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SMALL BUSINESS ADMINISTRATION

INTERAGENCY TASK FORCE ON  
VETERANS SMALL BUSINESS DEVELOPMENT

Friday, February 25, 2011

9:00 a.m.

Small Business Administration  
409 Third Street, S.W.  
Washington, D.C.

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## C O N T E N T S

	PAGE
Opening Remarks: Deputy Administrator Johns	4
Transition Assistance Program Update -- Mr. Burke	11
December 10th Meeting -- Mr. Elmore	15
EBV Program Model -- Mike Haynie	21
Subcommittee Reports	
Access to Capital	63
Federal Contracting	72
Increase Integrity of Certifications	79
Reducing Administrative Burdens	85
Training and Counseling	94
Improving Federal Support	99
Public Comment	108

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

2 MS. JOHNS: Good morning, everyone. I am delighted  
3 to welcome you to our first meeting of the Veterans  
4 Interagency Task Force on Veterans Small Business  
5 Development, our first meeting in 2011. We have a full  
6 agenda.

7 Sorry for having a bit of a late start, but we knew  
8 that the weather here was potentially going to slow us down a  
9 bit at the outset. But we will make the time up as we go  
10 along.

11 We have a full agenda. We have reports from each  
12 of our subcommittees, and we also have some announcements and  
13 presentations. And overall, we are hoping that those of you  
14 who are visiting with us this morning are pleased by the  
15 level of activity that you learn from the task force, and I  
16 am particularly grateful for the activity from all the  
17 subcommittees that have been very busy continuing their work  
18 since our last meeting.

19 Before I go further, I would like for members of  
20 the task force to please just introduce themselves, so that  
21 everyone will know who is at the table. Jiyoung?

22 MS. PARK: Good morning. Jiyoung Park, the

1 associate administrator for the office of small business  
2 utilization at the General Services Administration, co-  
3 chairing the federal procurement working group with my  
4 client, Linda Oliver.

5 MS. OLIVER: And I am Linda Oliver. I am the  
6 acting director for small business programs at the Department  
7 of Defense.

8 MR. BURKE: Gordon Burke, I am from the veterans  
9 employment and training service of the Department of Labor,  
10 and I am the director of national employment programs. And I  
11 am co-chair of the subcommittee on training and mentoring.

12 MS. JOHNS: Good morning. I'm Marie Johns, deputy  
13 administrator at the SBA, and chair of the task force.

14 MR. ELMORE: Bill Elmore, associate administrator,  
15 veterans business development, here at SBA, and chair of the  
16 access to capital subcommittee.

17 MR. WILFONG: My name is Jim Wilfong. I'm with the  
18 VET-Force, and I am co-chair of the working group six.

19 MR. HEARD: Good morning. I'm Ford Heard. I'm the  
20 acting director for the VA's OSDBU program, and I am the  
21 chair of the certification program.

22 MR. GARCIA: I am John Garcia, I am with the

1 National Association of State Directors of Veteran Affairs,  
2 State of New Mexico -- we are a state, by the way.

3 (Laughter.)

4 MR. GARCIA: I am on the committee with Bill  
5 Elmore, access to capital.

6 MS. O'HERRIN: Good morning. I'm Elizabeth  
7 O'Herrin. I'm with Student Veterans of America, co-chair of  
8 the training and counseling subcommittee.

9 MS. JOHNS: And I see you here. I know you're not  
10 an official member of the task force, but you are part of us.  
11 So would you introduce yourself, please?

12 AUDIENCE PARTICIPANT: [away from microphone] I am  
13 director of veterans outreach at the White House.

14 MS. JOHNS: All right, thank you. So, I would like  
15 to move on to discuss a few new initiatives recently  
16 undertaken by the Obama administration and members of the  
17 task force.

18 First, the SBA is partnering -- we have a very  
19 exciting partnership with Syracuse University on a series of  
20 entrepreneurship education initiatives for veterans and their  
21 families, and they are: The Entrepreneurship Boot Camp for  
22 Veterans with Disabilities, or EBV; Women Veterans Igniting

1 the Spirit of Entrepreneurship, or VWISE -- you know, in the  
2 government, we love our acronyms -- and Operation Endure and  
3 Grow.

4           And we are delighted that Dr. Mike Haynie, from  
5 Syracuse University, is here this morning, and he is going to  
6 talk about the entrepreneurship boot camp for veterans with  
7 disabilities, which we are so excited to announce. It's  
8 expanding to seven business schools throughout the country.  
9 So Dr. Haynie, welcome, and we look forward to hearing from  
10 you a little later in the morning.

11           In addition, the application process has already  
12 begun for Women Veterans Igniting the Spirit of  
13 Entrepreneurship. And this program will provide  
14 entrepreneurship training and mentoring for over 1,000 --  
15 nearly 1,500 -- women veterans in seven cities, starting in  
16 San Antonio in Baltimore in 2011, and others in 2012. And  
17 we're excited about this endeavor, and the good work that is  
18 being done by folks at Syracuse University and the SBA.

19           Since we last met, we have been working closely  
20 with the White House and senior advisor Valerie Jarett on a  
21 series of meetings regarding government contracting. And, as  
22 you know, government contracts are an important tool to get

1 much-needed revenue into the hands of veteran-owned  
2 businesses. And we are glad -- very glad -- that the White  
3 House, and particularly Valerie Jarett, have taken a strong  
4 role in this important effort.

5           The administration also launched the Start-Up  
6 America initiative, which you may have read about. That very  
7 broad effort is going to support start-ups and high-growth  
8 entrepreneurs with much-needed capital and mentoring. And,  
9 as part of this, the Department of Veteran Affairs, Ford,  
10 will be launching a new program focused entirely on helping  
11 businesses launch high-growth businesses. And we are really  
12 excited to be working with Ford and his colleagues at the  
13 Department of Veteran Affairs on that effort.

14           This project is going to include an interactive  
15 website that will help veterans find the resources that they  
16 need, as well as a business incubator in Waukesha, Wisconsin,  
17 where veteran entrepreneurs can get training and mentoring.

18           And finally, the deadline to apply for the small  
19 business teaming pilot program, which was created by the  
20 Small Business Jobs Act that you have heard us speak about in  
21 previous meetings, was extended to March 11th. And I know  
22 that many veteran-owned businesses are interested in

1 applying. So make note of that March 11th date, please.

2 And, certainly, there is more information on that at our  
3 website, [www.sba.gov](http://www.sba.gov).

4 So we are very excited about getting these  
5 initiatives off the ground. Still work to do to bring some  
6 of them to fruition. And we are looking forward to these  
7 initiatives all bearing good fruit in the months to come.

8 So as I mentioned earlier, some of the  
9 recommendations from the task force have already been  
10 implemented. And we are very pleased. My colleague, Gordon  
11 Burke, from the Department of Labor, is going to talk about  
12 one of those initiatives today.

13 I am sure many of you are familiar with the  
14 transition assistance program, or TAP. And that important  
15 program helps returning service members transition to  
16 civilian life. The program offers training, mentoring, and  
17 job search assistance. And many of us realize that veterans  
18 who are over-indexed in business ownership -- which is  
19 another way of saying that veterans, as a group, are more  
20 entrepreneurial than others in our country, and so we wanted  
21 to make sure that they were receiving all the support that  
22 they needed to figure out how to start their own businesses,

1 if they were so inclined.

2           So, for the first time, the SBA will be providing  
3 resources through the TAP program for veterans, to help them  
4 start their own businesses. And we want to make sure that  
5 veterans know that business ownership is an absolutely viable  
6 path for them when they return home, and we want to be there  
7 to support them in every possible way.

8           So, Gordon, if you would, add some more detail to  
9 this --

10           MR. BURKE: Absolutely.

11           MS. JOHNS: -- very exciting initiative.

12           MR. BURKE: Absolutely. The transition assistance  
13 program provides workshops and transition services to about  
14 134,000 transitioning service members each year. It also  
15 provides transition services to military personnel who are  
16 transitioning to civilian life, and their spouses, as well.  
17 It is a four-part program. It is partnered by the Department  
18 of Defense, who does an initial screening of people who are  
19 departing the service.

20           The second part is a TAP employment workshop, which  
21 is a two-and-a-half day workshop that my office does, and all  
22 over the world -- throughout the United States, in Asia, in

1 South Korea, Japan, Okinawa, in England, Germany, Bahrain,  
2 and other places in Europe and the Middle East. About 4,000  
3 workshops. Again, touches about 134,000 each year.

4 One of the components of the TAP employment  
5 workshop is for service members seeking to go into business  
6 for themselves. And we are often told that we need to have a  
7 more robust tool and more robust instruction for those who  
8 wanted to take that route of self-employment.

9 So we have introduced the idea to the TAP -- the  
10 transition assistance steering committee, which is a  
11 committee membered by, of course, Department of Defense, the  
12 VA, DoL, OPM, and others, and we have come up with this  
13 initiative in concert with what Deputy Administrator Johns  
14 was just talking about, this new initiative to have a more  
15 robust tool and a more robust cooperative initiative  
16 involving more and more the Small Business Administration  
17 and, of course, some of the products that this interagency  
18 work group will produce.

19 It has four pieces. Those pieces are an enhanced  
20 entrepreneur development module. In our workshop we'll have  
21 an e-learning platform. And I have been working with Erin  
22 Andrews and others from SBA to start to put together a very

1 robust and comprehensive tool -- not just the first layer,  
2 but for those veterans who want to go into business and for  
3 those veterans who are already in business, who want to  
4 continue to improve their business venture. Now, we -- as I  
5 said, we already offer a tool. But, quite frankly, it  
6 doesn't answer the -- answer -- so we will be doing that.

7           The second part is we will be linking online  
8 assistance from SBA's resource partners, including the small  
9 business technology network and SCORE and the women's  
10 business centers.

11           And then, number three will be an inclusion of  
12 SBA's briefings to our TAP steering committee. We will be  
13 inviting a representative from the SBA and from this  
14 interagency task force to come over and brief the TAP  
15 steering committee on the initiatives that are being garnered  
16 for presentation later on in the year to the Administration.

17           And then, fourth, but not last, training by DoL  
18 field staff, so that when our field staff comes into contact  
19 with the veterans seeking employment, and those who are  
20 looking for self-employment, we will be better equipped to  
21 advise them and point them into the direction of where the  
22 resources are.

1           Those field staff that I am talking about are not  
2 just federal staff. We have about 1,900 funded state staff  
3 throughout the nation who also provide employment services.  
4 So, as a complement of what they already provide, there needs  
5 to be something that gives prospective entrepreneurs  
6 information about the ABCs and XYZs of starting their own  
7 business.

8           MS. JOHNS: Okay. Well, thank you, Gordon. And  
9 again, it's -- one of the things that we're looking to do  
10 through the task force is to operate on two basic tracks, and  
11 that is to look at new initiatives that we can -- where we  
12 can expand the level of services to our veterans in the areas  
13 of access to capital, access to training, and technical  
14 assistance, and access to government contracts, but we also  
15 want to look at how we can connect the dots more effectively  
16 with the things that we are doing today. And I think that  
17 the TAP program enhancements that Gordon just talked about is  
18 a very good example of that, that two federal agencies, both  
19 focused on serving our veterans -- and for the first time,  
20 we're connecting these resources in a way that we think will  
21 be much more meaningful for our veterans.

22           And so we hope that you will take a look at what we

1 are doing through the TAP program, the enhanced TAP program,  
2 and we're always interested in your feedback on what you  
3 think, and how we can continue to improve. So again, thank  
4 you, and we're really looking forward to getting those good  
5 resources in the hands of veterans.

6 Bill is going to give us a brief recap of the  
7 December 10th meeting. We had minutes posted online. But we  
8 just wanted to do a brief recap in the room, and to make sure  
9 that we're setting the context for moving forward to this  
10 meeting.

11 MR. ELMORE: Okay. Thank you, Marie. Three hours,  
12 I'm trying to boil it down to ten minutes. So it's pretty  
13 tough. Ongoing subcommittee meetings are occurring, and we  
14 announced that at the last meeting in December. We are  
15 working -- each subcommittee is working on three short-term  
16 or intermediate things that we can do now, and three long-  
17 term goals that will be considered for inclusion in the  
18 annual report that goes to the President in October.

19 SBA announced that the December meeting, the new  
20 EBV programs -- and Mike Haynie is here today. One reason we  
21 asked Mike here is there has been a lot of discussion here at  
22 the task force meetings and at some of the subcommittees

1 about the value and the content of the EBV program model. So  
2 Mike is going to present to us in a few minutes.

3 We announced the extension of Patriot Express in  
4 December for three more years. And I am still grateful for  
5 that, although I am working to try to enhance and improve the  
6 Patriot Express product, itself.

7 Joe Sobota was here from advocacy, and he presented  
8 data on veteran small business ownership, not only from  
9 advocacy research, but also from the survey of small business  
10 ownership the Census conducts every five years.

11 We are -- just announced that we are working with  
12 Labor to try to enhance and improve the information provided  
13 through the TAP program over at DoL. We are also working  
14 with DoD on that, as well, because DoD plays another role in  
15 the TAP program.

16 We are looking in the capital access arena at  
17 exploring enhancements to Patriot Express, and we are going  
18 to ask DoD formally to help us try to engage as many lenders  
19 as possible that work in the DoD arena to offer that product  
20 out to not just veterans, but service members and spouses and  
21 Reserve and Guard. And we are also going to be working with  
22 Labor again, as we mentioned.

1           On the goals, there was discussion about joint  
2 venturing, best practices, mentor protégée, and something  
3 that I was intrigued by, what you called the structured  
4 pipeline. I think that's a very interesting idea, and I hope  
5 to hear more about that.

6           Under certifications, Ford was new to us then, so  
7 we didn't put them on the spot too much. But we did talk  
8 about how to begin to move the SBA and the VA regulatory  
9 systems closer together, to try to minimize confusion and  
10 minimize the differences between the SBA programs government-  
11 wide, and the VA-specific program inside VA.

12           Under reduced -- we talked about reduced bundling.  
13 And this was Matt from OMB. And we talked about trying to  
14 make sure that our rules and regulations are clear and  
15 effective, finding and accessing resources from a web-based  
16 perspective, which we will talk about a little bit later  
17 today. And also he mentioned OFPP is looking for best  
18 practices. So if you have suggestions and ideas -- and I  
19 know you're not shy about that -- please make sure you get  
20 them to us.

21           Redesign TAP we mentioned. Elizabeth actually  
22 talked about the feedback that she is gathering from,

1 especially, the younger veterans through the Student Veterans  
2 of America network, and how sort of community-based and  
3 successful program models is what you're helping us identify.  
4 So thank you for that.

5           There was praise in the meeting last time about the  
6 EBV as a model for veterans. And that's what you were  
7 hearing, I think, from some of the veterans you were talking  
8 with, which is, again, part of why Mike is going to be here  
9 today.

10           Under the "Other" category, which is really Jim  
11 Wilfong and his subcommittee, he expressed that they're  
12 really the voice of the veteran small business community in  
13 this process. And I think he is absolutely right about that,  
14 that we're seeking game changers. And please understand. We  
15 had these discussions internally before the task force was  
16 launched. My leadership knows that the community is  
17 expecting and will require game changers that enhance  
18 entrepreneurship opportunity for veterans.

19           Jim has got, I think, at least 30 recommendations  
20 on how to enhance procurement, and I expect that will grow.

21           We touched on internal operations -- let me know if  
22 I'm running too long -- the need for technical assistance,

1 education, and networking, how our capital programs -- not  
2 just SBA, but more broadly, that many start-up small  
3 businesses by veterans are cash poor, and that perhaps we  
4 need to revise collateral requirements, and try to come up  
5 with less onerous lending programs -- again, not just SBA,  
6 but more broadly, concern about transition of military skills  
7 to civilian, not just as entrepreneurs, but more broadly in  
8 the trades and so on.

9           And then we got into the -- well, actually -- just  
10 like Jim -- the last thing -- and this will be, I think, the  
11 basis of his discussion today -- is veterans at the center of  
12 the economic efforts in America, how historically we have  
13 always played that role, and how it's important to recognize  
14 and continue to play that role today.

15           From the public we got lots of comments, from women  
16 veterans' importance in the mix to subcontracting as a portal  
17 into federal contracting, to the lack of federal oversight  
18 and, arguably, resources for that oversight in the  
19 subcontracting arena, bait and switch, lack of recourse for  
20 veteran small businesses who are in a subcontracting plan  
21 when the proposal was submitted, but weren't part of the plan  
22 when they actually got the contract by our primes, quick pay,

1 and money for veterans business development.

2 So, that was the highlights, as best as I could  
3 decipher, and down from three hours of discussion. And  
4 that's it.

5 MS. JOHNS: All right. Thank you, Bill. All  
6 right. We are going to move forward now to hear from Dr.  
7 Haynie, who is the national executive director of the EBV  
8 programs at the Whitman School of Management at Syracuse  
9 University. And again, welcome. Very happy to have you  
10 here.

11 DR. HAYNIE: Thank you. Thank you.

12 MR. ELMORE: Yes, while you're sitting down I might  
13 mention that we're on the record. And anybody who needs the  
14 restrooms, if you haven't been here before, it's through the  
15 door. Through the double glass door is the women's restroom  
16 to the left, men's restroom to the right.

17 DR. HAYNIE: Well, thank you very much for inviting  
18 me to speak.

19 MS. JOHNS: And, Dr. Haynie?

20 DR. HAYNIE: Yes?

21 MS. JOHNS: Please, if I may just take a moment,  
22 since we opened the meeting I wanted to welcome Matthew Blum,

1 our representative from Office of Management and Budget, and  
2 Raymond Jefferson, assistant secretary, from Department of  
3 Labor, has joined us, as well.

4 DR. HAYNIE: Again, thank you very much for  
5 inviting me down. I am thrilled to have the opportunity to  
6 talk to you a little bit about the EBV program.

7 MS. MARSHALL: Hello? Did you want to know who is  
8 on the phone, while we're making introductions??

9 MS. JOHNS: Well, yes, please.

10 MS. MARSHALL: Well, my name is Nancy Bullard  
11 Marshall, and my husband is a service-disabled veteran, and  
12 owns a business called [away from microphone]. Thanks for  
13 allowing us to participate today.

14 MS. JOHNS: Thank you for joining us.

15 MR. STONE: My name is Hardy Stone. I am the  
16 editor and publisher of Vets like Me, a publication devoted  
17 solely to service-disabled veteran-owned small business.  
18 Thank you very much.

19 MR. ELMORE: Thank you.

20 MS. JOHNS: Thank you.

21 DR. HAYNIE: Try again.

22 MS. JOHNS: Dr. Haynie.

1 DR. HAYNIE: Again, I'm thrilled to be here. It's  
2 nice to -- we've had 162 inches of snow in Syracuse so far  
3 this year, so --

4 (Laughter.)

5 DR. HAYNIE: -- it's nice to be somewhere where I  
6 can see the ground.

7 I am going to talk a little bit about the EBV  
8 program. Bill asked me -- but I'm actually not going to talk  
9 a whole lot about what we do and how we do it, from the  
10 perspective of what we teach. I'm going to spend more time  
11 talking about the EBV model, and the power that I believe is  
12 resonant in the model to deliver a powerful experience that  
13 facilitates venture creation among veterans and veterans with  
14 disabilities.

15 If you can go to the first slide, the founding  
16 story of the program is actually very, very simple. I am an  
17 entrepreneurship professor at Syracuse, also a military  
18 veteran. I left active duty after 14 years in 2006. And you  
19 know, the bullets that are on that slide right now can be --  
20 for me were summarized in an article I read in USA Today,  
21 when I -- shortly after I arrived in Syracuse that described  
22 the situation that's represented by those bullets as a social

1 and economic tsunami that will overwhelm the resources of  
2 this country for generations.

3           And, you know, as I dug into that sentiment, it  
4 became very clear that one of the antecedents, if you will,  
5 of that social and economic tsunami is the -- is resonant in  
6 some of the challenges that our veterans and veterans with  
7 disabilities face when it comes to what we describe as  
8 traditional employment -- you know, the nine to five job.  
9 You know, there are barriers that I'm sure everyone on the  
10 task force is very familiar with, so I won't get into. But,  
11 you know, for us, that was our opportunity for recognition  
12 moment.

13           Here I was, a military veteran at -- now and now  
14 entrepreneurship professor at one of the top entrepreneurship  
15 programs in the world. I happen to have the dean of our  
16 business school, who is a Vietnam era Army ranger, and I knew  
17 he would get it. And that's where it all began. We said,  
18 "We can do this. We can create an entrepreneurship training  
19 program as a social venture within the context of the  
20 university to open the door to business ownership for our  
21 veterans with disabilities.

22           Next slide. And there were three or four sort of

1 founding pillars that we were committed to build this program  
2 around. One, we wanted to create a world-class experience.  
3 We wanted to leverage the full resources of higher education  
4 in a university setting to deliver a world-class training  
5 program for the veterans.

6           We also realized very quickly that we couldn't just  
7 build an entrepreneurship training course. What we needed to  
8 do was build an experience that not only put tools in the  
9 toolbox in terms of, you know, how to write a business plan,  
10 you know, pro forma financials, a marketing plan, but we also  
11 had to build efficacy. We had to create an experience that  
12 helped them believe that they could actually go out and be  
13 successful as entrepreneurs.

14           And finally, one of the other founding pillars of  
15 this program is we were committed that this program would be  
16 what we call social venture. So it would absolutely be  
17 without cost to the veterans that participate. This program  
18 was never and will never be something that generates revenue  
19 for the university. But instead, we were going to go out and  
20 fund it privately so that we could cover all of the cost --  
21 transportation, lodging, program costs -- for veterans that  
22 are interested in going out and becoming business owners.

1           Next slide, the program itself. There are three  
2 phases of training. The program starts with an online  
3 course. It only lasts about 40 days. But, really, what that  
4 online course is designed to do is close the variance in a  
5 given cohort of veterans that go through. We have veterans  
6 that go through with four years of high school and, you know,  
7 some with master's degrees. And what the online course is  
8 meant to do is just get them speaking the same language,  
9 understanding some basic terms, basic ideas.

10           And then, within a week of that online course  
11 ending, we actually bring them to the university to put them  
12 through a 10-day immersion experience in small business  
13 creation and growth. We take them through all the steps and  
14 stages of launching a growing venture, from what's -- do you  
15 have an opportunity you can build a business around through  
16 business plans, marketing supply chain issues, legal issues.

17           But, importantly, woven into that experience we also  
18 acknowledge we are focused on veterans and people with  
19 disabilities.

20           So, we have woven in veteran-focused curriculum,  
21 focused on things such as contracting opportunities, et  
22 cetera, and also some disability focus curriculum in the

1 context of business ownership. What are some of the union  
2 challenges you're going to face? How do you overcome those  
3 challenges? Et cetera.

4           And then, the third phase if the program is we plug  
5 them into a very robust mentorship model for the next year,  
6 focused on helping them launch and grow this venture. We  
7 bring to bear the full resources of the university. And, you  
8 know, I will get to this more in a little bit. Importantly,  
9 one of our greatest resources, and the greatest resources of  
10 any university, is the alumni network of those universities.

11           So we tap into the alumni of Syracuse University --  
12 and you will hear in a second now seven other universities --  
13 to open doors for our veterans, to provide mentoring,  
14 technical assistance to those veterans, to basically knock  
15 down any barrier that pops up in their path towards creating  
16 a venture.

17           That picture that you see up there, that's -- you  
18 know, that's EBV class number one. So this was 2006, when  
19 the light bulb went off. That very first summer we delivered  
20 our first EBV program, as a pilot to a cohort of 20 service-  
21 disabled veterans.

22           I can tell you today 17 of those 20 veterans are

1 small business owners. It's their only vocation, that's all  
2 they do. In that group we have our first four million-dollar  
3 businesses. So we had four from that group, where their  
4 ventures passed the million-dollar mark. Just last year, two  
5 of those four, \$4 million in revenue.

6           One of the interesting things that happened that we  
7 didn't expect, this was -- you know, this was just something  
8 we were going to do up at Syracuse. If you go to the next  
9 slide, we did not expect that we would have other  
10 universities from around the United States come to us and  
11 say, "We saw what you did. This was a very powerful model.  
12 How can we become part of what you're working toward?"

13           And again, if we're going to teach  
14 entrepreneurship, we want to be entrepreneurial. And in the  
15 fall of 2008, we formed what we call the EBV Consortium of  
16 Schools, with the mission that you see right there, which is  
17 to facilitate among the community of veterans and service-  
18 disabled veterans self-employment through entrepreneurship as  
19 a vocational transition strategy to civilian life.

20           The founding four -- the four schools you see on  
21 that top line were the four founding universities of the EBV  
22 consortium. And each of the last three years we have added

1 one additional school to the network. LSU is our new  
2 addition that we just announced, just this year. Bottom  
3 line. Today, each one of those universities offers this  
4 program on their campus.

5           Next slide. You know, and this is sort of the  
6 summary of what we do. We're pretty good at this. We have  
7 put now 320 service-disabled veterans through all three  
8 phases of the training. We have more than 170 ventures  
9 created from that group. So far, we also count some non-  
10 intuitive outcomes from this program, other than venture  
11 creation. For example, we have a very high rate of folks  
12 that have been through this program that, when they came to  
13 us, had no interest, for example, in going back and getting a  
14 four-year degree. They are now enrolling in college. We  
15 count that as a good outcome.

16           You know, we're a national best practice, as per  
17 the Department of the Army. The Army has bought into -- I  
18 give them very high praise, because they have bought into  
19 this program in a very big way, so much so that we now take  
20 active duty soldiers who are in the process of being  
21 medically transitioned out of the Army from where your --  
22 transition units, et cetera. The Army now grants them

1 permissive TDY to come to our program while they're still on  
2 active duty, to get a jump start on that transition. So,  
3 today, you know, between 15 and 20 percent of any one of our  
4 classes are actually active duty soldiers going through the  
5 training.

6           You know, we've won a bunch of awards, et cetera.  
7 The program has already been replicated in Canada for the  
8 Canadian defense forces, and it's -- they are currently  
9 working on replicating the program in Australia, Great  
10 Britain, and Israel. All those countries have sent teams to  
11 study our model.

12           And that's what I'm going to focus on next, if you  
13 go to the next slide, is the model itself. Really, the power  
14 -- it's a simple model, but I think it's a very powerful  
15 model. And there is three things I want to highlight that I  
16 think we do very well, but that also represent lessons for  
17 other things that this committee may be thinking about with  
18 regard to veterans and transition, vocational issues, et  
19 cetera.

20           If you go to the next slide, I will start with  
21 something that is pretty intuitive, in a lot of respects, but  
22 not so much in others. This is what we do. We, for a

1 living, train, teach, and inspire entrepreneurs. If you look  
2 at the seven universities represented up there, those are  
3 seven world-class business schools.

4           And not only is this what we do, but you also have  
5 to consider the impact that those seven logos have on a young  
6 veteran going through this program. It goes back to that  
7 whole thing about efficacy that I told you about. You know,  
8 a young man or woman that has no aspirations for college, et  
9 cetera, all the sudden is sitting in a classroom at the  
10 Anderson School of Business at UCLA learning  
11 entrepreneurship, that has a powerful psychological impact,  
12 as well.

13           The other thing is we are able to leverage the  
14 networks and -- alumni networks and corporate networks that  
15 universities can bring to bear on some of these programs in a  
16 way that I think is unique to a higher education setting.  
17 The logos that are represented up there are up there because,  
18 interestingly, the CEOs of all those companies, those are the  
19 folks that teach in our program. The CEO of Wal-Mart taught  
20 in our program: 25 vets, and the CEO of Wal-Mart is teaching  
21 them marketing. That's the level of experience that we  
22 provide to these folks.

1           And one of the criticisms that I have heard from  
2 different folks in government is that, you know, this is a  
3 Cadillac and we need a Chevy. And I will say I fully reject  
4 that criticism for three reasons. One, you know, most  
5 generally, they deserve a Cadillac, that's what we should  
6 deliver. Two, the -- we're able to do things that I would  
7 suggest maybe public sectors programs maybe are unable to do,  
8 in terms of the relationships we're able to enter in, et  
9 cetera. And finally, you know, what I'm going to highlight  
10 on the next slide is we can -- through this model, we can  
11 deliver a Cadillac, and we can do it at a Chevy price -- or,  
12 if I'm offending any Chevy owners, a Hyundai. Take your  
13 choice.

14           (Laughter.)

15           DR. HAYNIE: Go to the next slide. Because we can  
16 realize powerful economies of scale and scope, the consortium  
17 model is set up akin to a franchise model. The national  
18 headquarters of the program are at Syracuse University. At  
19 Syracuse, we assume all of the administrative  
20 responsibilities for this national program.

21           So, the curriculum is standardized, developed at  
22 Syracuse, and pushed out to each one of our partner schools.

1 We do all the marketing, recruiting, et cetera. We run the  
2 admissions process. So every application that comes to --  
3 every application to the program actually comes to Syracuse,  
4 and veterans are assigned to go through the training at one  
5 of the seven universities around the United States.

6 We also do all the assessments. So we have very  
7 robust data on every aspect of the program, from the  
8 perspective of those going through it.

9 The only responsibility of the individual partner  
10 schools is to do two things. They have to deliver the  
11 content -- so they have to execute on the program -- and they  
12 have to fund it at their local university. Again, this is a  
13 program that, with the exception of some support we get from  
14 the SBA that is entirely privately funded by private gifts  
15 and corporate sponsorships.

16 If you go to -- and because of this model -- I'll  
17 go to the next slide -- this is what you get. We are able to  
18 leverage the infrastructure of the university that already  
19 exists, when it comes to things like facilities, support  
20 staff, leverage the marketing and recruiting channels that  
21 already exist in higher education to go out and spread the  
22 word about this program amongst the veterans community,

1 leverage the knowledge, skills -- you know, I have a Ph.D. in  
2 entrepreneurship, and so does everyone that I work with that  
3 teaches in this program. Again, this is what we do. It  
4 makes sense.

5           And I don't get paid by this program. I get paid  
6 to be a professor at Syracuse University. So the program  
7 isn't paying my salary, the program isn't paying the salaries  
8 of anybody else that teaches or is committed to the program.

9           It's done by the university. And, as I said before, we are  
10 able to leverage some of those private sector contacts.

11           The national average costs -- this is what  
12 everybody wants it to come down to -- to put one veteran  
13 through all three phases -- basically 14 months -- is about  
14 \$5,400, because of the economies of scale that we realize.

15           And the overhead, in terms of running that national  
16 program, is really next to nothing. This entire program,  
17 from -- at the national level is run by -- three people run  
18 this entire program: myself, a young former Army officer  
19 that I hired about a year-and-a-half ago, and an  
20 administrative assistant. And that's it. So, it's a very  
21 efficient model, and it's efficient because of how it's  
22 situated in the higher education context.

1           The next slide -- I'm closing it on the end --  
2 finally, this model is readily scalable. There are more than  
3 2,000 accredited schools of business across the United  
4 States, more than 900 that have specialized programs in  
5 entrepreneurship and venture creation.

6           The cost per university to deliver our model is  
7 somewhere between \$120,000 and \$150,000 a year. That is  
8 almost entirely based on putting a veteran through the  
9 program. There is almost no overhead in that at all. And,  
10 again, that's based on our model, where we cover everything,  
11 air fare, food, you know, the -- we literally have had  
12 veterans come through our program that have come to us from  
13 VA homeless shelters with not a nickel in their pocket. And  
14 our model is able to accommodate that.

15           And finally, we are at a point in time when good  
16 will towards veterans is probably at an all-time high in  
17 higher education. We have people literally calling us every  
18 day from other universities saying, "How can we become part  
19 of this program?"

20           So, I think the power of the model, hopefully, is  
21 clear. And it also -- one of the things that I wanted to  
22 convey is if this model is something that is attractive, in

1 the context of some of the other things you're thinking  
2 about, now is the time to strike, because there is strong  
3 interest in this community.

4 One more slide, just to picture where we're going.

5 So, for EBV 2011, our next training cycle kicks off in  
6 April, and we will have EBV programs going on across our  
7 seven universities, basically from April of 2010 through  
8 January of 2012. We have also spun off an EBV training  
9 program for military family members, specifically caregivers  
10 of severely wounded soldiers and Marines who have indicated  
11 that the logic of self-employment works for them, as well.

12 Again, being entrepreneurial, we said, "We can do  
13 this, too," so we launched the first EBV Families program in  
14 November of 2010. And while it hasn't been announced in a  
15 big way yet, very shortly we will announce the first  
16 expansion of the families version of this program to Florida  
17 State University for 2011/2012.

18 And finally, because we're now -- had a cohort of  
19 graduates that exceeds, you know, 300, and will come close to  
20 500 by the end of this next cycle, we are now working on  
21 advanced programs for these folks, so follow-on conferences  
22 and training events.

1           So in conclusion, I think there is a lot to be said  
2 for the model, itself, in terms of being situated in higher  
3 education. And if you have any questions, I would be happy  
4 to answer them.

5           MS. JOHNS: Well, thank you, Dr. Haynie. And for  
6 those of you who are learning about this initiative for the  
7 first time, I'm sure you can see why the SBA is so delighted  
8 to be in partnership with you. It's a wonderful thing that  
9 you have built. And the fact that it's growing is  
10 particularly gratifying to see.

11           Do any members of the task force have any  
12 questions?

13           MR. GARCIA: I just have one.

14           DR. HAYNIE: Yes, sir.

15           MR. GARCIA: It's no cost to the veteran. So the  
16 key is sponsorship?

17           DR. HAYNIE: Yes.

18           MR. GARCIA: From the corporate leaders that you  
19 showed there?

20           DR. HAYNIE: Well, actually, we only have -- to  
21 date, this entire program has been mostly funded by the  
22 alumni networks of the universities.

1 MR. GARCIA: Okay.

2 DR. HAYNIE: And again, that's part of the power of  
3 the model.

4 MR. GARCIA: Yes, yes.

5 DR. HAYNIE: There are two groups of alumni that  
6 are particularly attracted to this. As you can imagine, one  
7 are those who are veterans. But the other are successful  
8 entrepreneurs. They love the idea of these veterans  
9 following in their footsteps, and they find this program very  
10 compelling.

11 So, we have one national corporate sponsor right  
12 now, which is PepsiCo, and we have one federal partner only,  
13 which is the U.S. Small Business Administration.

14 MR. GARCIA: Have you attempted or avoided state  
15 sponsorship from the legislative branches at all?

16 DR. HAYNIE: We have not attempted, and I don't  
17 know that there is a reason to avoid it.

18 MR. GARCIA: Okay.

19 DR. HAYNIE: You know, the only -- I will -- there  
20 is one chink in the armor that I will readily admit. We  
21 actually have 10 or 12 schools that are seriously interested  
22 in adopting this program. I can't add 10 or 12 schools

1 overnight, because while -- you know, I told you the national  
2 program is run by three folks. And that works right now.  
3 But in order to ensure that we continue to deliver a world  
4 class experience as the network grows, the national  
5 infrastructure has to grow slightly, as well.

6           And because of our funding model, being donations,  
7 primarily from individuals, I can't spent those -- morally,  
8 ethically, I can't spend those donations on growing the  
9 overhead. Those donations have to go towards putting  
10 veterans through the -- so the only way I can grow the  
11 overhead, meaning adding some folks to the national team, is  
12 through a corporate sponsorship or through some state or  
13 federal partner that could --

14           MR. GARCIA: Okay.

15           DR. HAYNIE: And that's what the SBA -- SBA came to  
16 our rescue, because the only reason that I have that young  
17 Army officer that is sort of my number two that manages the  
18 day-to-day operations of this program, is because the SBA  
19 gave us a grant that allowed me to hire him.

20           MR. GARCIA: But you all receive -- your university  
21 receives state funding?

22           DR. HAYNIE: No.

1 MR. GARCIA: At all?

2 DR. HAYNIE: My university is private.

3 MR. GARCIA: Oh, it is?

4 DR. HAYNIE: Yes, Syracuse --

5 MR. GARCIA: Okay.

6 DR. HAYNIE: But others, the University of  
7 Connecticut -- matter of fact, we might be the only private  
8 in the network, now that I think about it.

9 MR. GARCIA: All right.

10 MS. JOHNS: Excuse me, Gordon, and then --

11 MR. BURKE: As far as the demographic of participants in  
12 the EBV, could you give us some sense of that? And I'm  
13 particularly -- my real question is what percentage or number  
14 of them might be of the Vietnam era?

15 DR. HAYNIE: The EBV program is focused on post-  
16 9/11 vets.

17 MR. BURKE: Okay.

18 DR. HAYNIE: So we are focused on post-2001. Now,  
19 that said, each and every year that we have run the program  
20 we have had pre-2001 vets go through the program. We don't  
21 turn folks away. We take applications from all veterans.

22 Really, the correct way to describe it is we give

1 priority to post-9/11 veterans, because that's how we -- that  
2 we raised the funds with that message. So, again, being true  
3 to that message, we want to provide -- give a priority to  
4 that group. But, as I said, we will accept applications from  
5 veterans of any era. And, as we have available seats in the  
6 program, we get them in.

7 MS. JOHNS: Linda?

8 MS. OLIVER: Thank you. I think you have partially  
9 answered my question. I have been hearing how wonderful this  
10 program is for quite some time, which would lead me to  
11 believe that you have many, many more people who would like  
12 to come to the program than you have slots.

13 DR. HAYNIE: That is true.

14 MS. OLIVER: How do you decide? It's one priority  
15 is --

16 DR. HAYNIE: Yes.

17 MS. OLIVER: -- you have a little preference for  
18 people after 2001, but --

19 DR. HAYNIE: That's a great question. And it's  
20 actually -- in many ways it's an academic -- I am going to  
21 answer that as an academic.

22 We have two qualifications for applying to the

1 program: military service post-9/11, active Guard, Reserve,  
2 any of the service branches, including the Coast Guard; and a  
3 passion to want to go out and start a business.

4           If there is one thing, as an academic, I can point  
5 to that actually is positively related to success as a  
6 business owner, it's passion and commitment. And our  
7 admissions process allows us -- we interview every single  
8 applicant to the program. We talk to every single one. We  
9 ask them questions on the application about, "Why do you want  
10 to do this?" We are really looking for the ability to  
11 evaluate. "Are you going to make the most of this  
12 opportunity, of this Cadillac?" And that -- it really comes  
13 down to that, and only that.

14           If you look at the demographics of any given class,  
15 it really is all over the map. We have young men and women  
16 that, like I said, have four years of high school sitting in  
17 a class room next to folks who have master's degrees. The  
18 one thing they have in common is they're all passionate about  
19 wanting to go out and create and grow a venture.

20           MS. OLIVER: And these are all disabled, service-  
21 disabled?

22           DR. HAYNIE: Yes, and that's another, service-

1 disabled. But we do not -- we made a choice when we founded  
2 the program. We do not get into making decisions based on  
3 the extent of someone's disability. If DoD/VA says you have  
4 a service-connected disability, you're eligible for the  
5 program, that's it. It could be 10 percent, it could be 100  
6 percent. If DoD/VA says you have a service-connected  
7 disability, you're eligible for the program.

8 MS. OLIVER: Thank you.

9 MS. JOHNS: Yes, Elizabeth?

10 MS. O'HERRIN: Mike, thank you so much for coming.

11 As Bill said, I have talked to a lot of veterans that have  
12 all sung your praises. And even veterans that haven't gone  
13 through your program have sung your praises. So I think that  
14 speaks to the reputation that your program has.

15 Two questions kind of about preserving the  
16 integrity of your program. I guess, number one, I heard that  
17 all the applications come through the central --

18 DR. HAYNIE: Yes.

19 MS. O'HERRIN: Okay. Is that -- do you think that  
20 that's, I guess, integral to preserving the integrity of the  
21 program, having the applications continue to come through a  
22 centralized office, or dealt with at a local level?

1 DR. HAYNIE: It works for us on several fronts.

2 One, it does allow -- and I should have made clear all the  
3 applications come to us at Syracuse, but that doesn't  
4 necessarily mean that we make the final decision.

5 So what we do is we have a rolling admissions  
6 process. We are accepting applications 365 days a year. And  
7 as we approach critical dates in the training cycle -- so,  
8 for example, Florida State University is our first training,  
9 EBV program of 2011. We will have been building a pool of  
10 applicants that we're targeting at Florida State based on,  
11 you know, Georgia, Alabama, Florida, et cetera.

12 We will take a first cut at that pool of  
13 applicants, and basically go through and pull out anyone that  
14 doesn't look like they fit, you know, somebody who we asked  
15 them why they want to do the program and their response is,  
16 you know, two words, "I can." You know? That's probably not  
17 somebody we want to extend this opportunity to.

18 So, we do a first cut, but then the program  
19 director at Florida State makes the final decision on who is  
20 going to attend the program at Florida State. We do that  
21 because we want the psychological contract to be between the  
22 veteran and the university that they're going through the

1 program at.

2           But I do think the model is critical because the --  
3 one of our goals was to make it as easy on the individual  
4 member schools as we can for them to adopt and bring this  
5 program to their campus. So, if we relieve them, for  
6 example, of the burden of receiving, you know, hundreds of  
7 applications and letters of recommendation and resumes, and  
8 all that kind of stuff, and are able to give them, "Okay,  
9 here is your spreadsheet, here are your applicants, here are  
10 their files, you make your choices," it reduces the -- it  
11 creates a heck of a burden on my little team, but it reduces  
12 the burden for Florida State, UCLA, et cetera.

13           MS. O'HERRIN: And I guess my follow-on question,  
14 in order to preserve the integrity of the program -- and I  
15 think the answer, I know the answer to this -- but do you  
16 believe that it needs to be owned by the university, that  
17 there aren't other entities that could take on this program?

18           DR. HAYNIE: Yes. I do. Because, again, it goes  
19 back to this is what we do. I don't know why you would want  
20 to add a layer of bureaucracy that is purely administrative  
21 when, ultimately, the content and the outcomes we're focused  
22 on are ones that the universities are best positioned to

1 deliver on.

2 MS. O'HERRIN: Thank you.

3 MS. JOHNS: Okay. Raymond and then --

4 MR. JEFFERSON: Doctor, I just want to join my  
5 colleagues in saying thank you for being here, and it's a  
6 pleasure to meet you.

7 DR. HAYNIE: It's great to meet -- your name keeps  
8 coming up in all kinds of meetings I go to. It's nice to get  
9 a chance to meet you, too.

10 MR. JEFFERSON: Well, your -- the reputation of the  
11 program is widespread, and it's one that we're very excited  
12 about.

13 My question relates to future possibilities. We  
14 have periodically had opportunities to interact with CEOs,  
15 distinguished leaders who are looking to make contributions  
16 to help the veterans movement, one way or another. What  
17 could we say to them about the potential increases in  
18 enrollment that could be gained by different financial  
19 contributions?

20 So, very simply, we're talking potential, you know,  
21 \$1 million contribution that would result in potentially how  
22 many more veterans having this tremendous opportunity.

1 DR. HAYNIE: Wow, would I -- that's a -- I love  
2 questions like this. This is --

3 (Laughter.)

4 DR. HAYNIE: That -- I will give you -- we will  
5 shortly -- and, unfortunately, I can't go beyond at this time  
6 saying we will shortly be announcing our second national  
7 corporate sponsor. But that's basically where I have to stop  
8 at that point.

9 But the addition of that one additional corporate  
10 sponsor at the level of the number you were talking about --  
11 say around \$1 million -- allows me -- will instantly allow  
12 me, within a 12 to 18-month period, to bring on two new  
13 schools for EBV, and one new additional school for EBV  
14 Families.

15 Our goal is to find two more national corporate  
16 sponsors at about that level who will allow us to grow to a  
17 network of about ten EBV schools and five schools offering  
18 the families program, which will more than double our  
19 capacity, the current capacity of the program.

20 So, it's a -- the power of that national corporate  
21 sponsorship is -- we can use that to grow some of the  
22 national infrastructure, but it trickles down to having

1 exponential impacts on the network, because a small marginal  
2 increase at the national level will turn around and allow me  
3 to add two or three schools at a time.

4 MR. JEFFERSON: We are having some conversations  
5 coming up, which is why I just want to stay with this for a  
6 second. So \$1 million, two new schools, one new school for  
7 families. Can you just give me the number of lives  
8 associated with that? That's my last question.

9 DR. HAYNIE: Yes.

10 MR. JEFFERSON: A rough ballpark.

11 DR. HAYNIE: Yes. And that's a -- it's hundreds  
12 and hundreds.

13 MR. JEFFERSON: Okay.

14 DR. HAYNIE: And that's an interesting question,  
15 too, that it's worth taking two seconds -- when you say the  
16 "number of lives," I get that question all the time when I do  
17 media stuff. I will give you one example of how, if we think  
18 about the number of lives only from the perspective of the  
19 veterans going through-put of the program, that's a big red  
20 herring.

21 One of the first veterans to go through our program  
22 is a young Marine named John Raftery down in Waxahachie,

1 Texas. I can never say it. And, you know, this kid came to  
2 us. He was a combat Marine. He had some -- and he won't  
3 mind me sharing -- he had some real significant issues with  
4 PTSD, et cetera. He had this vague idea about wanting to  
5 start a construction business.

6 He went through the program. About two months  
7 after he left us, he started a construction company down  
8 there. It was him and his wife. And, fast forward, today he  
9 is one of the ones that last year did more than \$4 million.  
10 He is turning down contracts because he can't keep up with  
11 growth. But, importantly, he has now nine or ten employees.

12 And guess who he is hiring? He's hiring vets.

13 So, it's the through-put of the program, but then  
14 it's also, you know, the spider web that they turn around and  
15 touch -- I mean we all know, small businesses, the engine of  
16 employment in this country. So, if we can help these  
17 veterans create ventures, they will turn around and help us  
18 address the challenges of the veterans community, in general.

19 MR. STONE: May I ask a question?

20 MS. JOHNS: Just one moment, please.

21 MR. BURKE: Very quickly, I want to take advantage  
22 of this opportunity, from the standpoint of the training and

1 mentoring subcommittee, and ask what recommendations would  
2 you have for this task force, considering your successes?

3 DR. HAYNIE: I run the risk of -- you know, for me,  
4 one of the things I am still surprised about -- this is  
5 actually a very simple idea, you know, what we have done.  
6 And to me, that's what is surprising, that the general model  
7 has not been leveraged more fully to deal with issues like  
8 this and others.

9 For example, why would you want to create new  
10 infrastructure to provide vocational and educational  
11 transition programs, when the infrastructure may already be  
12 out there?

13 I will give you another -- we just announced at  
14 Syracuse -- and again, it catches like wildfire -- we just  
15 announced a new program that has nothing to do with me at  
16 all. It's a partnership between a large national bank and  
17 the school of information and technology at Syracuse  
18 University, which is one of the -- again, one of the top  
19 programs in their field.

20 By the end of the summer, we will be rolling out a  
21 distance learning program in information technology,  
22 information security, and information systems, 100 percent

1 online, 100 percent free to military veterans, fully funded  
2 by this bank partner who was looking to do something right by  
3 veterans with -- and the program is designed as a vocational  
4 transition to open up job opportunities in the information  
5 technology field for returning veterans. And the folks  
6 designing and delivering this training program are, you know,  
7 the best in the world.

8           And it's very -- because they are, again,  
9 leveraging the infrastructure that already exists in a higher  
10 education context, they are able to do this very, very  
11 efficiently, rather than building a system outside that --  
12 you know, a replication of that training structure and, you  
13 know, all of the infrastructure that has to go with it.  
14 We're simply leveraging capabilities that already exist out  
15 there and, arguably, delivering a better product in the end,  
16 in terms of what the veteran gets from the experience.

17           So, my recommendation, in summary, would be to  
18 think through how the knowledge, skills, abilities, and  
19 capabilities that are already resident in a higher education  
20 context can be leveraged to deliver and realize some of the  
21 outcomes that you're focused towards.

22           MS. JOHNS: Thank you. Jim?

1 MR. STONE: Please allow me to interject something  
2 here.

3 MS. JOHNS: Did you want to say --

4 MR. STONE: -- just like me --

5 MS. JOHNS: Yes, sir -- excuse me --

6 MR. STONE: We sure appreciate all the efforts you  
7 have done, as far as --

8 MS. JOHNS: Who is speaking?

9 MR. STONE: Hardy Stone. I would like to suggest  
10 an overriding theme here that Mr. Wilfong will certainly  
11 agree with, and that is the thought that while these new  
12 programs are very vital, the crux of the matter is federal  
13 agencies not meeting the prescribed minimum allotment of  
14 federal procurement opportunities for disabled vets.

15 And I think that should be an overriding aspect of  
16 the task force, meeting public law and the -- one of the  
17 tenets of this task force signed by Obama, as you all know,  
18 is, in fact, federal cooperation within this --

19 MR. ELMORE: Sir, who is speaking?

20 MR. STONE: Hardy Stone, from Vet Like Me.

21 MR. ELMORE: Thank you, Mr. Stone --

22 MR. STONE: A member of the media.

1 MR. ELMORE: Okay. Thank you.

2 MR. STONE: Thank you.

3 MS. JOHNS: All right. James?

4 MR. WILFONG: Yes. First of all -- Jim Wilfong --  
5 I would like to congratulate you on this program, and  
6 especially like to congratulate you on having overhead of  
7 about 5 percent.

8 (Laughter.)

9 MR. WILFONG: I know how universities normally work  
10 with overhead, and it's usually around 40 percent. And I  
11 have been involved in teaching entrepreneurial education  
12 through the University of Southern Maine, and -- since 1996.

13 And I know how difficult it is to put together these types  
14 of community-based programs, essentially. So, very good job.

15 I am particularly interested, in addition to what  
16 you do -- and we will perhaps talk more about that -- but  
17 also having a program that's maybe 45 hours long, hands on,  
18 open to all veterans, spouses, and using perhaps -- you know  
19 making a little simpler model that maybe costs \$500 or \$600  
20 for a person to go through it.

21 DR. HAYNIE: Yes.

22 MR. WILFONG: And I would like to talk to you about

1 that at some point --

2 DR. HAYNIE: Yes.

3 MR. JENKINS: -- if I could, Dr. Haynie.

4 DR. HAYNIE: Yes, absolutely. Yes, absolutely.

5 MS. JOHNS: Okay. We need to move the agenda, but  
6 I want to give -- if there is anyone in the room, if there  
7 were a couple of questions from the audience, to give you  
8 that opportunity. Then we have to move on. Yes, sir.

9 AUDIENCE PARTICIPANT: Good morning.

10 MR. ELMORE: Identify yourself, please.

11 AUDIENCE PARTICIPANT: My name is Bill Picard, a  
12 service-disabled veteran entrepreneur. One of the things  
13 that strikes me, getting a little long in the tooth and I'd  
14 like to retire at some point, is that there is a pool of  
15 highly motivated, and undoubtedly skilled, young veterans  
16 that we all should be looking at that are in business, have  
17 been in business, to bring on.

18 None of my kids want my business, so I would love  
19 to engage other businesses and myself in your program to  
20 provide some opportunities for folks who may not want to  
21 start their own business, but --

22 DR. HAYNIE: Want to buy a business?

1 AUDIENCE PARTICIPANT: -- may want to run one.

2 DR. HAYNIE: Yes, yes.

3 AUDIENCE PARTICIPANT: So while it's not  
4 necessarily buy with the cash up front, but --

5 DR. HAYNIE: YES.

6 AUDIENCE PARTICIPANT: -- as I get ready to retire  
7 over the next five years, I would love to mentor someone  
8 along, and have them replace me --

9 DR. HAYNIE: Which is a great idea.

10 AUDIENCE PARTICIPANT: As a service-disabled  
11 veteran-owned small business.

12 DR. HAYNIE: Absolutely. And that, really, is part  
13 of our model. I mean we have a -- we maintain a national  
14 database of folks who have come to us and said, "We want to  
15 get involved as a mentor," et cetera, and we use that  
16 database to link -- so if we have a young man or woman who  
17 goes through our program, that they're focused -- you know,  
18 "I want to start a business in industry X," we go to that  
19 database and we find folks that have offered to be mentors  
20 that are interested in working with these young veterans, and  
21 we make those connections. So, love to get you involved.

22 AUDIENCE PARTICIPANT: Count me in.

1 DR. HAYNIE: Yes.

2 MS. JOHNS: Okay. Is there a last question? Yes,  
3 sir.

4 MR. STONE: Pardon me, Ms. Johns.

5 MR. ELMORE: Hold on, please --

6 MR. STONE: Please address my question about  
7 federal agencies meeting the mandate.

8 MR. ELMORE: Hardy, Hardy, somebody else is  
9 speaking, please.

10 MS. JOHNS: Yes. And so we are going to address  
11 federal contracting shortly in our agenda, when we hear from  
12 our subcommittee reports. Thank you.

13 MR. STONE: Thank you.

14 AUDIENCE PARTICIPANT: Good morning. My name is  
15 Farr Zengodski, U.S. Army staff. The question I have is that  
16 -- can we replicate your program to the U.S. Guard and the  
17 National Guard staff? Because the veterans do get it at the  
18 end of the service, but we have the veteran -- we have the  
19 National Guard and the Reserve services that -- they need to  
20 have employment right now.

21 DR. HAYNIE: You want to take that one, Bill?

22 MR. ELMORE: Yes, I will take that. Bill Elmore,

1 SBA. We have entered another agreement with Syracuse  
2 University, and there is two more programs that are sort of  
3 spin-offs of EBV. One is the VY's program for women  
4 veterans. The other is Operation Endure and Grow. And it's  
5 an entirely online program targeted specifically to National  
6 Guard and Reserve members who are small business owners, or  
7 aspiring owners, and their families.

8           So the idea behind this is to enable the family not  
9 only to work with that Reservist when they're home, but when  
10 they're activated the family hopefully will have the skills  
11 to carry on and continue to grow and prosper the business.

12           DR. HAYNIE: And that's a program we're building  
13 right now. It will be -- in a sense, it will be an eight-  
14 week mini-MBA in small business and venture creation,  
15 specifically for Guard and Reserve members and their  
16 families. That program should be online by May.

17           AUDIENCE PARTICIPANT: May I ask a follow-up  
18 question to that?

19           The groups that we are looking for are E-2s to E-  
20 6s, because they're the ones that are -- they will adapt with  
21 groups, in terms of employment. So if we bring those numbers  
22 down, they're hovering around 15, 16, 17 percent unemployment

1 rate now.

2 MS. JOHNS: All right. Ma'am, on the line, you had  
3 a quick question for us?

4 AUDIENCE PARTICIPANT: I was just wondering how  
5 many were -- of these veterans were getting contracts in the  
6 public sector versus the private sector, since it seems that  
7 -- you know, I commend their efforts with the veteran  
8 entrepreneurs, but then they're challenged because I think  
9 the contract officers need to go through a similar training  
10 program, so we can get this -- contracts available in the  
11 public sector.

12 MS. JOHNS: All right. Well, as I said a moment  
13 ago, we are going to deal with contracting very shortly, when  
14 we get to our subcommittee reports. So if you will allow us  
15 to hold responding to your question until that time --

16 AUDIENCE PARTICIPANT: Sure. Do you think we can  
17 ask the speaker to answer how many of these contracts are  
18 being used in the public sector versus private, as a result  
19 of his program?

20 MS. JOHNS: Well, as I said, we will address  
21 contracting in our subcommittee reports. Now, whether we  
22 have the specific data to respond to your question, I don't

1 know. But certainly we have noted your question, and we will  
2 either answer it today or we will get back to you.

3 MR. ELMORE: And would you identify yourself,  
4 please, since we're on the record, and we want to make sure  
5 we have your name properly.

6 AUDIENCE PARTICIPANT: Yes, thank you. Nancy  
7 Bullard Marshall from a service-disabled veteran-owned small  
8 business.

9 MR. ELMORE: Thank you, Nancy.

10 MS. JOHNS: All right. Again, let's thank Dr.  
11 Haynie for a great --

12 (Applause.)

13 MS. JOHNS: Thank you. We are going to keep going.  
14 We are not going to take a break. But again, the restrooms  
15 are in the hallway.

16 MR. ELMORE: Through the double glass doors.

17 MS. JOHNS: Through the double glass doors. And  
18 so, take a comfort break as you need to.

19 We are going to move right into subcommittee  
20 reports. And first we will hear from Bill Elmore to report  
21 on access to capital.

22 MR. ELMORE: All right. And thank you, Marie, and

1 thank you, Mike. I am going to go quickly over the issues  
2 and areas that we are exploring and talking about, in trying  
3 to come up with some program and policy solutions in capital  
4 access.

5 Right now we are in the process of gathering  
6 suggestions for enhancing our capital programs and how they  
7 affect franchising opportunities. And I will recognize  
8 Terry, who is a member of our national advisory committee,  
9 who is a critical part of the vet program, and he is helping  
10 me do that. So I look forward to what we hear from you.

11 We are also gathering suggestions on how we can  
12 enhance our bonding program. But again, it's not limited  
13 just to SBA's bonding program. We have had some pretty  
14 thorough discussions about that. And most of that discussion  
15 has gone to increasing awareness and outreach to veterans  
16 with marketing tools, and using our technical assistance  
17 providers as an agency to help the small businesses  
18 understand what steps they need to take to be bondable,  
19 because there is a disconnection sometimes between what the  
20 bonding agent might expect, and what the business is prepared  
21 to provide.

22 We also had a discussion with our American Legion

1 representative about how we might liaison with the VSO state  
2 adjutants to try to help to promote the availability of the  
3 bonding programs.

4           In the veterans -- I wanted to mention a couple of  
5 new programs. I won't get into detail, but veterans are  
6 counted inside SBA in what we call underserved communities.  
7 So there is two new programs that have recently been launched  
8 by SBA. One is the community advantage lending program, and  
9 another is a new program in our small business investment  
10 corporation program that is going to target underserved  
11 communities, including veterans. If people -- anybody on the  
12 committee or anybody in the audience needs more information,  
13 please get with me afterwards and I can get that to you.

14           Now, in our discussions not just with my committee  
15 but with other committees, especially Mr. Wilfong, one of the  
16 things that has been made very clear to me -- and I agree  
17 with this -- is we need to somehow move to a loosening of  
18 collateral requirements for veteran small businesses,  
19 especially those that are early stage and start-ups.

20           We know that, as veterans, we serve, on average, a  
21 minimum of three years away from the civilian sector. So we  
22 come back home and we're at least three years behind our non-

1 veteran peers. I think that affects collateral, and I think  
2 it all potentially affects -- especially for those young  
3 soldiers that you, sir, mentioned, with the cash that they  
4 might have in hand when they come home.

5           And I don't know that it's appropriate -- and I'm  
6 up against a big, long, historical battle here -- but I don't  
7 know that it's appropriate for us to require a veteran to  
8 pledge all of their available collateral simply to secure an  
9 SBA loan guarantee or, for that matter, a loan from anyone  
10 else. So that's an area that I am open to input on, and that  
11 we are trying to think through now.

12           And I think, in the context of the Mike Haynie  
13 presentation -- and I'm going to get into this in a minute --  
14 if we were to build out a national veteran training program  
15 available to any veteran anywhere in the country, then we  
16 think going through that sort of a program could be a  
17 precursor to lessening collateral requirements for SBA and  
18 other loans. So it ties into that.

19           So, what I would like to do is move on to a quick  
20 presentation about that, because this is a proposal that I  
21 have developed that I have asked the committee to take a look  
22 at. And I am going to give you a little bit of background on

1 this, so you will understand what I think is the history of  
2 successful veteran entrepreneurship training programs.

3 Arguably, the best programs SBA ever had for  
4 entrepreneurial training before EBV was the veterans  
5 entrepreneurship training program that SBA sponsored in a  
6 number of locations around the country in the early, mid,  
7 late 1980s. And I happened to run a community not-for-profit  
8 in St. Louis at the time, and played a role in helping to  
9 build what became a national model.

10 Now, that model went away in the early 2000s. It  
11 went away primarily because the old office of veterans  
12 affairs funding base was so significantly reduced that the  
13 office could no longer support those programs. So I came to  
14 this job in 2001 with an experience of creating a program, in  
15 some sense, similar to Mike's, but 25 years ago, with  
16 different technology that, in two years, trained 198 veterans  
17 and their family members.

18 So, one of the first things that I did when I got  
19 here was we took that model off the shelf and we updated it.

20 We updated it in 2001, we provided it to all of SBA's  
21 technical assistance and business counseling providers. And,  
22 in working with the veterans corporation at the time, the

1 National Veterans Business Development Corporation, we helped  
2 seed-fund what was the launch of a veteran entrepreneur  
3 training program in 2003, I believe it was, when you were  
4 over there, in three pilot locations around the country.

5 Well, because of funding constraints, the Veterans  
6 Corporation couldn't carry that forward. So I think in 2005,  
7 as I recall --

8 MR. WILFONG: Yes. I don't know. As you know, I  
9 got hurt, and was gone.

10 MR. ELMORE: So we had a fit and a start, and we  
11 have had a couple of fits and starts.

12 In 2007 I found Mike Haynie. I don't even remember  
13 how, exactly, but I found him and I offered him whatever help  
14 I could, especially the insight of my experience with the  
15 kind of program he was putting in motion.

16 So now you have heard a presentation about EBV.  
17 And what I am proposing to the task force for your  
18 consideration is a plan, and initiating a plan to develop and  
19 deliver a locally-based veteran entrepreneur training program  
20 that really would be a marriage of the EBV program model, but  
21 locally-developed and delivered in the context of a veterans  
22 business development center operating locally with or on the

1 campus of universities.

2 Now, it might be a community college, it could be a  
3 high-level university, like Syracuse or others. It could be  
4 a high school. As long as they're capable of delivering.

5 The idea behind 68 locations is that they're 68 SBA  
6 district offices. And each of our district offices would be  
7 tasked with certain responsibilities in this basic model,  
8 including working locally, as we would nationally, with all  
9 the partners on this task force, and others, as well.  
10 Because there are other partners in the federal sector that  
11 perhaps should be involved, not just VA, DoD, DoL, GSA, et  
12 cetera. Department of Agriculture, perhaps Department of  
13 Commerce, et cetera.

14 So the basic model has now been put together in a  
15 concept paper for the task force's consideration. I believe  
16 -- and I think it was mentioned earlier -- that veterans  
17 self-employ at a higher rate than anybody else. And I think  
18 we have data now that shows that.

19 And I think there is really two parts to the  
20 veterans community that we can support with a national  
21 initiative. One is those who aspire to self-employment.  
22 Eighty percent of the small businesses owned by veterans in

1 America are sole employees of the business, they have no  
2 employees other than the owner. However, 20 percent of the  
3 veteran small business, approximately, in America have  
4 employees. And those are termed, in the technical language -  
5 - I need to make sure I get this right -- "employer small  
6 businesses."

7           And I think Mike's model, delivered locally, can  
8 accommodate both kinds of veterans, those that are existing,  
9 and either are growing or are prepared to grow, and those who  
10 are simply interested in self-employment, who want to support  
11 themselves and their family and have a reasonably good  
12 business that allows them to do that.

13           There is a lot of other details. I have numbers  
14 that I have put in as preliminary numbers. I have some  
15 suggestions about coordination. Mike and I have had early  
16 discussion with this. I can't make a commitment, but one of  
17 the points we've discussed is could the EBV universities  
18 serve as regional hubs for what would be a more broadly-based  
19 program available throughout the region, not so that every  
20 veteran would have to go to Florida State, but rather, could  
21 go to a college or university or community college, or some  
22 other institution in Alabama, in Georgia, in Mississippi, but

1 coordinated with the expertise that we have available at  
2 Florida State University.

3           So that's the basic model. I am not sure that we  
4 should take a vote on it. I have passed out that model. I  
5 would ask the task force members to consider it. My  
6 leadership in the Agency has looked at it. And, so far, the  
7 response has been positive.

8           There is no firm or final commitment of the kind of  
9 funds it might take to manage and deliver a program like  
10 that. But I think if there is strong enough interest, not  
11 just from us, as a task force, but from the veterans'  
12 community as well, I think there is always ways to find the  
13 resources to support this kind of opportunity and this kind  
14 of self-employment and job creation growth specifically for  
15 veterans.

16           So, with that, I would be glad to try to answer any  
17 questions, although I have probably run over my 10-minute  
18 allotment already. And Marie stepped out of the room, so --

19           MS. OLIVER: She asked me to --

20           MR. ELMORE: Okay. Please.

21           MS. OLIVER: First, questions?

22           MR. STONE: This is Hardy Stone again, Mr. Elmore.

1 Has there been any collaboration with reducing the amount of  
2 paperwork from Mr. Blum's committee?

3 MS. OLIVER: We will get to Mr. Blum.

4 MR. ELMORE: We're going to get to Mr. Blum's  
5 report later, Hardy.

6 MS. OLIVER: Okay. This is Linda Oliver,  
7 Department of Defense. Marie has to -- Marie is juggling  
8 more than one event right now. She will be back in a minute,  
9 but she asked me to sort of pick up if she did not get back,  
10 because Jiyoung and I have the next report together.

11 We're really supposed to tell you three short-term  
12 projects we have discussed, and hope to move forward on. We  
13 are either over-achievers or we are not confident that we  
14 will move forward on all five of them, so we have five,  
15 rather than three.

16 Jiyoung, do you want to begin?

17 MS. PARK: Sure. So, as Linda mentioned, we have  
18 five short-term recommendations. And just to provide some  
19 context for these five, you know, both within the Department  
20 of Defense and at the GSA, we just were thinking about what  
21 could we really do this fiscal year to help us achieve our  
22 three percent goal, as the folks on the phone were kind

1 enough to point out that some agencies have -- are falling  
2 short.

3           And so, taking a look at what we could do this  
4 fiscal year to really move the needle, talking with agencies  
5 who have met those goals, and, as also was pointed out by a  
6 woman on the phone, that there is a lot of what we call in  
7 reach, or working with the contracting officers and the  
8 buyers to make sure that opportunities are set aside, and to  
9 make sure that we are creating as much opportunity within the  
10 federal government as we can for veterans and service-  
11 disabled veteran-owned firms.

12           And so, that's really the focus of our five short-  
13 term goals. We recognize that there is a lot of great work  
14 being done by other committee members and throughout both,  
15 you know, the federal sector, private sector, non-profit  
16 sector that provide a lot of training and outreach. And so,  
17 we're really focusing our short-term recommendations on,  
18 again, what we're calling this in reach, or working with  
19 those within government who are buyers, and how to help --  
20 partner with them, and educate them more on how to access  
21 veteran firms.

22           So, with that context, our first is really -- and

1 this goes back to the idea you had mentioned, in recapping  
2 from last week, Bill, about the structured pipeline with  
3 state and local government, and so we really want to be  
4 intentional about making sure that we are partnering with  
5 state and local governments who often have a better idea of  
6 who really are the veterans in their communities who are  
7 capable of doing state, local, and federal government work.

8           And so with that in mind, we are really looking to  
9 sign an agreement with organizations like Mr. Garcia's  
10 organization that really cover veterans advocacy within each  
11 state.

12           And it sounds really simple, just like an  
13 agreement. However, we recognize that the way our agencies  
14 operate, we have offices in different regions where we're  
15 doing that outreach and doing market research to identify  
16 capable veteran firms. We're not often consistently, in each  
17 of our regional footprints, plugged in to all the state and  
18 local resources where we can really identify firms in which  
19 to do business and, by identifying those firms, say, "You  
20 know, we can set this aside for service-disabled veteran-  
21 owned firms."

22           And so, that's something that we're looking to put

1 in place, not only with the state directors of veterans  
2 affairs, but other groups out there. And some individual  
3 agencies already have those agreements in place, to make sure  
4 that we're sharing the forecast of information, to make sure  
5 that we are plugged in to those market resources. And we are  
6 looking to make that recommendation that all agencies should  
7 do that, and be real intentional about making those market  
8 research partnerships.

9           Now, the second recommendation we will talk about  
10 is related, but really making sure that all of the  
11 contracting officers and buyers are aware of all the market  
12 resources available to them. So, as simple as compiling a  
13 reference guide. We have already started to do this at GSA  
14 with our team, and that has already been effective. Not  
15 everyone is aware of Vet-Biz, for example, as a market  
16 research resource. And so we're beginning to compile  
17 everything into one place to make it easier, and just part of  
18 the process that contracting officers go through to identify  
19 firms, just make it easier.

20           And so, there is a recommendation related to that  
21 that Linda will get into.

22           MS. OLIVER: Okay. Our third recommendation, as

1 Jiyoung pointed out, related -- and it is to steal from Mike,  
2 in a way. We think that we need to motivate the contracting  
3 officers, as well as educate.

4           And so one of the things that we have set for a  
5 goal for ourselves is to do a webcast or a -- there are other  
6 names for it, but basically go to one of the studios and make  
7 a -- possibly SBA's, possibly Department of Defense, we're  
8 not sure which studio we will use -- but to make a tape that  
9 specifically addresses the veterans and service-disabled  
10 veterans, and what we might be able to do.

11           We anticipated Marie probably being on it. We  
12 haven't talked to Marie about this, I don't think. But  
13 people who can help sort of build the buzz.

14           And another reason that we intend to do this is  
15 because people learn in different ways. Some people -- there  
16 are just a lot of different ways that people learn, and we  
17 want to help -- we want to try and teach people any way that  
18 they may be able to learn.

19           MS. PARK: And just to build on that, if I could,  
20 and you know, wanting to make sure that we had an interactive  
21 way that can highlight success stories contracting with  
22 veteran firms, and to make -- to inspire and motivate, as

1 well as education, as Linda was saying, to the buying  
2 activity.

3           So -- and just as an example, even within the GSA,  
4 not all of our buyers are fully aware of the number of  
5 veterans that are on the schedules for the different schedule  
6 areas. And so, doing -- starting with ourselves, and doing  
7 that internal education, and -- or are aware of the vets  
8 GWAC, the government-wide acquisition contract that's  
9 available, that's set aside for veteran firms. So, the  
10 basics, you know, not all contracting officers and buyers are  
11 aware of that, and we want to make sure that we're doing that  
12 education.

13           Number four, in terms of our recommendations, is  
14 related. But it's doing, really, an internal road show. And  
15 we're going to recommend -- put together a template that  
16 other agencies can do to do that internal road show with  
17 buyers that highlight all the different ways and the contract  
18 -- the market research resources that you can use to access  
19 veteran firms. We have already started to do this within  
20 GSA, talking to different buyers within the public building  
21 service and, again, learning that not everyone is aware of  
22 these basic tools.

1           MS. OLIVER: Okay. And number five, finally,  
2    lastly, the Department of Defense has developed an analysis  
3    method called the maximum practical opportunity method, which  
4    -- we have an analysis method which we have realized could,  
5    in fact, be applied to service-disabled veteran-owned small  
6    businesses. Specifically, it is a way to look at what's been  
7    procured, and figure out, rather than could have been --  
8    might probably be able to have been procured from a small  
9    business, including a service-disabled veteran-owned small  
10   business, or a veteran-owned small business.

11           It's actually a way of targeting -- again, doing  
12   this internal education thing -- it is really a way to target  
13   the contracting officer, small business professionals, the  
14   program managers, people within the government, which is  
15   where our focus is. And that's our five.

16           MS. PARK: I do want to point out, as was mentioned  
17   in the recap from last time, that there were the issues of  
18   subcontracting bait and switch that were all named. And the  
19   reason we're not focusing on those in our short-term  
20   recommendations is that many of those issues are being  
21   addressed at the policy and the regulation level, based on  
22   the overall small business task force. And so those are

1 already being worked on. So --

2 MS. JOHNS: Okay. Thank you both. All right.  
3 Ford? Certifications.

4 MR. HEARD: Okay. Good morning, everybody. And  
5 hopefully everybody can hear me. I want to talk a little bit  
6 about our task force, integration of -- increasing the  
7 integrity of certifications. And our group really has  
8 identified some initial areas for -- I don't want to say for  
9 initial success, but for areas for improvements, correction  
10 changes, that could affect the program.

11 One of the areas I do want to talk about, though,  
12 is that we all do have different procedures, policies that  
13 have an impact on certifications, verifications, and self-  
14 representation. VA does have a separate discreet authority,  
15 public law 109-461, that not only gives it a unique set-aside  
16 authority, but it does have requirements for the  
17 establishment of the VETBIZ program, and the VIP database.

18 The -- we're really looking at VA using a  
19 verification program, and most of the other agencies using a  
20 self-representation system process. And they're really  
21 entirely two different programs.

22 So, I think one of the commitments that I want to

1 do and make is to integrate myself with our policy group.  
2 I'm going to get involved a little bit more, if I can -- if  
3 we start looking at the areas that we want to make  
4 improvements on, probably there is three primary areas:  
5 technical; process; or oversight, and then policy.

6           Here are the initial three areas that our group  
7 really talked about, and that was looking at creating this  
8 interchange, cooperation among the databases that are used  
9 throughout the federal government, again, the VETBIZ, unique  
10 VA database, and CCR, and the dynamic small business search  
11 for SBA.

12           One of the points I do want to make out -- and I  
13 did -- I have picked up in the conversation this morning --  
14 is that there is a -- from time to time there are other  
15 agencies that do choose to use the VETBIZ database as a  
16 search tool, market research. And that's good for what it's  
17 worth, but remember, it is a VA-unique database, a  
18 requirement. All veteran businesses that we do business with  
19 have to be verified or enrolled in VETBIZ. When other  
20 agencies use it and don't find those vendors that they want  
21 to do business with, and make certain procurement decisions,  
22 those are problematic.

1           And so, we have to understand that our contracting  
2 organizations that do use VETBIZ that are not part of the VA  
3 have got to use it for what it's worth. There is additional  
4 due diligence that they have to follow up on. And maybe  
5 that's some of the other discussions that we can have, as a  
6 task force.

7           When we verify and validate veteran status, the VA  
8 does use the BIRLS system. It's a proprietary system,  
9 beneficiary identification records locator. And we talked  
10 about the possibility of using that with SBA, as well as  
11 within the VA.

12           But we also talked -- and I have already started  
13 the initiation with the Department of Defense -- to access a  
14 disability evaluation system, because if a veteran who --  
15 leaves the Department of Defense and goes off into a business  
16 venture, that veteran may choose not to go to the VA, and, as  
17 a result, does not get enrolled into the BIRLS system.

18           Unfortunately, we have had a number of problems,  
19 and we want to be able to fix that rapidly, so that we can  
20 use both the DoD and VA system, so verifying veterans would  
21 be a lot easier in the future. Next slide, please.

22           Again, we're working from two different processes.

1 With public law 109-461, VA got some very unique authority,  
2 and we do adjudicate our own status protests -- not for small  
3 business standards, but for veteran small businesses. So we  
4 do want to have that engagement, discussion on where is the  
5 most appropriate place in the federal government for this  
6 work. And there is a lot to be -- lot of conversation to be  
7 had for that, as well as what impact are we going to have on  
8 the forthcoming policies, as well.

9 And again, you know, here is where the rubber  
10 really is going to hit the road. Is this going to be a  
11 verification system, certification system, or self-  
12 representation? If we are going to increase the integrity,  
13 it looks like we would have to move closer towards that  
14 verification process, rather than having that self-  
15 representation program.

16 Next slide. I did want to do a -- just for  
17 everybody's information -- this is not something that we have  
18 to keep going back on, but the next few slides really talk  
19 about the differences between the unique authorities in the  
20 federal government for doing business with veteran-owned  
21 small businesses. Public law 108-183 on the left, and then  
22 public law 109-461.

1           Again, and I won't read this for you, and we will  
2 get this out to everybody if they'd like copies of it, but  
3 just take a look at it. I do want to draw a couple of  
4 points, that when we look at 109-461, it's really -- when we  
5 look at the VETBIZ program, it's veteran businesses that  
6 choose to enroll and do business with the VA. Right now,  
7 109-461 is not a compilation of all veteran businesses in  
8 VIP.

9           Next slide, a lot of uniquenesses, a lot of  
10 differences, though, too. One point I would like to make,  
11 when we started looking at the statutory authorities and the  
12 set-aside authorities for veteran-owned -- service-disabled  
13 veteran-owned small business, public law 109-461 gave VA  
14 both, both set-aside authority for service-disabled veteran-  
15 owned small business, and veteran-owned small business. It  
16 also created a hierarchy. And that hierarchy prioritized  
17 those two categories in preference, and then established the  
18 rest of the world, meaning HUB zones, women-owned business,  
19 and other disadvantaged businesses.

20           Next slide, I think we're just wrapping this one  
21 up. We will go to the next slide. And again, here is where  
22 -- this is where I started off, and I want to end with it,

1 where we start looking at self-representation and  
2 verification. These are the issues we are going to have to  
3 deal with when we look at, you know, creating or improving  
4 the integrity of veteran certifications.

5           Again, you know, we have to look at it from a  
6 technical standpoint, that oversight perspective. And then  
7 we have to really -- have to hit home with the policy and  
8 statutory authorities that have already been put in place for  
9 these programs.

10           MS. JOHNS: Any questions from members?

11           (No response.)

12           MS. JOHNS: Okay, thank you, Ford. Matthew,  
13 administrative burdens.

14           MR. BLUM: Thank you, Marie. I will be brief, and  
15 I hope I can borrow back a few minutes of the next meeting,  
16 but two main issues. One is, since our last meeting -- some  
17 of you are aware of this, but now all of you will be -- the  
18 President signed an executive order on improving regulation  
19 and regulatory review.

20           It's executive order 1356, signed by the President  
21 on January 18th. And of particular note or importance, I  
22 think, to this task force and to our subcommittee, is section

1 six, which essentially requires agencies to review how -- to  
2 do a review of existing regulations to consider how to make  
3 improvements for where there are rules that are outmoded,  
4 ineffective, insufficient, or excessively burdensome, and how  
5 we can modify, streamline, expand, and repeal them in  
6 accordance with what we have learned.

7           To say the least, and in a good way, in the small  
8 business community we have a lot going on as a result of the  
9 task force recommendations and the Small Business Jobs Act.  
10 That said, I have had folks come up to me -- some folks in  
11 this room -- personally to mention some ideas for areas that  
12 were not specifically talked about in the law, that were not  
13 specifically focused on by the task force of areas where you  
14 feel, in doing business with the government, that there are  
15 opportunities for improvements that have been overlooked for  
16 a variety of reasons.

17           Obviously, we normally focus on laws that have been  
18 enacted recently, and we have a priority in getting those  
19 implemented and implemented effectively. I think this  
20 executive order, though, will give an opportunity to this  
21 task force to identify some of the other regulations that  
22 maybe are not specifically focused on by the jobs act or the

1 task force that we can pick up through this process for a  
2 variety of reasons.

3 I can't tell you specifically yet exactly how we  
4 will be reaching out to the public, but I suspect that there  
5 will be -- begin with the process, for example, with the  
6 federal acquisition regulatory council, for rules related to  
7 procurement, looking for problematic provisions, those that  
8 maybe create barriers to entry, that would drive cost or  
9 length of the contracting process that are outdated, or  
10 outmoded, that are confusing, that you think are missing the  
11 mark.

12 And I should also point out that each agency also  
13 has an obligation to develop a plan. So this will also pick  
14 up other regulations that are outside of, specifically, the  
15 federal acquisition regulation, but those that are related,  
16 for example, by VA, by SBA, and by Labor. So our  
17 subcommittee will be working with these agencies, in terms of  
18 how these plans are developed and coordinated, specifically  
19 in the interest of this community.

20 I may also, by the way, if it's helpful, get one of  
21 the officials from OIRA, office of information and regulatory  
22 affairs, to come to the next meeting and give a brief

1 presentation overview of how this executive order is being  
2 implemented.

3 MS. JOHNS: That's a very idea. So, please.

4 MR. BLUM: The second area, of course, is one that  
5 I think is -- rings true with so many of the -- so much of  
6 the discussion that we have had today. We heard Gordon talk  
7 about all the improvements going on with TAP. We know that  
8 SBA has made significant improvements in its website.

9 We haven't specifically talked about the VA's  
10 innovative initiative to come up with new innovative ways for  
11 the Department, in terms of how it delivers resources, but  
12 they are working towards developing tools for planning,  
13 launching, and sustaining business ventures, education for  
14 start-up, sustaining, and growing businesses.

15 Of course, EBV -- all of them have made or are  
16 making important improvements, in terms of those that come to  
17 these programs, and the associated websites, for purposes of  
18 taking greater advantage of those resources. What I think is  
19 probably still missing is the overarching wrap-around.

20 So, for all of these programs, and then for the  
21 millions of more data points that exist on the Internet and  
22 the worldwide web, how can we improve the reduced burden by

1 making it easier for those coming in any entry point to  
2 navigate through the process?

3           So, our subcommittee has had, I think, a good  
4 discussion with VA and DoD, I think, reaching out as well to  
5 Labor and then to other agencies. And I hope for the next  
6 session -- actually before that -- we will provide you with  
7 an information sheet with programs, links we think the  
8 customer is, and what information is available so that we  
9 can, in an organized way, get some feedback to figure out  
10 what's the best way to create a wrap-around of all of this  
11 information.

12           Again, we're not trying to recreate or redo, for  
13 example, the good work that we heard earlier on TAP, or what  
14 SBA is doing, but rather, just to make it easier to navigate  
15 through this, all of this information.

16           Bill, did you want to add anything? I know -- or --  
17 -

18           MR. ELMORE: No. I think, other than, you know, we  
19 have heard from many in the community and many of us that  
20 work inside the various agencies, that there is so much  
21 information out there, it's hard to make sense out of it,  
22 what's good, what's real, what's usable, and how do you get

1 to the right spot and the right answer as quickly and  
2 efficiently as you can, if you're a small business owner.

3           So that's been the basis of the discussion, is  
4 there a way to sort of aggregate all this in a way that  
5 allows people to get to the answers, or the resources they're  
6 looking for efficiently and quickly. And that's a big  
7 challenge, because it's an enormous amount of information out  
8 there in every one of those that you mentioned, and a lot of  
9 others, as well.

10           MR. BLUM: And the reason why I mentioned the  
11 information sheet is I -- it's very easy, in a project like  
12 this, to become insular.

13           And I think it's -- since we have the benefit of  
14 these periodic meetings as touch points, we would like to  
15 reach out to you quickly, so that we can get your feedback,  
16 in terms of from your own experience, of what information on  
17 which programs are the things that you go to, or you're most  
18 familiar with, or your other colleagues or business partners  
19 that work well, so that we can emphasis those and make sure,  
20 also, if there is information that's missing --

21           MR. ELMORE: Right.

22           MR. BLUM: -- you know, through these programs, we

1 can reach out to the agencies to talk to them about that, as  
2 well.

3 MS. JOHNS: All right. Thank you, Matthew. I  
4 wanted just to add I appreciate you bringing up the  
5 regulatory road show. Certainly SBA is at the table, and is  
6 part of that process.

7 And I ask my colleague, Diane Heal, to talk just a  
8 bit about how we're operationalizing the road show aspect of  
9 -- it's the regulatory executive order from the President, as  
10 well as the Small Business Jobs Act. We have a few connected  
11 efforts going on right now.

12 MS. HEAL: Okay. We are putting together this road  
13 show that will be happening the last two weeks in March. We  
14 plan to -- on visiting -- well, we will have one here in  
15 Washington, D.C. That date has not been set yet. But there  
16 will also be 12 other cities where we will be asking -- we've  
17 set this program up, where we'll be asking for input from the  
18 public.

19 Some of the cities that are being covered are San  
20 Diego -- we were trying to target where there are many, many  
21 government contractors, or something that was -- or an area  
22 that was very centrally located. I know there will be --

1 we'll be in San Diego; San Antonio, Texas; Columbus, Ohio;  
2 Boston; New York; Miami; Denver -- Denver, Colorado; Chicago.

3 There are a few of the cities that we will be visiting.

4 The process will be an overview of the 13  
5 provisions -- excuse me, 19 provisions -- that are related to  
6 government contracting that were in the jobs act. Of  
7 particular interest for this group is the new regulations  
8 that we're looking at proposing on the subcontracting issues,  
9 the multiple awards schedule, contracts being -- allowing  
10 set-asides, and bundling. I think they are the three big  
11 issues that this committee would very much be interested in.

12 We will be asking for public comment. We will have  
13 an announcement out next week, telling you where you would  
14 have to register. And we will accept public comment, and  
15 everyone will be allowed their five minutes to express their  
16 views on the specific issues.

17 Anybody have any questions on our jobs road tour?

18 MR. GARCIA: What was your name, again?

19 MS. HEAL: My name is Diane Heal, H-e-a-l, I am the  
20 assistant director for contract assistance.

21 MS. JOHNS: So, as Diane mentioned, we are still  
22 putting all the pieces in place for these road show events.

1 But we wanted to make you aware of the scope of the road  
2 shows, that we are going around the country. But please  
3 continue to monitor our website. Because as soon as we tie  
4 down dates and cities and locations, all that information  
5 will be provided there.

6 MS. HEAL: And Marie will be going out, and  
7 Administrator Mills will be attending these.

8 MS. JOHNS: Thank you, Diana.

9 MS. HEAL: You're welcome.

10 MS. JOHNS: All right. Gordon, Elizabeth, anything  
11 more on training and counseling?

12 MR. BURKE: We are going to be deferring to a  
13 presentation -- a brief one -- by Elizabeth O'Herrin.

14 MS. JOHNS: Okay, great. Thank you.

15 MS. O'HERRIN: Thank you. Again, Elizabeth. I'm  
16 speaking on behalf of the training and counseling  
17 subcommittee, co-chaired by my counterpart, Gordon Burke.

18 Just to bring everybody a little bit up to speed on  
19 what we have been working on, I guess primarily we're  
20 concerned with two major kind of overarching themes:  
21 enhancing existing counseling and training opportunities that  
22 are already taking place; and, where needed, creating new

1 training and counseling resources.

2           And, really, our primary concern, as a  
3 subcommittee, is to develop recommendations on a national  
4 level that translate down to the local level. Because so  
5 often we come up with big ideas, and they just don't  
6 translate on the local level. So, along those notes, we have  
7 been engaging kind of a wide variety of stakeholders at the  
8 local levels to find out what's been working for them at the  
9 local level. I'm thinking about how we can scale them up to  
10 replicate them, to really create a streamlined, you know,  
11 theme of continuity for training and mentoring at local  
12 levels.

13           And I think one thing we've really been wrestling  
14 with is the fact that every state is so different, every  
15 state has different resources available, every state has  
16 different entities that do what they do better than maybe  
17 some other states were.

18           So, for example, you know, the first point of  
19 contact often for veterans when they come back to a state  
20 could be the county veteran service officer, could be a  
21 veterans organization. Maybe they ignore all that all  
22 together, and they go straight to a small business

1 development center. So we want to make sure that we're  
2 equipping the people who first touch these veterans that are  
3 interested in starting small businesses, or have already  
4 begun starting their small businesses, and really equipping  
5 them with the resources that they need.

6           So we have also been talking with a number of small  
7 business owners that are veterans, both younger, older,  
8 service-connected disabilities, non-service-connected  
9 disabilities, and finding out kind of the common themes in  
10 their experiences.

11           So, along those lines, we're really looking at how  
12 we can improve information that's provided online. Many  
13 veterans, that's the first place that they go, is to look  
14 online for information. They quickly become overwhelmed.  
15 There is no dearth of information online for veterans  
16 starting small businesses. So, thinking about -- you know, I  
17 don't think the answer is creating more websites, but how can  
18 we better tailor the information to veterans who are seeking  
19 what they're looking for. So, that's one big consideration  
20 that we have been having in soliciting suggestions and  
21 recommendations in that area.

22           We are also thinking of this not only as a

1 training-the-veteran mentality, but also how do we train our  
2 trainers, how do we provide people that are, you know, out  
3 there, working with veterans starting small businesses with  
4 relevant information, with tools to train veterans. If  
5 they're not the ones training the veterans, we need to make  
6 sure that they have information on where to send them.

7           So that's another component. We're not just  
8 looking at this as training the veterans, but also training  
9 the trainers. And, along those lines, as Gordon mentioned  
10 earlier, we are looking at kind of creating more dynamic  
11 interactive modules within the TAP revamp that we have heard  
12 from Ray at a few meetings ago, and really looking at  
13 including entrepreneurship as a component of that. And so,  
14 making sure that the seed is planted when veterans are  
15 leaving the service -- service members are leaving the  
16 service -- and also providing them with resources that they  
17 can come back to maybe a couple years down the line, when  
18 they remember the seed that was planted, and they are able to  
19 go back and touch that information later on down the road.  
20 So those are things that we have been thinking very much in  
21 depth about.

22           And then, I think the other thing that we're really

1 looking at, as I said before, training the trainer. And I  
2 think, you know, we're very interested in this concept of a  
3 national veterans entrepreneurship training. We have been  
4 speaking with Bill, with Jim, with John Garcia all about how  
5 we can translate these national recommendations down at a  
6 local level. And -- because the local level is often what  
7 implements things the best.

8           So we're very interested in how we can -- that  
9 particular program, how we can build something that is  
10 localized or, you know, really taking some of the things from  
11 the EBV program. And we have heard about how successful it  
12 is, but you know, 300 veterans, and the thousands more that  
13 they touch, there are still millions out there. And a lot of  
14 these folks are located in very rural areas. They don't  
15 always have access to online resources.

16           So how can we pull the best practices from that  
17 model and scale it into something that can touch many more  
18 veterans? And so that's another conversation that we are  
19 currently having, and very interested in continuing that  
20 conversation with Bill's subcommittee, and really making sure  
21 that the state and local entities are really involved in the  
22 processes we're thinking about.

1           Gordon, do you have anything to add?

2           MR. BURKE: I think you covered it all.

3           MS. JOHNS: Okay. Questions from task force  
4 members?

5           (No response.)

6           MS. JOHNS: Okay. Thank you, Elizabeth. Final  
7 report, improving federal support, Jim Wilfong.

8           MR. WILFONG: Thank you. I sort of took the idea,  
9 when I was asked to serve on this task force, that I would be  
10 a conduit for veteran business owners and veterans at large.  
11 And so, that's what I have tried to do.

12           This particular committee, improving federal  
13 support, is kind of a catch-all committee. So I decided that  
14 I would also make sure that we took a complete look at  
15 everything that was going on, not to replicate the fine work  
16 of each of the working groups, but to just make sure that  
17 maybe there were things that came from the veterans community  
18 that maybe you hadn't thought of, and that we could bring  
19 forward to make sure that the recommendations that we make  
20 are complete.

21           I took the experience of 35 years in business,  
22 having been a legislator at one time when I was in my mid-

1 twenties, and a schedule C program manager for the Clinton  
2 administration. I kind of took all of those things, and put  
3 them to work because they was sort of fundamentally a way  
4 that I go about thinking about stuff, so that I have a firm  
5 foundation. I understand what the history is, I understand  
6 what the legislative debate was about on different subjects,  
7 and especially about the Small Business Act, and how the  
8 Small Business Administration came to be, in the first place.

9           So, with that in mind, we involved a lot of  
10 different folks who I asked to be part of the working group,  
11 and many of them are here today, people from the Army staff,  
12 all of the veteran service organizations that I could lay my  
13 hands on, from the American Legion to the Enlisted Service  
14 Members Association to Vietnam Veterans of America, Veterans  
15 of Modern Warfare. Gosh, I'm probably leaving something --  
16 oh, of course, VET-Force, and all of its membership on the  
17 executive committee, and a number of just veteran business  
18 owners that expressed an interest, and I said, "Sure, you can  
19 have a voice on this working group."

20           And our basic thought is that veterans, with 3.6  
21 million veteran business owners in the United States and  
22 contributing about \$1.65 trillion to the U.S. economy -- I

1 think I have that right, Joe, from your figures -- that  
2 veterans already make a significant contribution to the  
3 security of this country. And if you look at Admiral  
4 Mullen's recent 2011 national military strategy of the United  
5 States of America, he has a great quote, "Our nation's  
6 security and prosperity are inseparable." And we take that,  
7 you know, as a founding principle, with what -- the work that  
8 we're doing.

9           We are interested in having veteran business owners  
10 be a core group that helps to restore the American economy at  
11 the grass roots. And that's sort of the vision that we  
12 bring. And we want to make this vision as broad as possible.

13           We know that education, and the type of education  
14 that Dr. Haynie was talking about today, and other education  
15 is key to access to capital. When I was just doing some work  
16 in the State of Maine, where I live, the governor in 1995  
17 asked me if I would put together a small business program for  
18 his administration. I did it as a volunteer.

19           And when I looked at access to capital and risk  
20 capital, I thought maybe there would be a problem that there  
21 wasn't enough capital available. What I found out is that  
22 there was plenty of capital available; it wasn't accessible

1 to small business owners because they were worried about  
2 their business skills and their education, and they did not  
3 think they had to have MBAs, but they felt that they had to  
4 know all parts of the business plan.

5           So, with that, we set up a center for  
6 entrepreneurship that was one of the recommendations, and  
7 entrepreneurial education, which was community based, and I  
8 think that's an important thing to remember, especially when  
9 you're here in Washington. I come from a community of less  
10 than 300 people. I grew up on a small farm there. And so,  
11 you sometimes forget that when you're down here, and I speak  
12 from experience on that.

13           So education is important for access in capital.  
14 And access in capital is important for actually reaching  
15 markets. So we took that in mind, and we took this vision to  
16 keep American liberty, prosperity and security dynamic,  
17 thereby enhancing our entrepreneurial initiative, because  
18 America is a very entrepreneurial country. It is -- and this  
19 entrepreneurial spirit that seems to live here in the United  
20 States and has been successful, it's carried into our  
21 military.

22           And we think that when it comes to introducing

1 entrepreneurial ideas and concepts, that we ought not to wait  
2 until they become veterans, that we have to start introducing  
3 those ideas right in the uniformed services. And so, that's  
4 one of our recommendations, that we start doing that, because  
5 we start -- we, number one, help the military have more  
6 leadership qualities available, right from E-1s to generals,  
7 and that when they leave the service of the country, if  
8 they're interested in starting a small business, they will  
9 already have been introduced to some of those concepts.

10           And then, we want a full range of business  
11 educational opportunities that will help to support that  
12 veteran entrepreneurship, and help them to access capital,  
13 and then access free and open markets.

14           So we have a lot of different ideas. Some of them  
15 you will find are duplicated in your efforts. That's great.  
16 Some of them may be brand new to you. I put together this  
17 draft for the committee, but yesterday I was working with  
18 VSOs, and you can see all of the notes that I have already  
19 made as the VSOs -- some more VSOs have kicked in and helped  
20 to improve these ideas.

21           Some of the bigger ideas, I believe, the access to  
22 capital -- and Bill has already touched on how to make that

1 so it's less onerous for especially young entrepreneurs who  
2 have just left the military service -- and some of my members  
3 of this task force committee from over in the Department of  
4 Defense showed me that I think the largest group leaving the  
5 service is almost 20 percent -- 19-plus percent -- and  
6 they're E-4s. And E-4s didn't make a lot of money in their  
7 four years of service, and they need a little help.

8           One of the things that we thought might be an  
9 interesting idea is to change the GI Bill of Rights, so that  
10 it not only helps to pay for education, but that it becomes a  
11 vested property right for some period of time that they can  
12 also use as investment money to start a business or to grow a  
13 business. And we think that's a really important principle  
14 that could really help jumpstart a lot of small veteran-owned  
15 businesses.

16           When it comes to procurement -- and we have a lot  
17 of ideas for procurement -- that came from -- they are very  
18 hands-on, practical business ideas from veterans who are  
19 trying to operate in what we see as a rigged market, we do  
20 not see it like we see -- I have been, for the most part of  
21 my life, in a free market situation, selling in the private  
22 sector where you can go and work hard and have innovative

1 ideas.

2           But we know that the U.S. Congress wanted this  
3 marketplace to be innovative, have fair and open competition,  
4 have a geographical distribution of the contracting, so that  
5 the economy of the entire United States would be fair, and  
6 would be strong, and we don't see that happening at all.  
7 This is not a free and open market. There are two markets in  
8 the United States: one selling a federal system, and the  
9 other selling to the private sector. So, we have a lot of  
10 ideas on that.

11           And so we welcome ideas for working group six. I  
12 would be happy to make the copy of our work to date, or when  
13 I actually update this weekend, to send you an updated copy.

14       But we want to do things that make a difference. We want it  
15 to be comprehensive. We want to provide a real foundation.

16           When I came down to work actually in this building  
17 in 1999 for a couple of years, I went to the office of  
18 international trade, which I was responsible for, and I tried  
19 to figure out exactly what they did. And I was working for  
20 25 years as an international trade business practitioner.  
21 And they said, "Well, we're responsible for this program, and  
22 we have that program."

1           And I said, "Yes, but what are we trying to do?"  
2    "Well, we have this program." I said, "You know what? I  
3    think we're going to do what we ask our business clients to  
4    do. We're going to write a business plan for this  
5    department," and we wrote one. And we had a vision for it,  
6    and we wrote it. And the last I knew, they're still  
7    operating using that business plan, because nobody else has  
8    asked them to write a new one.

9           (Laughter.)

10           MR. WILFONG: So it was very enlightening for me to  
11    work down here. I have a lot of respect for the people that  
12    I work with, and the people who work here. And we want to  
13    accomplish something.

14           So, with that, I will be happy to take any  
15    questions.

16           MS. JOHNS: Okay. Thank you, Jim. Any questions  
17    from the task force members?

18           (No response.)

19           MS. JOHNS: Okay. So, let's move to the public  
20    comment section, and I'm sure there will be some questions or  
21    comments from members of the audience.

22           We are going to first call on individuals who asked

1 to be put on the agenda, and then we will open up to the body  
2 at large. So first I will call on Andy Gibbs, the Veterans  
3 Business Institute.

4 MR. ELMORE: Andy, if you have a thumb drive or  
5 something -- did you already give it to her over there?

6 MR. GIBBS: I do have one.

7 MR. ELMORE: Okay.

8 MR. GIBBS: Good morning. I am Andy Gibbs,  
9 chairman of Veterans Business Institute. Madam Chairwoman,  
10 members of the committee, thank you for the opportunity to  
11 speak today.

12 Today all federal agencies that serve active duty  
13 and military personnel some challenges. We have heard a lot  
14 of them already. These include reversing, not just  
15 controlling, the uncontrolled veteran unemployment, the  
16 precipitous decline in veteran self-employment, escalating  
17 costs of recruiting and retention, and cutting the predicted  
18 \$1 trillion taxpayer costs for long-term veteran health care  
19 for Gulf War veterans.

20 Small business can be an enormous contributor to  
21 reigning in budget deficits, accelerated economic recovery,  
22 and every community, and, most importantly, move their

1 veteran business owners from America's cost column to  
2 America's revenue column.

3           However, as we have discussed this morning, we must  
4 empower them with tools. I commend the committee members'  
5 continuing progress to expand federal contracting  
6 opportunities. However, as Mr. Wilfong will kind of  
7 acknowledge, with small business perspectives, that effort,  
8 in toto, gives inadequate consideration to two vital  
9 components to small business ownership.

10           First of all, the number of veterans self-employed  
11 has declined 21 percent since 2000. If the decline  
12 continues, there won't be enough veteran businesses to accept  
13 the contract increases. So, without increasing the number of  
14 veteran-owned businesses, federal contracting goals will  
15 become invisible targets.

16           Second, federal contracting, as a focus, lures and  
17 implied long-term growth and stability for veteran business  
18 owners that seek those contracts. With a growing federal  
19 deficit, combined with the congressional demands for budget  
20 cuts, this is a very dangerous position to put veteran  
21 business owners in. One single emergency budget cut could  
22 put thousands or tens of thousands of veteran small business

1 owners on the street doing precisely the opposite of what our  
2 objective is.

3 I believe that we must first expand the universe,  
4 and rapidly expand this universe, of new veteran-owned  
5 businesses. More than two-thirds of DoL's 30 highest growth  
6 opportunities over the next five years are in consumer market  
7 segments that are of little consequence to federal  
8 contractors or contracting agencies.

9 Veteran business development must target these  
10 high-growth consumer community-based businesses. There are  
11 consumer products and services, green businesses, and agri-  
12 businesses. These are the businesses that built America,  
13 that built its capitalist platform. Kauffman Foundation  
14 concurs.

15 In a recent report it's shown that the most new  
16 businesses and jobs were created in young businesses in  
17 retail, health care, accommodation, food services,  
18 administration, and waste. These small businesses serve  
19 local markets, local businesses, and local governments, not  
20 federal contracting.

21 All evidence suggests that the current small  
22 veteran small business development programs are inadequate,

1 and they all point to an urgent need to create extremely  
2 large-scale new veteran business development programs.  
3 Current programs have enjoyed only limited effectiveness.

4           VetFran is a VA-supported program to help put  
5 veterans into their own franchises. Since 2000 -- since  
6 2002, VetFran has put veterans in 2,000 new veteran-owned  
7 businesses. By most measures, a program that only puts one  
8 percent of the top most financially capable veterans into a  
9 business cannot be called a success. That's one percent.  
10 And, as we have discussed here, access to funding, it's only  
11 that one percent that has access to the money.

12           Over the past three years we heard Dr. Haynie talk  
13 about Syracuse University's boot camp, focusing on disabled  
14 veterans. Three hundred veterans over three years. Even  
15 with the expanded programs, it's dubious whether that kind of  
16 scalability will meet the incredible scale that we have to  
17 achieve, as a country. We have half-a-million veterans  
18 unemployed. Chipping away at 1,000 a year won't do it.

19           We can only reverse the decline in veteran self-  
20 employment and rise in unemployment by fostering these very  
21 large-scale programs. I respectfully ask this task force to  
22 redouble efforts on the -- focus on the creation of new

1 veteran business ownership, not the federal contracting to  
2 existing. If we don't rebuild the base, we are not going to  
3 have the future.

4 I propose two primary objectives be established as  
5 the guiding principles for business development by this task  
6 force. Number one, establish expansion in the number of  
7 veteran-owned businesses, as a top priority, through  
8 massively scalable programs, a multi-year goal -- and if we  
9 don't set goals, we're not going to hit them -- but a multi-  
10 year goal of not creating hundreds of new veteran businesses,  
11 but 100,000 -- and it's possible, we can do that -- 100,000  
12 will create 200,000 to 400,000 new jobs. So we're making a  
13 delta in the labor pool. Plus, we're taking veterans off the  
14 unemployment rolls.

15 In response to the VAI2 solicitation last  
16 September, I pioneered a blueprint for a nationally scalable  
17 program to meet high-performance goals such as this. I  
18 applaud the President and the SBA for the Start-Up America  
19 program. It reflects about 70 percent of the vision of the  
20 blueprint, but it doesn't go far enough. VA's new business  
21 accelerator is a good first step, but it doesn't go far  
22 enough. The extreme scalability needed to move the needle on

1 veteran businesses and jobs creation remains the elusive Holy  
2 Grail that we all seek: How do we do that?

3           The accelerator or the incubator itself must be  
4 scalable. It's not creating more programs, it's creating a  
5 program that's scalable. Like the auto industry, tooling up  
6 a very large-scale incubator will take a year, two years.  
7 The investment needs to be made in that before the first new  
8 veteran business rolls off the line. While we're still  
9 trying to spoon out a leaking boat today, we are heading for  
10 the iceberg. We need to take long-term corrective action.  
11 When it's production time, then the businesses roll off the  
12 line.

13           Increase access to funding. As Bill Elmore said,  
14 veterans return from Afghanistan with inadequate collateral.

15        Their prospects for small business ownership are bleak,  
16 especially if we look at the businesses that are targeting  
17 these consumer services in rural America. Ironically, these  
18 are the businesses -- not Apple and Genentech and the next  
19 Intel, but everyday Mom and Pop businesses that were and will  
20 continue to be America's backbone.

21           Despite the billions available under the new  
22 federally-supported programs, private investment is going to

1 remain out of reach to these types of businesses. They will  
2 never meet the traditional venture capital investment  
3 criteria. They are not the business model. They can't  
4 satisfy the loan requirements.

5 I suggest that these small businesses are in most  
6 need of funding that is unlikely to come from any reasonable  
7 time or amount from any of the Start-Up America programs or  
8 any other.

9 To change the veterans business funding landscape -  
10 - and perhaps this will be music to Mr. Wilfong's ears --  
11 today I am entering into the public record a new proposed GI  
12 Bill to accelerate veteran business growth. The bill is  
13 called the Veterans Business Ownership Act of 2011, and it  
14 would create an entirely new class of entitlements that  
15 veterans could use to start up new veteran-owned businesses.

16 This proposed bill would put more than 150 billion of  
17 veteran entitlements to work, creating tens of thousands of  
18 new veteran businesses, and two to three times that many  
19 jobs.

20 It's a comprehensive proposal addressing the use of  
21 benefits as the sole -- the sole -- funding collateral;  
22 succession of a veteran-owned business by a surviving spouse;

1 a period of time for tax abatements; the elimination of  
2 barriers to state licensing for those new veteran small  
3 businesses that have the skills and qualifications equivalent  
4 to state licensing, especially in the trades.

5           However, until Congress and the President have  
6 written this proposal into law, I encourage the committee to  
7 interact and develop veteran loan entitlement programs that  
8 would require with impunity that lending institutions abandon  
9 traditional loan qualifications to accelerate the creation of  
10 veteran-owned businesses. And Bill probably has already set  
11 this in motion.

12           In closing, I want to applaud the task force for  
13 undertaking the daunting challenge of reinvigorating the  
14 national community of veteran-owned small businesses. And I  
15 stand ready to support its efforts in any way I can. Thank  
16 you.

17           MS. JOHNS: Thank you, Mr. Gibb, for your  
18 statement.

19           (Applause.)

20           MS. JOHNS: Any questions from task force members?

21           MR. WILFONG: Yes.

22           MS. JOHNS: Yes?

1           MR. WILFONG: Your comments -- actually, your  
2 unemployment figure, I think, might be half of what it is for  
3 veterans. I think it's a million, a million vets are  
4 unemployed right at the moment. So you're highlighting an  
5 important point.

6           One of the things that we proposed in our  
7 recommendations to the task force is to take a look at an  
8 idea called -- that I call Plus One, which is 3.6 million  
9 veteran-owned businesses, a million unemployed vets. If  
10 those 3.6 million hired a third of a  
11 person --

12           MR. GIBBS: We're done.

13           MR. WILFONG: -- we're done. That's all. So we've  
14 got to support the growth, I couldn't agree more, the growth  
15 of new business owners with the young vets coming along, but  
16 at the same time support the other veteran business owners  
17 who are there in ways that would encourage them to grow their  
18 business so they can afford to hire a new employee.

19           And so, I think that's a great idea. The only  
20 thing I would say is that I think I speak for at least some  
21 members of the veterans community when I say that, you know,  
22 entitlements are not what we're looking for. We are

1 interested in the property rights that were given to veterans  
2 in the very beginning, even if they have a time period limit  
3 to them. But I think that's an important thing. We are a  
4 strong group of American citizens and, you know, just having  
5 access to a property right would be very good. Thank you.

6 MR. GIBBS: Agreed, agreed. And just one comment.

7 One of the proposals in this bill -- when we look at the  
8 unemployed veteran community, we have two major groups, age  
9 groups, that are primarily unemployed. And those are the  
10 older Vietnam vets and the youngest Afghan/Gulf War vets.

11 And there is a provision in the bill to reach back,  
12 because we have to take care of that older community,  
13 especially those that have lost retirement programs. I mean  
14 they are probably more desperate than the 18 to 24-year-olds.

15 But to reach back and allow the use of those earned benefits  
16 and a conversion to veteran business development ownership  
17 start-up programs for any unused GI Bill benefits. And we  
18 need to do that.

19 MR. WILFONG: Right.

20 MR. GIBBS: And that is one of the components to  
21 reach back.

22 MR. WILFONG: Thank you.

1           MR. ELMORE:  If I can make a comment -- thank you  
2 for coming, Andy, and I know we have discussed before -- one  
3 of the things that strikes me as I work as a federal employee  
4 focused on this -- and I think you're right, the scalability  
5 of how we tend to do things doesn't match the  
6 opportunity/need that's in our community -- but there is  
7 scalability in other things that tend to support that  
8 community.

9           So, unemployment insurance for ex-service members  
10 is arguably, in the future, going to cost more than the  
11 entirety of the SBA budget.  So, when you begin to think  
12 about, okay, we're over \$1 billion, or we're moving over --  
13 towards being past \$1 billion a year in ex-service members'  
14 unemployment insurance, but we're talking in tens and  
15 hundreds of millions when it comes to small business  
16 development -- broadly in America, not just for veterans --  
17 there somehow is a disconnect.

18           And I think -- and this is why Jim and I talk a lot  
19 as well --

20           MR. WILFONG:  We do.

21           MR. ELMORE:  -- there has got to be a dialogue  
22 change that recognizes that self-employment small business is

1 America's past, present, and future. But the investment we  
2 see out of Congress and out of administrations -- I will say  
3 that -- doesn't always match what I think is the opportunity  
4 for how we engage and promote and build out this important  
5 segment of America.

6           So I am glad you came today, and thank you for  
7 commenting --

8           MR. GIBBS: When we look at that particular figure,  
9 we look at \$1 trillion that was testified last October for  
10 the long-term costs, just for the Gulf War veterans. If we  
11 can take 10 percent of those and move them to private  
12 enterprise, where they will be prosperous, obtain private  
13 employment insurance, private medical insurance, we have  
14 taken them off these rolls. We have taken a \$100 billion  
15 delta and the investment that the government can make.

16           And I would ask the task force to take a look at  
17 unexplored rules and regulations within FAR and even outside  
18 of FAR, cosponsorship programs, use of the economies act to  
19 pool money and resources, and create in public-private  
20 partnerships, very aggressively packaged incubators.

21           Again, EBV program does a great job in teaching  
22 those who have the wherewithal to get out and start a

1 business. But the reality is somebody who has been in  
2 Afghanistan working within a military structure for eight or  
3 nine years, comes back to the civilian life, they do not have  
4 the structure, they don't have the -- you can write a  
5 business plan all day long, and three years from now your  
6 business might start. If we're looking at accelerating, we  
7 need a two-month hands-on program. Internet resources cannot  
8 replace people -- hands on, very large-scale immersion  
9 programs that will launch these businesses.

10 MS. JOHNS: Okay, thank you very much, Mr. Gibbs.

11 Next, Jay Greely, Interface Financial Group.

12 MR. GREELY: Good morning. My name is Jay Greely.

13 I'm the vice president of business development with the  
14 Interface Financial Group. I would like to thank Madam Chair  
15 and the task force for the opportunity to present to you this  
16 morning a program that's in existence with the Interface  
17 Financial Group that we think has significant value for  
18 veteran-owned businesses.

19 And I have some slides. Next slide, please. So,  
20 who we are. The Interface Financial Group is a privately  
21 held business providing working capital to small to mid-sized  
22 businesses, and we have been doing this since 1971. We

1 operate with 150 franchise offices throughout the United  
2 States, Canada, Australia, New Zealand, Singapore, Ireland,  
3 and the U.K. And we have developed a program, a special  
4 program, for U.S. veteran-owned small businesses that really  
5 increases and helps access to capital that's not currently  
6 available.

7           Next slide, please. So it's no secret to anyone  
8 the challenges that many small businesses are faced with,  
9 including veteran-owned businesses. And some of the  
10 traditional lending sources that are available today are very  
11 challenging.

12           Funding -- the funding that we provide -- if you're  
13 familiar with factoring, factoring is a centuries-old  
14 business whereby companies will come in and manage the  
15 accounts receivable portfolio for a business, providing them  
16 capital based on those invoices. Typically, factoring is a  
17 very expensive proposition for companies. Business owners  
18 typically lose a little bit of control of not only their --  
19 not only the accounts receivable, but also their cash flow.  
20 And, in the end, it's sometimes not the best win-win scenario  
21 for both the business owner and the factoring company.

22           We are what we call an invoice discounting firm, or

1 a spot factorer. And if you go to the next slide, some of  
2 the highlights of what we do, we do not require long-term  
3 contracts, as most factoring companies do. There are no  
4 hidden fees, there are no long-term commitments. You  
5 basically use our services as you need it. So if a business  
6 needs cash and they have an invoice to sell, we will purchase  
7 that invoice at a discount, provide a company up-front cash,  
8 and then collect on that receivable, collect on that asset.  
9 And that is the essence of our business. It is that simple.

10           Next slide, please. So our typical client is a  
11 small to mid-sized business doing business with another  
12 business entity, so it's a B-to-B model. These are the  
13 industries that we're primarily involved with, in business  
14 services, manufacturing, construction, transportation,  
15 wholesale, and distribution. Our typical client has been in  
16 business anywhere from six months to five years, with net  
17 revenue in the area of \$250,000 to up to \$20 million. And  
18 most of our -- most, if -- you know, not surprisingly, of our  
19 clients have been unable to obtain financing through  
20 traditional methods. No surprise.

21           So, what is the program that we have designed? And  
22 this program was designed in 2010 for vet-owned businesses.

1 Next slide, please. What it's comprised of is a special  
2 program specifically for vet-owned small businesses. We have  
3 had terrific success and relationships with existing vet-  
4 owned clients for a number of reasons, and we can discuss  
5 that in a little bit.

6           We have a dedicated management team, also veterans  
7 themselves, that will be working with vet-owned businesses,  
8 dealing with their financial needs. It is a fast-track  
9 program. So the due diligence and funding for a small  
10 veteran-owned business can occur within a 24 to 48-month  
11 period for the first transaction. Once that -- 24 to 48  
12 hours, excuse me, yes. Thank you. I hope I didn't say days,  
13 did I?

14           So that might be an example of what the existing  
15 traditional financing is like. But ours is 24 to 48 hours.

16           And then, so a repeat transaction, if they come  
17 back to us in a matter of days, weeks, or months, and say,  
18 "We need additional capital," that can occur within four to  
19 six hours. We can literally have funds wired to their  
20 account in four to six hours. Veterans receive preferential  
21 treatment, and also a pricing structure that is the best in  
22 our industry. So, it is a very, very attractive program for

1 vet-owned businesses.

2           Next slide, please. Okay, so you can go quickly  
3 through all of those. So what are some of the benefits?  
4 This is a very, very fast and efficient service for vet-owned  
5 businesses. So, you know, if you look at a small to mid-  
6 sized company that is looking for capital for growth, to meet  
7 payroll, to accommodate a new project that they have taken  
8 on, for equipment, for an expanding business, and if they  
9 have invoices that meet our requirements for sale, we will  
10 purchase those invoices, and we can fund them within 24 to 48  
11 hours. It's a very quick and very fast service, and it's  
12 unparalleled in the industry.

13           So, as some of you are more familiar with the  
14 traditional lending sources out there that can be quite  
15 onerous for small businesses, this is very, very efficient  
16 for vet-owned businesses, and for most of our clients.

17           And, in addition -- if you go to the last bullet  
18 point, please -- in addition, if we find that what our  
19 invoice discounting model provides is not the appropriate  
20 solution for them, we also offer a traditional full-line  
21 factoring service, as well as export factoring, inventory  
22 financing, purchase order funding, et cetera. We do that not

1 only within our organization, but also with specific industry  
2 partners that we have aligned with. So, we are a very good  
3 consultative one-stop shop for most small to mid-sized  
4 businesses.

5 I would also add that with our 150 offices  
6 throughout the world, what's unique for us is that we can  
7 provide very individual, personalized service, which is a  
8 real advantage for not only the business owner, but also from  
9 -- for our organization, as well. Next slide, please.

10 Thank you. Here is a testimonial from Carol Craig,  
11 who is a disabled veteran, naval flight officer, and first  
12 woman aviator in a P-3 Orion squadron. She is the president  
13 of Craig Technologies, and here is her testimonial.

14 So we have had very, very good success with -- in  
15 dealing with vet-owned businesses. We find these businesses  
16 are run by individuals with high integrity, with tremendous  
17 work ethic, which are, frankly, out there looking for ways to  
18 grow their business, and have struggled a little bit in the  
19 past with traditional sources of capital. And it's been a  
20 big win not only for them, but also for us. Next slide,  
21 please.

22 Very simple process for us. There is two ways for

1 a veteran-owned business to contact us. One is through this  
2 web portal, [www.veterans.ifgnetwork.com](http://www.veterans.ifgnetwork.com) -- we have all of  
3 this information that we can hand out after the presentation  
4 for you if you need it -- as well as a phone number, 877-780-  
5 2075.

6           Very simply, those two green arrows on the web  
7 portal, they can input their name, their phone number, some  
8 basic contact information and the email address, and  
9 literally, within five minutes, they're getting a call back  
10 from one of our veteran-owned franchises to discuss their  
11 needs.

12           If they hit the top green arrow -- next slide,  
13 please -- it will bring them to another screen, which will  
14 request some additional information, more specifics about the  
15 type of cash or funding they need, what they need it for,  
16 some basic financials. Hit the submit button, and again,  
17 within five minutes they're getting a call back from us.

18           Next slide, please. Here is a snapshot of our  
19 management team, two of which are in the audience today,  
20 Chris Hussey, who is a franchise owner in Indianapolis. He's  
21 a senior partner, former U.S. Navy. Jan Cunningham is a vice  
22 president within our organization, former U.S. Army. Myself,

1 I'm not a vet, VP of business development.

2 Next slide, please. So, again, we think this is a  
3 terrific opportunity for small to mid-sized vet-owned  
4 businesses to obtain funding in a very quick, expedient way.

5 And, you know, the purpose for us to present to you today  
6 was to let you know that this is available. We are working  
7 diligently on a local level to let folks know that this  
8 service is available. We wanted to let you know, as well.

9 And we appreciate the opportunity to present to you.

10 MS. JOHNS: Okay. Thank you very much. Any  
11 questions from task force members?

12 AUDIENCE PARTICIPANT: One question, if I may.

13 MR. GREELY: Yes, sir.

14 AUDIENCE PARTICIPANT: Do you have this program  
15 available to the families of the veterans, the spouses?

16 MR. GREELY: Absolutely, yes. So if it's a family  
17 member of a veteran or a veteran-owned business, absolutely.

18 This program applies.

19 AUDIENCE PARTICIPANT: How about active National  
20 Guard and Reserve?

21 MR. GREELY: So for us, all-inclusive. Those folks  
22 would also -- okay.

1 MS. JOHNS: Yes, sir. Any other questions?

2 (No response.)

3 MS. JOHNS: Okay. Thank you very much.

4 MR. GREELY: Thank you very much.

5 MR. ELMORE: Thank you.

6 MS. JOHNS: Okay. Mr. Mingey, NEOF Technologies.

7 Welcome.

8 MR. MINGEY: Thank you. Jim Mingey. As the  
9 chairman said, I am coming to you today from a service-  
10 disabled veteran firm perspective. But I still want to go  
11 back to a couple of comments I made from previous meetings.

12 I recently was exploring my opportunities with the  
13 small business offices in the federal government, and I went  
14 to a particularly astute one, which I won't mention, but I  
15 went in there trying to develop a program for selling a  
16 service to the federal government.

17 And he pointed out to me, he said, "You know,  
18 you're not in that service business." He said, "You're in  
19 the government procurement business. And you need to be able  
20 to figure out how to enter that marketplace. And if you're  
21 going to do it as a start-up, even if you have technical  
22 experience, you're not going to be able to enter that,

1 because why should a contract officer take a risk on your  
2 service, where they already have people available?"

3 And he was being very honest with me, and I  
4 accepted that advice, and basically have come to the  
5 conclusion that if I don't have a significant teaming partner  
6 with experience, I'm not going to get a contract with the  
7 federal government. So I have to, you know, balance that,  
8 and go look for a partner. And I accept that.

9 But I bring it up now because certain agencies that  
10 I have been trying to do business with are taking an active  
11 interest in trying to format teaming groups. And I think  
12 it's kind of informal at this point, but I think the  
13 committee should look at developing metrics that encourage  
14 all of the small business offices to get into the teaming  
15 business, if you would.

16 And I know there are proposals out there to take  
17 in, you know, experimental programs. But, you know, I think  
18 that we can't wait one or two years. We need to be able to  
19 ratchet that up right away.

20 MS. JOHNS: Mr. Mingey, may I just comment on that?

21 MR. MINGEY: Surely.

22 MS. JOHNS: Under the Small Business Jobs Act there

1 is a provision requiring the SBA to identify entities who can  
2 be used as resources around the country to provide training  
3 or technical assistance to promote that very thing.

4 MR. MINGEY: That's great.

5 MS. JOHNS: So --

6 MR. MINGEY: Now, is that across agency, or is that  
7 just SBA?

8 MS. JOHNS: No, it's across the government, teaming  
9 -- promoting teaming arrangements to help small businesses be  
10 more competitive in federal contracting, period.

11 MR. MINGEY: Okay. Well, I look forward to the  
12 rules coming out, then.

13 MS. JOHNS: Did I get that right, Diane?

14 MS. HEAL: Yes.

15 MS. JOHNS: You have anything to add?

16 MS. HEAL: Yes. The grants close -- the grants  
17 proposals close next week. But part -- as Marie said, part  
18 of the jobs act was too -- we're going to be giving grants to  
19 organizations to help develop these teams.

20 MR. MINGEY: Oh, I'm familiar with that program.

21 MS. HEAL: That one, right.

22 MR. MINGEY: The one that's closing on the 11th?

1 MS. HEAL: Right.

2 MR. MINGEY: Okay.

3 MS. HEAL: Right. And then there is also --

4 MR. MINGEY: Yes, that's great. And -- I think  
5 that that program is great, but --

6 MS. HEAL: Okay. There is also the proposal -- or  
7 there is also the provision in the jobs act about SBA  
8 developing mentor protégée programs for the service-disabled  
9 vet program --

10 MS. JOHNS: Right.

11 MS. HEAL: -- as well as the women's program and  
12 other programs. But --

13 MR. MINGEY: Okay.

14 MS. HEAL: -- and that's in the process right now.

15 MR. MINGEY: Okay. But the cycle of that will be --  
16 - the awards will be made probably in the summer time?

17 MS. HEAL: We are hoping to have the awards by the  
18 end of spring.

19 MR. MINGEY: Great, great. And then the evaluation  
20 of them will take a year?

21 MS. HEAL: No, the evaluations will begin as soon  
22 as --

1 MR. MINGEY: Ongoing?

2 MS. HEAL: Will be ongoing, as soon as the  
3 proposals close. Are you talking the grants or the mentor  
4 protégée?

5 MR. MINGEY: No, the grants.

6 MS. HEAL: The grants. As soon as they close, they  
7 will be evaluating, and then they are hoping to make the  
8 announcements late spring of who will start to receive  
9 awards.

10 MR. MINGEY: I look forward to the progress. Thank  
11 you.

12 MS. HEAL: You're welcome.

13 MR. MINGEY: Secondly, I love the comment about  
14 trying to create prerequisites. But I don't necessarily  
15 think that the prerequisites should be focused entirely on  
16 lowering collateral, which is probably not going to go over  
17 with a lot of the underwriters around here.

18 What I do think is probably a good thing that could  
19 make these training courses that people are proposing  
20 ubiquitous is to use a mechanism where one course is  
21 developed that could be used in several agencies like Labor  
22 and SBA, and VA at the same time.

1           And, as a service-disabled veteran, I am aware of  
2 the voc rehab program over at the VA, where they have almost,  
3 I believe, 1,000 counselors around the country that help  
4 veterans pick tracks for getting on with life. And one of  
5 those tracks is an entrepreneurial track. And I don't think  
6 it has been that effective, in that these counselors are not  
7 entrepreneurially oriented. And I think it would be a very  
8 good tool for them to have a prerequisite course that's used  
9 in conjunction with -- it could be used with financing, or it  
10 can be used with the voc rehab program.

11           But not everybody is an entrepreneur. And taking  
12 this course just to -- you know, for instance, Mr. Haynie's  
13 program, which I have supported, and will continue to support  
14 it, even if it was \$10,000, I think that Cadillac program is  
15 necessary for veterans. On the other hand, you know, I think  
16 that there should be a system for all veterans to get  
17 evaluated as to whether I'm really an entrepreneur. If I  
18 could get evaluated for a VRE program, I should have to get  
19 evaluated to go into a Cadillac -- now, maybe the methods  
20 they're using right now are appropriate for their program,  
21 but I think it should be system-wide.

22           And so, this course that you're talking about can

1 be used not only to educate people, but can be used to put  
2 them on a track to get these sort of benefits, as well.

3           And lastly, I am here to talk about new market tax  
4 credits today, because I keep talking about them and nobody  
5 talks back to me. I have been to this meeting twice, I have  
6 been to the VET-Force meeting, and I've brought this up, and  
7 I haven't got any feedback on it. And I know today that Mr.  
8 Elmore did not bring it up as part of the summary in our  
9 December meeting, and I was at that meeting. And what I'm  
10 suggesting to people is that there is an existing resource  
11 for new markets tax credits that are there right now that can  
12 be used to enhance credit for smaller loans, which is  
13 apparently a focus of people in the one, two, three-member  
14 small businesses that are making this company go, apparently.

15           Now, I know that SBA has a new program that I -- I  
16 think it's great, on the revamping of their smaller loan  
17 program, and I am glad that veterans are in there. But  
18 actually, the Patriot Express loan program already has some  
19 lessened collateral requirements in it, up to \$150,000, I  
20 believe.

21           You are not requiring collateral, although I can  
22 tell you right now that most banks, if you go in there and

1 you are a service business -- and I will give you a perfect -  
2 - I just had a company go into a major bank, one of the  
3 biggest in the country, who said, "No, we don't even make  
4 those kind of loans," although they are listed as making  
5 those kind of loans, and they referred him to a large CDFI,  
6 which I know that the SBA is encouraging -- and I think  
7 that's great, that they're encouraging to participate in both  
8 SBA and veteran lending programs.

9           However, that same business went to the CDFI, who  
10 was already doing SBA loans, and they said, "Well, you know,  
11 we don't do service businesses. We only do businesses that"  
12 -- I know they're allowed to do them, but their policies are,  
13 "As a banker, we are not going to make a loan to you unless  
14 you have the assets to back that loan, because we are worried  
15 about losing that guarantee if we make a loan. You know, SBA  
16 is telling us to get as much collateral as we can. And that  
17 means that if you don't have collateral, we are less inclined  
18 to make it." So that leaves out Internet businesses or  
19 service businesses that don't have this sort of collateral.

20           Now, having said that, right now, if SBA could  
21 simply -- and this doesn't cost any money at all -- make  
22 Patriot Express loans eligible for new markets tax credits,

1 there are many people in the new markets tax credits arena  
2 now who want to make loans, small business loans, with that  
3 sort of guarantee. It provides the equity piece. That 39  
4 percent tax credit is worth at least 20 percent in today's  
5 marketplace. That's the down payment on a loan.

6           So there is no feedback here. And if there isn't  
7 going to be any feedback, then I guess the only other avenue  
8 is legislation -- the public arena or legislation. So I  
9 would love to get some feedback from somebody, or I will come  
10 back every meeting and take my five minutes and I will bring  
11 this up every time. So, thank you for listening.

12           MS. JOHNS: All right. Thank you very much.

13           MR. MINGEY: If there are any questions, I am happy  
14 to answer them.

15           MS. JOHNS: The issue of Patriot Express and the  
16 new markets tax credit program, I have to apologize. I don't  
17 recall your comments on this in the previous meeting. But I  
18 hear you loud and clear at this meeting. And --

19           MR. MINGEY: Well, it's --

20           MS. JOHNS: I will look into this, and we will have  
21 a response for you.

22           MR. MINGEY: Okay. I was in your October meeting,

1 and I was at the December meeting, and now I'm in this  
2 meeting, and I was in the VET-Force meeting. And people have  
3 said they will get back to me on this.

4 MS. JOHNS: All right.

5 MR. MINGEY: They have not. And I don't -- you can  
6 come back and say no, I just appreciate the courtesy of a  
7 reply.

8 MS. JOHNS: Right, and I know --

9 MR. MINGEY: But I also think this is a very viable  
10 current alternative to help start businesses. So it just  
11 makes sense to me. If it doesn't make sense, tell me why it  
12 doesn't make sense.

13 MS. JOHNS: I know Patriot Express, but what I  
14 don't know are what all the factors of the new markets credit  
15 -- new markets tax credit program --

16 MR. MINGEY: You have already made your other  
17 programs eligible for it.

18 MS. JOHNS: -- may create some other  
19 problems --

20 MR. MINGEY: We are just asking for the same thing  
21 that the other programs have. Thank you.

22 MS. JOHNS: Thank you. Okay. Now, we open the

1 floor. We've got about 10 minutes left. Are there other  
2 questions or individuals who would like to comment? You,  
3 gentlemen? Go in whatever order.

4 AUDIENCE PARTICIPANT: Mine is going to be very  
5 short.

6 MS. MARSHALL Hello. Can you hear me now?

7 MS. JOHNS: Yes, ma'am. We are taking some  
8 questions from the floor, and then we will turn to the line.  
9 If you can, just be a bit more patient with us.

10 MS. MARSHALL: Yes, thanks.

11 MS. JOHNS: Thank you.

12 AUDIENCE PARTICIPANT: The thing I am concerned  
13 about is the --

14 MS. JOHNS: Yes, sir. Name, please?

15 AUDIENCE PARTICIPANT: I'm sorry. Bob Hesser. I am  
16 the first vice chair of the VET-Force. I want to discuss  
17 about the JVs for service-disabled veterans and JVs for  
18 8(a)s.

19 MS. JOHNS: Okay.

20 AUDIENCE PARTICIPANT: They are significantly  
21 different, and there is a big difference on what they can do  
22 and what they cannot do. There is no reason for me to get

1 into it, but there is -- Perry Lee White wrote a paper on it.  
2 She is from Maza, and -- also has another article from  
3 Jannas Williams and -- I'd like to just leave this in here  
4 for the record.

5 MS. JOHNS: Okay.

6 AUDIENCE PARTICIPANT: To save the time.

7 MS. JOHNS: Thank you.

8 AUDIENCE PARTICIPANT: Another what I want to bring  
9 up is that I am on the committee with the VA on Mr. Heard's  
10 committee for the certification.

11 MS. JOHNS: Okay.

12 AUDIENCE PARTICIPANT: And one thing that doesn't  
13 really come under that, but I want to bring it up -- I did  
14 bring it up there, too -- in SBA, when a person applies for  
15 small business and goes to OHA for protest against him or  
16 various other ways, as soon as they're declared that they're  
17 not a small business, they can reapply the next day. The law  
18 does not prevent them from doing that.

19 However, in the VA, if you're decided -- they've  
20 said you cannot do it, they take you out of the database, you  
21 disappear, and you only have six months before you go back.  
22 I think that is totally wrong, I'm hoping someone goes to

1 court with it, because it is totally, totally, totally wrong.

2 Second thing is, if you recall, I testified here  
3 the last two meetings about the -- I don't remember what --  
4 never mind.

5 And one more thing. I notice a lot of times words  
6 are used that don't exist in the federal government. For  
7 instance, the first time service-disabled veterans were ever  
8 brought up was 106-50. That would define what a service-  
9 disabled veteran was. And it also said that they were self-  
10 certified, it was a self-certification. VA has made up a  
11 word, "self-representation," and now they're using it again  
12 here, "self-representation." It doesn't exist in the FAR, it  
13 doesn't exist in any regulation. I have searched the  
14 Internet, I searched every -- only the VA uses "self-  
15 representation."

16 I would appreciate if the committee would kind of  
17 put that word out, "self-representation," until someone puts  
18 it in law. And it's not there now. It is "self-  
19 certification."

20 That's about it. Thanks.

21 MS. JOHNS: Okay. Thank you, sir. Any comment to  
22 that?

1 (No response.)

2 MR. ELMORE: Thank you, Bob.

3 MS. JOHNS: Yes, sir.

4 AUDIENCE PARTICIPANT: My name is Rick Whiteman.

5 My day job, as it were, is executive director for policy and  
6 government affairs at Vietnam Veterans of America. But I  
7 also have the privilege of serving as chair of the veterans  
8 entrepreneurship task force.

9 Just a quick bit of history. In 1996, 1997, and  
10 1998, there was a good deal of activity in the veterans  
11 business community that led then Administrator Alvarez to  
12 create a task force to work on an administrator's order to  
13 implement the 1974 law. Many veterans organizations worked  
14 with SBA staff and others in three primary work groups:  
15 capital formation, federal procurement, and then what was  
16 called management assistance and today is called business  
17 development, to produce a detailed report and set of  
18 recommendations to the administrator.

19 It was originally 21, and then two got eliminated  
20 as it went through the vetting process here at SBA. And just  
21 before Veterans Day 1998, there was a public ceremony --  
22 actually, it was the president of my organization, Vietnam

1 Veterans of America, who represented the veterans community  
2 and about 150 people in a press conference, and announcing  
3 that the secretary was accepting the recommendations, and  
4 pledged publicly to have them all implemented before the end  
5 of 1998.

6           It is now 2011, and none of those 19  
7 recommendations have ever been implemented. And I would  
8 suggest that it is something you may want to have each member  
9 of this distinguished body at least review to know what that  
10 work was. And many of the recommendations are still just as  
11 valid today as they were in 1998. And everybody from  
12 American GI Forum to American Legion to National Association  
13 for Black Vets to Military Order of the Purple Heart all  
14 participated in that task force.

15           Subsequently, because none of it was implemented by  
16 the end of the year, and because they wouldn't even call a  
17 meeting, we called our own meeting, and went to Senator Bond  
18 and got the hearing room for the Senate Small Business  
19 Committee -- and that was the birth of what today is known as  
20 VET-Force -- and determined that we were going to go for a  
21 statute.

22           Enough depending on the kindness of strangers, as

1 Blanche DuBois would say. We are at an age where we need to  
2 leave a legacy for the young people who come after us that is  
3 based and rooted in law, passed via the Constitution of  
4 processes we put our lives on the line to defend.

5           And so, we worked with folks on both sides of the  
6 aisle to create what became public law 106-50, which was  
7 enacted on August 17, 1999. We are 11-1/2 years later. DoD  
8 has never even come close to meeting the minimum floor of 3  
9 percent. The Army actually went down last year. VA has met  
10 it, State has met it, but most other agencies have not, when  
11 it comes to federal procurement. And there isn't even the  
12 measures in place to find out whether the minimum of 3  
13 percent of subcontracting to primes has been met by SDVOBs.

14           Virtually every federal agency meets all the other  
15 specific minimums for 8(a), for HUB zones, for women-owned,  
16 for you-name-it, but not for service-disabled veteran-owned  
17 businesses. It is time for accountability and use of the  
18 taxpayer dollars.

19           We have -- in the ninth year of the current wars,  
20 it will be a decade come October, first week in October, of  
21 the first young man killed. And I actually know that young  
22 major's mom. And so it's time that he not have died in vain.

1 It is time for the President to turn to the Cabinet and say,  
2 "By God, you will meet this minimum floor of 3 percent," and  
3 the same thing when it comes to veterans employment, and  
4 making veterans preference in federal hiring a reality, as  
5 opposed to a general theory.

6 And certainly we're working with Director John  
7 Barry on that, and met with him yesterday, and I know he is  
8 committed. Now we just have to get the bureaucratic  
9 structures to catch up with where the director is. And no  
10 doubt that's true at the SBA and other agencies.

11 But it is possible, and I think that the -- because  
12 this is the President's task force, moving toward a --  
13 perhaps a refined executive order that is enforced -- since  
14 August of 1999 we have had three laws passed, and with the  
15 executive order that created this body, two executive orders,  
16 all trying to implement the law that was enacted in 1999.  
17 And, in fact, if you say, "You will," and put it in all the  
18 managers' performance evaluations, they will get with the  
19 program.

20 All of us come out of the military. And you can  
21 bet your bippie that a commander of a base is going to get X  
22 accomplished if it is going to be in his or her office or

1 efficiency rating. They damn well are going to get the  
2 mission done. And similarly throughout the federal  
3 government, there is -- much of what has happened with  
4 political upheaval in the past few years all revolves around  
5 the issue of bang for the buck of taxpayer dollars.

6           And bang for the buck of taxpayer dollars and  
7 living up to the law is what we should expect from federal  
8 officials, many of whom in higher ranks are 150,000 a year.  
9 That doesn't sound like much in the greater scheme of things,  
10 but they voluntarily went into SES, they voluntarily went  
11 into one of the higher grades.

12           And, therefore, we can have the right to expect  
13 that the minimum they will do is meet the minimum standards.

14           And part of the minimum standards across the board should be  
15 treating the three percent as a floor, not a ceiling, and a  
16 ceiling that most of them aren't even close to meeting.

17           So I thank you for your time. I would be glad to  
18 work with you additionally on programs.

19           And one last comment if I may, Madam Chair. The  
20 task force is set up on a schedule of meeting half-a-day a  
21 month. I know that things happen behind the scenes. But may  
22 I suggest that the sense of urgency has to be there? This is

1 exactly on the employment front that the veteran service  
2 organizations imparted to Director Barry yesterday and to  
3 Darian Page from the White House, is a sense of urgency  
4 really needs to be there, if anything is going to really get  
5 done.

6           We live in a political world, like it or not. And  
7 after this summer, it's going to be harder and harder for the  
8 Administration to get anything done, which makes the  
9 recommendations coming out of this task force -- and actually  
10 implementing them -- all the more important that the work be  
11 front-loaded. And if you need to bring your people in for  
12 three solid days, then bring people together for three solid  
13 days.

14           I not only speak for me personally and for my  
15 organization, but also for all of us in VET-Force. We will  
16 spend as much time with you all as productive to help you get  
17 a sense of what's going on and what would, in fact, be useful  
18 to the average veteran or service-disabled veteran  
19 entrepreneur.

20           And so that sense of urgency needs to be throughout  
21 the government, including -- one last note -- on the Center  
22 for Veterans Enterprise. The delays in getting people -- and

1 the confusion that has been created around requirements that  
2 are nowhere in statute for certifying our business are  
3 literally putting some of our best veteran-owned and service-  
4 disabled veteran-owned businesses out of business. Out of  
5 business. And it needs to get fixed. We have brought it to  
6 the attention of Deputy Secretary Gould and to the Chief of  
7 Staff, John Gingrich, repeatedly. And yet there is more  
8 business as usual. And it needs to get fixed and get fixed  
9 quick.

10 So I thank you very much for the opportunity, and  
11 stand ready to work with you in any way we can.

12 MS. JOHNS: Okay. Thank you very much.

13 MR. ELMORE: Thank you.

14 MS. JOHNS: All right.

15 (Applause.)

16 MS. JOHNS: Yes, sir. Briefly, and -- two briefly,  
17 and then we must go to the phone. So these will be the last  
18 two comments from the room.

19 AUDIENCE PARTICIPANT: I'm Terry Hill. I'm a  
20 communications consultant and helped put together the VetFran  
21 program, with the assistance of SBA and Bill Elmore. Just  
22 wanted to do a quick report.

1           At Bill's suggestion, I have been meeting with  
2 lenders, trying to get some more information on the state of  
3 lending, and especially in franchising. And the situation  
4 is, as you can imagine, just like anywhere else in the  
5 lending world. It's a difficult thing, but money is  
6 available. As we are looking at small business research done  
7 by the National Federation of Independent Business, sales is  
8 the biggest problem right now, but it is loosening up.

9           I would like to suggest a couple of things about  
10 franchising businesses, and the folks here -- there may be  
11 some folks who aren't familiar with the franchising world.  
12 The majority of franchise businesses are not high-end fast  
13 food or automobile repair businesses. There are a lot of  
14 franchise businesses out there. There are probably 2,000  
15 different concepts in the U.S. today. A lot of those do not  
16 require a huge amount of capital. A lot can be started for  
17 under \$20,000.

18           One of the biggest challenges franchise companies  
19 face is qualifying veterans, or qualifying any prospective  
20 business owner. But qualifying veterans is a real challenge,  
21 because veterans come out with a high level of expectation  
22 going into the private sector. But at the same time, most

1 don't have rudimentary business skills.

2           On the other hand, franchise companies are good at  
3 training franchisees. They do not want you -- if you are  
4 buying a Jiffy Lube franchise, they don't necessarily want  
5 you to know how to change the oil, oil filter, that kind of  
6 thing. What they are looking for is people who can be  
7 trained to be business managers and marketers. And they are  
8 very good at training this.

9           I would suggest -- and those of you who are  
10 representing organizations -- April 1st through the 3rd, the  
11 International Franchise Association is holding its franchise  
12 expo at the Washington, D.C. Convention Center. Veterans get  
13 in free. All you have to do is you go in -- and it's a quick  
14 process to fill out. Obviously, you're going to get some  
15 junk mail, but when you fill out a computerized form they  
16 will let any veteran go in free.

17           Not only are there a lot of franchise companies  
18 here to look at and talk to, but there is a separate group,  
19 usually in the rear of the hall, of lenders, or called  
20 suppliers, and these are attorneys, lenders, people who help  
21 business owners, franchise companies, as well as prospective  
22 franchisees get in the business.

1           SBA has a booth, CB has a booth. There are a lot  
2 of stores always there. But if you get an opportunity,  
3 please go to this show. It's on a weekend, and it will give  
4 you a close idea of what's going on in the franchise  
5 community. But you can get especially some good information  
6 about the lending environment there.

7           I appreciate your time, Madam Chair --

8           MS. JOHNS: Thank you.

9           AUDIENCE PARTICIPANT: -- and Bill, thank you very  
10 much for your --

11           MS. JOHNS: Thank you. Thank you very much. Thank  
12 you. Yes, sir.

13           AUDIENCE PARTICIPANT: Good morning, Madam Chair,  
14 and members of the committee. My name is Bill Picard. I  
15 have three perspectives, if you will. I am a small service-  
16 disabled veteran-owned small business, and have been caught  
17 in the morass of certification, having lost a \$1.8 million  
18 contract at a military installation because it's soon to be  
19 discovered a non-qualified service-disabled veteran-owned  
20 business won the contract.

21           That said, you know, certification, we need to know  
22 what the backlog is. I have been in business 10 years. I

1 have been a federal contractor since 2001. I still don't  
2 have my certification from the VA. So, you know, if anybody  
3 wants to come visit, they're more than welcome.

4           That said, I am also a founding member of a  
5 homeless shelter in the second largest city in New England.  
6 What we have -- what I would propose, very respectfully, is  
7 that whatever this task force does, please make it an action  
8 plan. Not a policy thing that we're going to fight  
9 partisanship, or anything like that. It needs to be an  
10 action plan.

11           The population that we expected in our shelter in  
12 Worcester, Massachusetts Veterans Inc., was anticipated to be  
13 68. We thought it was going to be for us older guys, because  
14 it was started 20 years ago. We actually started it for our  
15 uncles and older veterans, to try to get some help. The  
16 population in this center over the last three years has  
17 become a much younger population of young veterans who have  
18 given everything they have three or four times. Most Vietnam  
19 vets did a tour, came home, "See you later." These are young  
20 Americans who have been called upon three and four times in  
21 the last decade to serve their country. They are coming home  
22 to joblessness, homelessness, and so on.

1           I respectfully ask that what you consider doing  
2 here is an action plan to give to the administration. There  
3 will be a partisan fight. But you know what? We can go  
4 across both aisles, because veterans are Democrats,  
5 Republicans, men, women, you know, black, white, and  
6 whatever.

7           There has to be unanimity that it is a disgrace for  
8 the United States of America to not empower -- not entitle.  
9 I just -- entitlement is not something that is should be  
10 associated with veterans. Empower. And when I listen to the  
11 work of one brother veteran that is changing the world one  
12 veteran at a time with the EBV program, you know, to -- we  
13 have to maintain the integrity of that program. And thank  
14 you, and God bless you for what you're doing.

15           But it has to be an action plan. It can't be  
16 policy recommendations. We have been dealing with policy  
17 recommendations since 1999, when there is a law, and there is  
18 a history in this country that our first President always  
19 took into account the service of young Americans to their  
20 country to be an enabling and empowering status within the  
21 company, not an accident of birth, not an accident of where  
22 you live, but you have earned the right to come home and be

1 part of the solution.

2           And I would respectfully suggest that all of the  
3 numbers that we're hearing, you know, three million by one-  
4 third, if they each hired one-third. So we need to empower  
5 and enable this community to be able to do that.

6           And I thank you so much for the time. I don't make  
7 it down here that often. But what's going on in the streets  
8 -- if you want to hear from the streets, it's not a good  
9 situation. And the rancor, the bipartisan rancor, has no  
10 place in whether or not a veteran, because of his or her  
11 service, is treated respectfully when they return, and  
12 empowered and enabled to serve their country again to lift us  
13 out of the financial morass that we face.

14           I thank you very much for your kind attention.

15           MS. JOHNS: Thank you very much for your comments.

16           (Applause.)

17           MS. JOHNS: Okay. Now to the phone.

18           MS. MARSHALL: I have a --

19           MR. STONE: This is Hardy Stone of Vet Like Me. I  
20 applaud the task force, and I particularly applaud the  
21 gentleman of the public who spoke very eloquently about the  
22 need for recognition by the federal government in developing

1 an action plan. And I think the task force has been  
2 challenged to do that. Thank you.

3 MS. JOHNS: Thank you, Mr. Stone. Yes, ma'am.

4 MS. MARSHALL: Thank you very much. This is Nancy  
5 Bullard Marshall again. And I would also echo the sentiments  
6 regarding accountability, action plan, and really, enforcing  
7 the law that already exists.

8 In particular, I would like to go on record with a  
9 couple of items, namely in reference to the Department of  
10 Veteran Affairs and 109-461, the law that Ford Heard  
11 mentioned earlier. The VA has decided to interpret this law  
12 as applying only to open market procurements.

13 And, in fact, in my opinion -- and from what I'm  
14 reading everywhere -- it's not Congress's intent, and puts  
15 service-disabled veteran-owned businesses last, not first, as  
16 was Congress's intent. And I would strongly encourage Mr.  
17 Heard and the Department of Veterans' Affairs to re-examine  
18 their misinterpretation of that law.

19 Secondly, I would like to add that the -- through  
20 the Department of Defense, Defense Logistics Agency, that the  
21 very computer logic that assists them in their bids system,  
22 procurement system, is flawed, and it discounts considering

1 service-disabled veteran-owned small business set-asides and  
2 even small business set-asides. And I have been working with  
3 them to help correct that computer logic. But, clearly,  
4 that's another violation of the law.

5           The third thing I would like to add is in reference  
6 to giving veteran businesses opportunities. I feel that  
7 simplified acquisitions and micro-threshold purchases should  
8 be used more often, because that really gives the contractor  
9 officer and the business an opportunity to go through the  
10 process, understand each other's capabilities, and learn  
11 without high-risk liability. And I think that that is  
12 clearly underutilized.

13           Thank you for your time.

14           MS. JOHNS: Okay, thank you, Ms. Bullard Marshall.

15           MR. ELMORE: Thank you.

16           MS. JOHNS: All right. We have come to the end of  
17 this meeting, and I just want to say a couple of things.

18           I want to thank everyone who provided comment for  
19 today's meeting, for our presenters. Particular thanks to  
20 Dr. Haynie for coming and being with us today. And I want to  
21 make it very clear that -- and I know I speak for every  
22 member of this task force -- that the notion of developing an

1 action plan, and the notion of having the appropriate sense  
2 of urgency for this work is present in what we are doing.

3           You have given us much to think about in the  
4 comments that you have made today. And what I commit to you  
5 is that we are going to think through our schedule and our --  
6 the time frame that we're working on to get many of these new  
7 initiatives in place, and look at where there may be areas to  
8 redouble our efforts.

9           Here, at the SBA, we know very well the sense of  
10 urgency that we must have for all that we're doing, because  
11 we know people are hurting. We know that this recession is  
12 still present, and we have got much work to do to support  
13 small business owners, to get them to grow, and to create the  
14 jobs that we all need, and that -- we know veterans are among  
15 the most entrepreneurial among those groups.

16           And so, again, thank you for coming. We look  
17 forward to you staying in touch with us through the website.

18           Please monitor the website for new information about some of  
19 the things that I talked about that were mentioned earlier  
20 that weren't quite right, but we will be getting new  
21 information on the website on a regular basis.

22           Please continue to stay connected with us, give us

1 your feedback, and we look forward to seeing you at the next  
2 meeting. Thank you very much.

3 (Whereupon, at 12:14 p.m., the meeting was  
4 concluded.)

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