INTERAGENCY TASK FORCE ON
VETERANS SMALL BUSINESS DEVELOPMENT

PUBLIC MEETING

9:00 a.m.

Thursday, March 20, 2014

Eisenhower Conference Room B
Small Business Administration
409 3rd Street, NW
Washington, D.C.  20419

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# Agenda

<table>
<thead>
<tr>
<th>ITEM</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Opening Remarks</td>
<td>3</td>
</tr>
<tr>
<td>Rhett Jeppson, SBA</td>
<td></td>
</tr>
<tr>
<td>II. Remembrance and Moment of Silence</td>
<td>5</td>
</tr>
<tr>
<td>Bob Hesser</td>
<td></td>
</tr>
<tr>
<td>III. VET-Force</td>
<td>9</td>
</tr>
<tr>
<td>Joe Wynn</td>
<td></td>
</tr>
<tr>
<td>IV. Montgomery County Chamber of Commerce</td>
<td>42</td>
</tr>
<tr>
<td>Barbara Ashe, Executive Vice President</td>
<td></td>
</tr>
<tr>
<td>V. National Economic Council</td>
<td>55</td>
</tr>
<tr>
<td>Robert W. &quot;Mac&quot; McFarlin, IV</td>
<td></td>
</tr>
<tr>
<td>VI. Government Contracting &amp; Business Development Update</td>
<td>29</td>
</tr>
<tr>
<td>VII. Boots to Business Update</td>
<td>78</td>
</tr>
<tr>
<td>VIII. Subcommittee Reports</td>
<td></td>
</tr>
<tr>
<td>* Training, Counseling &amp; Outreach for Access to Capital</td>
<td>127</td>
</tr>
<tr>
<td>Co-Chairs: SBA, DOL, U.S. Treasury</td>
<td></td>
</tr>
<tr>
<td>* Federal Procurement &amp; Contracting Programs</td>
<td>114</td>
</tr>
<tr>
<td>Chairs: DoD, VA, GSA</td>
<td></td>
</tr>
<tr>
<td>* Coordination of Federal Support</td>
<td>134</td>
</tr>
<tr>
<td>Co-Chairs: OMB, American Legion, VET Force</td>
<td></td>
</tr>
<tr>
<td>IX. Public Comment, Constructive Suggestions &amp; Discussions</td>
<td>141</td>
</tr>
<tr>
<td>X. Closing Comments/Questions</td>
<td>150</td>
</tr>
</tbody>
</table>
MR. JEPPSON: Okay. So it's pretty light right now, so that's -- I guess that's all right. We'll go ahead and press. I'm sure there will be a few more filter in but we'll run through this. We've got a lot of slides today, a lot of people. So I think that it will be pretty informative for those of us that are here today. So, anyways, first off, let me begin by thanking the presenters that are here today because we've got some folks that have traveled in to actually talk about the programs that they've got, and I think it will be really beneficial. Today, we're going to focus a little bit on government contracting and some of the things that we think are important in the government contracting arena and a little bit about the activities. We'll have a bit more discussion later on about the task force and how we see things moving forward and formulating our work. You know, I think it's important to remember
that when we talk about government contracting, that
less than 10 percent of the veteran-owned small
business will actually participate in the program but
because we're in the D.C. area, it's a high
concentration here and so it's important that we have
things in this area that focus on government
contracting and so that's why we decided today to
really kind of focus down on where we're at on
government contracting, but we also wanted to give you
some important updates from the NEC and out of the
White House and some activities that are going on over
there, as well. So we're glad to have those folks
here.

What I'd like to do is, if we could, if I
could get the next slide, Cheryl? Next slide, please.

So, anyways, if anybody's got a copy of the --
I'd like to turn the time over real quick just to Tony
Eiland. As many of you know since the last time we
met, Master Chief Bob Hesser passed away and so we
thought it would be appropriate, just because he'd been
such an important member of the community, that we take
a few minutes and remember Bob. So we've asked Tony
just to kind of give us a little rundown on the Chief and a little tribute to him.

II. REMEMBRANCE AND MOMENT OF SILENCE FOR BOB HESSER

MR. EILAND: Thank you, Rhett. Robert, Bob, Hesser, the Master Chief, God bless him. I had the privilege of knowing Bob as a friend. He was a great asset to the Veteran Small Business Community. His tireless support and efforts of everything that we did made us what we are today. Without him, we would not have been as far as we have been.

He will always be remembered as a loyal friend, as a supporter, and as a true shipmate, and, Master Chief, you will never be forgotten. Fair winds and following seas.

Can we have a Moment of Silence, please?

(Moment of Silence.)

MR. EILAND: Thank you.

MR. JEPPSON: Thanks, Tony. So next slide, please.

So before we launch into today's program, I just figure since we're a small group here right now,
why don't we just -- and some of us are new here. So let's introduce ourselves around the table, if we could. So if we could start with the gentleman at the end there and we'll work our way around here.

MR. BODDIE: Hello. My name's David Boddie. I'm with Federal Allies Institute and I started Federal Allies maybe about six years ago and my claim to fame here is that I created a job at the Montgomery County Chamber of Commerce a long time ago and hired Barbara Ashe. So I take full credit for all of her accomplishments.

MR. JEPPSON: Well done.

MR. HEILMAN: Good morning, everybody. Happy Spring! I'm Craig Heilman with the Office of Veterans Business Development, responsibility for Boots to Business Program, and I look forward to speaking with you all later. Thanks.

MR. WYNN: Good morning, everyone. I'm Joe Wynn with the Veterans Entrepreneurship Task Force and I'll be providing a presentation in a few minutes, so I'll share a little bit more with you then. Thank you.

MR. McFARLIN: Good morning. I'm Mac McFarlin
from the National Economic Council. Happy to be here today.

MR. WILFONG: My name's Jim Wilfong. I'm a member of VET-Force and representative of this task force.

MR. EILAND: Tony Eiland, GSA.

MR. FERGUSON: Bill Ferguson, American Legion.

MR. FUJII: Stan Fujii, SBA.

MR. JEPPSON: And for those of you, I think I've met most of you, but, first off, we'd like to thank the good captain for being here for DoD.

I'm Rhett Jeppson. I'm the Associate Administrator for Veterans Business Development at SBA.

MS. SAMARDICK: I'm Ruth Samardick. I'm from the Department of Labor, Veterans Employment Training Service.

CAPT. BALZANO: I'm Captain Dick Balzano. I'm from DoD. I'm Andre Gutter's Chief of Staff. I'm his substitute, so you're getting the B Team today. I hope I can answer your questions. I don't know this all that well but I'm here to help.

MS. ASHE: Good morning. I'm Barbara Ashe and
I'll be speaking later. I'm with the Montgomery County Chamber of Commerce and also President of our Foundation.

MR. GOLDSCHMITT: Marc Goldschmitt. I'm with VET-Force National Veterans Small Business Coalition and chief kibitzer.

MR. JEPPSON: Okay. So good. So I think the gist out, maybe a lesson learned on this is that because we're -- you know, in the past we had the two crazy mikes, you know, one for recording and one for sound. We've got it all tied together. So if you'll make sure that the red light's on when you're speaking because it's going to be recorded and we put -- you know, we capture them and it's public record and so if you'll lean into the microphone and speak a little bit.

Now the one person who didn't introduce herself was my deputy, Barb Carson, here, the person that kind of keeps the shop sane and running together. So we're glad that she's here with us for a little bit but she'll be taking off to go to represent us on another interagency task force with DoD, VA, and DOL.

So, anyways, with that, we do have a full day.
I looked at the briefing agendas here and the topics. I think that they're really good. I'm just a little disappointed that some of the normal people that we have here aren't here to see this because it's important things and not only is it the topics and the work that are being done here from VET-Force and VIP and others really important but what they're doing now forms the foundation and what ought to be the way ahead for Veterans Small Business as we look to leverage the things that we have going on within the agency and the Administration and make sure that we have that good synergy of the private sector, the public sector together to support our veterans community and so it's not only that you've got great programs and that we're in support of those but they're the foundation of how we see the future of support to the veterans small business owners.

So with that, let's turn it over to Joe Wynn.

Thanks.

III. VET-FORCE

MR. WYNN: Thank you and again good morning.

I would like to provide --
MR. JEPPSON:  Joe, if you could pull it just a little bit closer to you.

MR. WYNN:  A little closer?

MR. JEPPSON:  Yeah.

MR. WYNN:  Okay.  A little brief overview on the VET-Force.  Many of you, I know, are familiar with the VET-Force but what I'm going to try to do in just a few minutes is to just try to give you a little better idea of what the VET-Force has been doing, how it started, and what it continues to do now.

On that first slide there is just a little brief little info on myself, as well.

Next slide, please.  The Veterans Entrepreneurship Task Force actually organized in 1998. At that time, the Administrator here at SBA, Ada Alvarez, and we actually had some meetings here prior to the formation of the VET-Force Task Force and with the upcoming Small Business Development Act, which created Public Law 106-50, we kind of solidified the formation of VET-Force at that time and we've continued to meet ever since.

Next slide.  Executive Committee.  There are
the names there. I won't go through them. You can see them for yourself. But just to mention that the -- not my fault. The VET-Force continues -- is organized by representatives from veteran service organizations which is the way we started and then later on we continue to have veteran small business owners to participate as members, as well.

We have now in our database well over 7,000 veteran and service-disabled veteran-owned businesses who are affiliated with us.

I would like to mention, though, of course, I appreciate the tribute you made to Bob Hesser, who was our first vice chair for many years. As many of you know, too, he used to attend these meetings here quite regularly, along with myself and Rick Weidman.

But, also, I wanted to mention John Lopez, who's also no longer with us. He was the founder, we consider, of the Veterans Small Business Federal Procurement Program and I just wanted to mention about John Lopez in bringing this program from California to Washington, D.C., and he kind of pulled us together and asked the veteran service organizations to come
together and see if we could get a federal program started for veteran business owners and, of course, through our advocacy, we continued to push and the legislation, Public Law 106-50, came about.

Also during that time, I'll just mention, too, in about the year 2000, John came to D.C. and set up shop here to begin to continue to work together with us through the VET-Force. We had an office right over here at the United Methodist Church across the street from the Supreme Court and we were actually -- I was actually working there out of that office up until 2005 and, as a matter of fact, I was even there on 9/11 when we had that tragic incident in New York.

We were actually starting a VET-Force meeting that morning at the Russell Senate Office Building, who was hosting our meeting that day. So, you know, it's definitely a day that I will remember for quite some time.

Next slide. I just kind of gave you the overview. In addition, though, the VET-Force focuses on legislative advocacy regarding veterans. We also work with oversight and the implementation after the
legislation has passed. We try to push for to see that
what was supposed to be done is done or if it's not
done we take a look at seeing why, what are the
barriers, and we try to work with other federal
agencies and corporate to see how we can increase these
contract opportunities for veteran business owners.

Some of the major pieces of legislation which
I'm sure most of you are all aware of, there's a list
of them right there. Those are some of the ones that
we were primarily instrumental in having some influence
on bringing those pieces of legislation and Executive
Orders to the forefront.

Next slide. With 106-50, as I previously
mentioned, it laid the foundation for the Veterans
Federal Procurement Program. I also wanted to just
point out that it was there that it created this
particular office over here, SBA Office of Veterans
Business Development. It created what was the Center
for Veterans Enterprise because, as some of you know,
they're no longer using that name, and their mission
has changed, even though legislatively I'm not sure it
should have. It's one of the things we do.
The National Veterans Business Development Corporation, referred to as TVC, was also created during that time. It ran till about 2008, until we began many of the VSOs and small business owners began to feel that they were not doing what they were mandated to do. We continued to advocate to make corrections, changes, or deletions and it turned out through a report, following a report from Senator Kerry and Senator Snowe in 2008, shortly thereafter, TVC no longer exists.

We're not happy about that because it was a lot of money allocated through that program to help veteran business owners and now we no longer have that. Also, the advisory committee over here at SBA was created initially on a temporary basis.

Next slide. 108-183, we always, you know, recognized that major piece because it made mandatory the three percent goal for service-disabled vets for all federal agencies and primes and that still exists today. We're still pushing on that. We're constantly interacting with federal agencies, trying to find and identify ways to increase the number of contract
opportunities for service-disabled vets.

Next slide, please. We also had some conversations right after 108-183 was passed because agencies were still complaining that they either couldn't find enough service-disabled vets or they couldn't find ways to still, you know, meet the goals.

Actually, some of our members, Bob Hesser included, had some conversations with folks over at OMB and the Office of Federal Procurement Policy. Shortly thereafter, President Bush issued an Executive Order 13-360. Now that Executive Order has not expired, even though it came out in 2004, and as you can see, there are some of the items that it called for.

I just wanted to mention one other particular thing. It's in the smaller print, is that a lot of the responsibility out of that Executive Order fell back to the SBA Administrator over here and they were designated to assist federal agencies with developing strategic plans and that kind of, you know, went astray a couple of years later. It was going pretty good in 2004, 5, even 6.

Around the end of 2006, things got shifted to
a scorecard program through SBA and the emphasis on
this helping agencies with the strat plans kind of
changed somewhat.

MR. JEPPSON: Joe, can we just talk about that
for a second? Maybe we can get some feedback.

So this Office of Federal Contracting for
Veteran Business Owners, so we don't really measure --
to the best of my knowledge, we've never measured
veteran business ownership. It's always been SDO/SEB
and so if that's the case, and I'm assuming that it was
contracting for service-disabled veteran-owned small
business, is my assumption correct?

And then, two, where was that office at and
what was the function, because, you know, this is the
first I've heard of this office, of that office?

Let me keep talking then. Is there anybody on
the line that could identify themselves on the call-in
line? Did anybody call in because I'm wondering how
much of this feedback we're getting is caused by that
phone line.

(No response.)

MR. JEPPSON: So what I intend to do is just
leave that phone line open for about eight more minutes and we'll check back and if nobody's on that line, we'll close it down and see if that makes it a little clearer in here, so.

MR. WYNN: Let me just respond. That Office of Federal Contracting for Veteran Business Owners --

MR. JEPPSON: Of course it is. That's how I roll.

MR. WYNN: I apologize. Okay. We'll try this one. Yeah. Let me just quickly respond back about the Office of Federal Contracting.

That was actually housed here. Theresa Lewis, who's now over at HHS, the director over there, she headed up that office. It was pretty much a one-man shop and we pushed, continued to advocate for her to -- funding for her to get some staff so she could really do more than what she had been doing and you note that it was dismantled in May 2006, which we were not happy about, but there was some changes that took place over here during that time.

Hector Varado became the Administrator over here. You know, I just have to say it. There wasn't a
lot of strong support for veteran businesses initially over here.

MR. JEPPSON: Okay. So I think --

MR. WYNN: That office kind of just got kicked to the wayside and --

MR. JEPPSON: So I think that there's something, if it's still on the books, I'd like to go back and at least look at it and see what the history behind it is. So thank you for bringing that up. That's a little bit of research project somebody in my office is about to get.

Now the second thing is, yeah, you know, the loss of Theresa Lewis out of the agency was huge, would have been a huge loss, so she's a real champion of veteran small business and a go-getter and we're real big fans of hers. So I'll actually take that for action to go back and look at that.

I mean, you know, the scorecard is a great thing. I think it's an important tool in our arsenal but I think that there's some other things that we can do.

I would mention, though, that when you talk
about the three percent, I think that you've brought up
a big green checkmark by that because we met it for the
first time last year and the fact that we had -- you
know, leading up to that, there were five consecutive
years of incremental, you know, growth and so I think
that speaks to the work you've done and there were
three percent goal. We'll see how many years we can
make that running and then what adjustments ought to be
and I'd be interested to hear from the veterans
community where they think that goes from here. So
thanks.

MR. WYNN: Yeah. Let me just say, too. Next
slide, please. That Executive Order was very powerful
in that it really specifically directed agencies to
take some specific actions and you'll note that we
actually ended up having planning and strategy sessions
with very many of the key agencies, particularly those
that are part of this task force.

GSA was directed to create a government-wide
acquisition contract, GWAC. Remember that, Tony? And,
you know, that benefited a whole lot of veterans in
many years, veteran business owners.
DoD, we used to meet with them actually regularly over at the DoD Office of Small Business Programs. We actually sat at the table to help them develop their strategic plan of how they were going to increase contract opportunities and we began to work with one of their chief acquisition officials over at DoD and they actually started a special recognition conference ceremony and award for service-disabled vet -- for programs that had increased their contract opportunities to service-disabled vets and that went on for about two-three years.

Tony Martucci, I think it was, was the director at that time of Office of Small Business Programs.

Also, under the Executive Order, it directed the VA, of course, we know about the regulation, 38 CFR 74, that create VETBIZ and the database, but, you know, even though this came about in 2004, you'll note that things really didn't happen till almost 2009 with the regulations and the database and also the Secretary of Labor, the SBA Administrator was supposed to create and develop self-employment and entrepreneurship materials
to give to the Department of Labor for the TAP Program. 1
Now this was in 2004, this Executive Order, and, of
course, those of you here know when the new TAP Program
really started and when SBA really got involved. That
wasn't until what, 2011?

MR. JEPPSON: It was really 2012.
MR. WYNN: 2012, right. See. So I'm just
pointing that out, not that, you know, just to show you
how things get implemented and if organizations, like
ours, did not stay engaged and constantly providing,
you know, oversight and pushing for implementation,
some of these things would have never happened, quite
frankly. So, you know, that's kind of what we do and
it's definitely a collective effort.

Like I said, you saw the list of names of our
Executive Committee of who it is now and some past and
all of them are veteran or service-disabled veteran
business owners or veteran service organizational
representatives and it continues to be that way even
now.

Next slide. Of course, there's the 109-461
that came about in December 2006. Believe it or not,
we advocated for that. We pushed for that because, you know, we had discussions here about wanting to see a government-wide verification program. We were pushing for a government-wide verification program after the Executive Order came out and it called for the database to be created. We wanted there to be some screening of business owners who were declaring to be veteran or service-disabled vets.

But what we ended up with was 109-461. At the VA, we felt that we had a good relationship with the House Veterans Affairs Committee. We had a good relationship with then Deputy Secretary Gordon over at the VA and things just came together. This particular piece of legislation came out and it has evolved. It started in the direction that we all wanted to set the tone for all the federal marketplace but we've gotten bogged down now in the verification process, which we had a lot of conversations about that.

Next slide. Let me just hit this right quick and I'll be wrapping up.

110-186 came out in February 2008. We were still pushing for ways for agencies to increase their
goals. From 2004 to 2008, very few agencies, if any, even passed the three percent, so we up until 2008.

Let me mention, too, from 2006 to 2008, Steve Preston was the Administrator over here at the SBA and we actually had several roundtable discussions with him and VET-Force members and other veteran business owners to talk about some things we could advocate for legislatively that might create some difference.

What came about, this 110-186, actually called for the creation of this very group right here, the Interagency Task Force. It made a permanent extension of the SBA Advisory Committee and that's why we're so, you know, continue to want to be engaged with the SBA Veterans Advisory Committee, Business Affairs Committee, because we've been pushing for it for years. It was getting ready to go away.

Under this law, we got it back in to continue to be permanent. We even promoted increased funding for SBA for the Office of Veterans Business Development, for your office, Rhett. We called for to increase the number of VBOCs, which you are now calling for additional increase this year. We've been pushing
for increases since 2008, actually even before.

There was supposed to be a GAP Study and Availability of Outreach Centers for Veterans. I don't know whatever happened to that study

MR. JEPPSON: So, Joe, I've seen that GAP Study but, I mean, I thought, well, what, was it a finalized GAP Study, but I'd certainly be interested to know if it was ever released or not. I mean, I read it. I'll tell you honestly, there wasn't much there --

MR. WYNN: Right.

MR. JEPPSON: -- but I saw it. You know, you mentioned the increase in the VBOCs. So I know that we went from eight to about the current level of 15, 16 VBOCs. So is it VET-Force's position that we should maintain that level or beyond that?

MR. WYNN: Well, it's been our position that there should be far many more and they should be funded even more because most of them, I think, was around $150,000 per year.

MR. JEPPSON: That's still the case.

MR. WYNN: Yeah. We wanted more but what happened, too, around that time, with the new
Administrator came aboard, the one who's now passed, Karen Mills, the emphasis seemed to move toward women business centers and to not create additional veterans centers but to direct veterans to utilize existing centers and so, you know, now we're trying to bring -- still come back around hopefully more veteran-specific centers will be created.

I'd just point out at the bottom there of the slide, there were some reports that were published by Senator John Kerry. There was also a Small Business Contracting Revitalization Act in 2007 and a Small Business Opportunity Act sponsored by Olympia Snowe. It actually passed the Senate. We were pushing for these things and they ended up getting rolled into what became Public Law 110-186.

You see, that's kind of what we do. We'll start talks, we'll start advocating, we'll move around the Hill, talking to different congressional staff members. One of the congressional persons may actually drop a bill, somebody else on the House side may drop something similar, and eventually it may find itself into some piece of legislation.
Next slide. The task force here, I just want to mention, I mean, you already know what your mission is, but two things I wanted to point out because it has come up in conversations here over the past couple of years with regard to the discussions and the topic agendas.

One of the things, to ensure achievement of the service-disabled veteran contracting goals, is one of the things that was a part of the actual mission of this task force, to find ways to ensure that those contracting goals are being met by each agency.

Another one is to improve support for VOBs by the Federal Government and I'll just go on to say, too, that when we were pushing for this legislation that created this task force -- and another mention on it in just a moment -- but the emphasis has always been on federal procurement for veteran business owners because it derived from the three percent from Public Law 106-50 and 108-183.

So when we get putting a heavier emphasis on community-based businesses and how to start your business, yes, that's well intended and, of course,
people need to learn how to do that at some point, but this group really, our intent when we were pushing for this was to how to help veteran business owners in the federal marketplace and agencies surpass the three percent.

MR. JEPPSON: So that's a great point and we've got some more and we're going to talk some more about that today because I think that when we look at the language that it will be instructive anyway. So we want to drill down on that a little bit more but if I could ask you to kind of wrap up and I'm going to --

MR. WYNN: Last comment. I just wanted to point out, I don't know if you noticed, but what I'm referring to now with the task force here is Executive Order 13-540, but what I was talking about in the slide before was Public Law 110-186. The exact thing was in the law in 2008 for this task force that the Executive Order had to push out in 2010. The exact language was already in the law but it wasn't being done.

So, you know, now, you know, here we are, you know, two-three years down the road. So there has been
some good discussions that have come out of this task force.

In closing, last slide here, you know, we continue, like I said, to work with congressional staff, House, Senate. We work with -- we participate. We participated, even some of our members, in every VA conference since they started, I think we're up to Number 9 coming up this year.

Agencies, we've worked with agencies. We even worked with GSA when they came out. Remember, Tony, with the 21-Gun Salute. We worked with -- actually, I have here a copy of an MOU that VET-Force signed with the Administrator of GSA to work together and out of it evolved this 21-Gun Salute which we don't hear anything about now.

But, anyway, so that's kind of it, you know, pretty much. I hope you've kind of got the idea that VET-Force collectively, like I said, veteran service representatives, veteran business owners, and veterans of the community are all collectively -- our meetings are always open. They're able to provide feedback and we always continue to work with agencies here in the
federal marketplace.

Thank you.

MR. JEPPSON: Okay. Thanks, Joe. You're certainly one of the great partners we have in the community here and appreciate the time and look forward to talking a little bit more about the -- I think it's a great point you brought up about the task force and what our organization, our mission is, and we're going to talk a little bit more about that, just prior to going into the Subcommittee Reports.

So with that, we're going to make a small change here. We always try to have somebody from GCBD come down and give us an update on what's going on in GCBD. So today, we've got Ken Dodd. So we'll turn it over to him for a quick update from GCBD.

VI. GOVERNMENT CONTRACTING & BUSINESS DEVELOPMENT UPDATE

MR. DODD: Okay. Thanks for having me, appreciate it.

I'm Ken Dodd, Associate Administrator of Government Contracting and Business Development.

So I guess the first one that I'll update you
on is the Men of Protégé because I think that's what you primarily asked about.

By way of background, we had back in the Dobbs Act of 2010, we were given, SBA was given authority to create a Men of Protégé Program for SDBL, Women, and Hub Zones, based on the Men of Protégé Program of the 8(a) Program.

All right. I think you can probably hear me anyway but let me try that one. Okay.

So the Jobs Act of 2010 gave us authority to create a program for the SDBO, Women-Owned, and Hub Zone Program. So we had drafted a proposed rule to implement that. We were ready to send it to OMB and then along came the NDA of 2013 which extended or gave us authority to create such a program for all small businesses. So we basically had to start over and rewrite the rule.

The rule is being worked on and will soon be in internal clearance at SBA. That takes several weeks. Then the process is we have to send it to the Office of Management and Budget which provides all agencies an opportunity to comment on the rule. That
process typically takes three months.

Once we get cleared from them, we issue it as a proposed rule and we'll get usually 60 days to allow people to comment on it and then we get comments from the public and the process starts again with a final rule where we do interagency clearance, send it to OMB, and then come up with a final rule. So that's the timeline we're talking about for the Men of Protégé Program.

Best case scenario, best case, and, you know, don't hold me to it, can't promise anything, it will be a proposed rule some time this summer would be the best case. As far as a final rule, you know, not till next year probably, best case. So that's the Men of Protégé.

Is there any questions on that or anything or comments?

(No response.)

MR. DODD: The other things from NDA of 2013 we're working on right now, goalings is a big issue. We're waiting for an advocacy report on goaling. One of the big issues there is overseas contracting. Right
now, overseas contracting is excluded from the goaling base and we'll see what advocacy reports and we'll take that into account as we move forward for 2015.

MR. JEPPSON: You know, Ken, that's interesting because when I go to some of the bigger conferences where the SDOs are at, that's one of the biggest complaints I hear on a regular basis, is there's a huge amount of spend that happens overseas and we're not in the goaling for that, in that three percent. So that excluded a large chunk of what DoD does, which is, you know, half the budget of the Federal Government. You know, there's a quarter of it or more that's outside the U.S.

MR. DODD: Right. We do hear that. I mean, we also hear -- I mean, there's two sides to that.

MR. JEPPSON: There are some that think that it's difficult for small businesses to compete overseas because of local issues and, you know, generally speaking, overall, the numbers for the government probably would go down if we include it.

MR. DODD: No. If you include it and you give agencies incentive to use it, then it should start
ramping back up. So it can go both ways.

MR. JEPPSON: I mean, I think that there's no doubt that it would, you know, cause a hit and would slide back as a percentage but overtime it would rise again and I can tell you that I've seen small business operate overseas and be pretty effective and so you're right, because of the SOFAs that we have and the rule sets that you have when you deal overseas, it's hard enough to deal with the Federal Government. You go overseas because then you throw a foreign host nation in there, it squares the complication process, but, then again, small business is more nimble sometimes, a little bit quicker. There is a higher capital threshold. So it would be in the bigger small businesses that would be there. So it would be the high end. You certainly wouldn't have start-ups in that area, I don't think, but there are some service-owned businesses that could get there.

MR. DODD: What we tell, you know, agencies, one of the biggest problems is the FAR says that Part 19 doesn't apply overseas but we say that doesn't mean you can't use our programs and agencies do set-asides
overseas. They can. They have that discretion and that's one of our biggest complaints is what the FAR says. It should say something different, like you can use it, at least until we decide to include it in the base and then, at that point, that has to change. We have to have all the small business tools overseas if we're including it in the base would be my opinion.

MR. JEPPSON: Right. Okay.

MS. CARSON: My last job, I was the NAVSEC Liaison to the Country of Oman and I worked and operated out of the U.S. Embassy. I was a naval officer for the entire country and we were doing a lot of things there but one of the things we were trying to do is we were helping the Omanis arm themselves and train them and what we found worked well was we could take an American company and introduce them to the Omani counterpart that would be doing the work in that country and they would team up and it worked out very well.

So I think there is opportunity for small business, if we can help advocate for them to partner with the local countries, because we do have SOFA
agreements and we're in that country because we're doing something and we have an agreement with that government. So that's an avenue to take. It worked well.

MR. WILFONG: As I was saying, at one time I was the Assistant Administrator here for International Trade, and 97 percent of all businesses that trade outside the United States and do cross-border trade are small businesses and two-thirds of them employ fewer than 20 people and they are very successful at it.

So the idea that small business can't do trade for the U.S. Government outside the country is crazy because they're doing much more difficult trade outside the country than working for the U.S. Government. So just a quick comment.

MR. DODD: The overseas part has been excluded for awhile but that may change and so we're going to wait for the advocacy report and make a good decision. Sometimes you have to get into -- you know, we only consider a small business to be, you know, a business that does business here in the United States and so you have affiliation potential issues when you're dealing
-- if you're teaming up with a foreign company. So we'd have to work through that, as well, to make sure that we don't catch these small businesses and find them to be other than small or something like that but, you know, that's something we'll work on, if that's the decision that's made.

The other thing that we're working on for NDA of 2013 is the ability -- basically the changes to the limitation on subcontracting that apply to set-asides. For the SDVO Program, we already allow subs to count towards that prime requirement to perform certain amount of the work but we're going to extend that to all other programs and we're also going to change the way that's calculated and we're working on that rule, too, and that should hopefully go through the same process as the Men of Protégé rule and be a proposed rule some time this summer would be the best case scenario for that.

We also are implementing a statute that requires SBA to allow basically PTAPs or SBDCs, I guess, to provide advisory size decisions and then once they make a decision, they have to come to our Office
of General Counsel for us to agree or not agree with it.

You know, right now at SBA, we only do size determinations with respect to live procurements. We don't have the resources to do size determinations for the 300 some thousand small businesses out there that try to do business with the Government. So we only do them when there's an actual contract to be issued and we're talking about the actual winner. You know, that's when we get involved to do size determinations.

I guess this statute would require -- you know, Congress thought we should -- they want to get some other opinions in there and then set up a process where we could review those and so we have to implement that and that's what we're doing.

And then the last thing is the NDA of 2013, anyway, eliminated the cap on women-owned small business set-asides and so that's already been implemented. That was implemented in May of 2013. So that's what we're working on right now.

The Jobs Act Rules from 2010 that we finalized with respect to subcontracting and the multiple award
contracting size and status integrity, all those are final for our purposes. Now we send them to the Federal Acquisition Regulation Council and they implement them in the FAR. So that's yet another -- you know, that's more process coming down the line as far as they're proposing a rule and actually putting it into the FAR and getting it out to the contracting officers and contracting activities.

So that's about all I have, I mean, unless you have some other questions on any other activity.

MR. FERGUSON: Just one. What is the trend in the percentage if we opened up the overseas contracting to the Federal Acquisition Regulations and somehow made that where they had to abide by the goal overseas? Why do you feel that way?

MR. DODD: I don't think it would be necessarily a trend. What I'm saying is if we added it in right now, the numbers would go down.

MR. FERGUSON: That's what my question is, sir. Why would the numbers go down?

MR. JEPPSON: It's just the denominator is bigger. So small business hasn't been able to take
advantage of that. Now you have this amount being calculated. It will take awhile for it to rise back up because they haven't --

MR. DODD: Right. What I'm saying is we can look at it right now but right now we don't include it. Let's say we're doing near 23 percent government-wide, which would be the goal, right? If we added in that overseas in the base, let's say they're doing 19 percent overseas small business right now, so that's going to be --

MR. FERGUSON: That's a huge issue and I agree fervently with Rhett, you know, that this is -- we get hammered with this all the time. I'm a personal victim of this. So my personal opinion is we should get DoD, USDA, Foreign Agricultural Service here, USAID, USTDA, all these people that, you know, do this for the U.S. Government and say, hey, you know, if a veteran comes to you and, you know, to Tajikistan and says, hey, I'd like to bid on a contract here, you know, he's a U.S. citizen, he's a veteran of the United States, I think he should have, in my view, priority over any foreign national, despite what any status of forces agreement
says or host nation-type thing because when an American company goes against a foreign company, you've got to remember this is all derived from U.S. tax dollars and they should have priority because they're paying back into the system, that's all I'm saying, whereas once you pay a foreign company that money is -- none of that's coming back to the Treasury and you just erased it.

So that's just my personal views and I really really would like to harp on that overseas stuff because you have a lot of young vets that are very ingenuitive and they'll go wherever in the world the money is, as you've seen with, you know, the Gold Russias and things like that that are going on, that people are, you know -- it's a small world. We're globalized now, you know, and a lot of guys are trying to get into the international development scene and, you know, that type stuff and they have a lot to offer the Government.

So I'll yield to that.

MR. DODD: And I appreciate that. I know small businesses do contracts overseas. We've been
involved with them on all kinds of different areas. It's just there's a lot of different moving parts with respect to that, including it in the base, changing the FAR to accommodate it, dealing with all the treaties and all those things. So it's not something that can happen overnight is, I guess, all I would say. It would be a huge different change than what we've been doing for the last 15-20 years in terms of goaling.

MR. JEPPSON: All right. Any more questions for Ken?

(No response.)

MR. JEPPSON: All right. Hey, Ken, as always, thank you. We appreciate it and we appreciate GCBD and the good work they do up there. I tell you what. They got a tough road to hoe. There's no doubt about that. So thank you.

MS. SAMARDICK: Keep rulemaking fun.

MR. JEPPSON: So with that, we'll kind of switch back to our regular-scheduled channel here. So we're lucky to have Barbara Ashe here. She's the Executive Vice President for VIP here. One of the first people I met when I came on to the job.
So we're glad to have her here.

When I talked about programs that I think that are great, that can help form the future of what we do in the government contracting arena, this is certainly one of the models. So that's why we've invited her. So thank you.

IV. MONTGOMERY COUNTY CHAMBER OF COMMERCE

MS. ASHE: Thank you. Thank you for letting me be here.

I'm Executive Director and National Coordinator for the Veteran Institute for Procurement and the Veteran Institute for Procurement or VIP for short is a business training program for veteran-owned business companies who sell to the Federal Government.

We train service-disabled and veteran-owned businesses that are government contractors nationwide to adapt to best business practices so they can be successful as government contractors.

Next slide. The program takes place in a classroom setting at the Bolger Center in Potomac, Maryland. Fifty veterans come together for three days, 27 hours of instruction, with 28 different instructors.
The program is offered at no cost to veterans and that's inclusive. Veterans apply online nationwide to attend the program. We have five minimum qualifiers to be enrolled and you're accepted on a first-come/first-served basis. You have to be in business at least two years, have three full-time employees, be less than 25 million in annual revenue, be a veteran-owned business, and you have to have experience as a government contractor, either as a sub or a prime. We do not teach you how to be a government contractor. That service is already provided, that education is already out there in the public.

In essence, the curriculum focuses in on operation and program controls, compliance. We arm our vets with strategies, resources, tools to recognize the business landmines that exist out there, so that they can reduce the risk to themselves, to the customer, and to their potential teaming partners.

VIP is unique. There is no other program like it in the nation. It is market-based instruction. Every VIP session curriculum is updated and is relevant
to real-time market conditions.

As you know, next slide, the majority of the resources at the federal, state, and local level are focused on early start-up entrepreneurship and to the individual veteran. VIP picks up where they leave off. We fill that gap. Basically, what we have now are a lot of resources going in to planting those seeds but we're -- just when those plants, you know, bust through the ground and start to yield some fruit, employees, we stop watering the plant, and that's where VIP comes in. We take advantage of that capacity right now with the veteran small businesses.

We have 348 VIP graduates from 29 different states and the Washington, D.C., as well. Veterans naturally are the most diverse business group out there. They represent women-owned, Hub Zone, 8(a), minority-owned, service-disabled, and, of course, once again, 100 percent of our graduates are veteran-owned.

At the end of every session, we survey our graduates to see how they did one year later. On average, they grow 44 percent one year after graduation. We also survey our graduates every year.
We heard back from a 146 last year and they grew over 1,500 jobs. Our graduates also change their business to the tune of 82 percent of them change. What we have a hard time measuring is how many we saved. So I look at that 82 percent that changed as perhaps avoiding a landmine. I just always like to point out that three of the seven on the T4 were VIP graduates.

VIP was launched regionally in 2009. In 2011, it expanded to a national program. Our last session was five months ago and our next one will be in October of this year. Of course, with additional resources, we could certainly train more VIP veteran businesses how to be successful and grow their business. We could offer VIP industry sectors, VIP global construction, VIP manufacturing. Instead of helping 50 veteran businesses a year, we could help several hundred. Instead of having 1,500 jobs, you could have 5,000 new jobs and, quite frankly, there is -- the sky's really the limit to our veterans turned business leaders.

So that concludes my report and I'm open for questions.

MR. FERGUSON: How are you funded? Everybody
asks for more, so I'm just wondering where it came from.

MS. ASHE: This has been funded through donations from the Chamber of Commerce.

MR. FERGUSON: So it's not public funds or anything?

MS. ASHE: Not public funds, correct, and so just last year, though, we did get, for the first time, this program -- the National Headquarters is in Montgomery County, Maryland, in Potomac, and Montgomery County Government offered to pay for all of their veteran business owners that came through the program and they had seven. So we did receive money for the first time in October for just Montgomery County veteran-owned businesses but it costs about a $150,000 to run a program and we raised a 159,000 last year, so just to kind of give you an idea.

MR. FERGUSON: I mean, you're doing a lot for a little bit of money. So I really think what you're doing is a great job. Thank you, ma'am.

MS. ASHE: Thank you very much. Any other questions?
MR. McFARLIN: The question is have you compared your results to the V-WISE?

MS. ASHE: I don't have their -- I don't know if they have the same business model, you know, in terms of what the problem they're solving for, you know. Our goal and what we measure against, our success is measured against the success of the veteran business owner, and so I don't know if it's an apple to apple, you know, comparison. I don't know.

MR. JEPPSON: That's what I would say. It's probably not apples to oranges comparison. V-WISE is very little -- the majority are start-ups or newly-formed businesses, one year or less, usually owner-operated at that point, and they focus on something completely different. They focus on building a business plan, doing the networking, getting yourself set up to do business, where this is, you know, as you mentioned, which is a great point, it's that capability there for the small small that's already got a track record, that's already doing business, and so there's some -- there's a few in V-WISE that would be in that but the numbers for V-WISE are pretty good. It's over
50 percent new starts in the first year and over 74 at year three.

So I would put those up against any new start program out there but, again, this is a completely different -- I mean, your scale as you're going from three to five people is going to go to a hundred people. The focus of V-WISE is starting a business that can actually make a profit in its first year.

MS. ASHE: And one example may be that out of the 348 graduates, on average, they've been in business six and a half years and have 10 employees. That's on average. So it really is what comes next and, as I mentioned, the analogy really of just continuing to water the plant. You know, why plant the seeds if you're not going to harvest?

MR. JEPPSON: Right. And, honestly, I think the question that Joe's driving at is a great question but the analogy, the thing that I'd like to see is I'd like to see the comparison versus -- you know, we just got funded to do emerging leaders here in the Headquarters, which really focuses on that same thing. It's that next step for those companies that are in
business awhile and it's been around for awhile, there's some numbers there, and it would be interesting to see how that details. I think you've met with the folks from there previously.

MS. ASHE: I have. This is industry-specific, as well, which is unique about the program. It's just for veteran business owners that sell to the Federal Government. They could, of course, have other components. They could sell commercially but they at least have to have a veteran -- they have to have a component of federal procurement.

MR. EILAND: If I could jump in for a moment? Probably I think I'm the only person here that's been a presenter and an instructor for you, that the caliber of questions that are asked are more of established businesses that are taking it to the next level. I never got questions of how do I do this. It's how do I advance the following because I've done this, this, and this, and it was people usually had been doing business in the public sector and that they are trying to modify their company, either to a different type of business development or they already had something and were
trying to improve it to the next level.

MS. ASHE: Thank you, Tony, and just want to mention that you have to be in the program. They have to have some past performance. So, once again, we're not going to teach them how to enter the market, how to scale, and to build that foundation for growth, so that they are compliant and can take the stress, quite frankly, of growth and reduce the risk to all, themselves first.

MR. WYNN: One last quick comment, you know, and I've been to some of the sessions that you've held in previous years and some of our VET-Force members have attended those sessions, as well.

But your program is truly an example of what is referenced in much of the legislation and the mission, as I mentioned, even of this task force to increase federal procurement opportunities for veteran business owners, to help agencies increase their three percent, and, like you said, there's no other program like it, and I'm surprised that your program has not been more supported by the federal agencies with regard to funding and I'd like to see that happen.
MS. ASHE: So would I.

MR. JEPPSON: So we have a really long discussion about that the rest of the time. I'm all in favor of more money for my programs.

So if I could, just two questions real quick.

I know you started out doing about three a year and you're down to one a year, is that correct?

MS. ASHE: That's right. We started regionally and we offered it three times a year and we did that through 2011, even at the national level. We did it three times a year. It got to the scale that I actually am a full-time employee and a volunteer in the Foundation. So my employer said this is a great program but we can't afford to have you work on this full time. So that's why. We didn't lose any funding. It was just not able to maintain that scale of a 150 veterans a year.

So in 2011, we were doing three programs a year. We offered one in March, June, and October, and then in 2012, with the intent that we would be able to, once we were able to demonstrate that the program worked, we had a track record that it would attract
federal funding, it did not, and so we could not maintain that level with volunteer basis. So we had to scale it back to once a year, so now we're at -- that's all I can fund raise for and so that's why it went to 50 a year.

MR. JEPPSON: Okay. Thanks. So just one comment. You know, when we see the trend with Boots to Business from the transitioning, I'm excluding, you know, -- and Max actually is going to talk about some of these things that are going to be interesting here but about the existing veteran but when we talk about just the transitioning veteran and Boots to Business and the throughput that we see right now, you know, we did 6,000 veterans last year Boots to Business and that's without any funding, just using our existing capacity. We did 6,000.

So you start looking at what that pipeline looks like that's coming down the road. Now that we're funded for Boots to Business, you know, we anticipate that in the program year we'll do 15,000 this year and then it ratchets up. You know, in two years from now, we're going to see these people in need of a program
very similar to this and that's why we think that we need to get ahead of the byway and pay attention to what's going on, see what's out there, best practices and the people that are in that space, because, you know, the goal isn't just to come out -- for us to have a lot of people go through Boots to Business and then maybe become owner-operators, although that's not a bad thing, but there's going to be a cohort of those guys and gals leaving the service who are going to need exactly the type of services that VIP offers there to help them scale their business not only with the Federal Government but in -- you still issue -- there's still a unique set of challenges when you scale even if it's to the private sector.

You know, cash flow is hard enough when you're an owner-operator but you start adding more than two employees, you know, it's a whole new thing. So yeah. So we're really supportive and that's why we thought it was important that the community see this today and we have it on the record.

So thank you.

MS. ASHE: Thank you.
MR. JEPPSON: So if no more questions for Barbara, we'll go ahead and press on.

So just I think most folks and many who are able to participate or were invited to participate in the Veterans Entrepreneur Workshop that was held over at the White House, it was sponsored by OSTP, the Office of Science, Technology, and Policy, and co-sponsored by NEC.

I will tell you that many people want to claim credit for success but it was in large part, it was Mac McFarlin over here, Naval Surface Warfare officer, one type each, and his intern, Nick Lopez, that did much of the heavy lift here.

So we've invited them to come and give us an outbrief of what the goals were of that Entrepreneur Workshop and where they see and how we can reinforce that from within the Interagency Task Force and also from the Veterans Small Business Advisory Committee as we, you know, all focus to advance the Veteran Entrepreneurship Agenda.

So, Mac, thanks for being here with us today.
V. NATIONAL ECONOMIC COUNCIL

MR. McFARLIN: Thank you for inviting us and I assure you it was a team effort by many White House departments to throw that workshop.

So we got a couple slides to explain our concept and the outcome from the presentation. We're happy to take your questions as we go and then again at the end.

MR. LOPEZ: Thank you again for inviting us. You can go ahead and go to the next slide, please.

So I'm just going to briefly talk about the overall background and sort of the back story of how we decided to put together this Veterans Entrepreneurship event. It was very exciting on our part.

So, as you know, the President, he holds a lot of emphasis in terms of veterans entrepreneurship and so two of the main ideas that we had going forward were obviously entrepreneurs and small businesses have a huge impact on our national economy and they also provide a lot of economic opportunity and the other piece to that was we believe that veterans, as I'm sure many of you or all of you do, veterans are uniquely
qualified to be entrepreneurs and so how do we necessarily connect those two moving forward and so that's what sort of led to the overall concept of the event, which was an event that was co-hosted by Joining Forces and the Office of Science and Technology Policy and it was really a way to bring together entrepreneurs and business leaders and really leaders from all sectors, including education, nonprofit, small business leaders, as well, and it was a way to bring these people together to figure out how can we necessarily connect veterans to the different training, mentorship, and tools that they need to be successful.

And then, of course, so that was the overall purpose of the event and then, besides just talking about it, which we had a great time, a lot of great energy, we wanted to make sure that there were solid deliverables on the table and so we made sure that by the end of it, we could come up with 10 sort of concrete high-impact goals, things that we can implement and execute through public/private collaboration.

So next slide, please. And so now I'm just
going to go into a little bit about sort of the process and how the brainstorming went at the event. Like I mentioned before, there was a lot of energy and people were very excited and we had a really good turnout, close to a hundred people attended the event, and so at the very beginning, we had a panel discussion with different federal agencies and Mr. Jeppson was there, as well, and he spoke on behalf of SBA and it was a great opportunity for them to talk about the current programs that they have that are serving veterans in entrepreneurship space, and it was also great for the audience members and for the participants to basically give their feedback from on the ground from where they are and to ask questions and engage in sort of a Q&A. And then after that, we sort of had people break out into different groups and they were pre-assigned groups and I have the groups there listed on the right and they were Access to Capital, Education, Mentorship and Training, Tech Entrepreneurship, Franchising, Boots to Business and Beyond, and then, finally, Connecting with Opportunities.
So basically the idea behind here was that we had the groups -- we had participants go to their groups and we had a silent brainstorming session where they had stickie notes and they were able to write down any sort of idea that came to mind that had to do with their particular breakout group and at that point, we had them go ahead and put the ideas on flip charts and we had a moderator for each group and the moderator was able to sort of organize these into sort of distinct categories and different verticals and then at that point, their group was able to discuss them, sort of discuss their favorites, and then we had a voting session where they sort of picked, okay, in terms of, for example, Access to Capital, what areas do we want to focus on?

So the group decided which areas they wanted to focus on and then they presented that to the overall workshop and then at that point, after that session, we went into the more solid idea development stage in which we asked each group to then sort of narrow down their choices, pick a couple of ideas, maybe their top two.
In that case, they were going to really start to develop these, in which they're going to come up with a tag line, sort of focus on what sort of resources would be necessary, what are the key components to making this, you know, achievable, how can we sort of execute this, what are potential partnerships that we can gain. So that was sort of the thought process.

And at the end of that, we presented it again to the whole group, this was the list of finalized ideas, and then the whole workshop got to vote on the 10 solid concrete high-impact commitments to action and those are the ones that Mac is going to go over right now.

MR. McFARLIN: Okay. So we came out with 10 concrete ideas. Vet Tech, some type of a mentor matching program, Reboot to Business, which I'll get into in a second, Vet Tank, ways that we can improve the G.I. Bill for the 21st Century, data dog tags, something around veterans capital, access to capital, one-stop shop, and a fast and ways that we can expand the existing Transition Assistance Program.
All right. So if you're go to the next slide?

So we came out, we took these 10 ideas back into kind of the White House Interagency Staffing process. We had the opportunity to reach out with the participants from the workgroup that we had. Everyone committed at the workgroup to participate in at least one conference call.

So we followed up with the people that came, had our conference call, and they kind of broke out into two groups. We think we have four of these ideas that are short-term commitments that we can move forward on in the very near future and then the other six, which we think are kind of longer-term ideas.

So the first one is the Vet Tech. We're looking at opportunities to partner with outside entities, private sector business, nonprofits to provide localized networks to really mentor and provide additional training for our technical-focused businesses from the veteran community.

The next one was a mentor match. This was an interesting one. It was actually pitched in the room as a mentormatch.com, kind of a knockoff on match.com,
and so we were looking at ways we could partner with LinkedIn or some other partners and find out how we can link up using the Internet to not just find mentors but we had two things we really wanted to concentrate on: mentors that were specifically in the industry and that the protégé was looking for and mentors that had undergone some type of a pre-screening to make sure that they were qualified mentors.

The next one was Reboot to Business. As you all know, Boots to Business is offered as part of the Transition Assistance Program but we're missing a large segment of the veteran population. So if you're already a veteran and you're not a transition service member, you don't have access to Boots to Business and if you're a National Guard or Reservesman, you also don't have access to Boots to Business, except under some very specific criteria, and so we're looking for ways to partner with outside entities to perhaps find the funding to take it to the larger universe of veterans.

And then the last one, I think, was very interesting, was Vet Tank. If anyone watches Shark
Tank, I think it comes on CNBC, it's a very engaging program.

MR. JEPPSON: It's my favorite show.

MR. McFARLIN: Your favorite show. That doesn't surprise me.

So you have entrepreneurs pitching their ideas. Sometimes it's young teenagers with a house-made jewelry brand, sometimes it's much more sophisticated investors who have national brands already, but they pitch to these sharks who have the pleasure of being very difficult at times and then they try and get funding, and some of the outside groups have relationships with that show and they said, hey, wouldn't it be interesting if we did veteran-centric kind of shark tank? We could draw a lot of attention to some of our other ideas. We could perhaps roll it into a Veteran Small Business Week and so we're looking to some ways to do that.

So these are the ones that are most viable in the short-term.

These other ideas -- and I won't go through them all, although the screen's a bit far, I'll take
any questions that you have.

These other ideas, we think, are more long-term initiatives. Some of them, in order to be truly effective, would require legislation and we think it's best for us to use our energy to focus on things that wouldn't require legislation. Other ones, I think, are very interesting but the market just isn't there yet.

The last one, TAP 365, I think is good but actually the military is already moving out into some ideas that will incorporate transition planning into the entire military life cycle from boot camp all the way to separation. So I think that's already kind of up and running.

MR. JEPPSON: Mac, so one of the goals out of this was to have a broad sector, so it wasn't just the normal cast of characters. It was we wanted the traditional people we've had there. So we actually had VET-Force invited and the Legion off the task force and then we had the agencies around the table here, DOL and DoD and VA were there, but we also incorporated large corporations. There were several venture capital firms
that were there. There were several small veteran-owned businesses, some really influential veterans in the entrepreneurship community who, you know, from Troop ID, I think it's called IDME now, and some others who are really some sharp sharp people, but then we had a group of people who worked in the institutes and veteran support organizations, if you will.

So we had VBOC there. We had IBMF there and others. So it was a pretty eclectic group but the goal was a little bit different than what we have here at the interagency level. At the interagency level, we're trying to take a look at the long-term, as well, but this was things that the White House could action and amplify now immediately. So there were a lot of good things here that Mac brings up, five through 10, that we want to focus on, and it's not that they're bad things, but we're looking at what can we focus on and put energy into accomplishing right now, although some of the other things will have huge impact.

I tell you, you know, the 21st Century G.I. Bill is very similar to -- the National Commander for
the Legion just wrote an article on use of the G.I. Bill for entrepreneurship. Those two things dovetail very nicely together but those are things that not just the Executive Branch can action or implement or we at the agency level. Those require legislative changes there and so, hence, a little more further to the right on the difficulty scale.

So it was a great event and really well done but, anyway, so I'll step back and let you guys ask questions now.

Thanks.

MR. McFARLIN: I'll just close with a couple of top-line statistics that we found very encouraging. Everybody understands the importance of small business in our economy overall and our driver of jobs. Some of the studies are showing that veterans are twice as likely to start their own business and twice as likely to succeed and last year, veteran-owned businesses accounted for over a trillion dollars in revenue.

So if we can capture that type of energy and that type of success and spread it out for our economy
overall, it can have very large benefits to the entire national economy.

I'll take any questions.

MR. FERGUSON: So many interesting things going on. The President has indicated several times that his grandfather received certain benefits after World War II and he indicated that he would like today's service members to receive the same or if not more benefits than his grandfather did and we would encourage, you know, the American Legion would encourage you as strongly as possible to make this a priority within the Administration because the original G.I. Bill actually provided loans for 200,000 businesses and the post-9/11 G.I. Bill, we hear a lot about how much it costs and things like that, but it doesn't even -- we're still getting less than what our grandfather got and I'm not trying to sound whatever but, you know, that's just his promise he's committed to us, even as a Senator. So if you could take that back, we'd appreciate it.

MR. McFARLIN: Okay. Thank you.

MR. JEPPSON: Joe?
MR. WYNN: Question. Okay. Yeah. My question, one, the Access to Capital, Veterans Access to Capital, but comparatively speaking, because, you know, access to capital had been one of the Number 1 issues among veteran business owners for the past few years.

How's that compare with other small businesses? Is that also the Number 1 issue with other small businesses access to capital?

MR. McFARLIN: I don't have research to give you that answer but I can tell you anecdotally that that is the case. Actually, the people in this building, at the SBA, may be able to give you a better sense of that but in our experience, there's not a unique set of circumstances that are challenging our veteran-owned small businesses with that regard. They're kind of common all the way across. So I would say that access to capital is kind of common.

MR. JEPPSON: Yeah. So Jim had a comment and then --

MR. WILFONG: One of the things that we learned up in Maine when we were asking this exact
question was whether or not there was a problem with accessing capital and was it just the amount of capital that was available in the state and when Senator King was governor, he asked me to put together a small business legislative program for him, which I did, and when I brought together non-bank lenders and loan guarantee folks, commercial lenders, etcetera, venture capital people, the Number 1 issue, far exceeding everything else, was whether or not the lender or the investor had confidence that the business owner actually knew all parts of how to manage a business plan. It was the Number 1.

It wasn't even close with the rest and so if you want to help veterans access more money to either start a business or to grow a business, that's why you really need to have this type of educational program because many small business owners, vets included, may have a great idea about how to manage production or maybe they're great finance people or marketing people but they don't have all the pieces together and that's the Number 1 issue for investors and lenders.

MR. McFARLIN: That's a great comment. I
think that's one of the things that we want to do with kind of Reboot to Business. I know that Boots to Business walks you through business plan development and those types of things and so if we can expand that to a larger population of veterans, we can kind of pick up on that. So that's an excellent point.

MR. JEPPSON: So just to build on that, there's a couple of things I would say because we see this as the Number 1 problem when you consider that all veterans -- and I won't say problem but it's an issue that all the veterans face innately.

We come out of the service, you know. Obviously there's some officers that will come out with, you know, 20 years of service and they'll have some equity positions that come in and out but even then, it's not strong. It's not like they've been on the street or had other -- you know, you usually don't stay in the military because it's for financial considerations. It's for other reasons and so your position's a little bit different when you come out -- when it comes to -- so you said 20 years and I think that you've earned something and we've shown that
special consideration and we'll talk more about this when we talk about the capital piece.

So there's the position of where are they at now? It's not hard for a veteran to come out and take a ding on the credit score while he's down range, you know, wife doesn't make a payment. I said wife. Spouse doesn't make a payment, partner doesn't make a payment. You know, you're deployed down range. You know, you've got other things on your mind, besides just -- so it's not hard.

But then we also have our younger enlisted guys and even our senior enlisted folks. They're not making all -- you know, they're not making a load of money but they really do have the skill set to come -- so they've got the right things and we think that with Boots to Business, it's a big step in the right direction. That coupled with then seeing and working with the resource partners.

So with Veterans Advantage that we've implemented, which reduces the fees, that's one thing that helps. You know, no institution's going to lend you money if you're not making money. So, you know,
there's a part about you've got to have a plan, you've got to be generating some revenue. Even VC's not going to come to you unless you've got revenue and customer base.

So, you know, there's some education and information we've got to have with the community but, in general, with SBA, since the recovery that we've seen, it's the small dollar loans that are the hardest to make and it doesn't matter which segment of the society.

I'll use this one because it was in the Wall Street Journal just recently and we've had a lot of conversation about this. So if we look at the loans below a 150,000 to African American males post-rate recession, we're at a fraction of what we were prior to the Great Recession.

If we even go and we look at the traditionally mission-based lenders, their percentage is even smaller -- if you look at some of the, you know, African American-owned banks, their percentage is even lower than it was pre-recession.

There's an issue there, there's a gap there in
the small dollar loans and it's exacerbated when we look at even the different cohorts within that, whether it's women, African American, and I would daresay if we go back to, which I think is the same thing in veterans, the one thing is we don't have all the analytics that we probably need there.

But it's a problem in all across the board with small dollar loans post-recession. It's easy for a bank to take a company that's already profitable and make that loan. It's the start-up that's hard to get there.

So there is an education piece but there's also some benefit that, you know, fee reductions and things, that we've looked at at SBA but there's also a wide awareness that we need to have in the veterans community beyond the traditional lending institutions.

So much of when you come to SBA, you look at the indirect lenders, that's how SBA does most of its lending, but the micro-lending and the CDC-based and the CDIF-type of based lending, we really have not done a great job of spreading the word and it's not something that most people look at when they're
considering a business.

They're still going to want to see the same things a bank does but they're willing to work with the veteran a lot more and, you know, that's one of the focuses when we say our focus is on access to capital here. Those are the areas that we really think that there's the most room for growth in.

MR. GOLDSCHMITT: If I can get this to work? I'd like to change the context a little bit from capital to the context of resources. Jim kind of touched on it.

When really as a small business, as a start-up, you need resources. The capital gets you some of the resources that can get you knowledge, can get you experience, but going through that growth curve is very important.

There are different ways that I can get resources, either through partnerships or Men of Protégé or many other mechanisms, and I think if you focus more on the resources. I may need a resource -- I think when Jim was talking about, he said you can't be the cook, bottle washer, and everything to
everybody.

So I may be a great cook. I'm a terrible bottle washer. Jim may be a great bottle washer. So finding a way to bring us together for partnership may mean, in essence, by forming that bond, we can accelerate our time to market, which makes a significant difference in terms of the capital requirements that I don't really need as much of anymore because I can now generate my own and I can be self-sustaining, but it's significant for my growth, profitability, capitalization, etcetera, and it can make a big difference.

So rather than just loans, which can be hard, I think we should talk in terms of resources and how do we resource companies and look at the alternatives there and loans is just one piece of that.

MR. JEPPSON: That's a great point. Thanks.

MR. GOLDSCHMITT: One other thing to tie some of the other conversations together.

We've talked about start-ups. We've talked about those guys in the middle that Barbara addresses and then the large small businesses, but I think you
can also look in terms of things like small large
businesses. There's a continuum in there and as you
look at things like capitalization, resources,
resourcing, but also a term that's becoming prevalent
now, procurement ready.

They mean different things at different levels
and one size fits all, I'm seeing a lot of, at least my
perception is a lot of one size fits all as opposed to
breaking it down into a guy going through Boots to
Business needs different skills from an HR perspective,
from a capitalization perspective, from a marketing
perspective, with the guy that's going to be going
through Barbara's program and I've been there. I'm a
graduate of VIP.

When I looked at the agenda and I think
Barbara can tell you this, I looked at that and said I
can teach that and in the first half hour, I'm like,
holy mackerel, and it was 27 hours of holy mackerel,
look at all of this stuff and look at the experience
and look at what I can do.

It was a mind-blowing and direction-changing
type of environment. So that I think if you can bring
that back and look at that in the context of the Boots
to Business, the continuum, and move further, I think
you can get a better -- I might even use three percent.
I want to comment on that, too.

It should be building an industrial base of
which three percent is a measure. So when you start
looking at the distribution among the start-ups,
etcetera, the three percent can skew some of those
results but you want to be able to balance that
portfolio of companies so you actually do build and
build a strong industrial base, not just a number
that's a three percent number.

MR. JEPPSON: Yeah, please.

MR. WILFONG: A couple of remarks because I
think Marc's point's really really well taken.

It's a very simple formula, I think. If you
can tie education, no matter if it's for the start-up
or for people who want to be involved in federal
procurement, no matter what stage they are in their
business, tie an education piece to technical
assistance. When you tie those pieces together, you
really develop a risk mitigation strategy that will be
of interest to a lender or an investor and that helps
to open up the access to capital and then, of course,
when you have that, you can really get access to
markets and doing other things.

But I really think it's not a terribly
complicated thing. I think it's that question of
finding the right technical assistance that's
appropriate to tie to whatever level the business is at
along with an educational piece. That will make a real
difference.

Kaufman Foundation, I was a fellow there for
three years, and the Kaufman Foundation found out that
when they tied technical assistance to education, just
in a start-up phase, as well as the next phase up from
that, that 88 percent of the businesses who took that
course six years later were still in business, 72 or 73
percent were still profitable.

So it really makes a huge difference and
whether it's a veteran-owned business or one that the
person didn't serve.

MR. JEPPSON: Okay. Thank you. So I think
we're pretty much running on time right now.
So with that, we'll go to Craig Heiland, who is the Program Manager for Boots to Business here at SBA for an update -- oh, I'm sorry. Okay. Yep.

So, anyways, we want to -- Mac and those guys got to take off. We want to thank them again for showing up today, appreciate it very much, and so, Craig, over to you.

VII. BOOTS TO BUSINESS UPDATE

MR. HEILMAN: Great. Thank you, Rhett. Again, my name's Craig Heilman. I'm the Director of Veterans Programs for Office of Veterans Business Development and I'm fairly new to the Federal Government. I joined Rhett's team in September and my background is a Navy veteran and business and marketing management and I did that in a large company, Fortune 100, and also as an entrepreneur, and so there's a lot of theme that I've heard on scale-up as it related to what we do for start-ups and what Barbara's program does and that's the theme for Boots to Business, as well, because we've got one full year of operations under our belt and really what we're trying to do is get it to scale as quickly as we can and then see what
comes next and that's kind of -- having seen both sides
of that in the private sector, a lot of what, you know, our team is trying to do and so our mission is
certainly to develop veteran entrepreneurs and right
now, it is focused on that new veteran entrepreneur, if you could say developing new veteran entrepreneurs,
because it is limited to transitioning service members,
but a lot of our strategy going forward longer term is
to understand how can we make that the incubator and then build from it and expand, you know, whether it's finding best practices with respect to curriculum,
tyling it to other programs, you know, such as Barbara's, etcetera, building the network that the veterans can -- the new veterans can tap into beyond and so we're thinking a lot about that and that's really driving our activity and our plans this year.

And there's a timeline up there and just for those that aren't as familiar with it, again, we've got one full year of operations under our belt and it started with some executive and some legislative action both and we got the pilot in 2012 and in 2013 rolling it out nationwide on over a 140 installations and now
we're in 2013, 2014, working to again scale that up. So if I could have the next slide real quick here? So in the interest of continuity, I had a chance to brief this task force one time before and this is what we talked about in terms of our strategies going into 2014 and here's just a couple of high-level milestones on there that I wanted to report back to you on.

And at the time, funding was all we talked about. I mean, it was funding, funding, funding, and Mac left, but I wanted to thank him because a lot of what he did, you know, and all the efforts the Interagency and Rhett to go ahead and get us funding and we're fully funded and that's been terrific and that's created some great challenges because now we have it and we're trying to put it to work as fast as we can to do the most good that we can and, you know, we didn't get a full year to do that and then we have snow days every other day and so we lose days but we've really spent a lot of time making sure that money gets put to work and does what it needs to do.

MR. JEPPSON: Craig, I'm sorry, just real
quick. Craig's not selling us short either.

You've got a new program started and you've
got to get the money out the door and it's not like the
private sector. I will tell you spending money in the
Federal Government is pretty -- it can be a pretty
daunting process getting it out the door but we're
working hard at that.

MR. HEILMAN: Rhett and I have philosophical
discussions about that because the private sector in
terms of, you know, I'm about as lean as they come, not
that I'm trying to not be lean, but we do need to put
that money to work and spend time on it and so we had a
delivery model that we put in place and we touched on
that, that we were lucky as SBA to have an existing set
of partners that were out there that could delivery
Boots to Business right away that we call our value
chain but our resource partners that we know them by
formally and so we were able to get it out there and
deliver right away, which was great, and we proofed
that model.

We're going to keep that model but we're
looking to understand how far can we go with it, you
know, beyond Boots to Business, where there's places
that there's less throughput of transitioning service
members reaching out to Guard and Reserves and I'll get
to that with our goals in just another slide.

But if you go back for just one quick second?

Thank you. So funding was a milestone. We met it.
We wanted to get the budget and shore that up for '15,
which we've also done, and then that middle milestone
around curriculum refreshing model, which I'll kind of
talk to you in the integration because today's about
capital access and some of what we're trying to build
out is, right, how does Boots to Business, how does
that training or education become a link to capital
access in the different programs that are out there on
that?

Next slide. And just one segue on the
training versus education. That was an interesting
comment on Kaufman and what we learned about education
kind of versus technical training and we talk a lot
about that in Boots to Business. We get different
feedback around what is it and it really is both.

There's an education component in the
curriculum that's more about the overall general management and does your leadership need to change a little bit between what you're doing in the military and what you might do in business and then there's the training, the actual specific kind of checklist step by step, you know. It's the payroll system. It's, you know, defining operating leverage and what all that looks like. So we go back and forth on that as we look at the curriculum.

Our goals in '14 are pretty simple. One is to get to what we call full operational capability and we've defined that as being able to continue to deliver the two-day and the eight-week component to this. The two-day is the face-to-face classroom-based component, to be able to deliver that everywhere that there's somebody that wants it. You know, everywhere that there's critical mass, every installation around the country and, importantly, overseas, because we don't want to shortchange the veterans that have to transition overseas, that they want to have the same benefits, and so that's a big focus, is to deliver the two-week overseas.
And then to really increase the eight-week online capacity. We were, you know, without funding, had kind of a real constraint there and so the follow-on that got you from the two-day goal being to develop the concept, understand what a business concept is, understand what a viable business concept is.

You'd be surprise how many folks really don't get that you have to be profitable, you know, in terms of what their business concept or model will look like and, I mean, that sounds like basic but it's not, you know. It really isn't, if that's not what you think about every day when you get up as your mission, and so that two-day is really to flesh out business concepts, what a good one is versus a bad one, understand what resources are available to you, whether they be SBA or otherwise, and then the eight-week is for those that, okay, I'm really ready to take the next step and that means I've got to put together a comprehensive plan and it's got to be a plan that's actionable that I can take to a bank or take to an individual investor or just take to friends and family that may be my source of capital to show them what we're going to do.
And so the eight-week online was capacity-constrained and we needed to get a grant out the door to really ramp that quickly and we're about ready to award that grant within the next week or two. So that's a good big milestone for us. We're looking forward to doing that and immediately ramping up on the eight-week online.

Yes, sir?

MR. JEPPSON: Craig, can I just footnote two things because there's two things that Craig said here that are really important. One is we see this a lot with the veterans, especially the young guys. I want to do X because I like it or I'm passionate about it and that's good. You've got to have that. But the great thing about this program is you've got to make money. If you don't make money, you're not going to be in business very long and, I mean, so obviously there's a statement that says, hey, I'm here to make money and business ownership is a pathway to it.

A lot of them, though, think the other way. So we think that success out of this is not only the
starts we get out of it but sometimes we're going to
save the guys and gals, some of our service members
some -- making some mistakes. So there is -- we don't
want a hundred percent going from the two-day to the
eight-week. So it's important and I think that Craig
really said that.

The other part is, and this is a major change
for SBA right here, going overseas. We're actually
going to execute on this. For a lot of the Federal
Government, it's not DoD-specific, you know. The fact
that a quarter of our population transitions from the
service overseas and, you know, for those of us who
have been in DoD, we don't distinguish how you get
treated on a post here, whether it's here or whether
it's in Germany or whether it's in Korea. You should
have the same benefits.

So we've come up with the most cost-effective
way we think to get there and Craig will probably delve
into that a little bit but that's a major paradigm
shift for us. We're not going to just go say, well,
because you're overseas, take this online course and
here's a check and, you know, that voice that reads to
you, wah-wah-wah-wah. Well, you know, and you look at
a couple slides and glaze over. You deserve that same
interactive participation with an instructor on post
here as you do -- overseas just the same as you do on
the stateside. So we are fiercely working to get that
overseas and make sure that we have really quality
instructors there.

So sorry to interrupt you, Craig, but thanks.

MR. HEILMAN: Okay. So that's full
operational capability. That's kind of Goal Number 1.
The next is to build awareness. Again, we
weren't doing marketing and outreach and so we have to
catch up on. We've got 6,000 folks that came through
in 2013 and we know that's probably going to at least
double just on the word of mouth and we want to
understand what the true selection rate is going to be
for Boots to Business out of the whole universe of
transitioning service members.

That top line number is 250,000 that we're
transitioning every year and that's subject to the
downsizing that's ramping up across the river and so
what's the true selection rate going to be? You know,
we've got the guiding statistic from the Census that veterans are 2.4 times more likely to be entrepreneurs. So is it going to hold true with what we're seeing with this new generation of veterans? And then how many of those will select the eight-week and really get to the new starts, the employing, you know, the aggregate economic effects that we're looking for as it being a federal program and federal money?

So we're going to do a lot of outreach and marketing on it. Tomorrow, we've got two of our Boots to Business success stories that are going to film public service announcements with the Pentagon to be, you know, on Armed Forces TV and the Pentagon channel. We're really excited about that.

Yes, Rhett?

MR. JEPPSON: Could you just tell them about those two stories?

MR. HEILMAN: I'm going to tell them right now.

MR. JEPPSON: Sorry.

MR. HEILMAN: So Sandra Gonzalez is great. She's an Army veteran, nurse, military spouse, a mother
of six children, and she went to Boots to Business at Ft. Sill, Oklahoma, and then connected with the SBA, Small Business Development Center in Oklahoma, to work on her plan. She went through the eight-week and developed a plan. She's up and running with an online educational -- you know, she's focused on the home schooling market. One of her children had autism. She, in her military career, how hard it was to meet the needs and a lot of the home schooling was what helped and she realized that was a really good market for developing educational software focused there and she's been doing that. She's got a business. She's got customers. She's got revenue and really a great success story, of course.

The other -- Captain Dr. Tony Turin, who's an ophthalmologist, and his dream is to go back to his hometown and open up an optometry clinic in Oregon and again went to Boots to Business, was able to get the business plan together.

The other cool part of that was they were able to participate in the business plan competition, so back to the Vet Tank/shark tank thing, right? They
went and both were able to win money from a business plan competition sponsored by Citibank and so I think one got 25,000 and the other got 15,000 in seed cap and that's the good kind of money.

I thought it was free money but it turns out they have to check in to Citibank in Syracuse and some others on how they're executing on that but they're well qualified. So that's the marketing outreach.

Sustaining our value chain. So our research partners really need help in terms to be able to get to the scale because they were always serving veterans but this is a whole other level and so we're working to help them out with some of the funding.

Guard and Reserves we touched on a bit and I'll touch on it again because that's the first place we're expanding beyond the transitioning service members because it's only a limited number of Guard and Reservists that are eligible under the Transition Assistance Program guidelines and we can do way more and there's a natural need out there for that.

So we're doing that now and then continuous improvement obviously on our processes and the
curriculum. There's a lot of different ways to look at the curriculum. There's core components of it but then there's different ways to go about it, a lot of folks that are very experienced with our networks. We're trying to integrate that and we're out around the country now doing focus groups to get at that.

So that's 2014 in a nutshell. I'll show you two more quick slides here.

The next one just in terms of what are we doing with the $7 million that was our funding this year and we hope it will be next year, as well.

Number 1 is bringing in some support around program management and all we need to do here at Headquarters. The second piece is the core grant that I mentioned. It's a really big component of it, which is that eight-week online course as well as helping us overseas with some instructors and all materials and curriculum development is a piece of that.

The third part is the resource partners and being able to reimburse them for what they're doing for us so that they can do more. The next part is marketing and outreach which I touched on and then
that's essentially how we're obligating the funds for the public, you know, accountability there on what we're doing.

And the next slide just kind of shows you -- and I believe I put this up last time, as well -- what our stats were for the year and again it was 6,000 through the two-day, 600 through the eight-week. So that's going to be a much larger number.

All services, the biggest customer being the Army. The gender thing is very interesting because we're seeing a lot more females than what the actual rate of females is in the military services, 14 percent, I believe it is, and we had 23 percent in Boots to Business. So we're thrilled by that.

All ranks, all ethnicities come through, although it is a little bimodal in terms of your sort of first tour enlisted and then your retiring, more senior, you know, not your 04/05 kind of officers coming out.

And for '14, again, we expected to do 12,000 here in the U.S., plus another two to three overseas, to get to 15,000 total on the two-day and we should at
least triple the eight-week to 1,500 and maybe more and
that's our planning number. Again, we haven't quite
gotten to the place where we can accurately predict the
selection rate as we go out there and the word gets
out.

I think that was, you know, again, the
overview that I prepared and I'm happy to take any
questions or ideas that anyone might have for Boots to
Business. Appreciate the opportunity and appreciate
all of you for being part of this task force because it
really helps us with our vector and doing what we need
to do.

Thank you.

MR. JEPPSON: So questions for Craig? Okay.

So anybody -- this is one of the things that obviously
a lot like GCBD. We'll give you a Boots to Business
Update on it. It's the big initiative we've had. It's
the one that Congress funded us. They wanted us to
execute and so there's a reason why we're going to show
you these slides with the numbers and we're going to
tell you where the money's going. We want to be as
absolutely transparent with that as possible because we
want to be held accountable by -- our bottom line is we want to help every veteran but the numbers tell the story.

I will tell you that if you look at the number right now that we have 6,000 go through and about 800 go through the eight-week online course. We did not advertise in any of the -- and we were pretty laissez faire about the eight-week online course because we only have limited capacity. It's a little more expensive. The textbook that they use in that, it's 80 bucks, and we fund that and then there's the instructor cost because we don't just have a self-paced curriculum online. There's a college professor, accredited college professor who actually teaches that. It's a 150 hours of work and you actually write a business plan. He holds office hours. They look at your homework. It's, you know, college level work. I'm not telling you it's Ph.D. level work but it's college level work.

You're going to write a real business plan that come through and get a certificate under their say-so. So we do provide that educational foundation
with the technical component upfront and that's only really the first step.

But now that we are funded and we are building that capacity, we are going to push that. We're also going to go from a more passive approach with Boots to Business to where we're not going to have a huge marketing campaign like we're Proctor and Gamble but we're going to make sure that we have some PSAs on the Pentagon channel and AFN, that we have in the base newspapers, you know, a small -- something that the resource partners can use. We're not going to, you know, get crazy with it but we are going to give them the tools to help let all the veterans know that if this is something of interest, there's this pathway for them, and I think you'll see those numbers come up.

Craig mentioned the 250,000 leave the service every year. My guess is that we're somewhere around 12.5 percent will come through this, 10-12.5 percent. So I think that when we're at FOC worldwide, that we're somewhere around 25 to 32,000 will go through this every year and so you start seeing how that pipeline comes out, you know, not only the eight-week, but then
they do, we're two years out from, you know, that point where the capital's going to become more important.

This next step of education's real important, those resources more -- so I really think that we have, you know, a year to really get our act together as a veterans community to focus on making sure that we have -- shape the environment as much as we can and a lot of it's going to be reinforcing the good work that Joe and his folks have been doing each year.

There's energy here now and we need to capitalize on that right now to make sure that we have the private sector and the public sector all kind of working together to create that best environment. So there's my kind of rant for the day but this is really important to us and so if you've got good ideas or you need more information on this or you can help us amplify what's going on with Boots to Business, we'd appreciate it.

So with that, I will add more thing, though. Thanks to Craig. He does a great job with the program. I will tell you that I'm going of a hand wave guy from time to time and he's a detail guy and he's one of the
best detail guys I've ever met and he's done a fantastic job with providing us the granularity that we need for full execution.

So with that, I just want to see if there's any questions or comments on anything we've done so far before we move into the Subcommittee Reports.

Yes, sir?

MR. WYNN: I just wanted to make a quick comment, which I did when I was doing my presentation, that Jim Wilfong is also representing the VET-Force. I know you know but I just wanted to mention that and thank Jim for his service and participation with VET-Force and also other members in the room are Paul. I see Luis back there, as well.

You know, we've been participating in these kinds of activities, like I say, since 1998. So I just wanted to throw that in there.

Thanks.

MR. JEPPSON: Thanks, Joe. Paul?

MR. IGNOSH: All right. Thanks. Rhett, good seeing you again.

Incidentally, you know, we are, many of us,
small business participants but one of the things that I would like to suggest in context of not only veteran enterprise but also in context of the small business community is one of the things we've been fortunate enough in terms of our growth is to establish a cadre of industry, strong industry partners and trusted relationships.

I'd like to see the integration or at least mention or exploration of how we assimilate with one another across the small business community as well as the community at large. I mean, we're an integrated economy. Just to give you an example. You know, we went after a piece of business. We had to put together a collaborative team and the composition of that team was a very integral part of the strategy.

We, as veterans, have this procurement initiative and advantage here called the -- you know, we respond out of 106-50. We also have the socioeconomic programs within 8(a) and the minority and women-owned and there are different vehicles across this particular market, in particular, where, when Marc talks about resources and resource-sharing really
broadens the opportunity of these small businesses in working with one another, either as primes or as subs, and not to exclude the large business community. We like to think we're good citizens of the small business community at large but we also are citizens of the business community at large. We enjoy strong relationships with large and small companies. They don't always have to be a mentor protégé relationship because, getting to Craig's point, is if you are a profitable business and you are competent in your particular swim lane or skill set, you have those opportunities to partner with other industry partners.

So, you know, that liaison and the building of that particular network that becomes part of your delivery model, I think, is a very important component if you do want to be scalable and you want to support and manage growth because you get a lot more out of those relationships than just a competent subcontractor that helps build your reputation. If it's a large company, you know, you get business methodologies and processes that, as a small business, you wouldn't even imagine existed out there.
So it's just a comment, Rhett.

MR. JEPPSON: Well, thanks. I think it's a great comment there and, you know, I'd be interested maybe if we have a little time afterwards to discuss that and where that's best because I think that's a great point. Where is that best suited for?

We do have some government programs that try to get after some of that, like the Men of Protégé and things like that, but I think your comment is broader than maybe that. Where is it best suited for that to happen and, you know, how do we help enable that, whether it's in the private sector or in the VSO or NGO -- not NGO but institute, you know, educational sector, to help provide that environment where that can happen?

MR. IGNOSH: Well, SBA's in a unique position, I think, across the entire federal arena anyway because you have a very intimate perspective, at least across that small business component, and I think you have an extraordinary reputation and reach into the large business community in general.


So I kind of mentioned a little bit ago that we're
going to kind of circle back around on the contracting and where we're at.

So if I can get the next slide? I wanted to put this up real quick.

So Joe alluded to this but this is out of the charter that formed this task force and I thought it might be good for us to just go back and take a few minutes and just read this. So I'll give you a second just to read this.

So this is what we were charged to do in the task force that stood us up here. Pursuant to the Act, the task force is charged with, Number 1, improve capital, develop business opportunities, and then federal contracting opportunities for the veteran small business concern.

So as many of you know because you all predate -- most of you predate me on the task force here, that when Bill and the others and Marie first held the task force meetings, you know, it was new, it was fresh, and, you know, I wasn't here but I understand that there used to be -- the room used to be packed and so one of my frustrations, and I'll just throw this out,
is when we do have this meeting, it's really we're kind of talking around the table to the same people, which is not a bad thing because we're members of the community. We have a vested interest here. We represent larger groups.

But, you know, so I'm interested in are we getting after the things that we were chartered to do, Number 1, capital, Number 2, improving business opportunities, and, 3, federal contracting?

I've got some comments on that and then I've got -- my next slide is actually -- and I'll tell you it's a draft. So don't, please don't anybody come say, Rhett, you completely missed the mark. I disagree with you.

So this is kind of, if you will, a homework assignment that I'd like to talk with the agency -- with the task force about and come back and have maybe a robust discussion.

One of the interim -- between our next task force meeting and then actually talk about it with our task force meeting and it's one that I'm going to -- once we have it to the right shape, I'm going to share
with our new Administrator, once she comes onboard.

As you know, in the original task force report, there were 18 recommendations and I will tell you that when I interviewed for the position, I came back to the States, I interviewed for the position, one of the things they gave me was the -- after I interviewed anyways and they had offered me the job and when they offer you the job, you've got to wait for White House clearance. So I took everything I could to start reading while I was waiting for White House clearance and I took the Interagency Task Force report back.

It was the best -- you know, I took back a lot of documents from here but the one that was definitive that really said, hey, what should we do, what's of interest to the community, really kind of focusing, was the first Interagency Task Force report and I know there was a lot of work that went into that and I think Jim Wilfong spawned a lot of the ideas that went into that first task report.

And so I think that, you know, then last year we wrote another report which was highlighting our
heroes and it kind of gave an update and we have a subsequent one that's in staffing right now and I'm happy to discuss that later, where we're at on that, but I think that the conversation I'd like to have between now and the next task force meeting -- and this slide serves as a discussion point -- is here's the original 18 recommendations that we had and they were all good recommendations.

I don't think -- many of them didn't make it to the report because they were bad recommendations but some were obviously easier to implement than others and others have a bigger impact than others.

For example, and this is kind of what I -- so the circles are on here just because we out of random -- and this is the bigger discussion that we'd like to have over time -- is where do we put these in here?

So across the bottom is difficulty, from easy to implement to hard to do. So if it requires legislation to make the change, I put it over in the hard category. So if you've told me G.I. Bill, example G.I. Bill for use of start-up capital, I'd say that's pretty hard for us to do, there's a lot of moving parts
here, but my impact would be high, really really high.

Okay?

If you come back and you say something along government contracting, I'd probably put it, you know, a third of the way up, halfway up, and I only do it this way. I say that because contracting, if you look at veteran small business out there, less than 10 percent of veteran-owned small business is going to contract with the Federal Government. So your impact is it's big and in the D.C. area, it's huge, but when you look at the larger community of veterans, you're impacting the larger veteran community here.

You know, there's another good one out there, the use of the UCX, for example, you know, drawing that unemployment compensation while you're there. The impact, you're going to find a certain segment that's -- you know, it's not going to be -- it's not every veteran. There's, you know, maybe 10 or 15 percent who are going to draw that and it's going to be hard to do. So it's going to go into the -- so that's the conversation I'd like to have around these 18 here to really kind of recenter us on these 18.
Then along with that conversation is are we in the right space so that we determine what's easiest — we want to get after the high-impact stuff. That's really where we need to be, the highest-impact stuff, and then have a strategy around the highest and I'd also like comment back, and we'll have this discussion between now and next time and kind of brief back where we think we're at around these things, is there some things that maybe we should add to this list or something we should take off? Refresh our thinking on this.

And then in the subsequent meeting is take those three or four that are the highest-impact and let's have a roadmap that says we need to have these things to get after those three or four that we say and I don't want to exclude the hard ones and just say we're only going to do upper -- we're only going to do what's high-impact and easy. That ought to be a no-brainer. We should do that. But the others who are going to be harder, the harder long-term impact, we really need to have a roadmap and plan in place and from the interagency perspective -- from the task force...
perspective, I will tell you that finally, after two years here, I think that we're finally coming to where we've got the bandwidth that we as a task force, with my staff, where we can actually then engage not as my office, because I'm kind of bounded a little bit by I'm a member of SBA, but with the new Administrator coming in, at the interagency level we can advocate at the interagency level with that hat on versus at SBA.

So kind of a bit of a new day. So that's that slide and that was the purpose behind it.

So, Marc, question?

MR. GOLDSCHMITT: On the slide, I think that you've addressed some of the questions I had when I first saw it in terms of how do you define difficulty, how do you define impact, but I think also you started to address some things in your comments that say you may have multiple slides for this for difficulty and impact.

One would be for those doing government work, one might be for the 90 percent that are not doing government work, but the other is you're taking this, from what I heard, from a perspective of the
Government. What's easy or hard from the government perspective? But also it's what's needed or what's difficult or what's the impact from the small business perspective and that may be very different.

MR. JEPPSON: Okay. Yeah. So I think that the thing we have to do, though, is if we can look at it from multiple angles and those are valid points but we as an interagency, as the interagency task force, can effect what, you know? It's what we can effect here.

You know, the fact that the private sector can do certain things, that's great, and we ought to encourage them. We ought to have that dialogue with them and we ought to see if there's ways to partner with them, but if we think that -- and I'll just pick my favorite one. I'll just be completely honest.

Use of the G.I. Bill for capital. I think there's some really smart ways to do that. I think there's -- I think the lift is hard on the legislative side to do it but I think the impact is biggest and when we can have a -- we have some sub working groups that talk about government contracting and so if you
look at the red up there, those are things that I say green would have been a better color and I'm sorry for the eye chart. I'll get you a copy of this before this -- I will send this and make sure you have this. So I apologize for that. I probably should have printed this out. They should have been green. They're things that we're doing.

So, for example, if you look at federal contracting right now, five years of growth, we met the three percent statutory goal for next year. We'll get the report here in about two more months where we're at. We're tracking it. We're tracking on that goal, in my opinion. We said the goal is three percent.

Now we can argue about -- we cannot argue but we can have a robust discussion about what does that mean, is there room for improvement, how should we do this? Are all the agencies meeting it, you know? No. Should all -- we can have that discussion but the goal was three percent of prime contracting dollars by the yardstick that we're using, yes, and we'll measure that this year again. So we're tracking all that.

We said in the task force report that we
thought that transition assistance needed to have an entrepreneurship track. We're in the process of executing that. There are certain things, those three things, I think, that we could say there's been an impact.

Just going back to the government contracting, I think that there are some outcomes from this task force that led directly to that. I think the task force itself in highlighting in its report helped. I think that -- because it focuses our leadership. I think that having procurement officials in their performance evaluation have a subcontracting goal component to their performance evaluation for SES procurement officials and then the bimonthly interagency meeting with the deputies over at the White House where they're accountable and they get a brief on their scorecard, those things drive to that, and so, although it's not a perfect world, we can talk about the front end. We've made good progress in those three areas.

What are the next ones we take? So let me just amplify and just give an example of where I think
this goes.

When we come back and we collectively say use of G.I. Bill because no matter what business you're coming into, if I can use the G.I. Bill for start-up, we should look at COLAs and maybe roadmap of how we as the interagency would advocate for that that would make sense as the interagency.

For example, we know that one of the courses of action for use of the G.I. Bill would be, some people would say, a lump sum but we know there's some issues there with that, a lot of issues. You know, some people are saying, no, it's an educational benefit only, you know. That's do nothing. Another option, the one that we've talked a lot about and we mentioned last time, was use of it similar to how it's implemented with the G.I. Bill. If you go through Boots to Business, you have a business plan, you're meeting with the SBDC, you're authorized six months of your BAH, you come back, there's a check-up, is my business plan attacked, even if I have to call an audible in it, can I show revenue, my tax returns, yada-yada, and so it's an incremental pay-out that way.
Does that make sense?

And so we collectively as the interagency could then focus on how we write the report and make recommendations along that way.

Another area that I think that's -- this doesn't go so much to veterans entrepreneurship but one thing that I think has a big impact in our community, which we all care about, is -- and it goes directly to Ruth, is on the employment side, is over-contracting or a contracting preference or set-aside if the number of veterans in your contract is over 35 percent. So if you employ more than 35 percent in your business, is there some benefit or core preference to you as a contractor if you employ veterans in your procurement?

I think that's one of the ones there that I think has a higher lift but a big chance for impact in a community that may not be strictly small business owner but helps employ our veterans.

So I will e-mail this to each of you for you to scratch on and then I'd like to have that conversation with you as a group and then come back and actually talk about, okay, there's 18 of these, we want
to get after all of them as soon as we can, but let's
get the three and build some roadmaps here to get to
it, so we're actually -- rather than continuing to hash
some of this, we're actionable and we can track where
we're going on this and that's what I'd really like to
do and that way, we can focus on holding SBA and the
rest of the interagency accountable and I think that --
I mean, that's what the VSO's part of your job is here,
is holding us accountable, making sure we're doing
that.

So that was my kind of spiel on where I'd like
to go next week or next time we meet and so I'll get
this out and I'll schedule a call between then where we
can actually hash through this a little bit and then we
can have that robust discussion in public before we
finalize on this.

So, okay, with that, we'll -- rather than --
I've got the list here and you'll -- well, let me see.
I think I may actually have put in there. So we'll
just kind of go around the table here.

So Federal Procurement and Contracting
Programs, so I think that starts there with DoD, so
we'll go to the Captain, I think VA is absent, and then
to Tony, so.

VIII. SUBCOMMITTEE REPORTS

FEDERAL PROCUREMENT & CONTRACTING PROGRAMS

CAPT. BALZANO: Well, thank you, Rhett, and I
wish 24 years ago I'd talk to you about that whole
financial thing, joining the military. That would have
been helpful. I got free haircuts and Oceanside living
is what they promised me.

MR. JEPPSON: You're a winner all the way
around.

CAPT. BALZANO: Yes. No, listen, folks. On a
personal note, as a vet myself, thank you for what
you're doing. This is important to our people, our
folks coming home, and more so to the disabled folks.
What you're doing is important. So when you go home at
night, if you shave or take your makeup off, smile in
that mirror because you should be proud of what you're
doing. So thank you.

Secondly, I have a script because it's DoD and
I have to read from this, but before I do that, it's
approved, Mr. Gudger couldn't be here, so I'm filling
in for him. I just have been assigned to this office and I just want to tell you kind of how important this really is over at DoD.

DoD's an enormous enormous agency and we have this five-sided building over there and everybody who sits in that outer ring called The E Ring, those are the heaviest hitters or we call it the Ring of Power. People joke about it.

Mr. Gudger, when he took over this, he gave some conditions that he would take this job under. He has, one, gotten himself an office in The E Ring, two, every month, Secretary Kendall holds a small business monthly meeting where all of the senior executives from all of the different agencies within the department sit down and report directly to him, the Number 3 guy in the building, and say this is where my number is, this is where my goal is, this is what I'm doing, and this is where it is, and Mr. Gudger got that tacked to their performance evaluation.

So when they put in their stuff each year for where they're going to go and how they're going to get, you know, their bonuses and things like that, it is
directly tied to how well they do with their small business goal.

The last tour I did in the Pentagon, I was a lieutenant. It was years ago. Small business, I don't think, had really had any footprint at all. Mr. Gudger has secured a fairly substantial budget for his office to operate and administer his programs. We've grown our staff by 65 people and the reason I'm sitting here, at his rank, the rank that that position was before, it didn't rate an 06 Chief of Staff military assistant. I didn't apply for that job. I applied for a job in OSD and I was assigned to this but Mr. Gudger was given me to help run his org.

So they have ratcheted this entire office up a significant amount in the organization and I have sat through in my first year here so many meetings with Mr. Gudger and the Secretary and different folks and the one thing he says without hesitation is that the service-disabled vets that come home is his Number 1 priority and he does fight hard because in that building, every program, every project has to fight for existence and we have to fight even more so now with
the reduced budget and sequestration.

So thank you all and that's just from me what we're doing over at the department. I'm learning so much. I'm not a supply guy. I'm not a contracts guy and I have just -- it's been a great year so far and I'm enjoying it and I will be -- taking this uniform off some day and I may come to one of your classes or whatever and I think that is wonderful.

All right. So now I'm going to read from my approved script of what we're doing. All right.

So what we have is, Number 1, I just mentioned about the goals and the different things but we've taken our FY 2013 performance goal is up to 2.6 percent, which is a one percent up from 2010. I know it doesn't sound like much but think about the size of the DoD's budget. I mean, that's an enormous number.

So it's a huge step forward.

I discussed about what we're doing to promote the goaling throughout the organization. I mean, that's a huge step, to get these senior executives who are buying our things and who are, you know, developing our newest weapon systems, to force them to do small
business goaling. It's just a big step and so that's a great thing for us and for all of us in this room.

We have also established a Working Executive Working Group and the whole point of that group, its work is not finished yet, but their job is to help us put together reporting and forecasting information that we can get out to the small business community so that they can say, hey, this is where I need to be in the next five years, the next four years, or, you know, I need to invest in this -- like, for example, cyber.

I mean, if you're a small business and you're not looking at cyber, you really need to be. It is the Number 1 challenge in the department right now. There are many many many different efforts going for that and there's opportunity and cyber is something that, you know, you don't need 10 construction trucks. It's something that small business can really play in. It's training. It's understanding the Internet and that system. So there will be some opportunities there. So pass that on to your folks.

Business USA is an OSBP which is our Office of Small Business Programs. It's a veteran entrepreneur
portal that we have developed to try to help educate and get information out to the small businesses. We are -- as I mentioned, the boss got an increased budget to do a lot of this work.

We are spending a significant amount, with a small business, to develop a market research and center of excellence and what that is doing is we're trying to really push the department to have a single point entity for small businesses to go to, much like you see in the commercial world, not the standard DoD website with tons of links to all kinds of forms and stuff, something that will really help them navigate the system because it is complex and we're trying to do that for them.

We are also -- as I mentioned, the budget is enormous and it's very difficult to ultimately have services and agencies and stuff and they all have different reporting systems and different ways that they say where they're spending their money.

So how do we find out ways as DoD to really find the opportunities for small businesses, the things they can really do? They can't build the Joint Strike
Fighter because they can build parts of it but that's not what they do. So you could go to each individual organization and try to dig down through their accounting systems and their reporting systems to say, oh, well, here's some contracts that could be small business and here's some. So what my boss has done is -- and he's a technical person to begin with from his previous life.

He is really pushing us with these different types of search engines and databases that he's paying to develop that will bring all of this together and help us, DoD, target the contracts that really can and will be pushed towards the small businesses and training. We have a collaborative DCAA to host seminars, training small businesses and service-disabled businesses.

The boss -- one other thing here. The boss has done one, two, three, four, five, six, seven, eight, nine, 10 different outreach events and with the sequestration that has been going on, we're really not allowed to do that but we have special permission from Secretary Kendall because this is so important.
Outreach is very important to small business. It's not so important to Lockheed-Martin and I don't mean to keep picking on them. It's just an example. They know the system. They know where to find these things and all this but the little guy doesn't and I'll end up with a success story. This happened. I'm an old Navy guy, so we have to tell sea stories.

Two weeks ago, a small business contacted our office and they said we are on this contract doing work for the Navy. It's actually classified work flying different aircraft and they have a very particular skill set that they do for this contract and they're a subcontract under a very large contract.

The large contract was due to end. The prime went to them and said, hey, listen, we're going to do a one-year bridge contract to keep this all together while we recompete the new contract but the one-year bridge contract, we would like to just do a sole source and everything will remain the same. You guys will keep doing your work and all of that.

Now being a small business and not maybe having the training that they really need, they didn't
get that in writing. So as soon as that sole source contract was not objected to and was released, that large prime said, okay, thank you, see you later. So they obviously came to us in a panic and said, you know, what can you do to help us? We are going to lose 45 people. It's over half of our company and, you know, X amount of millions of dollars and we can't survive to make it to the next year.

So Mr. Gudger immediately put me to work. I contacted Admiral Creen, who some of you all know, who's the Navy Small Business Director. We put the spotlight on this particular contracting officer and this particular situation. I got an e-mail from the company three days ago and they said, Captain, you never have to buy a beer again for the rest of your life, and they said you not only saved us 45 jobs, we've hired one more person. What the prime promised us, they have now put in writing and we can't say thanks enough.

So we are working on it. We're working hard on it and that's a great success story and that's why we're all here. So I'll end with that.
MR. JEPPSON: Okay. Thank you. Thank you for that update.

So let me just check here real quick. VA's not here. So over to you, Tony.

MR. EILAND: Thank you, Rhett. I'm going to be very short.

Usually DoD takes the brunt of it and we just simply give our little two cents worth and we can take later, but we have just a few little nuggets to give you.

Our participation for schedules is up. We have over 12,000 veteran small business, service-disabled veteran businesses and service-disabled veteran small businesses. So our numbers are getting better. We're getting healthier and stronger with our schedules and we're looking at more participation this coming year. Schedule 70 is still our largest participating schedule.

We are increasing our training opportunities. We have recently put on a Hub Zone and Service-Disabled Veteran Opportunity Fair that was done two weeks ago that we had joint participation with SBA
who came over and helped which we really appreciated. We also were able to reach out to expand our Hub Zone footprint because we have a lot of our veteran small businesses that are also Hub Zones. We'll be doing another event coming in September that will be specifically focused just for service-disabled veteran and veteran small business and I'll make sure that you all have the information for that.

We are on target for our three percent goal or, as I like to remind all the acquisition people that I work with, the three percent baseline.

We also have done very well in partnering with the SBA over the past fiscal year. As of today, we have, between SBA and ourselves, meeting one-on-one with veteran small businesses and service-disabled veteran small businesses. We have met 67 businesses on one-on-one and we have eight scheduled for tomorrow. So we are trying to at least monthly one-on-ones to get people to not have to come into D.C., to be able to go out to the field where it's easier for the businesses to come and meet us and that's pretty much all we've got for right now.
Thank you.

MR. JEPPSON: I think that one thing that, just dovetailing on what you said a little bit, is, you know, so one of the things that Stan, who is our government liaison out of the office, and Tony, they do a lot of one-on work with people here in the D.C. area and there's some ideas that we have because it's so -- that we'd like to see implemented in the future because it is so government contract-centric around here.

But, you know, Joe mentioned the number of VBOCs that we have right now. VBOCs are supposed to do that type of work. We don't have one here. But, you know, that's their mission and so I think it's an important mission. We'll work to maximize every dollar that Congress gives us to ensure those VBOCs are as effective as possible.

Just a little bit on that. The VBOCs, though, there's -- we're allocated 2.5 million. The baseline is about a 150,000 per VBOC. It's a five-year grant. So it's one base year plus four option years on the grant. They're exercising the fifth year right now. So the VBOCs will be recompeted again in the end of the
year.

I will tell you that we're going to take a very hard look at the location of the VBOCs. If you take a map of the U.S. right now and you put where the veteran population is at in there and then you overlay veteran-owned small businesses, as we know it, and you throw the VBOCs on there, doesn't even begin to align and so we're going to take a very hard look about where we put that. When you got limited resources, you kind of have to go where the people are.

I want to be able to get to the underserved areas. It's important that we do that but when you've only got 15, you don't get a huge amount of flex there. Should Congress choose to make the program more robust, we'll certainly spread to the less-dense areas with veterans but we're going to go where the veteran small business owners are at and where the veteran populations are at.

So because we want to replicate the type of thing that Tony and Stan do on a regular basis. You know, we say that's 68 but then you do that times, you know, the 15, you know, and now we're talking 900-1,000
small businesses in a year. So, anyways, thanks for the work you do there.

So moving along now to our next working group is the Training, Counseling & Outreach for Access to Capital. So I've talked a lot already, so let me wrap it up.

Let me just turn it over to Ruth. This is always a hard one for -- a little bit of a hard one for Labor because they're focused on employment and so we appreciate her being here. We're always glad to have her here because she's a smart lady but I know this is always a tough one for you guys.

So thanks.

TRAINING, COUNSELING & OUTREACH FOR ACCESS TO CAPITAL

MS. SAMARDICK: Well, thank you, Rhett. Actually, I've got some good news to report this time, so I'm very excited to be here this time.

First, I want to give a shout out to Rhett because when I started working with Rhett just a couple of years ago, Boots to Business was clearly a one-man Marine Expeditionary Force. I have watched him build
it brick by brick and now it's robust. He's got a
terrific team here at SBA and it's showing results.
So, you know, great job, really.

MR. JEPPSON: Can I say one thing about that?
So I will tell you, though, that I'm not the sharpest
tool in the shed and I'm the first guy to admit that,
but I've got some -- we have got some good people that
are working for me and every one of them is a vet that
we've hired since we've been there.

MS. SAMARDICK: Yes, and I want everybody to
know that I'm recruiting both for a boss and a
colleague and senior executive over at the Veterans
Employment and Training Service, so everybody please,
qualified veterans, we're looking for them for those
particular jobs.

So we've gotten some feedback from the
Transition GPS on our DOL Employment Workshop. There
was recently -- we administer -- DoD actually
administers a customer satisfaction survey that also
has some knowledge tests and we had a recent report
with 26,000 individuals who had taken the DOL
Employment Workshop, the three-day Employment Workshop.
Things that we learned, and I think they support a few things that Rhett has talked about, Rhett talked about the professionalism of the trainers in Boots to Business and using university professors. We, through the Bio Act, were required to use contract facilitators for administration of the three-day workshop. We used to use both our own federal staff in many cases and some contractors and, very importantly, some people who were funded through the Jobs for Veterans State Grants Program to administer -- to facilitate these three-day workshops and we had great success because people obviously who were hired as disabled veterans outreach program specialists or local veterans employment representatives at the state level might not have had great platform skills. Some of them did, some of them didn't, you know, but many of them were social workers and were probably better in one-on-one or small group situation.

So now that we use total contract facilitators, we've got great response. For one thing, it's very flexible. If we hear something about a particular workshop, we're able to call the contractor
and say, hey, you know, we heard something happened and it changes overnight. That doesn't happen the next day. So that's very important. So certainly one of the lessons learned and one of the things that we're having great results with is the flexibility of the contractor facilitators.

The other thing that we've learned and it validates again something that Rhett was saying about the value of brick and mortar over virtual training, we are getting much bigger bang on the knowledge test from the brick and mortar than from the virtual. We need to go a little more granularly on that data and see if that could be the people who are taking the virtual or the actual engagement but I certainly know from trainings that I've participated in that there's nothing like being in a classroom as opposed to pressing next, next, next.

That said, we do two different kinds of virtual. One's synchronous where people at remote facilities, where we can't get a facilitator out, like Diego Garcia, we do a synchronous, because it's a beautiful spot, I'm sure, we do a synchronous training
where the people are online and there is a live trainer that's interacting with them virtually. So that's one, and then we have the asynchronous which is your normal next, next, next. So we need to look at this data on the virtual participation and see if we can get a little more granularity out of that. It might take a few more rounds of data. So that's where we are on TAP GPS.

I also wanted to say where we are on a very important effort. We have promulgated new regulations. We're calling them the 4212 regs. So Title 38, Section 4212, that's the creative use of the term, requires all federal contractors to report on their employment of covered veterans in various employment categories and we have proposed new regulations that would -- so currently there's all these various categories of the covered veterans and an individual, for example, might be a combat badge veteran, a disabled veteran, and that fit in a number of those categories, and therefore there is no number of covered veterans in a contractor's workforce, and we have proposed revised regulations and a revised form that
would, Number 1, eliminate the VETS-100 Report, which is for contracts that don't exceed a 25,000 -- that exceed 25,000 threshold, not changed since 2003. We don't think there are any more of those anymore. So we've eliminated those because we have contractors who, just because they are terrified of not complying, keep filing those, though I'm sure they don't need to, and we are revising what we call the VETS-100A which does apply to most contractors and we are having them consolidate those covered veterans, so one person is one covered veteran in each of the various categories of employment.

So we're very excited about that. We're going to be able to both calculate the percentage of covered veterans in a contractor's workforce by hiring location and we will also be able to look at the percentage of new hires who are covered veterans, both by hiring location. So we're very excited about that data and, as Tony was talking, I was thinking, gee, wouldn't it be interesting if we could work with that data and we're a couple of years off, but to look at the small disabled veteran-owned businesses and see what their
penetration -- this is only covered veterans and I know
we're very interested in all veterans but -- and look
at that because we had talked about having additional
points perhaps for high-veteran concentrations in the
workforce and I would add maybe high-veteran
concentrations in new hires and those would be very
interesting things.

So we're very excited. The contractor
community is really thrilled about a great reduction in
reporting burden and at the same time we're going to
have much more valuable data to the Federal Government.
So this is one of those good news regulation writings,
as painful as reg writing is.

I actually have presented before employer
community and I've never been applauded for regulations
before but -- so this is -- but this is really a
win-win both for the employer community and for the
veteran community and for the Federal Government for
the data.

So thank you so much.

MR. JEPPSON: Okay. Thanks, Ruth. I will
tell you one of our strongest partners is DOL over
there with Keith and Terry and Ruth. You're great partners and we appreciate you being here.

So moving on with that is Don. Are you online? Or Matthew? I'm sorry.

(No response.)

MR. JEPPSON: I saw a note from him that he was trying to dial in a little bit ago. So nothing hear from Matthew Blum.

We'll go ahead and next slide, please. Okay.

So OMB. I don't see our rep there. So, I'm sorry, I was looking for Matt at OMB. I'm sorry.

So with that, we'll go first to Bill and then to Jim.

COORDINATION OF FEDERAL SUPPORT

MR. FERGUSON: Two things I'd like to do. One thing, you know, Rhett, for a meeting with the American Legion National Commander tomorrow, who has also been a business owner since he has left the service several decades ago. So big thank you from the American Legion for that.

Second thing I'd like to point out or just a point I'd like to make is when the good captain was
talking, he was talking about this gentleman who's a great advocate inside the Pentagon. We have been curious about, you know, to navigate, you know, say you're just a new guy, if we could have possible access to DAU, the online service, because that will, you know, save veterans lots of money if they could just read on their own accord and it's a service the Pentagon's already providing and just granting access to a veteran to have those materials would put them at less of a competitive disadvantage than what they are at now and that's all pretty much we have now.

Otherwise, like I said, we'd like to thank Rhett and if there's anything, you know, you can see me after. Have a good one.

MR. WILFONG: Since we've spent quite a bit of time talking about procurement today, I was thinking one of the things that the group that -- the original group that we had put forward was -- we had a number of procurement issues, some of which were looked at and some of which maybe weren't looked at as much as perhaps we should have.

But Admiral Creen, Sean Creen, before he
became the Navy OSDIBU, was over at ATL and was the Deputy Assistant Secretary of the Navy at ATL, and I met with him because we had written a VET-Force paper on procurement and I met with him to see -- and he had read it and he'd asked his staff to read it to see whether or not we were looking at the right things with this paper and so it was a really great meeting.

It wound up being a three-hour meeting and out of that, between the admiral and the staff, they gave us a number of really great ideas that would improve small business and veteran-owned small business procurement just with some simple things that could be done, changes in the regulation, and that never made it into the first report but they are still good ideas and they came from, you know, a very highly-considered source, I would say.

So one of the things that perhaps I could do is go back and revisit some of those and put those forward again. I think that it might be helpful.

But I'm really pleased to hear about the support, even though I know it's very difficult, the support to work with the G.I. Bill and to maybe be able
to use some of that as start-up capital, which is very important for young veterans who perhaps were enlisted and didn't have very much money coming out of the service or at least not much equity that they could even pledge as an asset against a loan.

So I'm very pleased to hear that and I'm excited to go forward.

Thank you.

CAPT. BALZANO: Can I second that? It's only from personal experience.

A number of my younger guys, when we came back, their families had dissolved and they had gone through divorces and they had been forced to short sell their homes and things like that.

Well, as soon as they did that, their credit scores are ruined. They are no longer eligible for VA loans to get another house. So the capital portion of this for those guys is so critical and we have to do something to try and get them guaranteed loans or something. They're good people. They're not bad credit. They've just been dislocated from their family and their situation and it's hurt them and they still
continue to hurt for that reason.

MR. WILFONG: Yes, sir, and that's the reason -- I mean, we put it forward knowing that it wasn't going to be easy. There are a lot of institutions on the other side of this issue that might not like to see changes and we understood that but we thought it was important to do and, as a side note, I'm really happy to see another Mainer in the room.

Maine is a small state. It's a Maniac state, yes, as well, and it's a small state. Admiral Creen is from Maine and the captain is from Maine and, of course, Maine always, for a state of 1.2 million people, we always seem to get our oar in the water.

MR. JEPPSON: You know, our last Acting Administrator just returned to Maine, so we're surrounded.

MR. WILFONG: And the Acting Administrator was also from Maine, so that tells you something.

MR. JEPPSON: So I think that's a pretty good segue into -- before we go to Closing Comments here because I want to, you know, obviously take time.

You know, although we did have a --
remembered the Master Chief up front, I will tell you that I will never go to Closing Comments without ever thinking about the Master Chief because he was always a bull dog at the mike here and even if we'd overrun by 15 minutes, he meant he was going to talk to Marie about some particular issue that he had. So, you know, that was a thing of beauty in my mind, you know, being a Marine, we kind of like them a little bit aggressive, so, and we like that feistiness.

Before we go to Closing Comments, I just want to kind of mention that -- so one thing that will happen at probably the next one, if not this one, the next one is that we're not going to have this short attendance. We'll have a full table and I can guarantee that.

I will also tell you that if it's not the next one, it's the next one, the new Administrator will be here. So just a quick update. Her confirmation is tracking. She's been voted out of committee and we're just now waiting for a Floor vote in the Senate. You know, we had hoped it would happen last week but possibly next week.
I will tell you that I had a chance to meet with her just to meet her while she was here visiting and I think we're going to be really fortunate to have her. She was passionate about the veterans initiatives. You know, she comes from a state with a huge amount of veterans. You know, California has the largest veterans population in the nation and she was really intense on some of the programs, veterans programs and finding out more about them.

So we'll have that. So with that, we'll go to Tony and then we'll take time for questions or comments, suggestions, and then we'll wrap up. So Tony.

MR. EILAND: Just one short comment. For those of you that do not know, Ms. JiYoung Park left GSA as of March 1st. There is a new individual that is being vetted and we should know something. The plan is before the middle of April, they would like to have that new person in office. So I will make sure that, Rhett, you know whom that is. So the next function, we'll make sure they come.

MR. JEPPSON: Okay. With that, I think that
we've got about approximately 20 minutes, if we've got questions or not or I can -- so, yeah, please come on up and use the mike.

IX. PUBLIC COMMENT, CONSTRUCTIVE SUGGESTIONS & DISCUSSION

MR. McDONALD: My name is Luis McDonald and I'm a member of VET-Force. Thanks to Master Chief Bob Hesser. I had the privilege of meeting him three years ago at the elevator at the VA and I tell you, it was a privilege, and he's sorely missed.

But at that time, we had just -- my company had just been verified as an SDB, okay, and thinking about the Master Chief here, but thanks, also, to the SBA. About 20 years ago, we were entered into a program for minority business and we became the first minority-owned business on a GSA Schedule 751. Okay?

That was about 20 years ago.

751 is the direct opposite of 70. 70 is the highest, 751 is the lowest in all of federal procurement and yet it's a pretty big area of federal procurement, but we've spent the past 20 years, you know, developing a relationship at GSA, trying, you
know, to develop our SDB and minority business, and I want to just take this opportunity to say that I just had a meeting this week earlier which Tony Eiland helped to coordinate and host.

It was probably the best meeting I've had at GSA in 20 years and I just wanted to thank him for setting that up. We addressed some procurement issues that, you know, we've been, you know, dealing with for 20 years and I came away from it, my company came away from it with a lot of -- you know, feeling very positive about some opportunities moving forward. So I just want to take the opportunity to mention that.

There were some issues in regards to schedule evaluations and FAR clauses and, you know, some of the things I think we ought to address in this forum in terms of pricing, you know, comparing small business pricing in schedules, comparing it to the lowest bid, which happens to be a large business, you know. The economy of scale is way up here and small business, especially a veteran or minority-owned business, is down here. They're never going to get into any meaningful participation when the pricing is compared
to large businesses in certain schedules and those are the types of issues that I'm looking forward to addressing with GSA and I know the VET-Force has been advocating for it. I know the Master Chief gave testimony on this subject and so moving forward, excited about it.

We were inspired by the Master Chief and I still think he's with us. I think he was in the meeting the other day with us. So thank you.

MR. JEPPSON: All right. Thank you, Mr. McDonald, appreciate the comments, appreciate you remembering the Master Chief, and the other thing that I would ask is that if we go down that -- I will tell you that we're not all government contracting experts, especially when we get into some of the nuanced GSA stuff.

So, you know, I'd be interested and I think it would be informative for the group that when we come back and we start looking at -- if we had, you know, a couple of examples that maybe you could say when you talk about the pricing difference on the GSA schedule, you could kind of, you know, show us how that bears out
and that would be helpful and informative, maybe help us come up with better recommendations, better informed when we talk to our counterparts.

MR. McDONALD: In the meantime, look up FAR Clause 553.212-73, which was brought to my attention.

MR. JEPPSON: I have the name.

MR. McDONALD: We're going to be studying that one.

MR. JEPPSON: Okay.

MR. WYNN: Remember the FAR is your friend.

MR. McDONALD: That's right.

MR. JEPPSON: All right. Okay. So Joe?

MR. WYNN: Okay. I'm on. Yeah. Just a couple of closing comments.

One, you mentioned about reviewing previous task force recommendations. The ones I think you were referring to came from the first report, 2011, submitted in November. There's also been some additional recommendations made in subsequent reports in 2012. I'm not sure what happened with the 2013 report. I haven't seen it.

MR. JEPPSON: Yeah. It's out there. It's in
Interagency Staffing, we'll call it right now. But we're working hard to break that free right now.

Mr. Wynn: Okay. Well, anyway, I was going to -- the thing about those reports, also, you know, the report was to be submitted to the President or the Office of The President and we never hear any feedback. I mean, just like you're interested in, since you came aboard, learning about some of the earlier recommendations, if you could, if you can find out what happens to the report when it goes to the Office of The President because who's looking at it, where's the feedback, and where's the implementation of those things, what you're referring to as from 2011? Okay? So we would like to know that, as well.

Also, to me, it's still clearly evident, as I mentioned, about that Executive Order, about the strategic plans. You mentioned about SBA accomplishing or surpassing the three percent for, I guess, last year, 2013 or --

Mr. Jeppson: That was 2012.

Mr. Wynn: 2012?

Mr. Jeppson: 2013, we'll get the report out
this summer, but, yeah, it wasn't the SBA, it was the Federal Government, total prime contracting dollars. So it was 3.03 percent.

MR. WYNN: Right. And what I was going to mention, too, was the breakdown is really helpful in knowing agency by agency. I mean, you get the total but the reason the importance of that, too, is because I think it's important to look at if an agency did surpass the goal, what did they do and, see, that's what that Executive Order and strategic plans was all about. It required an agency to actually write down what they did in the beginning of the year to increase contract opportunities and, if successful, if they achieved it, in their report that they were supposed to submit also to the Office of The President, to explain what worked or if they didn't make it, they were still supposed to submit a report and say, well, we tried this but it didn't work and why, see, and so, you know, some agencies, we have seen over the years, have kind of hit the number because they had some large procurements.

Those procurements, you know, caused them to
surpass the three percent and then the following two years, right back below the three percent. So, anyway, the strategic plan, the requirement for it, I think the task force should consider recommendation to bring that back and make it more active.

And then the last comment on Training and Counseling, I think, you know, it's obvious it has been effective in growing and developing the Boots to Business, the focus on veterans who are, you know, interested in starting their own business.

I just still don't want to leave out programs, like VIP, where we're working with veterans who are in the federal procurement marketplace who are trying to help increase and go over that three percent because, you know, obviously in order for the agencies to do that, there have got to be seasoned veteran business owners out here for them to contract with.

So, you know, I would just like to mention that, you know, programs like that, it seem like, you know, there should be more of them. They should be funded just like you're advocating for funding for
1 start-ups for Boots to Business. We should be
2 advocating for start-up -- I mean, not for start-up but
3 to start programs, more programs like VIP.
4 Thanks.
5 MR. JEPPSON: Joe, some really valid points.
6 Thank you very much for sharing those.
7 I promise you we will go back and look at
8 this. The office that Theresa had back here, I guess
9 it was 2006-2008, it looks like, if I remember that
10 correctly, we'll go back and look at that and look at
11 what happened with that.
12 MR. WYNN: Just one quick thing. I just hate
13 to fail to mention that, also, Tony Eiland was also one
14 of our early task force members. We marched the halls,
15 a lot of those halls up here in Congress together
16 advocating for a lot of that legislation.
17 So thanks, Tony.
18 MR. JEPPSON: Okay. So other comments before
19 we wrap up?
20 MR. WEIDMAN: Actually, my apologies. The
21 Under Secretary for Health at VA decided that this was
22 a good morning to talk about healthcare legislation, so
that's why I was -- I think I don't know what you all did this morning.

So one thing I am curious about is the White House meeting that took place the last week in February. Did you all cover that?

MR. JEPPSON: Yes. So the NEC came over and briefed all the outcomes. We can show you the slides afterwards, if you'd like.

MR. WEIDMAN: The 10 big ideas are?

MR. JEPPSON: We briefed them on the slides here. So they're on the slides.

MR. WEIDMAN: Okay.

MR. JEPPSON: Rick, I'd be happy afterwards, after we're all done, to sit down and go over those with you.

MR. WEIDMAN: Okay.

MR. WYNN: Just for -- you know, since Rick just came in the room, I did want to mention, though, Rick, that at the beginning of the meeting, there was a special recognition for Bob Hesser and actually Luis, in his remarks, recognized the memory of Bob, as well as some of the others, and I also made mention, too,
of, you know, I was given the opportunity, as you know, to do a presentation on VET-Force and I was mentioning and thanking and identifying how many members of VET-Force participate not only in this committee meeting but in so many other, you know, meetings around the Hill and advocating for our veteran businesses.

Thanks. I just wanted to let you know.

MR. WEIDMAN: Thank you.

MR. JEPPSON: Okay. So --

MR. WEIDMAN: You can't believe it, can you, Rhett?

MR. JEPPSON: Questions --

MR. WEIDMAN: Every once in awhile you've got to throw a change-up.

MR. JEPPSON: You know, it's called the irrational no. It makes no sense. You just do it and it throws them all off balance.

X. CLOSING COMMENTS/QUESTIONS

MR. JEPPSON: But, no, I think it was a good meeting today. I think that, again, highlight being that I will take for action is we will reinforce we need all the members to be here in the future and I
think that with our new nominee that will be helpful, as well.

So barring any last-minute --

MR. WEIDMAN: There was a House hearing a number of years ago after 9/11 and we were talking about problems in delivery of healthcare to the OIF/OEF vets and the chairman asked me, Mr. Weidman, have we learned anything from what happened to Vietnam vets and my response was no and he said, no, what? I said, no, sir. And then he said, can you elaborate, and I did. We knew all the right lessons. We knew what to do and we couldn't get the mainstream power brokers to listen to us, whether it came to health or whether it came to employment of Guard and Reserve, which we said it was going to be a tremendous problem when they started the rapid call-ups, and it is not that everybody forgot the lessons. The people in this room, by and large, did not forget those lessons and, unfortunately, some younger vets have gotten a rocky start as a result of those folks not listening. But hopefully the right people are listening now.

Thank you.
MR. JEPPSON: Okay. Well, I want to thank everybody for their participation today, especially those who traveled in, Joe, Barbara, for your participation especially, and our one traveling member, long traveling member, Jim Wilfong. We appreciate you coming in from snowy Maine there.

So all righty. With that, I will adjourn and we'll see you all in a few months.

(Whereupon, at 11:55 a.m., the meeting was adjourned.)

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