them, and
10 I hope that, you know, with the good sentiment that you
11 have there, that we can maybe figure out how this task
12 force might help to -- even through examples and
13 whatnot, and we've tried to put some out there, but do
14 more.

15 In terms of the resource, I will have to --
16 really have to defer to my good colleagues at SBA who
17 manage the program, but definitely understand that we
18 want to make sure, when the opportunities are out
19 there, that we have, you know, advocates that
20 (inaudible).

21 MR. LEGHORN: Okay. Well, Ken, would you be
22 opposed to having more PCRs?

23 MR. DODDS: No. No, we would not. Of course,
24 we could always have more. I do think we're hiring
25 ten. I think we've recently put out an announcement to

1 hire ten across the country. I mean, you can never
2 have enough.

3 MR. LEGHORN: Right.

4 MR. DODDS: Every agency has the same budget
5 problems. We're smaller than DoD, but we have the same
6 budget issues, but we are moving forward on that.

7 And if I may, since I opened up the mic, I just
8 want to clarify, you do have a sole-source authority
9 for the SDVO program that's on par with HUBZone and
10 women-owned, and it's limited on the value of the
11 contract, and it's also -- after market research, if
12 you can't find two, you can do it. So, it's parity
13 between those three programs. It's not like 8(a),
14 where you have to go sole source below those values.
15 So, there's -- just as a point of clarification before
16 we move forward.

17 MR. KRAMER: Anything else?

18 MR. LEGHORN: (Off mic.)

19 MR. KRAMER: Okay, good.

20 Well, let me sort of wrap up. We have gone up
21 against our time here. I think we have had a lot of
22 good information today, but let me sort of try and wrap
23 up quickly on three different points, if I could.

24 So, first of all, I did promise sort of a new
25 way forward, and I think -- you know, I think Ralph hit

1 it out of the park pretty early, because I think it was
2 in line very much with what I was thinking, and I think
3 it was reinforced as we went around the table.

4 I think the subcommittee process, frankly, has
5 not worked. They're not active things. I think
6 they're groupings for reports for this meeting and
7 that's it. So, I very much had agreed, even before we
8 walked in, even though he put some ornaments on that
9 tree -- it is the season -- that I liked as well, of
10 really maybe even centering our work around the
11 recommendations, both the existing list of
12 recommendations, evaluating where we are with those,
13 what we think about moving forward with those, maybe
14 refocusing, and then coming up with a new list, some of
15 which may have incumbent ones and then maybe some new
16 lists of recommendations, with then -- and I thought
17 this was a great idea, because it serves my other
18 purpose as well -- not only have those recommendations
19 but then a set of metrics or standards by which we
20 would monitor performance over the course of the year.

21 My sense is, if over the next couple of
22 meetings -- the next meeting maybe even being focused
23 on a review of the existing recommendations and then
24 sort of opening the door to some big think about what
25 new recommendations might be, and I think I started at

1 least ten of those in the notes from today's meeting,
2 to sort of figure out where we -- what we feel about
3 the existing recommendations and open the floor to a
4 discussion of new ones, so that by our meetings this
5 summer and then next fall, we can come up with a new
6 list of recommendations, a way to track those, and that
7 then provides the sustainability point that I've been
8 concerned about as well.

9 So, I am going to propose that. If anybody
10 wants to sort of provide additional comments on that or
11 suggest another way, I'm sort of open to it, but seeing
12 mostly nodding heads around the room, I think that's
13 sort of what we will propose.

14 You know, once we sort of do the initial step
15 of getting the '14-'15 report out for comment, we will
16 then follow up with some draft materials that sort of
17 put us on that recommendation track for all of your
18 comments and reviews.

19 Secondly, I also want to provide the comment,
20 in response to some of the comments made today, listen,
21 I think we all acknowledge and I have seen firsthand
22 that doing small business contracting for a lot of
23 government agencies can be difficult work, but it is
24 something that we are doing in a very creative way
25 across the Government, and I want to make sure

1 everybody sort of hears this message.

2 I think what we're hearing from GSA on the
3 GWACs, you know, you mentioned the Joint -- Jim
4 mentioned the Joint Strike Fighter, and I had the
5 opportunity to go to Fort Worth and see what that
6 production line -- and it's a massive production
7 line -- looks like, and to be brief, because I was sort
8 of wondering why I was going there, but to see all the
9 different small businesses that are providing the exact
10 countermeasures and sensors and all that you talked
11 about shows how something that from the outside you
12 might see as an impossible task for inclusion of small
13 business in government contracting is something we've
14 made work.

15 And I'll also say when I was at USAID, in a
16 multibillion dollar drug supply contract that would
17 cover the entire continent of Africa, I was a bit
18 surprised when the OSDBU came in and pitched a part of
19 that for small business, but it was done quite
20 effectively. And so even in some of the most complex
21 areas of government contracting, we are able to make
22 small business contracting happen well, and so I think
23 there continues to be opportunity, even in the toughest
24 areas, for us to do that.

25 But it doesn't happen without people and people

1 dedicated to this cause, and so I appreciate everybody
2 for your time today, but I want to call out two people
3 before we go. The first again is Barb Carson. I
4 forgot at the top that this is the first meeting that
5 Barb has been at where she was officially named
6 Associate Administrator for our Office of Veterans
7 Business Development.

8 I -- when I started here, Barb was in that role
9 in an acting capacity, and I always just assumed she
10 had the job, and it was a couple months later until I
11 realized we hadn't gotten around to making that formal.
12 So, thanks to Barb and congratulations to Barb.

13 And then secondly, I mentioned it more before,
14 but I want to just very briefly sort of hit on it as
15 well, this is Ralph's last meeting. Ralph has been
16 here -- a part of this task force only for a limited
17 time but has had an outsized influence, and I think
18 today everybody sort of saw that. I think he has given
19 us a course for the next year to make this a very
20 productive task force.

21 So, personally, I wanted to also make sure that
22 we thanked Ralph as well for his time and wish you well
23 on into retirement. So, thank you, Ralph, for your
24 time.

25 (Applause.)

1 MR. KRAMER: It is your first day of school.
2 The VSOs have to stay after school just briefly to talk
3 to the Office of General Counsel about standards of
4 conduct. It should be a pretty brief briefing on that.

5 And I want to make clear for everybody, our
6 next meeting is currently scheduled for March 10th, and
7 so hopefully we will have some work done before then,
8 but I appreciate everything that you did today. So,
9 thank you very much.

10 (Whereupon, at 11:51 a.m., the meeting was
11 adjourned.)

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