

SMALL BUSINESS ADMINISTRATION
INTERAGENCY TASK FORCE ON VETERANS
SMALL BUSINESS DEVELOPMENT

PUBLIC MEETING

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9:30 a.m.

Eisenhower Conference Room
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MEMBERS PRESENT:

Barbara Carson, Deputy Associate Administrator,
Office of Veterans Business Development, SBA

Craig Heilman, SBA

Kenyatta Wesley, Department of Defense

Sarah Wolek, Department of the Treasury

ON THE TELEPHONE:

James F. Wilfong, VET-Force

Ruth Maria Samardick, Department of Labor

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

2 I. OPENING REMARKS FROM BARBARA CARSON

3 MS. CARSON: Good morning. I hope that our
4 gathering grows in the next few minutes. I'm Barb
5 Carson from Small Business Administration, the Office
6 of Veteran Business Development. And I'm joined today
7 by Sarah Wolek.

8 Would you like to introduce yourself, please?

9 MS. WOLEK: Sure. I'm Sarah Wolek. I work at
10 Treasury, in the Small Business Community Development
11 and Affordable Housing Office, specifically covering
12 small business, on my end.

13 MS. CARSON: Thank you. And on the phone,
14 from Department of Labor, we have Ruth Samardick.

15 Ruth, can you introduce yourself, please?

16 MS. SAMARDICK: (No response.)

17 MS. CARSON: Okay. Let me see if I still have
18 the conference line.

19 Jim Wilfong, are you on the line?

20 MR. WILFONG: (No response.)

21 MS. CARSON: Okay, one moment. Let me see if
22 I can make this work. I apologize, just a moment.

1 (Pause.)

2 MS. CARSON: Okay. We will work to get those
3 members on the line from VET-Force and from Department
4 of Labor. However, we are not at quorum today, as we
5 do not have DoD, OMB, Veterans Affairs, GSA, or
6 American Legion with us. We do want to continue,
7 because there is some important information and updates
8 that we would like to share with you, and looking ahead
9 into Fiscal Year 2015, what the interagency is doing
10 for small business, and veterans, in particular.

11 I would like to start with Geoff Orazem, who
12 is here from Eastern Foundry. Eastern Foundry -- and
13 he will describe it further -- is an incubator for
14 government tech contractors, addressing the gap that
15 exists for many veterans, small business owners, who
16 want to participate in opportunities to get better
17 procurement.

18 So, Geoff, if you don't mind --

19 MR. ORAZEM: Sure.

20 MS. CARSON: -- I would love to turn it over
21 to you. If you could, describe your unit and what
22 we're trying to address.

1 II. GEOFF ORAZEM, EASTERN FOUNDRY

2 MR. ORAZEM: Of course. Looking out in the
3 audience, I think I see everybody from yesterday. And
4 so, I think, Sarah, you might be the only person who
5 hasn't heard my discussion from yesterday. So this
6 feels like super formal, being across the -- I feel
7 like we should be at Starbucks.

8 (Laughter.)

9 MR. ORAZEM: But, you know, I'll just jump
10 right in.

11 So, Eastern Foundry, we're an incubator for
12 government contractors. And this really came out of
13 our own -- my founding team's experience trying to
14 break in to the government contracting space. We're
15 all veterans. Some of us lived in HUB zones. We were
16 -- we had great capabilities, credentials, coming out
17 of the military, coming out of other private --
18 professional pursuits, schooling, but we just couldn't
19 get our foot in the door.

20 And it was incredibly frustrating. I think
21 there is a perception that, you know, the U.S. supports
22 small business, the U.S. supports veterans, veterans

1 are a preferred, set-aside class. Surely we will get
2 contracts quickly, given that we know how to do the
3 substance of the work being requested. And what we
4 found was, actually, it really wasn't the case.

5 There is just a tremendous volume of
6 regulatory requirement that comes when you do a large
7 or small government contract. And we just weren't
8 prepared to handle any of it. There was the -- just
9 getting registered, getting your set-asides in place,
10 understanding all the systems you had to get involved
11 with, and then understanding the structure and nature
12 of government contracting was fairly bewildering,
13 especially when you're trying to do this and hold down
14 a full-time job during the day.

15 So, even after we got through that -- and it
16 took a couple months to sort through kind of the -- all
17 the individual pieces, the different elements we had to
18 comply with -- we found that the real barrier for our
19 entry lay in our relationships, or lack thereof. We
20 were all frontline infantry officers, intelligence
21 officers. We didn't have the relationships with
22 program managers, contracting officers, people at the

1 primes, people within agencies that would open a door
2 and take a chance on us to get our first piece of work.

3 So, we reflected on that a little bit.

4 Frankly, we were frustrated at first. And we realized
5 that there were actually -- we were having the same
6 experience a lot of other small businesses, both
7 veteran and non-veteran, owned.

8 So, we changed our business model to, instead
9 of trying to do the government contract, trying to
10 create a system where other people could, more
11 successfully. And that's Eastern Foundry.

12 So we looked back at the things that we
13 thought were the prime barriers to our success, and
14 we're looking at it threefold. It was having a space
15 where we could invite our customers in, having the
16 infrastructure in place. The second one was
17 informational. How do we know all of the things that
18 we need to comply, with all the activities we need to
19 do? And the third was around business development.
20 How do we get that foot in the door at a DoD or at a
21 Booz Allen? What does it take?

22 So, the space is relatively straightforward.

1 We now have 21,000 square feet in Crystal City, 70
2 offices, conference rooms, Internet, phones. Kind of
3 what you would expect to see in any other office
4 environment.

5 We also have 28 companies there at this point,
6 which feeds into the second point around information.
7 And because we just work with small government
8 contractors -- and right now, specifically those in
9 tech, although we do hope to expand outside of tech
10 within a few years -- we have -- the amount of
11 community-driven information-sharing is really
12 tremendous.

13 So if you just sit in our kitchen during
14 lunch, you will hear people asking questions, sharing
15 experiences, giving each other the knowledge they need
16 to get their businesses forward.

17 And, similarly, kind of dove-tailing that into
18 the business development side, as a small business --
19 you know, it's called a 4-person, 10-person shop -- you
20 might have one relationship, collectively, with a
21 person that will open a door for you, that will give
22 you a task order on your first contract. But as a

1 community of now about 105, 110 people, we have dozens
2 and dozens of those sorts of relationships. So it
3 makes it much easier for a small business to say, "You
4 know what? I really want to work with Air Force, and
5 specifically I want to work in this box. Do we know
6 somebody here?" As a community, we probably do. It
7 makes it much easier for us to start slotting and
8 moving people in.

9 So, that's sort of the community piece of it.
10 And that's also paired off with a lot more formal
11 education. So as soon as this over, I am running back
12 to the shop. We've got a lawyer coming in to give a
13 class on bid protests over lunch. So that was just a
14 -- that was the class that was voted on, that was
15 nominated then voted on by the community as the topic
16 they wanted to have this week. And each week we've got
17 another topic. So last week was GSA
18 schedule/application process. And this is just a
19 ongoing, more formalized knowledge event.

20 And this is all free. This is all part of the
21 rent that comes -- that you pay to be part of the
22 community. You pay for -- basically, you pay for the

1 real estate, and all of these things come with it.

2 And second -- then the last piece of it is a
3 little -- kind of the formalized version of this
4 organic, business development, community building is
5 that, because we're now at -- I think we're at 28 small
6 business, we're quickly becoming the easy button for
7 big primes. So, instead of a prime, when they need an
8 extra ADA or veteran-owned, or maybe a cyber security
9 firm, instead of having to reach out to the broad
10 Internet to ask, you know, "Who is out there," having
11 to sort through capability statements, having to assess
12 whether or not these people actually -- can they do the
13 reporting, will they be able to hold -- the proposal
14 process. They say they've got 10 system
15 administrators, but do they really?

16 Instead of having to sort through that fog,
17 that heavy transaction cost that comes from being
18 remote, they can just show up. They can call us up and
19 say, "We want to meet all your cyber firms," or, "We
20 want to meet all your veteran-owned firms." "Here they
21 are." And it facilitates the engagement between our
22 smalls and our primes.

1 So, that's what we're all about. And so,
2 that's sort of the 30,000-foot overview. We're doing a
3 lot of tangential activities around government
4 certification to, again, reduce transaction costs,
5 going forward. We're doing a lot around veterans
6 education, because we see a lot -- we have a lot of
7 demand coming out of our big prime clients to help them
8 with their augmentation contracts, especially in the
9 cleared space.

10 So, because we're in D.C., we're surrounded by
11 separating veterans with clearances and technical skill
12 sets. We've seen a real opportunity and a demand on
13 both sides to try to give them the upskilling to take
14 them from their MOS school training to be able to get
15 that delta, to get them the certification that an
16 Accenture needs, or Booz needs, to swap them into a
17 Department of Treasury contract.

18 So, those are all kind of the -- sort of -- I
19 don't know what you call this, the aura, the other
20 activities around it. The core is this small business
21 support network.

22 So maybe I will just pause right there and see

1 if you have any questions.

2 MS. WOLEK: Yeah, that actually sounds really
3 thought-through, in terms of sort of the needs that
4 folks on the government side would have.

5 I'm just curious. Given -- it was -- the
6 impetus to start this was because making inroads was
7 difficult in the government? How did you all start it,
8 anyway, to get funding for something like this? Was
9 that also a government funding to start the incubator?

10 MR. ORAZEM: Yeah, we --

11 MS. WOLEK: Because there are those programs.

12 MR. ORAZEM: So, funny enough -- don't want to
13 air dirty laundry, but we applied for the SBA Challenge
14 Grant for incubators, and we didn't win. So can't tell
15 you why, never found out why. But no, so we were
16 entirely privately funded. And what's really allowed
17 us to do that is we got a tremendous contractor,
18 tremendous lease offer from Vornado in Crystal City.
19 Their CEO really saw the opportunity and the way that
20 we were bridging the gap between Crystal City as a
21 historically --

22 (Meeting is interrupted by chatter on the

1 phone.)

2 MS. CARSON: Jim, thanks for joining us.
3 We've just listened to a presentation from Eastern
4 Foundry, and we're answering a couple of questions.
5 I'm sorry you couldn't hear before that time.

6 Excuse me for a moment, Geoff. Did you get to
7 finish answering?

8 MR. ORAZEM: Basically, we just got a really
9 -- Vornado worked very closely with us, because they
10 saw that we were sitting at the intersection of Crystal
11 City's old life as a -- not old life, but an extension
12 of where they have been, servicing the government
13 contract community, and the new way they want to take
14 Crystal City, which is as a technology and innovation
15 center. And because we straddle kind of the old and
16 the new, Vornado was extremely interested in getting us
17 in, and they gave us a really tremendous deal that
18 allowed us to finance just through friends and family.

19 MS. CARSON: Thanks for coming and talking
20 with us.

21 MR. ORAZEM: Thank you.

22 MS. CARSON: Ruth and Jim are going to ask you

1 to introduce yourselves, so the group here can know who
2 has joined us. So go ahead, Ruth.

3 MS. SAMARDICK: This is Ruth Samardick at the
4 U.S. Department of Labor, Veterans Employment Training
5 Service.

6 MR. WILFONG: This is Jim Wilfong. I'm with
7 VET-Force, and a member of the task force.

8 MS. CARSON: Thank you. And Department of
9 Defense has joined us. Go ahead and introduce
10 yourself, please.

11 MR. WESLEY: I'm Kenyatta Wesley. I'm the
12 Deputy Director for Department of Defense Small
13 Business Office.

14 MS. CARSON: Fantastic. Thank you very much.
15 We are about to listen to some information from Linda
16 Rusche, who is in charge of SBA's Office of Financial
17 Assistance. I am getting her slides up right now.

18 And she has been kind enough to spend time
19 with me over the last month, really digging into data
20 on veteran lending, access to capital. And I'm really
21 grateful she's here to join us.

22 MS. RUSCHE: Did you want me to stand, sit, or

1 mic?

2 MS. CARSON: If you want to be here, and we'll
3 get your slides up.

4 And if you'd like a copy of any of the
5 presentations today, please get in contact with Cheryl
6 Sims, who is here in person. We will have your email
7 address and send it to you, as well.

8 (Pause.)

9 III. LINDA RUSCHE, DIRECTOR OF FINANCIAL ASSISTANCE,
10 CAPITAL ACCESS

11 MS. RUSCHE: Thank you very much. I'm Linda
12 Rusche. I'm the director of our loan programs here, at
13 the SBA. I have brought with me today Chimene Okere
14 down at the table, and either one of us can provide you
15 with information, as well as Chimene has some of my
16 business cards. He can also give you his email, as
17 well. So, whatever we don't follow up with at this
18 immediate meeting, you can certainly get back with us
19 later on today, or next week, or whenever you feel like
20 it, and we can provide you additional information.

21 I appreciate the opportunity to share with you
22 a little bit about our finance programs today, and how

1 we have tailored some of their initiatives, and some of
2 their features to the veteran community. We know that
3 we owe a debt to our veterans which we cannot repay.
4 But in a small way, we hope at the SBA we can identify
5 some reduction of barriers to assist them in becoming
6 entrepreneurs, if that is the approach that they wish
7 to take as they are leaving the service.

8 Since the start of this particular
9 administration, we have facilitated over 300,000 loans,
10 totaling over \$125 billion to American small business,
11 and we have seen a specific increase in our small loan
12 size. We think this small loan size, loans of \$150,000
13 or less, may be a particular area in which we can
14 provide and facilitate additional credit for veterans.

15 We have seen a doubling of the veterans loan
16 volume from 2009 to 2011. However, most recently we've
17 seen just a touch of a decline, and we have talked a
18 great deal with Barbara and her crew here at the SBA
19 about those reasons.

20 Actually, our overall loan delivery is
21 slightly less in 2014 than it was in 2013, and you can
22 see that on our present slides. That is primarily a

1 structural issue of a difference between two major
2 programs that we have. We call them 7(a) and 504. And
3 that's simply because that's where they are in our
4 statutes.

5 7(a) is the garden-variety loan program.
6 Lenders make the loan, SBA guarantees up to 50, 75, or
7 85 percent of the repayment risk, based upon the
8 lender's estimate of the business success. We're not
9 guaranteeing the lender's potential mistakes; we're
10 guaranteeing the actual enterprise risk of the business
11 not being able to survive. And that's a garden-variety
12 loan, 7(a).

13 The 504, our other large loan program, is a
14 shared participation fixed asset financing program, and
15 it's had some particular structural problems with it
16 that we were working to resolve this year, and that's
17 caused a decrease in its volume, coupled with the fact
18 that we presently cannot do refinancing in it yet.
19 During our Recovery Act years of '09 and '10 and '11
20 and '12, we were allowed to provide refinancing of real
21 estate and fixed assets in the 504 program.

22 That provided a huge additional increase in

1 credit of a fixed, low-interest rate for our customers,
2 our small businesses. And when that sunsetted in 2012,
3 we did see a decline in that program. And that's why
4 you see a little bit of a drop-off in the actual
5 general volume.

6 But you see a little bit larger drop-off in
7 our veteran delivery of those same credit programs.
8 And we, again, are speaking in great detail with
9 Barbara and her crew, to see if it's something that we
10 need to structurally consider changing, or if perhaps
11 this may be in part because we're seeing a general drop
12 in the volume of veterans, relative to the inflows and
13 outflows.

14 We have a large population of what you would
15 call the Greatest Generation veterans, and those from
16 perhaps the era of the early 1950s who are gradually
17 retiring, or are no longer with us. And they are not
18 being replaced at as high a volume in numbers as those
19 coming out of the more recent conflicts. So there is
20 some net effect of just numbers, but we're seeking to
21 find other barriers, if they are, and identify and
22 address those barriers.

1 Recently we have taken a couple of steps that
2 we believe are very helpful to reduce those barriers,
3 particularly in that program that I call the 7(a), the
4 garden-variety loan program. We have zeroed-out our
5 fees for very small loans, and we have engaged in a
6 credit scoring quicker process, which will reduce the
7 cost for our lenders, and improve their willingness to
8 engage in those smaller loans, many of which are
9 managed by the veteran -- and utilized by veterans.

10 The credit score strategy that we have adopted
11 is taking a process using business credit scoring, a
12 fairly new feature to business commercial lending, and
13 applying it in such a way that, for loans of \$350,000
14 or less, an abbreviated credit memo is required of
15 lenders, along with pinning our system for an
16 acceptable credit score. In many respects, it's very
17 similar to the kind of credit score that you understand
18 as a personal credit score. Many of you may get it on
19 your credit card bill every month, and know where you
20 stand.

21 This is another version of a behavior-based
22 credit scoring system that allows a lender to

1 abbreviate its credit process. This is a little bit of
2 the weeds that you're seeing on this slide, as well on
3 the next. But, ultimately, understand that what we are
4 describing and marketing to our lenders is that a
5 reduced amount of process will reduce the cost up front
6 that the lender is engaging and, therefore, make
7 lenders more willing to engage in the smaller loans.

8 Time is money. Process is money. And the
9 lender always needs to be encouraged to streamline
10 their processes to deliver these smallest loans. But,
11 as the slide is showing right now about unacceptable
12 credit scores, we also have provided a safety valve for
13 this process.

14 We are not intending to become a "score-and-
15 go, or we're not going to talk to you" kind of agency.
16 So, even though we have streamlined the stronger
17 applicants into a quicker, cheaper, easier process, the
18 lenders still have the option, if they have a really
19 strong individual -- a great applicant, potentially a
20 veteran, they can come to us under one of our regular
21 processes, as described in this slide, and obtain a
22 loan for a credit-worthy applicant, even in those

1 instances where the business credit score isn't above
2 the threshold that we have identified, meets our
3 reasonable risk tolerance.

4 And that's very possible with someone coming
5 right out of the military, who may not have a long-term
6 credit history because they haven't been involved in
7 the consumer world in which we live, because they've
8 been somewhere overseas, engaged in other activities.

9 We also have developed some fee enhancements,
10 what we call "fee relief," for our small customers.
11 And some of them this past two years are also targeted
12 very specifically to veterans.

13 Now, for our entire population of 7(a) loans,
14 we have basically waived both our up-front fee and our
15 ongoing fee for loans of smaller than \$150,000. That
16 means the one-time pay-at-the-beginning guarantee fee,
17 which is generally assessed to the loan borrower, has
18 been waived. And also, the ongoing premium, so to
19 speak, that our lenders pay annually -- an assessment
20 for the lender, not the borrower, but the lender --
21 that has also been waived, both for 2014, and continued
22 into 2015. And that fee has -- reduction has allowed

1 lenders to be more engaged in the smallest credits.

2 We also had a fractional reduction in the
3 charge of that ongoing fee. That's the second bullet
4 on this particular slide. It was a fairly small
5 change, from 52 to 51.9. So it's -- but that, again,
6 is the lender fee paid.

7 Specifically for veterans both last year and
8 this year, we have been waiving fees on loans up to
9 \$350,000, the up-front applicant fee, if the loan is --
10 the applicant is a veteran. And what that means is the
11 up-front fee is less for the on-boarding of the loan.

12 But this year we've been able to expand that
13 beyond that \$350,000 threshold, and beyond the limits
14 of our express loan program, which is only a 50 percent
15 guarantee. We now can provide a fee reduction of one-
16 half of the total guarantee fee on loans of up to \$5
17 million, our maximize size, when the loan applicant is
18 a business owned by a veteran.

19 And the final comment I would make about that
20 is that we have also enhanced our definition of who is
21 a veteran. It is, obviously, the veteran, him or
22 herself. But also, spouse, widows, widowers, and

1 dependents of the veteran.

2 So, if we have a veteran that perhaps is
3 looking to be hired by someone, but has a spouse, or a
4 veteran who is traveling from place to place in the
5 latter stage of their military service, and the spouse
6 is finding that going to the five different cities
7 makes it very difficult to have a job, but fairly easy
8 to have a self-employed small business, perhaps, that
9 you use using the Internet, those individuals are also
10 eligible for this veteran benefit. So, we're hoping to
11 capture not just the individual veteran, but that
12 community of close people who are affected by the
13 service of that individual.

14 And, finally, our sort of brand-new excitement
15 that we intend to be rolling out some time around March
16 of next year is SBA-1. This is our version of -- we've
17 called it sort of the TurboTax on how to apply for a
18 loan, but I also like the acronym of it's the "easy
19 button," how to get to a 7(a) loan. This is our new
20 software platform that will engage with our existing
21 systems, and make it much simpler and one-stop for our
22 lenders to access our internal record system, and make

1 application on behalf and with the cooperation of their
2 borrowers -- make it much simpler to apply for, receive
3 approval, book, close, and then manage their loan
4 records, all within a system that operates much the
5 same way as many of those we already deal with in other
6 areas.

7 So, we're very excited that SBA-1 will be a
8 one-stop shop to help lenders even further reduce their
9 costs, and engage in all SBA loans, most hopefully the
10 small loans.

11 The platform is going to look very similar to
12 something like you're familiar with on any kind of an
13 easy buy on your Internet. Again, we sometimes call it
14 the TurboTax of loan processing, but we have great
15 expectations of SBA-1 to help us re-engage our lenders
16 with, particularly, the smaller loans.

17 That is the gist of my prepared remarks. We,
18 again, have fee relief, credit scoring, and expanded
19 definition for veterans in the most recent 24 months,
20 and we continue to work with Barbara and her crew to
21 identify any other facets of our programs that might be
22 barriers to the entrance by veterans.

1 We certainly encourage and welcome all of your
2 comments, and I would be happy to take some questions.

3 MS. CARSON: Any questions?

4 (No response.)

5 MS. CARSON: Thank you, Linda.

6 MS. RUSCHE: Let me finalize by saying Chimene
7 has got some of my cards. But, as you know, anyone can
8 be accessed at SBA by first name, dot, last name, at
9 SBA.gov.

10 Chimene, you want to come up here and spell
11 your name for them?

12 MR. OKERE: Sure.

13 MS. RUSCHE: So they have the address,
14 specifically? Because it's on my card.

15 MR. OKERE: Well, if you have Linda's -- if
16 you have the agenda, you will be able to see Linda's
17 name. So it's just Linda.Rusche@sba.gov. But my name
18 is Chimene.Okere@sba.gov, and that is C-h-i-m-e-n-e.O-
19 k-e-r-e. Thank you.

20 MS. RUSCHE: Thank you for the opportunity.

21 MS. CARSON: Thank you very much. I hope to
22 have an update at the next meeting that we have with

1 what we learned about a veteran cohort as borrowers,
2 and then what success we've had in engaging lenders,
3 and things that are holding them. And maybe we will
4 have good news, that they are finding the money that
5 they need in other places, too. Thanks.

6 All right. We are going to move to a
7 presentation on -- energy and small business. And
8 there is some concern that federal agencies are not
9 aware of options in small business in the alternative
10 energy -- we're going to use a couple of your
11 experiences as examples, and propose that this group
12 consider how to move forward.

13 Peter, I would ask you to come and speak.

14 IV. PETER DE VOS/RICH JORDAN,
15 TENNESSEE VALLEY INFRASTRUCTURE GROUP
16 (Slide presentation.)

17 MR. DE VOS: Barbara, thank you very much to
18 you and your colleagues for the opportunity to be here
19 today.

20 By way of background, let me give you a couple
21 of data points. I am Peter de Vos, and I am chairman
22 and CEO of a company called TVIG, which builds wind

1 farms. I am also chairman and CEO of American Helios,
2 which is a company that builds solar farms. And I
3 qualify as a service-disabled veteran. And, given my
4 ownership of both companies, both of those companies
5 qualify as service-disabled, veteran-owned businesses.

6 And we have grown, and grown rapidly, over the
7 last several years. But we've experienced a conundrum
8 that I am here to talk about, and seeking some help
9 from the SBA and other organizations as to whether this
10 is an issue to SBA or anybody else. And, if it is, how
11 do we address it?

12 And the fundamental question -- and I will
13 give you the punch line right now, I've got seven
14 slides, I will go through them very quickly -- we have
15 built the largest solar farm on a military base. We
16 just finished it. It's built down in Fort Huachuca,
17 which is an Army base about an hour and 15 minutes
18 southeast of Tucson. And we built it with a company
19 that's a service-disabled, veteran-owned business.
20 And, to the best of our knowledge, the SBA is getting
21 zero credit for it. Zero credit for it. And we don't
22 understand.

1 So, that's the reason I am specifically here.
2 Again, I mention I've got seven slides. I'll go
3 through them really quickly. And if anybody has a
4 question about any of the slides, please just interrupt
5 me; I'll be glad to take them on.

6 From where we sit, we are looking at two major
7 businesses we have. One you would say is wind, another
8 one is solar. We also look at two major business: one
9 is commercial business, the other is military business.

10 We also look at this as, within the military
11 business and the government business, as having two
12 sets of goals. Now, the first one is the DoD renewal
13 energy goals. And there is a goal, by 2025, that 25
14 percent of energy for the DoD will come from
15 renewables. In addition, you've got a service-by-
16 service goal of one gigawatt of renewable energy from
17 the Army, the Navy, and the Air Force. So we know
18 those regulations; we're focused on them.

19 We also know that, given we are a service-
20 disabled, veteran-owned business, as we understand it,
21 the goals are small business prime contracting goals
22 for this year, 21.35 percent. We also understand small

1 business subcontracting goals, 36.7 percent. So we've
2 got these two sets of goals in our subset that's
3 focused on military business. We're going, okay, we've
4 got the DoD goals, we've got the small business goals.
5 Let's focus on this.

6 I'm going to take the liberty of immediately
7 jumping to the punch line, because I don't want to lose
8 you all. But the punch line is shown best by this
9 particular exhibit. You've got annual small business
10 subcontracting goals of 36.7 percent, you've got a 37
11 percent small business participation goal. And our
12 project, we are doing approximately 35 percent of that
13 solar farm.

14 You say, "Where is the other 65 percent?"
15 Well, we're a construction firm. We build it. The
16 other 65 percent is for the people who buy the modules,
17 they buy the inverters, they buy the cables, et cetera.
18 We won the assignment based on our expertise building
19 solar farms. Nobody ever asked whether we were a small
20 business. Nobody ever asked whether we were a service-
21 disabled, veteran-owned business. And, to the best of
22 our knowledge, 35 percent, which could be, as we

1 understand it, credited to SBA, you all are getting
2 zero credit.

3 So, if I go back, I can provide -- I'm sorry,
4 you've got a question?

5 MR. WESLEY: Okay. So, let's just make sure
6 I'm understanding you a little bit here. So, for you
7 on the telephone lines, this is Kenyatta Wesley from
8 DoD.

9 The -- you build -- you're the prime
10 contractor. And are you small or large?

11 MR. DE VOS: We are -- we, in this case, are
12 the subcontractor underneath the prime, which is E.ON,
13 the large German company.

14 MR. WESLEY: Okay, got it. So the prime
15 contractor is a large company.

16 MR. DE VOS: Right.

17 MR. WESLEY: Okay. And so, the -- so they put
18 you on as a subcontractor, and have you listed in their
19 subcontracting plan. Are you aware of that, yes or no?

20 PARTICIPANT: This is a third party. Peter
21 skipped over a couple of key things for you that we can
22 go in -- this -- because DoD has kind of thrown up its

1 hands and is no longer issuing PPAs directly to
2 independent power producers for the renewables, they're
3 going through the utilities, the -- this is simply DoD
4 buying power from Tucson Electric Power, who decided to
5 build on Fort Huachuca, and use E.ON, the big German
6 company, as the prime.

7 And so, that's the key thing here, is, as DoD
8 wants to buy renewable energy, but is doing it
9 completely through third-party organizations, you
10 totally lose the impact of putting veteran-owned and
11 service-disabled, veteran-owned businesses on a
12 military installation.

13 MR. WESLEY: Okay. Well, the first thing I
14 will say is we don't necessarily lose the ability to
15 put service-disabled vets on the installation, it's
16 just that you wouldn't be the prime contractor directly
17 to the Department. So I want to be very clear that
18 that's -- those are two separate issues.

19 So, obviously, you are getting the work, it's
20 just that you are not the prime going VFR direct.

21 MR. DE VOS: Well, whether it's a prime or a
22 subcontractor, we were never asked the question about

1 whether we were small business. We were never asked
2 the question if we were a service-disabled veteran.

3 MR. WESLEY: Well, they wouldn't ask you,
4 because you are not -- A, the contract is not with the
5 Department, the contract is with the third party.

6 MR. DE VOS: You know, regardless of where the
7 contract is, my specific question to the SBA is, are
8 you willing to lose out on 35 percent of this work?
9 You've got a goal here that was shown as 36.7 percent
10 annual small business goal, and you're getting 0 credit
11 for someone who expended 35 percent of the -- who had
12 35 percent of that contract.

13 You know, whether it's a prime, whether it's a
14 sub, you know, my specific question, and my specific
15 purpose for being here is this -- the SBA has goals.
16 And here we got the largest solar farm built on a
17 government facility, and you're getting zero credit.
18 Yeah.

19 MR. ORAZEM: I think you addressed this, but
20 are you also a small business?

21 MS. CARSON: Not any more, right?

22 MR. DE VOS: Yeah, we are a small business.

1 MR. ORAZEM: So you are a small --

2 PARTICIPANT: You are absolutely a small
3 business, under the NAICS code for wind and under the
4 NAICS code for --

5 MS. CARSON: Okay, that wasn't --

6 MR. ORAZEM: What are the revenue thresholds
7 for those NAICS codes?

8 PARTICIPANT: Depends on if you do it as
9 construction or as a power producer. For a power
10 producer, it's 4 million megawatt hours per year. As
11 the EPC --

12 MR. DE VOS: It's about \$102 million over a 3-
13 year period.

14 MR. ORAZEM: Okay, so -- I'm just curious
15 about the mechanics of this. So would this contract
16 have put you over the 102 threshold?

17 MR. WESLEY: No, they still got the -- they
18 just weren't the prime. I get his point. His point
19 is, because it's going through a third party, the
20 federal government is not getting credit, either as the
21 prime or as the sub, because it's going through the
22 third party. I get his point. The issue just becomes

1 there are certain regulations that come into play --

2 MS. CARSON: Right.

3 MR. WESLEY: -- that we don't have control
4 over. And they impact how the decision is made on
5 whether or not -- how we buy power, first off, as well
6 as how those units are built, and how the federal
7 government can get those upgraded on installations.

8 And so, I think the issue is that this -- I
9 don't think it will be able to be solved today, but
10 it's something that, you know, the SBA would have to
11 decide if you're going to go to the EPA, go to the
12 Department of Energy and start having conversations
13 about certain regulations and laws that are in place.

14 MS. CARSON: And if you can talk any more
15 about how DoD has to buy power -- and it's the job of
16 this body to figure out what are the potential limiting
17 factors, and what can be addressed. And, with those
18 things that you mention that require regulatory and
19 legislative change, that would be different. I think
20 there are some things that we can look at, though.

21 MR. WESLEY: Well, if you know something I
22 don't know, please let me know. Because every way --

1 the way we are buying power today, our -- okay. So the
2 way we're buying power today within the Department is
3 based on all kinds of legislative rules.

4 MS. CARSON: Exactly.

5 MR. WESLEY: It's not based on a DoD policy
6 that says that we have -- you know, the Department of
7 Energy controls how power is purchased, as well as how
8 these solar or renewable energy -- are put together and
9 built, which is the most important piece.

10 We have to work within the laws that were put
11 in place, and we may not necessarily get waivers just
12 because we're Department of Defense. I know there are
13 some cases where we get those waivers, but this has not
14 been one of them.

15 MS. CARSON: Thank you.

16 MR. WESLEY: So, there are very strict
17 guidelines on how we are to purchase power, as well as
18 how we are to build the -- going through the
19 construction process. So, therefore, there has been --
20 when you start talking about putting those in place and
21 say, "Who is going to bear the burden of those costs,"
22 the government said, "We cannot afford to do that on

1 our own," therefore, they're splitting costs with the
2 power companies as a third party, because we cannot
3 afford to do so. That is where this is really coming
4 from.

5 MS. CARSON: That's helpful.

6 MR. DE VOS: At the risk of not going
7 immediately to the last slide, just let me make sure
8 you know what the other slides are in the deck.

9 This is a quick outline of where we started
10 two years ago, as a service-disabled, veteran-owned
11 small business going after the military business. And
12 there were things like the MATOC, the Multiple Award
13 Task Contract. But nothing has been built under those.
14 So you've got two years where we've been qualified
15 under the MATOC to build these projects, but the
16 government has never put out a wind project or a solar
17 project under those particular contracts.

18 In think, in addition, the federal acquisition
19 regulations have made it pretty complicated for third-
20 party financing. So, as a result of that, all the
21 sudden the contract that we built here, which is Fort
22 Huachuca, was done on a completely different structure,

1 where Tucson Electric goes in to Fort Huachuca, gets
2 the contract, they're going to put a solar farm in
3 there, which they're going to run, and then they put
4 the contract out to bid.

5 Well, the contract comes out to bid, and the
6 best of our knowledge, nobody is asking whether it's a
7 small business. Nobody is asking whether or not it's a
8 service-disabled business, despite the fact that there
9 were some goals in previous legislation that we thought
10 we were going to be operating under with regard to
11 going after these military contracts.

12 MR. WESLEY: Yeah, but in this case that's
13 done by the state. In this case, it's done by the
14 state. And so, it's done by the state and the local
15 power companies. So their regulations are the ones
16 that will matter, all right?

17 And I think there is some -- whenever people
18 start to have these kinds of questions, I think it's
19 really important to start to explain the policies and
20 the legislation that goes in. Because not only do you
21 have Department of Energy, but then you also -- each
22 state has its own laws and regulations that could be

1 impacting how the local energy companies are actually
2 procuring, as well. Because most states do not have
3 goals.

4 Now, there are some that do. I don't want to
5 make a blanket statement. But not all states have
6 socio-economic categories for how they get to small
7 companies. They have a sign option, but they don't
8 necessarily have a veteran-owned, or a service-disabled
9 or a HUB, and I think that's part of the loophole he
10 may be falling into, is that when you start working
11 with the Department of -- well, with the State of
12 Arizona, as well as the actual local company that has
13 the ability to procure under a commercial base, because
14 -- and they're using federal acquisitions to purchase
15 user subs.

16 PARTICIPANT: In this particular case, it was
17 the GSA area-wide contract. So it is a federal --

18 MR. WESLEY: But it's not a DoD --

19 PARTICIPANT: Right.

20 MR. WESLEY: It's not one that we put out for
21 the Department of Defense. See, it's completely third
22 party.

1 PARTICIPANT: And that's the whole point, is
2 we need to find a way to capture that third-party sub.
3 It's all federal.

4 MR. WESLEY: I hear you.

5 PARTICIPANT: And it isn't to the policy
6 recommendations, at the end.

7 MR. DE VOS: Okay. Final slide, before going
8 to the recommendations, is -- I just want to go through
9 this slide.

10 I mean our firm, collectively, between our
11 wind farm, our solar farm company, have built both the
12 largest solar farm on a government facility, which is
13 the one down in Arizona, in addition, the largest wind
14 farm on a government facility, which is DoE facility in
15 Amarillo, Texas.

16 You know, as far as recommendations, let me
17 just read through the recommendations. Our
18 recommendations were, number one, encourage material,
19 small business participation targets for renewable
20 projects being built on DoD bases, even if contracting
21 vehicle does not utilize FAR, and the DoD bases are
22 working with local utilities.

1 Two, ask utilities to highlight disadvantaged
2 small business participation in DoD contracts, and
3 allow DoD branches to obtain credit towards annual
4 small business participation goals, despite the fact
5 that they are not contracting directly for the
6 construction.

7 MR. WESLEY: I mean you get no argument from
8 me for getting credit for numbers. I mean any way you
9 can give us more credit for numbers, I'm not going to
10 fight it. But I have to be completely transparent on
11 my sister agency with SBA. That's going to be a
12 daunting task, because it's going to cause some
13 cooperation with states, as well. You know, it's not
14 just federal any more. Now it's going to cross over
15 into the state domain.

16 MS. CARSON: That is true. I'm trying to
17 think. We also need to --

18 MR. WESLEY: It's a delay, I think it's a
19 delay.

20 MS. CARSON: Yes. Thank you very much. We
21 also have John Shoraka here, who is the Associate
22 Administrator for Government Contracting and Business

1 Development in a few minutes, and I wish you'd been
2 here to hear all of it, because there are some -- there
3 are few things that we can change, and subcontracting
4 continues to be an issue that we heard about. I've had
5 two other meetings this week where, having the systems
6 and a way to be certain that what we proscribe is
7 happening and, second, the data that we get is
8 accurate, is -- that's a completely different effort.

9 That doesn't even touch the different -- what
10 you just highlighted, which we would not have authority
11 to influence. But -- well, we can't proscribe, but we
12 can try to influence.

13 MR. WESLEY: We can try to influence.

14 MS. CARSON: Exactly. So, I appreciate you
15 building the case for action, so that we can act where
16 we -- where it's appropriate. We do have -- we don't
17 have a person represented here, but I will find out who
18 that is, and make sure that we engage them, as well, to
19 at least get started on what's going on in this
20 particular case.

21 Is there anything else?

22 MR. DE VOS: No, I just want to thank you

1 again, giving me the opportunity to talk.

2 If there is anything else more we can do --
3 you know, we've been fortunate that we're able to win
4 this business without even being asked whether we're
5 service-disabled, veteran-owned. And, you know,
6 somebody running a company, and being a major
7 shareholder, that's a good situation to be in. But,
8 for example, we're now getting ready to bid on the Fort
9 Hood, which is a very large contract, both solar and
10 wind. And if they are going to take into account that
11 we're service-disabled, veteran-owned, you know, it
12 would be to our advantage.

13 I mean, hopefully, we could win the contract
14 without it. But if you've got these objectives, both
15 on DoD and SBA, and they're applied as the contracts
16 are let, it certainly would be potentially helpful to
17 us. So --

18 MS. CARSON: Thank you. And I hope that you
19 will ask some questions when Mr. Shoraka joins us.

20 MR. DE VOS: All right, thank you.

21 MS. CARSON: And we're running just a little
22 ahead, because I haven't given some of our updates yet.

1 Just a moment, please.

2 (Pause.)

3 MS. CARSON: Okay, we are having
4 communications troubles today. I apologize, especially
5 to you, Sonia, who is taking -- she is taking this for
6 a public record. I appreciate your effort.

7 So we had yesterday the Advisory Committee on
8 Veteran Business Affairs met here, and we -- one of the
9 topics that we addressed in detail was access to
10 capital. And the meeting prior, we had looked at
11 online lending platforms, and some of the innovation
12 that's happening in lending with some -- that have a
13 veteran affinity that are specifically targeting the
14 veteran population.

15 Yesterday we heard from a group called the
16 Credit Junction, and they're here again today, just to
17 talk about something that Linda Rusche also addressed,
18 that we are finding there is demand for veteran access
19 to capital from the micro up through 350,000, but it
20 can be challenging to get.

21 And so, Sergio is here again today, and I will
22 -- since we're waiting for Mr. Shoraka, I will give you

1 an opportunity to talk to this group, the Interagency
2 Task Force, and describe what you found in the space.

3 MR. RODRIGUERA: Will the slides pop up, or --
4 I can talk without the slides.

5 V. SERGIO RODRIGUERA, CREDIT JUNCTION

6 Well, thanks again. It's a pleasure being
7 back in the building, and I appreciate the invitation
8 from the Small Business Administration, again. It's
9 good to see a lot of familiar faces.

10 The Credit Junction is a marketplace lending
11 platform. There has been a lot of news lately. Last
12 week, on Friday, Lending Club filed their IPO. They're
13 more of a peer-to-peer lending platform. But this
14 morning, American Banker, the publication, said, "What
15 is the innovation of the year for 2014," and they voted
16 for marketplace lending.

17 So you're seeing an explosion in this online
18 lending in this -- I guess in the micro loans -- the
19 types of platforms providing loans in the 100,000 and
20 under. A lot of those are unsecured. A lot of those
21 business type of small business loans are done with a
22 personal guarantee. They can do the assessment, the

1 evaluation of your business, fairly quickly. They can
2 provide you, within sometimes even minutes, what you've
3 been approved for, a 25, 50, 75, \$100,000 loan, and
4 provide you the capital within several days.

5 Our platform is a little different. I will
6 just give you a little -- just about 30 seconds on
7 myself, a former House Financial Services -- staffer on
8 the House Financial Services Committee. Prior to that,
9 I was at the Department of Treasury. I'm currently an
10 active Reserve Naval intelligence officer. And left
11 the Hill and connected with a great team.

12 My team consists of bankers and former tech
13 executives that -- we saw post-2008 the problem with
14 small business lending above 250,000. So where we
15 really wanted to focus was, for small and mid-sized
16 businesses in the industrial and manufacturing space,
17 in the ranges of 250,000 to 3 million. What we thought
18 and what we are doing now is really focusing on
19 manufacturing businesses with assets -- parts,
20 machinery, and receivables.

21 How this applies, or how this is relevant to
22 the veteran community, we work with a lot of veteran-

1 owned businesses, a lot of companies that support the
2 defense and national security infrastructure. It's
3 really exciting to see a lot of businesses that have
4 popped up around drones, energy. So this discussion
5 this morning, it's good to hear these various
6 industries that we're potentially supporting.

7 Again, so post-2008, what we saw was, you
8 know, credit tightening, especially among -- you know,
9 in the small business -- small or mid-sized businesses.
10 So what we put together is this platform, and that's
11 really where the technology comes in. So our team can
12 quickly assess whether it's parts, machinery,
13 receivables. Yesterday I discussed a little bit about
14 some of the things we are doing in the defense
15 contracting space, where if a state or federal contract
16 is awarded, and your small business needs working
17 capital, we can be a resource for you.

18 We don't necessarily advertise that we're
19 helping start-ups or very young companies that don't
20 necessarily have assets. That's not typically what --
21 you know, that's not our focus. But we're happy to
22 help, and we have a network of partners.

1 So the way that we do things is small
2 businesses come to us, and they get referred by various
3 sources. Chambers of Commerce, we're working with
4 state and local economic development folks. A lot of
5 times when I do events, we will team with or I will be
6 on a panel with someone from SBA, someone from either a
7 local or county economic development administration.

8 And, at the end of the day, for a lot of these
9 elected officials, it's jobs. We can be a resource
10 where, sometimes, if SBA's loans -- the threshold goes
11 up to 350,000, well, we can come in on the higher end.
12 A lot of these other platforms, they could be the
13 resource for sub-100,000. Often times we get lots of
14 referrals that don't necessarily fit our models, and
15 we're happy to farm those out. And we have a great
16 partnership with some of the folks that are out there,
17 like Street Shares, Fundera, multi-funding -- and,
18 actually, several others.

19 Again, we have a private -- I'm sorry, we have
20 a network of private capital sources, and that's where
21 we are providing the capital from. These are hedge
22 funds, family funds, and high-net-worth individuals.

1 So our platform does the due diligence. We do -- we
2 take the risk. We have a great team. Our chief credit
3 officer comes out of GE Capital. Our team that he's
4 built comes out of Citibank. Our tech team comes out
5 of online education. There is some great guys that are
6 doing some really innovative stuff.

7 Our tech platform -- right now we're doing
8 things still kind of the old-school way, manually. But
9 in the next couple of months we'll be launching our
10 platform, and we can quickly do what I was saying
11 earlier, the assessment on whether it's aircraft,
12 machinery, parts receivables.

13 So, that's pretty much the Credit Junction in
14 a nutshell. I wasn't sure if I should take questions,
15 but happy to, you know, email out the presentation.

16 We're excited about 2015. This is a fairly
17 new and -- well, marketplace lending is -- peer-to-peer
18 lending has been around over the last few years, but we
19 think we're the first and -- not only, but we think
20 we're really perfecting this idea of asset-based
21 lending, and doing it in a much more efficient process.

22 And again, relevant to this, the conversations

1 here, if there are small businesses that are in need of
2 working capital, whether that's to hire individuals,
3 whether that's to procure raw materials, whatever is
4 needed to fulfill the contract, again, we are happy to
5 take a look at that, and we work with all sorts of
6 businesses across, like I said, various verticals in
7 aerospace and defense, oil and gas, energy,
8 transportation.

9 So, I think with that, I will -- I did still
10 want to read off the slides, because I do this a lot,
11 so happy to talk -- take questions.

12 MS. CARSON: Any questions?

13 MR. RODRIGUERA: Yes, sir?

14 MR. DE VOS: Three-part question. When you go
15 to investors, what is their expected rate of return?
16 What's the average interest rate you're charging
17 people? And what's the average maturity you're
18 charging?

19 MR. RODRIGERA: Okay. Average maturity is
20 roughly around 6 to 24 months. We see a lot of
21 cashflow issues. So companies that need -- it's short-
22 term paper. They're really interested in fulfilling

1 some sort of contract, whether that's for Halliburton,
2 Boeing, or a state-federal contract.

3 The rates we advertise, anywhere from 8 to 19
4 percent, so we're a little higher than a bank, where,
5 right now, at prime, you'd probably get about 6.5. We
6 really don't -- we say 19, just to cover ourselves, but
7 we really -- the range is anywhere from 12 to 14
8 percent.

9 And, I'm sorry, I forgot your first question.

10 MR. DE VOS: Well, you're going to private
11 families and hedge funds, et cetera. What rate of
12 return are they looking for?

13 MR. RODRIGERA: On our -- if you -- and it's
14 public. Our lead investor in -- so, like a good
15 technology company, we raise capital ourselves. So
16 it's public, that the 1.5 of our 2 million seed raised
17 this summer is from a publicly-traded company called
18 GLI Finance. They are a leader in the marketplace
19 lending space. So they get first look at the loans
20 that we do the underwriting and do diligence for. They
21 are anywhere from, you know, 5 to 10 percent, so it
22 really depends.

1 MS. CARSON: Any other questions?

2 (No response.)

3 MR. RODRIGERA: Thanks a lot.

4 MS. CARSON: Appreciate it. Yesterday we had
5 two different credit lending formats come and brief,
6 and I was asked why. And that is because the SBA
7 guaranteed loans are not the only capital that's
8 available, and that's not our only responsibility for
9 our Operation Access to Capital -- entrepreneurs of the
10 wide range of opportunities there to fund their
11 businesses, and to keep operations going and growing.

12 So, thanks for the example, Sergio, and I
13 appreciate that.

14 Mr. Shoraka is not here yet. And is Mr.
15 Gutter here?

16 PARTICIPANT: Yes.

17 MS. CARSON: Fantastic. Good to meet you.
18 Your reputation precedes you. We are very excited to
19 have you here.

20 He is from the U.S. Department of Agriculture.
21 There are new initiatives to discuss for veteran
22 farmers. And we had a brief about six months ago on

1 the Farm Bill. I think we're going to get a little
2 more detail today on what this population can expect
3 from USDA.

4 Thank you. Please come on up.

5 (Pause.)

6 VI. KARIS GUTTER, DIRECTOR, USDA VETERANS PROGRAM

7 MR. GUTTER: Well, good morning, everybody.
8 Again, I'm Karis Gutter. I am the Deputy Under
9 Secretary for Farm and Foreign Agricultural Services at
10 USDA. That's a fancy title for I oversee the farm
11 loan, the conservation and crop insurance portfolio at
12 USDA.

13 But recently, November the 14th, I was
14 appointed as USDA's military veterans' ag liaison. And
15 so I now have the chief responsibility of coordinating
16 all 17 agencies at USDA to ensure that every nook and
17 cranny at USDA that has resources in support of
18 veterans is coordinated.

19 But, in addition to that, I am now going to be
20 partnering with other executive-branch agencies to
21 ensure that, where your expertise ends and the ag
22 expertise begins, we meet in the middle and bridge

1 those divides.

2 And so, we have been excited about the
3 partnership with the Small Business Administration, but
4 we want to reach out to others pretty soon, so we're
5 making our rounds.

6 USDA's Farm Bills date back to the early
7 1930s. And I don't want to give you a history lesson,
8 but, you know, when you've got a Great Depression, Farm
9 Bills were created to address those crises in
10 agriculture. The Dust Bowl rolled across the Great
11 Plains, and you had another Farm Bill to create the
12 conservation programs. On and on and on, you've seen
13 increases in agriculture.

14 Today, USDA's resources total some \$900
15 billion in spending authority, third largest agency in
16 government: Department of Defense, Homeland Security,
17 and USDA. And so, we are the domestic support agency
18 of rural America.

19 This Farm Bill that was recently passed in
20 February gave us new authority. So, dating back to the
21 1930s, none of those Farm Bills had veterans as a
22 specific definition. And, all of a sudden, now,

1 veterans are a core part of the resource incentives
2 that are available at USDA today. And so, as it
3 relates to our loan portfolios, or our conservation
4 portfolios, we now have an ability to partner with
5 incentives with veterans.

6 For example, our loan interest rates now come
7 in about 1.5 percent. But for veterans, we have the
8 ability to reduce that interest rate by 2 points, so
9 it's 1.25 percent now for veterans, as well as new and
10 beginning farmers. The other example would be
11 conservation or crop insurance. We have the ability to
12 add a subsidy, a premium subsidy, there. So the
13 government currently supports 65 percent of the cost of
14 crop insurance. For veterans, we can increase that to
15 75 percent. And so, we have an increased ability now,
16 the Department, with veterans.

17 Also in this Farm Bill, though, was the
18 creation of my position. And I just kind of talked
19 about what I will be able to do, in partnering with
20 other executive-branch agencies.

21 We're going to focus on three main components,
22 though. Very similar to the transition assistant

1 program in the Department of Defense, we're focused on
2 those very same three subgroups. We're focused on
3 education, employment, and wellness. And so, with
4 USDA's resources, my specific authority gives us the
5 requirement to recruit veterans to professions and
6 careers in farming and agriculture. So we're going to
7 educate them in the principles of farming and
8 agriculture. We want to work on veteran employment,
9 both at USDA, but also to professions and careers in
10 agriculture.

11 I think the conversation that we just listened
12 to is timely for us, because we've got a ton of
13 procurement opportunities at USDA. We've got ability
14 one contracts right now. So, as it relates to
15 entrepreneurship or owning the farm, there are key
16 opportunities there right now.

17 And that third component, when I talked about
18 wellness, we want to support military families. With
19 \$900 billion worth of spending authority, USDA operates
20 the food and nutrition program, SNAP, food stamps, as
21 well as the rural housing program across the federal
22 landscape.

1 We know that, in our veterans community, one
2 in eight veterans come from rural communities. And so,
3 we touch a footprint where -- there are 3,086 counties
4 in the United States. USDA FSA is in 2,200 of those
5 counties. And so, we basically live in rural America
6 with the U.S. Department of Agriculture, and we want to
7 better leverage that through partnership opportunities.

8 And so, as it relates to business, or small
9 business, even the Department of Labor, we currently
10 make a number of loans, but we've got strict
11 requirements. Our loan limits at USDA FSA are \$300,000
12 on our direct operating loans. But we've got
13 guaranteed loans that go up to 1.25 percent.

14 And so, where the USDA dollar can meet those
15 needs, traditionally we work with Small Business
16 Administration to either, A, make those micro loans,
17 where USDA doesn't have the statutory or the regulatory
18 authority to cover those eligible applicants, or, at
19 that high dollar amount, because precision ag farming
20 can be rather costly these days. We've been able to go
21 above that limit.

22 We have hit the ground running. As I

1 mentioned, announced November the 14th, we've already
2 been making our rounds, meeting with other federal
3 executive-branch agencies and non-profit outfits. In
4 fact, I just left a Federal Advisory Committee meeting
5 at the Department of Labor to come here. And so, we
6 want to continue to spread the word that this new
7 ability of partnership ideas exist.

8 But we want ideas. We don't claim at USDA to
9 have the monopoly in the veterans community. In fact,
10 we're relatively new to that space. But we do know
11 agriculture. And so, where we can bring that ag
12 expertise, those 17 agencies, 125,000 career experts at
13 USDA, that span or landscape of ag marketing, research
14 education and economics, we've got our own NAS, our
15 statistical group that does ag, we've got a farm loan
16 portfolio that is 8 percent of the farm credit market
17 throughout the country, we've got foreign ag expertise,
18 we've got a slew of rural development, economic
19 development, rural housing, rural utilities resources
20 at USDA that we want to leverage in support of
21 veterans, going forward.

22 And so, I appreciate the opportunity to give a

1 -- hopefully, it was brief, but an opportunity to talk
2 to you guys about what we've got, and how we want to
3 better partner. But, more than anything, we are in
4 need of ideas -- don't really care where we get it
5 from, as long as we get it -- in how we can definitely
6 leverage the investment of the federal dollar in these
7 rural communities with our veterans populations. Thank
8 you.

9 MS. CARSON: Thank you. Any questions?

10 MR. DE VOS: I heard a number one out of
11 eight. Can you give me that -- one out of eight was?

12 MR. GUTTER: One in eight veterans come from
13 rural America. And so, we know that our veterans tend
14 to come from farm families. And so, when you're
15 talking about transitioning from theater back into
16 civilian life, a high probability for them is to go
17 back home into those rural settings.

18 We want to create a pathway for them for
19 either careers in farming, or careers in agriculture.
20 Not just at USDA, not just in entrepreneurship on your
21 own farm, but to leverage those unique skills that
22 you're able to pick up in the service -- you know, most

1 times, everybody just about has a commercial drivers
2 license. Well, we've got Caterpillar as a prime
3 partner, agriculture partner, or John Deere.

4 Precision ag has shifted. Farming, as we once
5 knew it, where it was, you know, 150 acres with a
6 tractor and a hoe and manual equipment, has now shifted
7 to precision ag. That's GIS and GPS-related
8 technology. And we've got veterans who are skilled and
9 versed in high technical equipment. What better genre
10 in rural America, if the interest is going back,
11 reintegrating into rural America, than a career or
12 profession in agriculture? So we absolutely want to be
13 at that table to tap into those local values that most
14 of our veterans do come with.

15 MR. DE VOS: Now, for the USDA to qualify for
16 that program, do you have to own a farm?

17 MR. GUTTER: And that's where these
18 partnerships come in. Right now, in order to qualify
19 for the loans, you've got to have some farm experience.
20 And so, what we're doing is we're combing through all
21 of our statutes and regulations right now to see what
22 constitutes experience.

1 And so, for our veterans population, we are
2 kind of rewriting some of the rules. We're counting
3 officer training as management experience now, where,
4 in the past, it really wouldn't count as farm
5 experience. But if you're an officer in the military,
6 you've got some management experience. If you're E5 or
7 above, we're counting that as management experience.
8 So we're looking at all of our rules, so that -- in
9 order to qualify for our farm loans, you've got to have
10 three years of farm experience in order to qualify for
11 the loans.

12 We want to partner with outfits like the
13 Department of Labor and the VA, where you can tap into
14 the apprenticeship or the GI Bill dollar to work on a
15 farm operation to get your farm experience, but
16 supported -- because it costs money to work on these
17 farm operations -- supported through the apprenticeship
18 dollars and the GI Bill dollars that other federal
19 executive-branch agencies have.

20 Then, after three years, once you've got your
21 farm experience, you can then come into a USDA FSA
22 office and be eligible for those farm loans, because

1 you've now got a few years of farm experience under
2 your belt to start your own farm operation.

3 MR. DE VOS: What percentage of the farm --

4 MR. WILFONG: Barbara?

5 MS. CARSON: Go ahead.

6 MR. GUTTER: Yes?

7 MS. CARSON: This is Barb. We had one more
8 question. Can you not hear?

9 MR. WILFONG: Barbara, this is Jim Wilfong.
10 When the next person is done, I would like to ask a
11 question, if I could.

12 MS. CARSON: Okay.

13 MR. DE VOS: What percentage of farm acreage
14 in the United States is owned by veterans? And what
15 percentage is owned by somebody who qualifies as small
16 business?

17 If you look at all the acreage in the United
18 States that's being farmed, right, how material is
19 this? How big is it?

20 MR. GUTTER: Well, the one thing that we do
21 know is we know that there are 2.1 million individuals
22 out there that consider themselves to be involved or

1 engaged in farming. As it relates to ownership, that's
2 a number that shifts. But we can definitely pull some
3 data from what USDA's NAS has, the ag census or the
4 data that we have got, and you can get specific
5 information about the ownership, or how big this
6 landscape is.

7 I don't know that USDA necessarily has
8 specific data on small business ownership of land, but
9 we definitely have record participation in USDA
10 programs that we can provide for you.

11 MR. DE VOS: I was just curious, thanks.

12 MR. GUTTER: Yes, sir.

13 MS. CARSON: Do you want to get Mr. Wilfong?

14 MR. GUTTER: The call? Question from the
15 line?

16 MR. WILFONG: Yes, hi. Sir, my name is Jim
17 Wilfong, and I am a member of the task force, and a
18 member of VET-Force. I live in rural Maine. That's
19 where I am, right at the moment, talking to you.

20 And I've had quite a bit of experience with
21 your NRCS -- Natural Resource Conservation Service, for
22 the others -- and there are programs, in terms of

1 reaching out to veterans. And we teamed with the
2 University of Maine systems, and we offered
3 entrepreneurial education for small business, for small
4 farmers, and for veterans who were either small
5 business or small farmers. And I think that that might
6 be a good way for you to reach out through the
7 community.

8 I am also a person who has a tree farm, a 500-
9 acre tree farm, and a member of the American Tree Farm
10 Association. And I work with the NRCS, as well. So I
11 have some ideas, and I thought, since you were
12 requesting some ideas, that perhaps I could -- I can
13 get your contact information from today, and perhaps
14 send you some ideas that might be helpful.

15 MR. GUTTER: I absolutely welcome those ideas.
16 In fact, I will read aloud my contact information, so
17 that everybody has it.

18 Again, I am Karis, K-a-r-i-s. Last name is
19 Gutter, G-u-t-t-e-r. First name, dot, last name, K-a-
20 r-i-s, dot, G-u-t-t-e-r, at USDA.gov. And feel free to
21 send me any notes that you may have.

22 Specifically to respond to what you just

1 mentioned, you're absolutely right. The reason these
2 partnerships are so critical, we know clearly that
3 Small Business Administration has long history in
4 building entrepreneurship material -- curriculum, if
5 you will -- to train folks in the basics in business
6 principles. And USDA has been at this task with our
7 farm loan portfolio, but may not have the level of
8 engagement, the volume of interaction around financial
9 literacy, as Small Business Administration.

10 And, like a lot of federal agencies, we too
11 reinvent the wheel. And, rather than build in house
12 our own material from scratch, what better groups than
13 to work in coordination with than the Small Business
14 Administration or, locally, those SBDCs, those Small
15 Business Development Centers, who can hand-hold a bit
16 better than we can about building those farm business
17 plans, as well.

18 We are in active communication right now on
19 the Transition Assistance Program. Right now we know
20 that there is a five to eight-day required course that
21 all veterans go through as they transition out of
22 service. And one of those principles is in

1 entrepreneurship.

2 Why not look at how -- if there is an interest
3 in reintegrating into rural America, that -- give them
4 the option that ag may be one of those -- ag
5 entrepreneurship -- ideas, where, of course, they
6 continue to get the entrepreneurship, but when the ag
7 component comes in, USDA, one of the lead agencies in
8 the federal government, is there to provide that level
9 of expertise.

10 And so, that's what we want to do, is we want
11 to currently look at things that work well, do a self-
12 examination, as well, and look at things where we've
13 got financial literacy within USDA's Farm Services
14 Agency, and see how do we do it better, how do we do it
15 different, how can we utilize ready-made resources.

16 Right now, we know that we need to feed a
17 growing population. And, in order to do that, we've
18 got to recruit new and beginning farmers. We've got to
19 be more innovative. That veterans cadre is definitely
20 one of the groups that we want to look at to help grow,
21 or be that next generation of agriculture.

22 But, bigger than that, land is scarce. We're

1 not making any more of it. And so, we're looking now
2 at urban settings: micro farming, which was mentioned
3 at one of the last conversations we had. Well, in some
4 of those areas, while I mentioned the 2,200 offices
5 that USDA has -- predominantly in rural America. So if
6 we're going to scratch the surface on urban farming,
7 we've got to leverage with some of our federal partners
8 who do have that footprint, and can educate quickly.
9 And so, I think it's going to be critical.

10 MR. WILFONG: Thank you.

11 MR. GUTTER: Thank you.

12 MS. CARSON: Rick Weidman has a question.

13 MR. WEIDMAN: I can't say how glad I am that
14 you're here, and that Department of Agriculture is
15 going to revitalize. You had a pretty good veterans
16 program going a number of years ago, and it sort of
17 went foul, shall we say.

18 There is precedent for what you're doing,
19 because the original GI Bill has -- to 1944, 17 percent
20 of the people who used that used it for farming
21 techniques. And it is truly a matter of national food
22 security, because the average age of farmers today is

1 58 years old.

2 And it's really not guys my age, but it's the
3 young people coming home, it's -- you mentioned one in
4 eight veterans live on a farm. Well, that includes the
5 older veterans. But, of the younger veterans, this is
6 the most rural army that we have fielded since World
7 War I, and 40 percent come from towns of 25,000 or
8 less. And, by anybody's definition, that's pretty
9 rural.

10 And so, I'm delighted to see you. And I can
11 speak for VET-Force in this, we look forward to working
12 with you, and hope to engage in the near future, and
13 get you to one of the VET-Force meetings, and see what
14 else we can do in partnership with Department of Ag.
15 But thank you for what you're doing.

16 MR. GUTTER: I appreciate it. Again, I extend
17 that welcome invitation that, as there are challenges
18 out there, we don't want to be the chorus of continue
19 to perpetuate the concerns that are out there. We want
20 to come to the table and be the broker of, "How do we
21 bring solutions to the table? How do we leverage the
22 momentum? How do we leverage the authority that we

1 currently have at USDA?"

2 The most unique thing about an agency like
3 USDA, if you look across federal executive-branch
4 government, there is a component somehow, some way,
5 housed at USDA that does just about what every other
6 agency does, but in rural America. As it relates to
7 housing, you've got Housing and Urban Development in
8 the urban centers. Well, you got USDA Rural Housing
9 Program that does that same thing in rural America.
10 You've got Small Business Administration. Well, you've
11 got rural business in USDA.

12 And so, we will continue to be that partner in
13 rural America, but we need to leverage it. And we've
14 got a ready-made set of authorities that can test, that
15 can scratch the surface. We've got a Rolodex of
16 federal partners that we want to use to continue to
17 make strides in these gaps that may exist.

18 MS. CARSON: Thank you so much.

19 MR. GUTTER: Thank you.

20 MS. CARSON: Thank you, Mr. Gutter. I am very
21 pleased that you were able to join us. And I am
22 encouraged by the collaboration that has already

1 started.

2 If you would like to see some success stories,
3 take a look at the President's Champions of Change.
4 There are two in the last six months that were veteran
5 farmers. One was in disability employment, where he
6 was recognized, an egg farmer. And another is Archi's
7 Acres, where they are training other veterans to become
8 farmers, themselves.

9 So, we look forward to a lot more activity
10 together with the USDA.

11 As I mentioned earlier this morning, Mr. John
12 Shoraka, the Associate Administrator for Government
13 Contracting and Business Development, is able to join
14 us today, and I am very grateful, because there are a
15 few things that are new, coming forward, and then there
16 are a few questions that will come from this group.

17 And we really appreciate you joining us.
18 Thank you, John.

19 VII. JOHN SHORAKA, ASSOCIATE ADMINISTRATOR,
20 GOVERNMENT CONTRACTING AND BUSINESS DEVELOPMENT

21 MR. SHORAKA: Thanks, Barb. Thanks for having
22 me. I wanted to talk briefly about some rules that are

1 going out for public comment that affect this
2 community. And then I wanted to, obviously, leave some
3 time for questions and answers.

4 As you all know, we, as an agency, and me, as
5 an office, have been working on the Mentor-Protege
6 program, and expanding that out to all socio-economic
7 categories. In other words, you know that we have a
8 Mentor-Protege program across the federal government
9 and the 8A program that we, or my, office administers.
10 It's unique and different than what the Department of
11 Defense does. Defense has their own statutory
12 authority around a mentor-protege program, and it's
13 unique and different with respect to what some other
14 agencies currently do.

15 The relationship in an 8A mentor-protege
16 program is the protege leading the effort and getting
17 the contract, the mentor conveying some benefits to
18 that protege, in the sense of management or technical
19 experience, technical capability, past performance,
20 those types of things. And then, jointly, they can do
21 joint ventures under the mentor-protege program, and
22 pursue 8A set-aside contracts.

1 The Small Business Jobs Act of 2010 gave us
2 the authority to roll that out to the other socio-
3 economic categories, including the SDVOSB program. AS
4 we were getting ready to release that rule, the Small
5 Business Jobs Act of -- I'm sorry, the National Defense
6 Authorization Act of 2013 required us to expand it out
7 to all small businesses. So we had to pull that back
8 in-house, get it through the interagency clearance
9 process, expanding it out to all small businesses.
10 That's now taken place. We are in the process of
11 getting it out for public comment in the next couple of
12 weeks.

13 What I encourage this committee to do is to
14 please look out for that. We talked about this
15 yesterday, and we agreed to make sure that Barbara is
16 aware when this gets published, and send a notice out
17 to the community. But it is really important to get
18 the feedback from this group.

19 The law, as was written -- again, as I
20 mentioned, Defense has their own statutory authority,
21 but the law, as was written, was that all other mentor-
22 protege programs across the federal government would

1 fall under the SBA's umbrella. So we have had a lot of
2 discussions with the other agencies who have current
3 mentor-protege programs, how that gets rolled up into
4 ours. Do we authorize them to continue their own
5 programs? And so forth.

6 So, it's very important that we get community
7 feedback on how this is going to affect you, and how it
8 can be helpful to the community. That should be going
9 out in the next couple weeks.

10 What I will caution, though, is -- because I
11 have gotten this question a number of times -- is,
12 "What's going to be the time frame, when we can
13 actually start doing mentor-protege programs across all
14 small businesses?" The rule will go out for public
15 comment, either a 60 or 90-day public comment period.
16 Once that gets in to us, we'll have to finalize it,
17 send it out for clearance, and then it will get
18 published. So I'm thinking probably end of summer we
19 will have a final rule.

20 The challenge that we have, as an agency, is
21 this is sort of an unfunded mandate for us. Right? In
22 the 8A program we have about 5,000 firms in our

1 portfolio. And, under that, we have about 500 mentor-
2 protege plans at any given point. Those are monitored
3 and implemented through a combination of our field
4 staff -- we have 68 district offices who maintain a
5 relationship with 8A firms and do annual reviews on
6 them, et cetera -- and our headquarters staff, which
7 approves the mentor-protege plans. The final
8 recommendation comes from our associate administrator
9 of business development.

10 So, 500, compared to 5,000 firms in the
11 portfolio. If you look at all small businesses, right,
12 as you're to do work with the federal government, we
13 have something like 227,000 small businesses in dynamic
14 small business search that are registered to do work
15 with the federal government. Roughly 130,000 of those
16 actually receive contracts. A lot of them are one-off
17 contracts. Estimated about half of that, 75,000, are
18 consistent contractors with the federal government. So
19 you talk about 75,000, roughly, saying 10 percent of
20 those will get into the mentor-protege program. That's
21 7,500 mentor-protege programs, and the JVs that come
22 out of that that need to be monitored.

1 Our challenge, frankly, is to make sure that
2 the benefits flow to the intended recipients, and the
3 program isn't taken advantage of. So, as the rule
4 process is going forward, we are establishing a team to
5 make recommendations to our administrator on how this
6 is going to be implemented. In other words, can we do,
7 with this program, what we do with our 8A program?

8 The quick answer, I think, in my mind, at
9 least, is not with the level of staffing that we have
10 in the field, as of today. They are already
11 overwhelmed with the 8A firms that they monitor and
12 have oversight over.

13 The other option is potentially creating a
14 centralized unit at headquarters, to be able to do the
15 approvals and the continuous monitoring.

16 And the third option that has sort of been
17 thrown out there is sort of delegating that authority
18 to agencies. And then, having some sort of reporting
19 and audit functions and requirements.

20 But those, that study group, is being put
21 together, recommendations will be made to our
22 administrator. We will have to look at budget.

1 Obviously, we don't have additional FTEs, we don't have
2 additional funding. We will have to look at how we
3 institutionalize the mentor-protege program.

4 So, what I would say is I suspect -- or I
5 expect -- the rule to be finalized by the end of the
6 summer, but I don't know, exactly as I stand here, how
7 that's going to be operationalized and put into effect
8 so we can actually begin accepting mentor-protege plans
9 and the joint ventures under those. So, I wanted to
10 give a quick brief on that.

11 The other thing that I think is really neat
12 for the small business community and for the various
13 socio-economic categories and programs that we
14 administer, the National Defense Authorization Act of
15 '13 -- I think it was -- gave us the authority to allow
16 small business teams to come together to pursue larger
17 and more complex contracts. And I will explain that in
18 a second.

19 But we all know that we have seen contracts
20 being consolidated. We all know that we have seen
21 contracts becoming more and more complex. And it's
22 become more of a challenge for small businesses, as

1 primes, to pursue these set-aside opportunities. What
2 the authorization -- what the Act gave us authorization
3 to do was write a rule which would allow similarly
4 situated companies to team up to pursue contracts.

5 You know, if it's a SDVOSB set-aside, the
6 prime contractor has to -- 51 percent of that project,
7 right? And that becomes more and more of a challenge,
8 as the complexity and size of the contracts grow. What
9 this rule says is that, if your subcontractors are
10 similarly situated -- in other words, if it's SDVOSB
11 set-aside, and your subs are SDVOSBs, together you can
12 count for that 51 percent of the work.

13 So, if it's set aside for SDVOSB, your subs
14 will have to be similarly situated. If it's set aside
15 for small, any of the small categories will count
16 towards that 51 percent.

17 I think this is a great opportunity for firms
18 to come together in the community, to team together to
19 pursue larger projects. That rule also will be going
20 out for public comment in the next couple of weeks.
21 Again, we will work with Barb to make sure that gets
22 out to the community when it's published in the Federal

1 Register. It's open to all to comment. It will be in
2 the Federal Register, but we'll make sure that it gets
3 out.

4 I encourage the community to comment. It's
5 very important for us to get the feedback. All our
6 rules -- and this is unique for me, because I come from
7 the private sector, actually chaired an association
8 that represented small business government contractors,
9 I never commented on rules, because I figured, "Ah, who
10 is going to look at it, who is going to read it, and
11 it's not going to be that much of an effect on how the
12 rule is finalized." Being on the other side of the
13 fence, we have to consider every one of your comments.
14 It either gets incorporated, or we have to explain why
15 it's not going to be incorporated. So it's really
16 important that we hear from the community.

17 And I will be honest. On a lot of our size
18 standards, those go out as well for public comment.
19 It's the feedback from the community, it's the data
20 from the community that helps us to finalize it in a
21 way that's appropriate.

22 As you know, the Small Business Jobs Act of

1 2010 required us to go back and review all the size
2 standards. They hadn't been comprehensively reviewed
3 and updated for decades. So, over the last three
4 years, we've updated all the revenue-bases ones, we're
5 in the process of updating the employee-based ones.
6 And then, moving forward, every five years we're going
7 to have to review and update those. And, in addition
8 to that, update them for inflation.

9 So, I encourage you -- I know it's -- and I
10 used to run and operate a small business, family-owned
11 small business that did federal government contracting.
12 And I know we have payrolls to meet, I know we have
13 bids to pursue, and pipelines to follow up.

14 But I encourage you to take the time, either
15 as individuals or as groups, to comment on the rules
16 that are going to affect the community, because we know
17 the large entities -- and I don't have anything against
18 large firms, they play a major part and role in federal
19 contracting, but we know that they will make their
20 comments. It's important for the small businesses to
21 make their comments, and that those be considered, as
22 well.

1 So, those are sort of the two quick, burning
2 issues that are coming out shortly. My office, if you
3 don't know, in order to set the stage for questions,
4 oversees the small federal and small business programs,
5 the SDVOSB, WOSB, HUB Zone, and 8A programs. We
6 establish the size standards. We have a procurement
7 center representatives, the PCRs, to make sure that if
8 the rule of two is met, the procurement gets set aside
9 for small business.

10 So, having said that, I am certainly open to
11 answer or entertain any questions that you might have.
12 Anybody?

13 (No response.)

14 MR. SHORAKA: No?

15 MS. CARSON: I think not.

16 MS. WOLEK: Just quickly, about the mentor-
17 protege program.

18 MR. SHORAKA: Yes?

19 MS. WOLEK: Is that for new businesses? Can
20 you kind of explain what the protege looks like?

21 MR. SHORAKA: The protege is -- the law
22 required us to model it after the 8A program. And so,

1 in the 8A program, the -- it's a little bit of a
2 challenge, because the 8A program is a business
3 development program, right? And so you enter -- you're
4 small. You have nine years to develop your business.
5 And during that time, there are various tools that
6 allow you to grow. Some of it is technical assistance,
7 some of it is contract -- set-aside contract
8 opportunities. And another tool is the mentor-protege
9 program.

10 So, it's the small firm teaming up with a
11 larger mentor. And, obviously, you have to be small
12 and have the status of that particular socio-economic
13 category. You could just be small, under our
14 definitions, or you could be WOSB, SDVBSB, HUB Zone, et
15 cetera. As long as you qualify on size and status,
16 then you can identify a mentor and work with a mentor
17 to join together to pursue set-aside contracts.

18 MS. WOLEK: And so, who is the mentor?

19 MR. SHORAKA: The mentor would be the large
20 firm.

21 MS. WOLEK: Okay.

22 MR. SHORAKA: Yeah. But the benefit to the

1 mentor -- now, obviously, again, this is not considered
2 just a contracting opportunity, right? It's not just
3 an opportunity for the mentor to identify a small
4 business so they can go after set-aside opportunities,
5 right?

6 There has to -- in the mentor-protege plan --
7 and this is really important, I think -- in the mentor-
8 protege plan, it has to be -- because, otherwise, it
9 won't get approved -- there has to be some sort of a
10 benefit conveyed to the protege. Are you going to be
11 trained? Do you lack technical expertise? Do you lack
12 management expertise? Do you have a lack of accounting
13 standards? Do you lack past performance reference?
14 How is it that benefits are going to be conveyed to the
15 protege? Because of those benefits being conveyed, now
16 you have the opportunity to pursue set-aside contracts.

17 Okay? Okay, thank you. Thanks for having me.

18 MS. CARSON: Thank you so much, John, for
19 spending time with us. I think there were a couple of
20 questions, sector-specific, for you.

21 VIII. SUBCOMMITTEE REPORTS

22 We're moving on to our subcommittee reports.

1 Is there -- if we -- if you don't mind, we're not going
2 to take a break of any kind, we're just going to keep
3 on pressing. Is that all right? Okay, good.

4 We will start with the Training, Counseling,
5 and Outreach for Access to Capital. And, Ruth, if you
6 are on the line, would you like to contribute first?

7 MS. SAMARDICK: Well, I am on the line. Let's
8 see, we don't have a whole lot to report. I just want
9 to talk about -- Congress awarded additional funding in
10 the 2014, and we are really stepping up on our employer
11 outreach.

12 So, in coordination with the First Lady's
13 Initiative, we have been doing a lot of employer
14 outreach, and collecting national-level commitments by
15 employers to hire veterans.

16 We are also really ramping up the -- that
17 function -- we fund a position called the Local
18 Veterans Employment Representative, and they are part
19 of the business engagement teams that are in the
20 American Job Centers that are across the nation.

21 So, I would encourage us to try to reach out
22 to small businesses, wherever we can, and get them to

1 access the American Job Centers with their employment
2 opportunity, because we have a lot of qualified
3 veterans within the American Job Center network who are
4 looking for employment, and we can certainly help that
5 employer find the workers who need it.

6 And that was a pretty short update.

7 MS. CARSON: Thank you, Ruth. We are
8 definitely, here at SBA, looking at coordinating our
9 messaging, so that small business owners do know they
10 can go to American Job Centers and treat them as if
11 they were their HR department, and find great employees
12 to bring on to their growing businesses.

13 Do you have an update today, Ruth -- perhaps
14 we can follow up another time -- on military spouses,
15 and being dislocated, or displaced workers, and that
16 consideration?

17 MS. SAMARDICK: Yes. Military spouses whose
18 spouse undergoes a permanent change of station, or -- I
19 don't have my -- yeah, I'm afraid you caught me
20 unaware.

21 MS. CARSON: Well, while Ruth is looking for
22 that, why I'm asking is that we are finding a great

1 number of military spouses find self-employment as one
2 way to keep their own career or profession moving
3 forward, as they move, often, with an active-duty
4 military person. And so, we are working with
5 Department of Labor to make sure that that's a
6 community that's included in our programs and outreach,
7 as they are part of our special consideration in access
8 to capital, for example, here at SBA. We do look out
9 for military spouses, as well, and I'm glad that DoL is
10 taking a look at that population.

11 So, Ruth, I can follow up with you on the next
12 meeting.

13 MS. SAMARDICK: I've got my --

14 MS. CARSON: Okay.

15 MS. SAMARDICK: Let's see. Yeah, I'm afraid
16 my slides are very high-level, but spouses of certain
17 active-duty members are included in the definition of
18 dislocated workers and displaced home workers for
19 assistance under this dislocated worker program. So
20 that is a very high-touch program, and there are
21 training dollars associated with it, unlike FTEs, and
22 they do not have training dollars associated with it.

1 So, if you qualify as a dislocated worker, you
2 might have access to the training requirement --
3 training you need to find a good job.

4 MS. CARSON: Thank you.

5 MS. SAMARDICK: And that's part of the
6 Workforce Investment and Opportunity Act, which was
7 passed and supersedes the previous Workforce Investment
8 Act.

9 MS. CARSON: Thank you, Ruth. I am going to
10 move to Sarah from Department of Treasury to give an
11 update.

12 MS. WOLEK: Sure, thank you. Also -- thank
13 you. I wanted to refer to the small business credit
14 initiative that the Treasury Department -- it's a
15 program within our office, the small business -- and we
16 continue to do outreach to our states.

17 Essentially, the program, for those of you who
18 are not aware, is providing credit to state economic
19 development agencies to then sort of move to business
20 development in the state. And also, the states have
21 also used those funds from VC perspectives, but we have
22 seen that two-thirds of the funds are being put towards

1 development agencies, and a third have gone to the VCs
2 within states to sort of help start up businesses.

3 From our perspective at Treasury, we've been
4 working actively to make sure these partners that we
5 have at the state level, both in the VC and the
6 economic development side, continue to be aware of the
7 veterans businesses, and keep that in mind, and to
8 outreach and education with regard to their local
9 community, so they know that these funds are available,
10 both in terms of the partners on the state level, and
11 then beyond. So, that is also something that we have
12 kept our eye on, and we continue to keep pushing
13 forward.

14 MS. CARSON: Thank you. Thank you so much.
15 And we are the -- Training, Counseling, and Outreach
16 for Access to Capital, pretty specific, but I'm going
17 to cover just a couple of things. But I'm going to
18 cover just a couple other things.

19 And Craig Heilman, our director of veterans
20 programs, is also here. He will give us a top-line
21 brief on boost to business, and where that is at.
22 Quickly, I will go over some of the outreach that we

1 have done in this last quarter, since we last met.

2 National Veterans Small Business Week took
3 place November 3rd through the 7th, and it was a really
4 successful opportunity for us to gather resource
5 partners, district offices, our veteran business
6 outreach centers and headquarter personnel, as well as
7 academic and corporate involvement, and really
8 elevating veteran small business owners and -- across a
9 wide variety of sectors.

10 So, we reached over 7,000 veterans with
11 activities that were just that one week. For access to
12 capital, specifically, we have done three of these
13 panels now, with vets in tech, and it's called Vet Cap.
14 There are usually five of us -- let's see if I can get
15 them all -- venture capital, angel investing,
16 traditional lending, SBA-guaranteed lending, and online
17 platforms. We come together and talk, and help vets
18 understand that you can get money, whether maybe you
19 need it or not, or if it's appropriate or not, but it's
20 going to have a wide range of costs to you, and it's
21 going to be risky or not risky, there is a wide
22 spectrum.

1 So, it's just starting to do some outreach on
2 that, and also get a better feel for what the veteran
3 population looks like right now, and what they need
4 from SBA, in particular. But being aware of what is
5 going on in the marketplace, as we had the presentation
6 today, we need to be aware, we need to be agile, and we
7 need to be sure that what we're providing is what is
8 needed, and that it's in the best possible way that we
9 can.

10 We also have a new cooperative agreement with
11 the Montgomery Chamber of Commerce Foundation for
12 Veterans Institute Procurement. This is not for newly
13 -- just seeking their first procurement opportunity;
14 this is for growing companies. And it is only for
15 vets. We will offer 3 programs per year, 50 veteran
16 businesses per session. And I am excited about the
17 data that is coming from those cohorts at the one-year
18 point, so I will share those statistics with you at the
19 next quarter.

20 We have just had the first class go through
21 that was SBA-sponsored. That was in October. The next
22 one is in March, and it is already open for

1 registration at nationalvip.org.

2 Boots to Business Reboot is a form of district
3 office outreach. And how we're conducting this
4 program, it uses the Boots to Business curriculum, but
5 it doesn't use the rest of the infrastructure,
6 necessarily, for that.

7 Our partners have been the Institute for
8 Veterans and Military Families, providing the
9 registration and the backbone for making sure that we
10 can do more robust outreach than we could do on our
11 own, and we're very grateful for that support. We
12 couldn't do without our district offices, SBA lenders,
13 and also our resource partners. We reached over 1,000
14 veterans thus far in 17 sessions. I will have an
15 update for you, as well, on where that is going in 2015
16 in our next meeting.

17 I am going to turn it over to Craig for an
18 update on how we did with 2014 Boots to Business
19 participation, and a brief overview of where we're
20 going.

21 MR. HEILMAN: Good morning. I'm Craig
22 Heilman, Director of Veterans Programs, Boots to

1 Business. There we go, great.

2 So, the numbers for Boots to Business, again,
3 our primary training program that targets transitioning
4 service members that we do in partnership with the
5 Department of Defense, Veterans Affairs, and Department
6 of Labor, launched in 2013, January 1, and has been
7 ramping up ever since, and growing steadily, quarter
8 over quarter. In Fiscal year 2014, we were able to
9 train 14,464 transitioning service members in the 2-day
10 course that is now on military installations all around
11 the world.

12 One of the big things that we accomplished in
13 2014 was to go global, in partnership with our friends
14 from the Institute of Veterans and Military Families at
15 Syracuse University, two of whom are here today, Dan
16 Cohen and Mike Chanek, who I'd like to recognize. We
17 are able to get overseas on to all the bases where
18 there was demand and transitioning service members. So
19 we're proud of that.

20 So, 14,464. The demographics there -- and we
21 do have these numbers that we can put into the public
22 record and send out to all interested -- the

1 demographics do reflect the services, in terms of size.
2 So the largest are Army participants, 45 percent,
3 followed by Air Force, Navy, and then, of course, the
4 Marine Corps.

5 It came up yesterday in our meetings that we
6 were having around dependents and spouses, we -- it is
7 eligible for spouses, which is a group that we are
8 targeting as ones that really benefit from this
9 training, and are often self-employed, or pursuing
10 business ownership.

11 Spouses -- that is the only way that they can
12 -- you know, that they can register right now, is as a
13 dependent -- male/female is -- 22 to 24 percent are
14 female, and a large component of those are spouses. So
15 we are getting spouses, but we're looking for ways to
16 make sure that we can codify specifically how many
17 folks coming through are spouses, and reach out to
18 them.

19 The follow-on training, there is an eight-week
20 course that our service members can then go on to to
21 get more training, and as they pursue business
22 ownership. We do that, again, through Syracuse and a

1 coalition or consortium of other universities that
2 teach the eight-week course. It's online, it's very
3 high-touch. It leads to an actionable business plan
4 that we hope those folks can take to the bank, or any
5 other place that they're looking for capital, and make
6 their pitch successfully.

7 We've had about 1,700 students go through that
8 since it started. Once our funding came online -- we
9 were not fully funded until the beginning of this year,
10 and we were able to really increase the capacity there.
11 So those numbers are growing really steadily, as well.

12 So, that's where we've been. Again, it's
13 grown. It's been a great partnership. And I will
14 mention, as far as reporting, we report out a couple of
15 places. We certainly report to this task force. We
16 report through the agency, and all the way through the
17 agency reports. But then we also report to the
18 interagency group that governs the Transition
19 Assistance Program. So that is chaired by DoD, Labor,
20 and the VA.

21 And what do report, for everyone's
22 information, we report the graduation rate of the

1 eight-week online course that I mentioned. We report
2 the through-put, or the numbers of who is going through
3 our two-day that I also just mentioned. And, starting
4 in the first quarter of Fiscal Year 2014, we will
5 report the business formations that we are seeing from
6 these graduates.

7 So, in terms of where we're going this year,
8 one of the big things, the big efforts, is to survey
9 the cohorts that have come through, now that we're two
10 years in, to see how they're doing, in terms of
11 actually starting new businesses. And so we're going
12 to gather that data this year, and report on it in the
13 first quarter of 2014.

14 And then the other major initiatives this year
15 is to really work on the outreach and then
16 connectivity. And by the outreach, I just mean there
17 are still pockets of -- places where there is not the
18 awareness that there needs to be for the availability
19 of this training. And that's working through DoD, but
20 then separately through our district offices and all of
21 our resource partners that help us.

22 And the connectivity, meaning the links

1 between leaving that two-day course, going wherever
2 they -- the transitioning service member ends up,
3 whether it be in rural American or urban America, back
4 home, or somewhere new, a new home, and making sure
5 that those folks are identified when they get follow-on
6 services from one of our partners, or somewhere else,
7 as a Boots to Business graduate, so we can be sure that
8 they continue to get the support that they need. That
9 is certainly one of the biggest goals of the program,
10 is to connect those folks to the SBA, and all those
11 that we're partnered with.

12 So, that's where we're at, and I appreciate
13 all the support this task force has provided over time.

14 MS. CARSON: Thank you. Thank you, Craig.
15 And I have one more challenge that we are working with
16 this body to resolve, and that is the longitudinal
17 success of this business.

18 For those of you who have taken the transition
19 assistance program, whether it was many years ago or
20 recently, it's a lot of information to take in at once.
21 And, although I am very grateful DoD is offering this
22 up to 18 months before a person separates, many are not

1 taking it that early. And thinking about starting a
2 new business while you're also trying to transition to
3 civilian life, that's a lot to take on.

4 So, we hypothesized -- haven't been able to
5 prove it yet -- that, one, it could be a good decision
6 to not start your business right away, and we may see a
7 lag in business formation. And, second, we would like
8 to see, and are working with DoD to see, if we can make
9 eligibility for that instruction much earlier, so that
10 people can make plans as far in advance as they need,
11 especially for entrepreneurship.

12 But I don't think that it's just one thing
13 that requires that amount of thought. Having to move
14 to the civilian world after having -- especially
15 retirees -- doing one thing after 22 years, it's quite
16 a shift. So we will continue to work with DoD on a
17 life cycle, and getting our education out earlier, and
18 working to get the data to show the effect for
19 performance on the other side, as well.

20 We are going to move to the next subcommittee,
21 which is Federal Procurement and Contracting Programs.
22 We are going -- Mr. Wesley for DoD.

1 MR. WESLEY: No problem.

2 MS. CARSON: Go ahead.

3 MR. WESLEY: So, first off, I want to thank
4 you all for having us come up. And I like the fact
5 that we have the subcommittee, so I think it's a very
6 good idea, and hopefully it continues. I hear a lot of
7 great things. This is my first session.

8 And what I will tell you is, from the
9 Department's standpoint, we -- this is the first year
10 that we can -- that it appears -- I still have to say
11 the word "appears," because we're still validating data
12 -- but this looks like it will be the first year that
13 we have met our service-disabled-owned goal. It
14 appears that we will actually beat it by quite a bit
15 this time, so we're actually happy about that. And
16 what we're going to do is not put a lot in place to try
17 to sustain, to -- going into the efforts of
18 sustainment.

19 And what we -- one of the things that we found
20 out is -- what has carried us, at least during the
21 preliminary review of numbers, is the use of veterans
22 coming out in various services contracting, whether it

1 be in support of various technologies that they have
2 the skills and expertise of being -- supported, while
3 they were on active duty, whether it be actually coming
4 up with a solution to problems, various technologies
5 that they experienced when they were on active duty,
6 and they became -- got out and became entrepreneurs
7 themselves.

8 One of the things that we are trying to do now
9 is continue to do a deep dive on the numbers to find
10 out where veterans are already doing well, but also
11 where we can improve. And, as you all know, Better
12 Buying Power, which we know is out for public comment
13 now, I am on three of the -- I am the lead for three of
14 the various topic areas: SBIR being one; market
15 research and competition being the others.

16 And one of the things that I will tell you
17 that we're trying to do is specifically figure out how
18 to improve veterans and service-disabled veterans, both
19 categories, in the use of technology in the department.
20 Innovation is where we're going to be focused over the
21 next few years. And we know, for a fact, that
22 technology superiority is the acting -- well, the

1 current Secretary's mantra, but it will continue with
2 the next regime, as well. So I don't -- we do not see
3 that changing.

4 Frank Kendall is going to be there for a
5 while, and technology superiority is where he is
6 beating the drum. And so, for service-disabled
7 companies and veteran-owned companies that are
8 specifically focused in technology and innovation, we
9 will continue to have a lot of support within the
10 Department.

11 Just a couple of outreach efforts, we were
12 also -- I actually personally participated in the
13 Veterans Week last week, and I was able to reach out to
14 a few thousand veterans, myself, while I was there, and
15 actually was able to speak on several of the different
16 platforms. And I think it's one of the better events
17 that we have.

18 I actually was one of the leads for the
19 planning of the event when it used to be with the Army,
20 so I'm very familiar with it. And I think that one of
21 the things that we can do is maybe try to, in the
22 department areas, find ways to either help support the

1 planning of the event, or -- as well as coming out with
2 a subset of a smaller event to reach folks that,
3 obviously, couldn't get to the Department while we were
4 there, because we're not the central focus. But we
5 want to try to improve the relationship with the SBA in
6 order to potentially plan that in the future.

7 IX. PUBLIC COMMENT, CONSTRUCTIVE SUGGESTIONS,
8 AND DISCUSSION

9 MR. WESLEY: So, if you have any questions for
10 me, I'm here. Rick? I thought you had one. Go
11 ahead, man.

12 MR. WEIDMAN: First, you may want to let
13 people know, for the record, who you are.

14 MR. WESLEY: Well, I introduced myself
15 earlier. Kenyatta Wesley, Deputy Director for the
16 Small Business Office, specifically right now focused
17 on technology and innovation. However, because my
18 partner -- there are two deputies within the Office of
19 Small Business Programs, which is portfolio management
20 -- that position is currently vacant. And so I am
21 actually -- I am single-hatted at the moment, so -- I
22 mean dual-hatted at the moment, covering both areas.

1 MR. WEIDMAN: Right. A couple of things. One
2 is the question that I have is, when, five years ago,
3 DoD handed over to VA the lead in putting together the
4 -- what's now called the Veterans Business Engagement,
5 as I understood it then, Ms. Pinson's -- rest her soul
6 -- plan was to do, instead, concentrate on regional
7 events.

8 And my question is, did those materialize?
9 And are they ongoing? And can we help?

10 MR. WESLEY: So, first off, yes. For those
11 who do not know, we did lose one of the best advocates
12 for small business earlier this week in Ms. Tracey
13 Pinson. She passed away. We will be having her
14 memorial ceremony on Friday, for those who do not know.

15 What I will say on your specific question is
16 the Army, to my knowledge, had not regionalized those
17 efforts, as yet, because there was a transition period
18 of where we did not want to, if you will, steal the
19 thunder from the big, overall event that the VA puts
20 on. And so, there was a -- I would say a "cooling off"
21 period, if you will, to try to ensure that we didn't
22 steal that thunder. But also, instead, we actually

1 added to their thunder. So we want to actually, now,
2 start to actually figure out how we're going to do
3 that.

4 And I don't think it will be just one service,
5 specific. It will be DoD-specific, of which the Army,
6 the Navy, the Air Force, and SA, all of the components,
7 will be able to participate in some way, shape, or
8 form.

9 And the regional concept is still on the
10 table, or quadrants of excellence will also be
11 established, or potentially be established. What I
12 mean by that is, so, for example, if these services --
13 Army, Navy, Air Force, Marine Corps -- have a specific
14 area of focus that they're trying to get at with
15 veterans, they will -- that's how they will target it,
16 and maybe do it jointly.

17 And then, of course, the high-side agencies
18 would then have their own platform to try to get to
19 service-disabled veterans. That is something that
20 we're all mulling over now, because one of the things
21 that each of the organizations have voiced as a concern
22 is that they want to have the quality of companies that

1 come in that specialize in their areas, and not have --
2 not waste industry's time, not waste industry's money,
3 but also not waste the program management team's time
4 or money.

5 So, we're trying to find a centralized way to
6 do that, but that it will still be impactful. All
7 right? Did that answer your question? Can you be
8 helpful? Of course you can. We going to -- we can
9 start having more discussions going into the
10 springtime. Then I will definitely send you a note,
11 and we can kind of figure out how --

12 MR. WEIDMAN: One thing I would urge quite
13 strongly is involvement in the veterans business
14 community at an early stage. If we have a stake in it,
15 we're much more likely to go.

16 I will tell you that after the first year it
17 transferred from DoD to VA, they at least had -- let us
18 have one representative on there. And the late Bob
19 Hesser made input, and shared that, and got information
20 and suggestions from all the major veterans
21 organizations. They didn't listen to a lot of them,
22 but they at least got them. And that is something that

1 really needs to change, in our view, speaking for both
2 VBA and for VET-Force.

3 One of the major complaints that was in the --
4 actually, in this room, on Monday, when we had -- no,
5 Tuesday, when we had the VET-Force meeting -- that came
6 out of the conference was -- particularly some of the
7 younger business owners felt they got blown off by big
8 primes.

9 And this is not a new thing, because what
10 we're curious -- and we'll FOIA if we have to -- how
11 many of the participants, not the federal folks who
12 were there, but the folks who paid cash on the line,
13 were, in fact, veterans. Because it was a significant
14 number of folks. And I have heard this directly from
15 representatives of the primes in the past, is they will
16 ask, "Are you VA qualified or HUB Zone qualified," and
17 if you say no, they basically don't want to do business
18 with you.

19 MR. WESLEY: So are we talking -- sounds like
20 we're coming two things here. Are we talking from the
21 veterans event this past -- you're going to FOIA the
22 numbers to? Is that what you're asking --

1 MR. WEIDMAN: Oh, how many of the -- they say
2 there were 3,200 employee participants. How many of
3 those were Fed? How many --

4 MR. WESLEY: From the various -- in Atlanta,
5 that we just had?

6 MR. WEIDMAN: Yes, sir. That's correct.

7 MR. WESLEY: Okay.

8 MR. WEIDMAN: And how many were federal
9 officials, which we're delighted came? But how many --
10 so, and of those remainder, who were private citizens,
11 how many of those were actually veteran business
12 owners?

13 MR. WESLEY: Okay.

14 MR. WEIDMAN: Because it's coming to the point
15 where we're really concerned that, if you're going to
16 go as a veterans engagement, then it ought to be
17 veteran-owned businesses there, and not other
18 categories.

19 MR. WESLEY: So --

20 MR. WEIDMAN: If you're going to bill it as a
21 small business engagement, we have no problem with
22 that. But then don't call it veterans engagement.

1 MR. WESLEY: So let me say something. And I
2 can't speak for the SBA on this, but as one of the
3 people who participated in this before, when it was
4 under the Army, there is two pieces and focus areas
5 when you do anything like this. The target and focus
6 area is veterans. There is no mistake about it, that
7 that is the target and focus area.

8 However, one of the things that we have to
9 remember is that relationships are formed with multiple
10 companies of various socio-economic categories. So we
11 don't want to discourage women-owned, HUB-owned
12 participants from attending the event, because they may
13 have contracts already in place of which they're
14 looking for veteran -- service-disabled vet partnership
15 or mentorship.

16 And so, I think it's very -- you've got to be
17 very, very careful that you don't discourage their
18 participation in the event. But what you want to
19 emphasize is that, to the large primes who come, that -
20 - what is the focus area? Don't discourage them from
21 trying to find partners of all the types of categories.
22 But, remember, they're coming here because it is a

1 veteran-focused event. And I think that's the message
2 we should probably be sending, is that the large --
3 when you come, remember what the focus area is.

4 MR. WEIDMAN: What I'm saying to you is that
5 some of the large primes, that's not their focus area.
6 And the feedback from vets is that, if they don't have
7 a qualification in more than one category, they're not
8 -- they're blown off, essentially.

9 MR. WESLEY: So that goes back into our
10 subcontracting discussion that we're all battling
11 challenges on right now. I don't think the -- I would
12 tell you we are -- we know that we have a problem with
13 subcontracting, when it comes to enforcement. We're
14 working through those challenges.

15 So, for example, one of the things that we're
16 currently doing within the Department is we're battling
17 -- as you personally know, we've been working, trying
18 to get visibility into the CSP program. We tried -- we
19 actually did not want to -- we were waiting and hoping
20 that it would sunset, but it didn't. And by them
21 extending it, even though they put in some more
22 requirements, they weren't requirements of -- which are

1 going to help you all, as service-disabled vets, to
2 figure out exactly how much work is going into veteran
3 community hands or not going into veteran community
4 hands. That was not a requirement.

5 When you sit down and start saying, "I want to
6 go into making subcontracting plans more enforceable,"
7 that was also not addressed yet. So we're working on
8 ways to do that. But that also goes into manpower.
9 And in a enforcement environment of which we're being
10 told we have to cut 25 percent of the workforce, of
11 course, you're going to have to make some tough
12 decisions.

13 MR. WEIDMAN: Right.

14 MR. WESLEY: So, what I'm telling you is not a
15 bunch of excuses, it's to say we know it, we're
16 hammering at it, but it is going to take some time.
17 It's one of those things that -- you personally know
18 what it was four years ago, and you know that we've
19 made a lot of progress over the last four years.

20 So, I hope to have a full solution rolled out
21 here in the next 12 to 24 months. That is my goal.

22 MR. WEIDMAN: Okay. I will tell you that,

1 also on Tuesday, we went over the preliminary list.
2 And at the very top of that list is eliminating CSP
3 program, because it's a total fraud. And I could beat
4 around the bush, but it's a lie.

5 As long as there is no transparency, there
6 isn't honesty. And they do -- and it's a Let's Not And
7 Say We Did on the part of the largest primes, and
8 that's why they want to continue it. And I'm very
9 disappointed in the Senators who supported that, and
10 thwarted efforts to end it. And I know that you all
11 know that, and Andre knows that, and you guys are on
12 the side of the angels. But this is something that
13 we've really got to end.

14 One last suggestion, if I may make to you --

15 MR. WESLEY: Please.

16 MR. WEIDMAN: -- is that you guys regularly
17 meet with the veterans community.

18 MR. WESLEY: You know we do, anyway. As much
19 as we can, we're there.

20 MR. WEIDMAN: Okay.

21 MR. WESLEY: There is -- right now there is
22 only me and Andre at the moment. So as soon as we can

1 get to our third partner, we'll be out even more. But
2 as of right now, it's just two of us, so we have to
3 kind of spread ourselves as much as we can.

4 But, yes, the answer to your question is we in
5 agreement with being out with the veteran community as
6 often as possible, so you have -- all you got to do is
7 send an email, we'll try to get there, or at least make
8 sure we're -- from our offices there, if we can't be
9 there.

10 MS. CARSON: Thank you very much. We have our
11 final subcommittee, which is Coordination of Federal
12 Support. I did expect to see Mr. Lenny here today, I
13 am sorry he's not. We had a couple questions about the
14 Congress. So I will follow up on the gentleman's words
15 that we just heard, and hopefully we'll have a good,
16 robust update for you at the next quarterly meeting.

17 For Coordination of Federal Support we have --
18 on the line, I believe --

19 MR. WILFONG: Yes, hi.

20 MS. CARSON: Thanks, Jim.

21 MR. WILFONG: This is Jim Wilfong. We don't
22 have a lot to report, we haven't had a meeting of the

1 group since the last meeting that we had in September.

2 But one of the things that I would like to say
3 is that I'm very happy to see that the Department of
4 Agriculture is here, because I think they can really
5 help a lot. Especially what the gentleman was
6 proposing was particularly interesting. And, speaking
7 for -- you know, speaking for people who live out in
8 rural America, and veterans who live out in rural
9 America, that could be very, very helpful.

10 But I continue to worry about the fact that,
11 when it comes to money, and money to help veterans
12 start businesses, you know, it's always -- it continues
13 to be mostly a debt discussion. And debt is fine,
14 unless you're a young veteran who is just coming out,
15 and maybe you're a lance corporal or a corporal coming
16 out of the Marine Corps, and you really don't have any
17 assets for which you can pledge those assets to a bank
18 or a loan guarantee program. And it still seems to me
19 to be a weak part of really trying to help the entire
20 veterans community.

21 If you're talking about helping a lieutenant
22 colonel or a colonel who has been in the service for

1 20-plus years, they are going to have more in the way
2 of assets than a lance corporal is going to have, or a
3 Spec. 4 from the Army.

4 And, you know, it just seems to me that, you
5 know, we do have this recommendation in. I don't know
6 if -- what is -- exactly is happening, in terms of what
7 the White House is thinking about it and doing with it,
8 where they could convert some of the GI Bill money for
9 education with a business plan and technical assistance
10 to help them start a business.

11 And I really think, you know, with all the
12 good intentions of loan guarantees and reduction of
13 fees, and all those things, they're all very good and
14 very helpful to a certain group of veterans, but it's
15 not going to help to create entrepreneurs to people who
16 don't have very much money to start with, and don't
17 have assets to pledge in order to receive some help, in
18 terms of debt.

19 So, that continues to be a concern of mine.
20 And I am happy to hear about the educational programs.
21 But, once again, I -- you know, in order for the
22 educational programs to help veterans, they are going

1 to have to be widespread and across the United States
2 and in rural areas, as well. And we're talking about
3 trying to meet and educate thousands and tens of
4 thousands of veterans, because, unless they can prepare
5 a business plan, they aren't going to have a chance at
6 receiving debt, even if they have assets to pledge.

7 So, those continue to be a concern to me and
8 to other members of the committee, and also a concern
9 to the veterans community. It was -- they supported
10 the concepts when we originally started creating this
11 and bringing them together and creating our
12 recommendations.

13 And so, I am very pleased to hear about all
14 the different groups today, and, once again, especially
15 from the Department of Agriculture.

16 MS. CARSON: Thanks for those points --

17 MR. WILFONG: I will take questions.

18 MS. CARSON: Any questions for Jim?

19 (No response.)

20 MS. CARSON: I had a comment on that. Jim, we
21 are also looking at what some of the industries or
22 opportunities that are a low barrier to entry, as far

1 as capital goes, and agriculture is one of those,
2 especially with changes in what our policy and
3 engagement director informed me. There is vertical
4 farming, there is micro farming, and then there is a
5 way to make a real living off of a lot of less land and
6 less investment now, than there was in the past. It's
7 not --

8 MR. WILFONG: No, I know. I live out here in
9 farm country.

10 MS. CARSON: Right. And we care about this,
11 because, for Boots to Business, the population that
12 we're seeing take this course, 56 percent are enlisted,
13 and 39 percent are officer. And the breakdown between
14 -- we see it almost even -- correct me if I'm wrong,
15 Craig, on those first-termers versus the -- they've
16 been a lifer. So half and half. We've got a diverse
17 group here that are really interested in
18 entrepreneurship, and a wide range of opportunities,
19 then, that we need to be informed of and making things
20 easier for them to get into business.

21 So, I appreciate and I thank you for reminding
22 us of the GI Bill and that discussion. There was some

1 proposed legislation that did not move at this time, as
2 it doesn't -- there is nothing that I can do on that
3 one. VA is aware, as they are implementing that
4 benefit, that that was one of the significant items on
5 the agenda last year for American Legion, for example.

6 MR. WILFONG: Yes.

7 MS. CARSON: So, I -- but I do not have any
8 update from anyone else that was working on that issue
9 as part of this body.

10 MR. WILFONG: Okay. No, thank you very much.
11 I just feel an obligation to make sure I raise it every
12 time I can.

13 MS. CARSON: Good. Thank you for doing that.

14 MR. WILFONG: You're welcome.

15 MS. CARSON: Are there any comments from on
16 the phone, before we adjourn this meeting today?

17 (No response.)

18 MS. CARSON: And from the folks here? Mr.
19 Weiden?

20 MR. WEIDEN: Thank you, ma'am. As you know,
21 yesterday I spoke to the Advisory Committee and urged
22 them to get a sense of urgency, because if things don't

1 happen now, in the next couple of months, get underway,
2 you're never going to get stuff done, either with this
3 Congress or with the Administration. So, everything
4 you don't get done during the first session of this
5 Congress is going to be difficult to insurmountable
6 problems in the second session.

7 And what's concerning to us is -- look around
8 the room. Too many years ago, this room would have
9 been full, and the old Eisenhower Room was full, and
10 there was a line of people from the veterans community,
11 sometimes 30 people, wanted to offer comments. And
12 most of them were not duplicative. And they were
13 substantive and constructive thoughts and ideas.

14 That sense of urgency needs to get back to
15 this committee. And whether it's the chief of staff or
16 whoever, there is nobody here from VA today at all.

17 And this committee has not filed its annual
18 report with the White House and OMB in two years. You
19 had one due September 30th of 2013, and one due
20 September 30th of 2014. Neither one has been filed.
21 Repeatedly, over the grapevine -- which is often, in
22 this town, unreliable -- it is the problem is VA hasn't

1 done their part. If that's true, then we need to get
2 to Bob McDonald.

3 The point is this. Everything flows from the
4 plan. If you don't have a plan, you're not going to
5 get legislation that's well thought-out. And if you
6 don't have a plan that holds up, you're not going to
7 get the appropriations.

8 The veterans organizations will fight like the
9 dickens for more money for you all, and some of that
10 reverted down and it's borne fruit for the office. But
11 for all these other programs, many of them don't
12 necessarily cost money, but -- I will use as one
13 example that there was -- gosh, it was 20 years ago
14 now, during the involuntary drawdown in the early '90s,
15 where states were given the option that, if somebody
16 had a business plan, and you -- and had the
17 wherewithal, you could take all of your U.S.
18 unemployment from DoD up front as a lump sum as your
19 start-up capital and get into self-employment.

20 And that is particularly important for Guard
21 and Reservists. And today, over 50 percent of those on
22 active duty at this moment are Guard and Reserves.

1 Most people don't -- and that's going to get to be a
2 higher percentage with the drawdown in the active duty
3 force.

4 My point is this. You need -- those folks
5 have to have a way to earn a living, and we don't know
6 why and haven't been able to figure out why, but the
7 Reservists are mostly in the cities or urban areas,
8 more urban areas, and the Guard tends to be in more
9 rural areas. And serving a double duty.

10 My point is that national security revolves
11 around those people being able to make a whole living,
12 and not just a part-time thing from the National Guard,
13 a whole living that will actually support their
14 families in decent ways, because the intensification of
15 call-ups is not going to stop any time soon. And so it
16 becomes a matter of national defense to help those
17 folks develop jobs. And who is going to be most
18 understanding of somebody who is in Guard and Reserve?
19 Another Guard and Reservist having to serve on active
20 duty.

21 So my point is, really, those kinds of things
22 don't cost any extra money. They really don't. And

1 the bean counters at DoD may say they do, but that's
2 all -- they don't take the long-term view. And the VA
3 is not doing their part on that.

4 And whatever it takes, whether it's a letter
5 from the VSOs to the President about revitalization of
6 this task force, that may be what's needed. I don't
7 fault you at all, or your office. But the sense of
8 urgency has gone away since Marie Johns left the
9 building. And we thought it was a mistake to have her
10 go down the road for many reasons, not just because of
11 veterans programs, per se, but she knew what it was
12 like to scratch out a living out there. And we need
13 that kind of person and expertise in this building.

14 So, any comment about why the two reports have
15 not been filed? And if VA is on the phone, I would
16 like to get their response.

17 MS. CARSON: I do have a 50-page draft from
18 2013, and it is missing input from an agency. So I do
19 -- we do need to figure out, as a body, what we want to
20 do with that.

21 The second is that our report is supposed to
22 cover the entire fiscal year, and so there is a time

1 period that's allowed to compile all that, and it is in
2 progress. So thank you for reminding me that each of
3 the members here is supposed to send in their final
4 input by Wednesday of next week. And Ms. Kim McClone
5 in our office is the one who compiles the entire
6 report, and gets it out.

7 X. CLOSING COMMENTS AND QUESTIONS

8 MS. CARSON: So, thank you for bringing that
9 to the attention, that we do need a sense of urgency,
10 and the way that we do influence and report out is this
11 annual report. It is important to me. I think that
12 there are a number of agencies that have done great
13 things for veteran entrepreneurship. But if we aren't
14 communicating and we're not convening, it gets
15 diminished. So, thank you for your comments. And I
16 appreciate your support.

17 MR. WEIDEN: Thank you, ma'am.

18 MS. CARSON: Anything else, before we adjourn?

19 (No response.)

20 MS. CARSON: Thank you very much for taking
21 the time to come with us (sic) today.

22 (At 11:49 a.m., the meeting was concluded.)