ADVISORY COMMITTEE
ON VETERANS BUSINESS AFFAIRS

PUBLIC MEETING

WEDNESDAY, SEPTEMBER 9, 2015
9:00 a.m.

UNITED STATES SMALL BUSINESS ADMINISTRATION
409 THIRD STREET, S.W.
CONFERENCE ROOM B
WASHINGTON, DC 20416
CHAIRMAN FIELDER: This is Ed Fielder, chairman of the committee. We are going to call the meeting to order. Before I make my opening remarks, could we get a roll call of those on the phone, please.


CHAIRMAN FIELDER: Could you spell the last name, please.

MS. BULLARD-MARSHALL: B U L L A R D, hyphen, M A R S H A L L.

CHAIRMAN FIELDER: Okay. Who else is on the phone?

MR. MOROSKY: Alex Morosky with the Veterans of Foreign Wars.

CHAIRMAN FIELDER: Thank you. Do you need the spelling on that? Need a spelling on the last name.

MR. MOROSKY: M O R O S K Y, as in Yankee.

CHAIRMAN FIELDER: For those that are on the phone, there's a recorder and the minutes are transcribed. Anyone else on the phone?
MR. HUBBARD: Hi, Ms. Will Hubbard with Student Veterans of America.

CHAIRMAN FIELDER: Spelling on the last name?

MR. HUBBARD: H U B B A R D.

CHAIRMAN FIELDER: I was going to guess that. All right, thank you. Welcome those on the phone.

Here within the room is the committee together. Before I make introductory remarks, Stephen Libonate and Ken Quaglio, due to a family emergency and a business emergency, are not able to be with us today. I believe they're going to join us later by phone. We have -- and then Robert Bailey, who was a member of the committee for almost two years, I think that's correct, his business has become so challenging that he asked to drop off, although he's still committed to everything that we are involved in in veterans affairs, in the larger sense, but he will be dropping off the committee effective today.

We have two new members and I'm going to ask them to introduce themselves, but Rich McAdams just so happened to be in town when we
had our last meeting and so he came over and
introduced himself to the committee, but he has
not been formally introduced to the larger group
yet. And then we have Michael Zacchea, who this
is his first meeting.

So, Rich, if you would just introduce
yourself.

MR. McADAMS: I am Rich McAdams, I live
in Huntsville, Alabama, I am the president of
Engenius Consulting Group, a small business that
does IT services, primarily for the Federal
Government. I am a second generation Army
combat veteran, my dad served tours in Vietnam
and Korea. I am technically an Army brat, I say
technically because I was six when dad retired.
My sister got the full-blown nine schools in 13
years experience, which I missed.

Serving veterans is important to me,
that's why I've stayed in the industry that I'm
in. What we do is somewhat removed from
soldiers, but at the end of the day, it still
helps warfighters win and come home.

MR. ZACCHEA: Good morning, my name is
Mike Zacchea, I am a combat wounded medically
retired Marine lieutenant colonel. I spent a
couple of years in a medical holding unit
recovering from my wounds.

I went to UCONN to get an MBA to
re-integrate into civilian life, and that is
where I started the UCONN Entrepreneur Bootcamp
for Veterans With Disabilities. We're in our
sixth year now. We've had 110 veterans have
graduated, we've started 90 businesses.

In addition, I started the Connecticut
Veterans Chamber of Commerce, we represent more
than 42,000 veteran-owned businesses in the
state that produce about $20 billion worth of
state product. I also started an organization
called The Military and Veterans Support
Committee, which is an organization -- at the
time when we started it was about 15
corporations, but now it's about 80 major
employers in the state of Connecticut
representing about 30,000 veterans who are in
the workforce, and I'm very, very committed to
the cause of veterans business ownership,
particularly when it comes to re-integration
from the current wars. Thanks.

CHAIRMAN FIELDER: Thank you, Mike and
Rich. Just to sort of set the stage for today's
activities, we're going to have a half a day of
public activities wrapping up the topics that we
chose almost 18 months ago to address over the
last fiscal year, and once that's concluded,
we're going to go into a private session where
we're going to start working on digesting
everything we learned and turning that around
into a report that we would then provide to SBA
and Congress and the President and hopefully
prior to Thanksgiving, if we can pull that off.
But that will be our activities today.

I think just to talk a little bit about
our journey, and I think I'll actually cover
this because there's always new people joining
us either in the gallery or on the phone, or are
here in the committee, and so I think it's
important to carry this message, and that's the
committee has revitalized itself over the last
18 to 20 months, and we maybe purposefully
designed ourself and looked forward in the sense
of going out to gain information on very
specific agenda items, and I think we've done
that successfully. We've had three and a
half -- at the end of today, we'll have had
three and a half hearing days, if you will, and
I think we've come up with some meaningful information that will turn into meaningful reports and meaningful recommendations.

With that said, that concludes my opening remarks and I will turn it over to Barb.

MS. CARSON: Thank you, Ed, and good morning, and those of you on the phone, thanks for joining us. On behalf of our SBA administrator, Maria Contreras-Sweet, I welcome you here and thank you for the work that you have done over this past year.

Normally, by statute, we do meet three times per year, I'm very proud that we have been able to come together four times. There's a lot of work to be done and this has been a very engaging group to do that work with, and I look forward to your recommendations and your assessment of how we are doing for veterans small business owners.

I did want to, for those who have joined us on the phone, go around the room real quick and say who else is in the room with us, today, the other members. You've heard from our newest, Mr. McAdams and Mr. Zacchea, but I would like you to hear who else is here.
And also for those who are here physically, there is construction in the building today, you're not in danger, for those of you on the phone, it feels like there's a giant that is about to descend on us, but it is pile-driving next door, and it will hopefully cease, but my hopes are not high.

So, I'm going to start with Ms. Roth-Douquet on the end, please, if you will do a quick intro.

MS. ROTH-DOUQUET: Okay, Kathy Roth-Douquet, CEO and founder of Blue Star Families, representing the current military and military spouses for the board.

MR. PHIPPS: Michael Phipps, managing director of The Millennium Group, current advisory member.

MR. O'FARRELL: Jim O'Farrell, president and COO of AMSG, current advisory board member.

MR. LEGHORN: Davy Leghorn with the American Legion.

MS. ULSES: Marcie Ules with the SDVOSB Council.

CHAIRMAN FIELDER: Ed Fielder,
principal at Fielder's Choice Consulting,
chairman.

MS. CARSON: And we are back to me, it
is Barb Carson, Veterans Business Development
for SBA, and around the table?

MR. MUELLER: I'm Kurt Mueller, I am a
current board member, I am now the president of
the Atlanta Vietnam Veterans Business
Association, was a small business owner prior to
that and was revetted as a veterans service
organization. And it's good to be back.

MR. AUMENT: Good morning, I'm Ron
Aument, I am a veteran small business owner,
Duty First Consulting, and we are in the
Washington area with the federal professional
services practice.

MS. CARSON: We do -- many of you have
the printed agenda in front of you, we are going
to make a minor modification. Before I give you
updates on all that SBA and our office in
particular have -- what we've been working on
since we last met, I'm going to turn it over to
the director of Veteran Programs in our office,
Craig Heilman. He's going to give us an
overview of a gap analysis study that we are
currently wrapping up to address what is being
done for veteran entrepreneurs right now across
various sectors within the Federal Government,
academia and business owners themselves. What
are the needs and what is the greatest need and
where should we be directing our efforts. It
should be complementary to the work that this
group, this body, is doing, and perhaps will be
helpful to you as you write a report going
forward.

For now, since it is not completed, I
want to give you a status update and that's what
Craig is going to do for us this morning.

MR. HEILMAN: Hi, good morning. As
Barb mentioned, Craig Heilman, director of
programs here at SBA and it's great to see you
all again here and appreciate very much the work
that you do, and along that line, you know, we
have been doing some work that we think will
inform your work as you go forward and come up
with recommendations to help us all do better on
our mission to empower veteran entrepreneurship
and do the best that we can for all of our
veteran small business owners.

And, so, you know, as those of you who
know us well know, we've been pretty busy and
dedicated to this mission for quite some time,
but we are small, so, you know, we don't have
the legions of consultants sometimes that maybe
DOD or VA or some of the other folks have, and
so we miss some things along the way for sure,
and that's a lot of what we rely on your advice
and counsel to help us with.

So, in June, we, recognizing that we
have a lot of strategic initiatives that were
well under way, we had new programs, we've got
some new funding, we've been doing a lot of
great things across a range of our missionaries,
whether it be on the program side or on the
policy side or on the ombudsman side. You know,
with the proliferation of need, as well as
service organizations, et cetera, to address
that need, we felt it was time to go out and
take a look across the landscape and see, you
know, what was out there to inform our strategic
thinking and planning, and find where the gaps
were.

And, so, we commissioned a gap
analysis, kind of a short-term high energy sort
of look at all of this to come back to us with a
report on what's out there, but more than that, specifically talking about those gaps and some recommendations on what we ought to consider doing about them.

So, see what we've got here. Are you able to go back? Thanks.

So, this team that we put together was we wanted some experts, we wanted folks that could really have the experience that weren't looking at this freshly, you know, to see what rocks to turn over, and so that included some veteran business owners, it included folks that had government program experience, including a former OSDBU. It included folks with expertise in academic research, as well as corporate market research, and one of those that was on this team you know very well because he's here with us today, Michael Phipps provided a lot of leadership to this effort. I was pointing at you over there, but you're over there. Hi, Mike. So, they'll probably chime in here with some more details as we go forward.

We said, hey, we want you to look at all the sectors that are kind of active, so it includes what's going on in the academic sector
in terms of research and whether it be general entrepreneurship, hopefully veteran-specific, but recognizing that there's a lot of overlap in that in terms of what our academic institutions are looking at, what's going on in the corporate world, what's going on generally from a philanthropic perspective, you know, what corporations are out there that are trying to help our veteran business owners, but then also from a business perspective and things that they might be doing in employment or other areas that would be relevant. Certainly what's going on in government, right? You know, awareness of what obviously SBA is doing, but then what other agencies are doing and how that fits in, and then just kind of the other nonprofit, noncorporate and all the veteran service organizations.

So, and then to take the point of view of kind of the government program developer, our policymaker, right, because obviously we want to use these recommendations and we want it to be something that we can act on, but not lose the perspective of the veteran business owner and kind of the ultimate customer, you know, and
where is the intersection of that.

And we said, please, you know, go out there, collect the information, you know, analyze that information and come up with the right framework for processing it into something that's actionable that we can really take and run with. And there was a scope limitation because we recognized we were asking a lot and period of performance was small, but we knew we had a team that had the experience to do it, and certainly the motivation. We said, tell us what to do kind of, but the how to do it we recognize is a little bit hard to be able to know, because there's a lot of internal dynamics to that and certainly some of that is kind of, you know, the inside government stuff that we weren't sure it was fair to ask them to tell us exactly how to do it, but certainly what to do was within scope.

And that yielded really six primary recommendations and there's a lot of sub-recommendations, I mean, there's a lot there, and the entirety of the report is about 302 pages, and Mike can speak to that very well, and so we have been digesting that, and what we
intend to do with it is to provide it to you all.

We have a little bit more work to do just to finalize a few things and clear it for release so that we can give the whole thing to you. That's been our intention. Again, we think it will inform your work particularly as you go out to write your own report and you may find some of this, you know, informative, compelling and useful as you do that.

So, I'm going to touch briefly on what those recommendations were, kind of at a high level, keeping in mind there's a lot behind what that recommendation says at the surface. There's the methodology that was used to derive them and kind of get inside the thinking of the team that did the gap analysis, and then I will turn it over to Mike in case he wants to add on to some of this, tell you what the next steps are from our perspective, and then if there's time for discussion, et cetera.

So, starting, the six recommendations, and the first one not a surprise here maybe, but we still, this gap analysis team says we need to reduce our identified capital access barriers
that are still out there, what category is that in? Well, we did say, hey, we are SBA, right, so we do have a mission set of capital counseling and contracting, and -- Ed? Oh, I wasn't sure if you wanted me to move faster. Okay.

So, capital contracting --

CHAIRMAN FIELDER: The noise beneath us again.

MR. HEILMAN: Right, right, see I used to live on a ship a long time, so I just find this to be helpful with productivity, the more noise the better, I can concentrate.

So, capital contracting was certainly what we thought would be -- you know, what we wanted to hear about those things and then if there was other places we needed to go, we want to hear about that, too, but this first recommendation, of course, is in the capital, and it encompassed both, we also said, well hey, tell us if it's kind of policy, right, or if it's program, or if it's policy that's got to enable program, right? Let's try to, because again, we do operate in those different -- those different buckets and sometimes there are
different capabilities and approaches that we've got to take.

So, capital. It's policy development, but it would also involve outreach, and so they came back and said, there are a few things out there that we think are probably good and you ought to keep doing or support. You know, there's some pending legislation on GI Bill, that sounds like a good thing, U.S. SBA probably ought to be supporting that if you're not. Continued fee relief, you know, it was made law that we were going to keep our fee relief, you know, permanent, at least at a part of the portfolio, not quite for the whole portfolio, we're still doing that from an administrative perspective, but we should be doing that.

We should be looking at microlending as somewhere where we might be able to increase activity and support, and there was a big financial literacy component to this recommendation around helping veteran business owners understand or have what they were calling capital awareness around different phases of the business life cycle, the kinds of capital that are applicable of those different phases, you
know, how do you approach it and how do you expand your network so that those things are approachable.

So, that is all in there. And then there was a piece of it that was about tax policy, and what could SBA as a government agency do to influence tax policy to help investors have incentive that may not otherwise, and you start thinking about some of the institutional sides, you know, your angels and VCs and folks like that that might stumble upon veteran-owned companies every once in a while, but maybe aren't actively engaged in that and could be if there was some favorable tax policy that was in there.

And then there was a piece around a tool that would maybe facilitate a lot of this. So, that's number one.

Number two on the contracting side was about something that, you know, we talk a lot about and have worked a lot about over the years, but it was to strengthen the SDVOSB setaside, particularly at the sole source component of that, that the gap team viewed as restrictive and that there should be change such
that it would have the SDVOSB would have the
same sole source opportunities that 8(a)s
currently have, and that would be, you know,
changing the FAR to do that, and it would be
accompanied by training and outreach for the
contracting officers out there, even without any
change, more that was a big part of this, that
there needed to be more standardization around
how the OSDBUs and/or contracting officers were
approaching that, that they needed to have
better training, et cetera.

And that leads into number three around
establishing resource standards for the OSDBUs,
how does SBA go out and make sure --

MR. CLARK: May I ask a question?

Excuse me. I wanted to slow you down for a
moment.

MR. HEILMAN: That's hard to do.

MR. CLARK: I know, I know. Major
Clark, Office of Advocacy. Interested in number
two, and you're saying amend the FAR, but
there's nothing -- okay, you're saying amend the
FAR, but there is nothing there that talks about
the legislative need to actually put that in
place. So, it's not just amending the FAR, it's
a requirement that Congress is actually going to have to put that in place in some legislative context.

So, I just wanted you to be aware of that as you kind of talk about that as a recommendation. And I don't know whether or not your report, your gap report actually uncovered that in terms of -- in terms of the study that was done.

MR. HEILMAN: So, thank you, Major Clark, and yes, absolutely it does, and I appreciate you pointing that out and I want to just point out to everybody, this is a very high-level summary of a 302-page report. So, amend the FAR, loosely, yeah, that would require legislation that you're not going to just go amend the FAR. So, that's in there, and so take this as a summary and not the detailed level of it. So, thank you.

Number three, establish resource standards for the OSDBUs, again, in the contracting bucket, and that's kind of a program development initiative and it's got a compliance flavor to it, such that, you know, the things that were on web sites that were providing
information that needed to be out there, the procurement forecasts and how those are published and updated over time, all the things at that intersection of OSDBU and marketplace for our veteran businesses and how does SBA get more engaged in standards around that.

MS. BULLARD-MARSHALL: Hi, I'm sorry to interrupt, can someone please come downstairs and get me? Hello?

MR. HEILMAN: On the way.

MS. BULLARD-MARSHALL: Okay, thank you.

MR. HEILMAN: Sure. Can I have the next slide.

So, again, in the contracting bucket, last one in the contracting bucket was verification, again, something that talked about a lot, both here and in other bodies, and it's contracting policy, but it's also program development, and that the gap team was pointing out that what's emerging from SBA on the woman-owned small business side might be a model that we should look at. And that, you know, the confusion in the marketplace around this persists and that there probably needs to be a verification process, system, program, policy,
all of it out there that SBA would administer
that goes beyond what currently exists today.

Five, now we're moving out of
contracting and more into the counseling, and
this kind of takes us a little bit into what was
uncovered in the academic area. So, the team
that looked at the academic literature as well
as the programs that existed in higher ed or
academic institutions that were serving our vet
business owners thought there was all kinds of
opportunity for us to do more and to partner
more. They thought it was particularly
interesting all the cross-disciplinary
entrepreneurship education that's come into that
domain over recent years, such that it wasn't
just the traditional business schools, but if
you were a psychology major, but you had an
entrepreneurship interest, and that by engaging
in more partnerships in this domain, not only
could we potentially reach more business or
veterans that are maybe on campus, or associated
or in that ecosystem somehow, but that we could
also inspire, incentivize, catalyze more
research that was veteran entrepreneur specific
with the recognition that there's not a lot out
there that is.

And, you know, some understanding but maybe not a total understanding of where the intersection is between the entrepreneur at large and the veteran entrepreneur and the unique challenges and/or capabilities that that veteran business owner, veteran entrepreneur is bringing.

And so they looked at funding, and again, one of the things about this report that I think the committee will find interesting is just the breadth of things that are out there, and kind of putting that all in one place, whether it's stuff that Kauffman is doing or stuff that's coming out of the -- there's another entrepreneurship education council, I forget the exact acronym, you know, the things that we already know well about, right, the programs that we're engaged in the entrepreneurship bootcamp for visibility -- you know, with disabilities, things we do with IVMF, et cetera.

So, that was the next one. And the last kind of high-level summary recommendation was kind of the master roadmap, right? You
know, it's all out there, it's everywhere, and while that right resource is out there, your likelihood of finding it as a veteran business owner, whether you're a new business owner or one that's been around the marketplace for a long time, you know, is probably limited, or the cost benefit of spending the time to find it would keep you from pursuing those resources. And, if you were to find that resource, the ability to evaluate it at least before you engage firsthand and spend the time and energy to utilize it isn't out there.

So, this included a lot of things that I've only at a high-level summarized here, but that there's a resource library to begin with, right, so the directory, and that then that that library categorizes it, right, whether it's by life cycle of the business or the type of, you know, the functional type of support that you're going to get or how it is relevant to a specific industry. All kinds of different ways to segment and categorize that resource library.

And then the rating piece, and there was some interesting ideas in there around, you know, kind of the open source rating systems.
that exist in the marketplace, whether it's Yelp or TripAdvisor, all these things allow everybody to comment and come up with a consensus view of, hey, you can go utilize this resource, this was my experience, and here's how many stars it gets. So, that was a piece of that.

And going beyond the -- and going beyond the library, the rating, the standardized performance metrics, because -- and this was a long discussion on incubators and accelerators of which there's over a thousand now, I believe, and the team talked to a researcher that really had specialized in that as a career, modeling, evaluating, if incubators are successful and why, and the bottom line there being there's not a lot of hard metrics on and that that can extend beyond just incubators and accelerators, that this needs to include metrics.

And then, beyond that, how does SBA or SBA and its partners and/or another actor of some sort in the private sector create a case management process or case management approach to taking that veteran business owner through the life cycle, matching up to the resources,
making sure that it's effective, et cetera.

So, if I have the next slide, I'm just going to tell you, so the next steps here, you know, we're looking at the final review, we're going back with the team on a couple of small changes, and then our intention is to release that broadly, certainly to this committee first, and we are going to evaluate, obviously internally, with our own planning process, what we think the feasibility of some of these recommendations are on what kind of a timeline, what kind of a funding paradigm.

And then we're really looking forward to hearing your opinions on all of those same things and getting your feedback. And then we'll integrate those into our plans, you know, wherever those intersections are between biggest need in the marketplace, biggest bang for government dollar, and ability to be effective, and we'll move forward from there.

So, that was all I was going to say, I want to turn it over to Mike and see if you want to add any words.

MR. PHIPPS: You obviously read, it's actually 402 pages, if you put it all together.
MR. HEILMAN: I shorted you 100 pages?

You know, I didn't read all the appendices.

MR. PHIPPS: You summarized it perfectly.

MR. McADAMS: I do have a question, if this is an appropriate time, about what's your sense on the likelihood of getting SDVOSB the same status as 8(a)? That's been talked about for years. And it just doesn't seem like there's been the --

MR. PHIPPS: It needs to be the commitment from the SBA and from all -- and from other actors to just go full force on it. There were a number of issues that happened in the original setaside. It's doable. It's absolutely doable.

MR. McADAMS: Is that something SBA can just do, or does that require legislation, doesn't it?

MR. PHIPPS: No. No, it requires -- it's a process. SBA probably knows the process better than anybody, but --

MS. CARSON: We also have -- this is Barb. This is Barb Carson. We will have Ken Dodds join us today on some of the likelihood of
these -- some of these things in that arena, but again, I would bring back to Major's comment that there are things at SBA that we cannot enact, but this advisory committee, you do report to Congress and the President, and so we do our best to inform you so that we can take action where appropriate in our lane, but there is a chance to inform others who have other ways to effect change in this veteran entrepreneurship and military family business ownership arena.

CHAIRMAN FIELDER: Rich, that's an excellent opportunity to, as we go into developing our agenda for next year, that possibly plausibly could be an agenda item that we take a deeper dive and look at.

MS. BULLARD-MARSHALL: Hi, sorry. I was just going to remind you that SDVOSBs can apply for 8(a). I'm Maggie Bullard-Marshall, hi, I was on the phone, now I'm in person.

MS. CARSON: Great.

MS. BULLARD-MARSHALL: So, I mean, that is definitely an option to consider.

MR. McADAMS: But that's only if the principal owner qualifies as an 8(a).
CHAIRMAN FIELDER: That is incorrect, the 8(a) program is actually an economically disadvantaged and there's been some folks that did come to talk to us earlier this year, Rich, you would have missed that by one meeting, but they talked about the fact that if one could then possibly, plausibly I think might be a better word, plausibly build a case that the veteran was, because of their service-disabled handicaps, and because of their handicaps related economically to having been out of the workforce for 20 or 30 years, one could argue that that might be an economic disadvantage.

We were not aware, nor did the person that gave us that presentation give us a case where that would happen. We thought that maybe someone should be motivated or pushed in that direction just to sort of do a trial to see how that might work. And I think there was, and if I misstate this, someone correct me, but I think service-disabled vet historically as in a decade or more ago did, in fact, qualify for 8(a), and it had changed since then. So, there was some precedence that we were brought notice of in the sense of that it was there.
MR. PHIPPS: This is Michael Phipps. A lot of what we see back from the veteran is not I want to be included in the 8(a), they consider their benefit an earned benefit and it should not be classified with the 8(a), and that is something special and unique to the veteran, and they should be recognized for that.

MR. HEILMAN: One quick thing, just to remind the group here that this -- you're the first body that we've socialized this with, and so when Ken Dodds comes, et cetera, they would not have seen this at all, and so just keep that in mind and, you know, this came in on August the 31st, and then we're working to get it to you as quickly as we can.

And, so, to the extent that I hope there's great discussion here, I unfortunately have to leave, but you're in good hands with Mike and Barb to continue on with any questions you have on that, I just want to throw that out that you are the only ones who have seen these recommendations at this point.

MS. ROTH-DOUQUET: I'm not sure if we want to discuss this a little bit more now, is there time to do that?
CHAIRMAN FIELDER: Yes.

MS. ROTH-DOUQUET: Just two things I wanted to bring up. One on the access to capital with small business, and when Blue Star Families works with IVMF, it's as important for us to help people decide when they shouldn't be a small business owner as when they should, and increasing access to capital in all cases isn't always good, right, we want to make sure we're actually enabling companies that can succeed and will succeed as opposed to hurting people, possibly, and hurting situations by making capital easier without having it vetted.

So, I just want to make sure that that's not seen as an unadulterated good, but that we really do want to help people decide when they're -- when they're a good risk and when they're not a good risk and so that that's -- the goal isn't to increase small -- small business ownership among veterans and military spouses, period, it's to find the right match, right?

MR. PHIPPS: Successful.

MS. ROTH-DOUQUET: Successful. Right.

The second one, I have a lot of
concerns about the GI Bill being used for access
to capital. And that's closely related. First
of all, we do have a focus on the current force,
and the GI Bill is an extremely important
benefit for the current force, and then for
people who stay more than one term -- tour of
duty, what's most important to them is their
ability to transfer it, especially to their
children.

So, I'm just concerned about doing
anything to the GI Bill that might dilute its
ability to continue or make it easier to stop
using it as a law. I think we're at risk of
that already, and I think using the GI Bill in a
way that doesn't vet, whether this is going to
be a successful business or not, sets us on a
dangerous path.

MS. CARSON: So, thanks for that. That
will actually be a presentation that we're going
to have today.

MS. ROTH-DOUQUET: Okay.

CHAIRMAN FIELDER: Just queueing up a
potential topic for next year, following Rich's
lead on the services table and 8(a) program,
there are a few authors out there now writing on
veterans affairs that are now publicly writing
that failure to get access to capital is
somewhere in the middle of the list of why small
businesses fail. And I don't know if they've --
I haven't read a piece that actually segregates
out the failure rate of service-disabled veteran
businesses, but small business in general, they
fail for all of these what I like to refer to as
operational back-of-the0house reasons, and
finances is somewhere like on a five or six on a
list of 10. But that might be a topic that we
look at next year.

MS. ULSES: Mike, this is Marcie. Can
I -- Mike Phipps. On going forward on the next
steps, are they talking about keeping it
internal to SBA, or to continue on either with
the committee that they have, or flipping it to
some other people?

MR. PHIPPS: For which?

MS. ULSES: For the next steps to carry
out the gaps, the things to do that need to be
done.

MR. PHIPPS: So, the committee, this
committee will review all of those
recommendations. We will either accept those or
not accept those. We will come up with our own recommendations, and that is what will go forward to the SBA, and then -- is that right, Barb?

MS. CARSON: I'll address that one.

Yes, we did commission this study, and the scope of work was just to provide this. So, the next steps are within our office to decide how we're going to go forward, and it may be additional studies, there is obviously some of these are far enough along and are logical that we can act on them now, so there are a couple of prongs that will go with this study from where it is now, but the scope for this was exactly this, the only report at this time.

CHAIRMAN FIELDER: This is Ed Fielder, the chairman. Let me be very precise on that. Our work and our report is truly independent. This report came out of the veteran affairs group at SBA, and it's independent. The fact that one report can inform the other report, without duplicity, I think is greatly needed, in the sense of building consensus on certain topics, but I think we need to recognize the two reports are truly independent.
MR. O'FARRELL: This is Jim O'Farrell.

So, Mike, what you just said, if I heard it correctly, was we accept or we reject, but I don't -- that's -- it's not like the BRAC Commission, we don't have to take them all or leave them all, we can pick and choose if we so desire?

MR. PHIPPS: Absolutely.

MR. O'FARRELL: All right.

CHAIRMAN FIELDER: Any other questions for -- nevermind, I was going to say any other questions for Craig, but he has actually ditched us to go get to his airplane ride. And for those that aren't aware, this pile-driving thing adjacent, when it does start happening, it's very distracting inside the room, and so if we seem a little disjointed every once in a while as we react to the pile-driving going on next door, it's with apologies, but there is -- it is kind of distracting.

Barb, did you want to jump back in and finish wrapping up your comments?

MS. CARSON: Um-hmm. Yes, for those of you who have an agenda in front of you, we did move Craig up to the place where I would have
been speaking, so I am going to go over a few things until our next presenter is here. And for those of you who are on the phone, if you would like to send your email address to us later today, we can get these presentations to you. I'm going to give you Ms. Cheryl Simms' email address, it is Cheryl, C H E R Y L, Simms, S like Sierra, I M M S, @sba.gov. Cheryl.simms@sba.gov.

All right, I am going to talk, I am going to go follow the flow on access to capital and tell you how it's going, because it really has been an amazing year, and I think we've got those slides so that those of you in the room can see what I'm going to talk about. Can you pull that up?

And for committee members, you have the slides in front of you. A quick overview of where we've been with veteran borrowing. We did have a named program for veteran borrowers, and that was Patriot Express, which was sunset December 31st of 2013.

What started on January 1st of 2014 was fee relief for veterans and military spouses who were eligible. That meant for $350,000 and
below, absolutely no fee was paid up front. For $350,000 up to $5 million, half a fee was paid.

On a $5 million loan, that's a savings of $70,000. So, it's significant. That continued in fiscal '15 as it was, and then the newest public law was signed on July 28th by President Obama making permanent the fee relief for veterans and military spouses for $350,000 and below.

SBA will soon announce policy going forward for fiscal '16 and it does look like it will reflect what it has been in '15, the half fee above in all 70 programs, $350,000 to $5.3 million.

What you see in front of you is what's required, some of the forms that are needed. Why is this important? We really I think demonstrated in fiscal '15 that veterans and family members found value in their military service. They came to lenders prepared to say, I am a vet and I know that you've got something that's different for me like SBA is supposed to do by statute, provide special consideration for veterans and military spouses in access to capital programs. That's why we had a banner
year. People responded, they're hearing about it, and I appreciate the work that you have done to get the word out.

This is a visual depiction of where the relief is for veterans so that you can see by dollar amounts where there really is special consideration and in which programs so that you can visualize that SBA offers quite a number of 7(a) programs, they're all listed there, and where veterans are getting relief is depicted.

This group has heard me say this before, but I'll say it again, there is no stereotypical certain kind of veteran business, either in the amount of capital they need or the sector in which they operate. We are, as a community, just as diverse as all small business, and that is what is shown here in the types of loans and the dollar amounts that veteran borrowers and military spouses are getting from SBA.

Early in the year, I was quite concerned. The share of lending from SBA that SBA guaranteed for veterans was dropping. Every year. Finally, in fiscal year '15, we've had incredible growth, 110 percent over last year.
Over $500 million difference so far through Q3.

That's substantial. Is this a trend? Too early to say, but I will say it's significant, substantial growth.

Here's another depiction of how growth has looked as veterans were hit especially hard in lending. You will see that since 2011, the rest of the SBA portfolio had growth and veteran business owners dropped in the dollars and activity and the units of loans that they were able to get.

Finally, the last slide shows you the diversity I spoke of. Now, where is the -- where is the need that we see? At least in SBA, I can't speak for the rest of lending, as a whole, but look at the growth there. Over 100 percent growth in some of these categories on dollar sizes. The most -- the largest are highlighted for you there. So, it's a percentage, fiscal '14 to '15 in each of the dollar categories.

MS. BULLARD-MARSHALL: I feel like we need to pause for a clap.

MS. CARSON: We should. It's fantastic. I am really -- I'm excited about
where we're headed, and so I'm keeping an even
tone, but yeah, this is the big great news of
this year. We are finding successful businesses
that are ready for capital and this is going to
make a difference in their growth.

   MR. O'FARRELL: Barb, Jim O'Farrell.

If you just looking at that slide right there
where you have the 212 percent, 0.5 percent
highlighted, if you go in there and look at the
25 in FY '15, what would be the characteristics,
like the top two or three? Is that a -- is that
too detailed of a question? I mean, these are
construction companies that are veteran-owned,
are they -- like you said, there's no
stereotypical, but there's something -- I'm
focused on that one because of the dollar
amount, too.

   MS. CARSON: That's a question that I
can absolutely come back to you with fidelity,
and yes, I can finally see that data. That was
another thing I shared with this group, really
getting my colleagues in capital access to share
this with me and go through it with me, so that
we could build better policy to address needs.
So, the best I could say right now on a high
level is that the same top 10 sectors for all
borrowers are exactly the same top 10 sectors
for veterans. So, the same thing that they're
getting loans for in this dollar amount,
civilian, it's for veterans as well, but I'm
sorry, I don't have that breakdown for you right
now.

MR. O'FARRELL: Yeah, to me it speaks
to because the $3 to $4 million amount is
normally not associated with a business in its
first six months of, you know, of startup.

MS. CARSON: True.

MR. O'FARRELL: And then the other
questions, we sat here a year ago and like you
said a minute ago, Barb, I mean, if you imagine
that that FY '15 bar is not on the previous
chart, the trend was stark, and so this is --
this is just amazing. That's a great job.

MS. CARSON: Thanks. I do have a few
more updates, I'll save them for later in the
day, if that's all right, Chairman, because we
do have a presenter here, Mr. Ken Dodds.

MR. McADAMS: Barb, I do have one
question. This is Rich McAdams. I'm just
curious, it shows $4 million to $5 and a half
million, I thought the loan limit was $5,000.

MS. CARSON: My error, so yes.

MR. McADAMS: Oh, okay. I thought they might have --

MS. CARSON: Thanks for correcting the record.

MR. McADAMS: I thought they might have bumped up the limit.

MS. CARSON: No. We are making one more agenda adjustment, my colleague from the Office of Contracting and Business Development is here, Mr. Ken Dodds. He's going to speak to us specifically on what happened with goals and how small business performed in fiscal '14 --

MR. DODDS: '14.

MS. CARSON: Excuse me, I keep thinking it takes a while, but not that long, right? And Ken did have some other questions that you may be able to address or we will take them for the record and I will get back to folks who have asked them, but we're going to turn it over to you this morning. Thanks.

CHAIRMAN FIELDER: Ken, before you get started, could you at the end of your presentation give us an update on the
Mentor-Protege of service-disabled vet. Just timelines and where we are.

MR. DODDS: Sure. I'll start with goaling, which is what, you know, you -- is on the agenda, what you wanted me to address, and then the Office of Policy that I run also does size standards and it does a lot of the rules that we're implementing from legislation, like Mentor-Protege and limitations on subcontracting and those things so we can -- and the woman-owned sole source, so we can talk about that at the end.

As far as goaling goes, the Small Business Act tells us that the goal is 23 percent of all dollars that we spend each year, the goal for small business is 23 percent. You have the 5 percent for SDB, 5 percent for women-owned, 3 percent for service-disabled veteran and then 3 percent for HUBZone. So, that's the starting point of where we -- that's our directions from Congress. The way we get there, and we met the goal in FY '13 and we met the goal in FY '14, with almost 25 percent for small business, at least the small business goal. And the way we do that is we divide it up
and we give each agency their own goal.

Some agencies like SBA, they spend 70 percent of their dollars with small business.

Other agencies like Energy, they just do about 5 percent prime contracting with small business.

DOD is the biggest spender, they're usually 21, 22 percent or so. Some agencies like Interior, they're spread out around the country, they do really well with small business, they do around 50 percent or more usually every year.

And it's really simple kind of math that we use and we've been using for several years. We take what the agency did in '14, okay, we take that number, we do an analysis of each NAICS code and we have a government average of how small business does in that particular NAICS code, and let's say it's construction and, you know, small business does 50 percent government-wide, that's the average, and we look at the agency and we look at how they do in that NAICS code, and if they're deficient, let's say they only do 25 percent, we're going to add something to their numbers to -- that we call opportunity. There's an opportunity there. We don't expect them to go from 25 percent to 50
percent. We expect an incremental jump and we usually do like a quarter percent, basically, or a 25 percent jump of the difference.

So, in the end, it adds a couple, maybe one or two, three points to their '14 numbers. And then we take their projections for '15, because we're in the middle of '15, not all the contracts have been awarded, they're still being awarded, and the data we're using, like from FPDS, that keeps being adjusted even after the year ends. In fact, agencies have until January to certify their data from the prior fiscal year that ends in September.

So, we don't use their actual numbers, we use their projections, what they tell us that they think they're going to do in '15. And then we add those together, divide it by two, and that's basically the goal for the agency. So, it's really based on '14, you know, we're doing '16 now, and we're trying to get those in place by October, so we took their '14 numbers, we looked at their opportunity, we add their projections for '15 and we divide by two, and that's basically how we get to it.

When we do our score card, when we
announce the results, we've been doing this for several years, we use a, you know, a school type system where it's A, B, C, D, F grading system. Some in -- you know, each administration does a different thing. The Bush Administration did a stoplight thing where they had green, red, yellow, depending on whether you were improving or not. And the way -- and I've given you a lot of -- I've given you all the material and I'm not going to go through it, because it's pretty -- is this working? It's kind of complex, so I'm just going to simplify it. You know, basically we do -- it's your grade as an agency, it's 60 percent small business, you get 5 percent on your SDVO goal, 5 percent for HUBZone, 5 percent for SDB, 5 percent for women-owned. So, that gets us to 80 percent. And then 10 percent of your grade is your subcontracting, because we established separate subcontracting goals for each agency. So, that's 10 percent of your grade. And then we have something called success factors where the OSDBUs at each agency kind of rate the other OSDBU or the other organizations on their commitment to small
business, their outreach to small business. We have seven factors that we kind of have that we evaluate them on.

So, it's kind of a peer review process. And that's 10 percent. So, that gets you to 100 percent.

And, so, when we add all that up, that's when we give you the scorecard, and that's kind of what I've provided those as well, I think, and hopefully they will give them to you. So, we have a scorecard for the government and each agency has a scorecard. And usually, you know, it takes, as I said, it takes -- '15 will end on September 30th, right, but we won't get the certified data from the agencies until the end of January, and then from that point on, we collect, you know, the FPDS data, we collect the ESRS data for subcontracting, we have the peer review panel looking at all the success factors, getting those grades in, then we compile them, we have a scorecard and that's when we finally announce how the government did.

So, we met the goal -- the small business goal in 2013, and 2014, we've met the SDVO goal I think last year and the SDB goal.
Women were still -- we're trending up, each year we're getting better, but we did not meet it last year. And HUBZone has been the most difficult goal, you know, we weren't very close. It's a difficult program, you know, the -- you can be in compliance one day and out of compliance the next, you know, if an employee leaves your employment.

HUBZones change, you know, it's complicated, it's set by statute, they've designated what is a HUBZone and what is not. It's based on data, the data changes, then you're no longer in a HUBZone, so then what do you do? So, that's complicated as well.

So, I know the OSDBUs are really looking for HUBZone firms, that's kind of been one of their focuses, to try to, you know, if they can find anyone that's doing that kind of niche. And, you know, different agencies have different goals. For example, the VA has their own Vets First system, where you have to go, you know, they're supposed to go service-disabled vet or veteran-owned first. So, they do really well with their service-disabled veteran-owned numbers.
We give -- when we do our scorecard, we do give extra credit, so if you exceed the 3 percent goal, you do get some extra credit, but we cap it, we don't let -- you only meet that goal and get an A because we don't want you -- even though you're the VA and you are focused on vets, we don't want you to ignore the SDB or the HUBZone or the other goals that the agency has as well. We're all kind of in this together, the whole government has to try to meet these goals. And, so, we rely on everybody to do their part.

So, that's goaling in a nutshell. I don't know if I've raised any questions, or you had questions coming in, we can talk about it.

MS. ULSES: Ken, this is Marcie Ulses. Just a short question. You said you give them their goals, and I don't mean to be naive, but my comment is, so what? Do they take the -- I mean, I know there are some OSDBUs who take this very seriously, I talk to a lot of them, but do you guys have a lot of teeth behind this, or is there some financial impact to them when they just focus maybe on one category and not the other? I know that's a complicated question,
but --

MR. DODDS: Yeah, I mean, and we do --

it's not really a negotiation. We do tell them,
you know, we've done our -- they know what the
methodology is, we tell them what their goal is.
You know, sometimes there's some back and forth,
sometimes they want it lowered because of this
reason, that reason and so forth. There's a
carrot to the methodology, you know, when you
get an A plus, you get -- the administrator
comes down and congratulations you, and, you
know, it's good for you. When you get an F,
like the Department of Energy got, you know,
its bad press, its people, you know, its bad
stuff on the Hill.

So, it's a carrot thing. I don't think
there's any -- there's no punishment, you don't
lose money, you don't lose -- because, you know,
these are important goals. We also want DOD to
do its mission, you know, we don't want to
interfere with their, you know, on the
battlefield or carrying out all the things they
have to do. So, there's a -- you know, it's
really just a public shaming thing that we have
right now.
CHAIRMAN FIELDER: Ken, there was a conversation, going back to the previous administration, about making this goaling part of the managers, directors, agency heads performance appraisal. Is that still out there languishing and never been impacted?

MR. DODDS: No, I mean, I don't know about the heads themselves, but part of the reason -- there's many factors of why we've met the goal finally in '13 and '14, and one of them is it's now statutory that goaling -- small business goaling needs to be in the performance plan of all SES, and not just procurement people, but the program people with the money.

CHAIRMAN FIELDER: So, are you saying it is now there?

MR. DODDS: In most -- in a lot of cases it is, in the agencies that have success, it is there.

CHAIRMAN FIELDER: Okay.

MR. DODDS: I think the statute says if practicable or if possible. So, there's -- it's not mandatory, but I think in a lot of cases, it is, and a lot of agencies, we do -- we have an SB meeting where the OSDBUs come in and talk
about their best practices, and we -- every
agency does one, you know, each month we have a
different agency. The ones that have success,
the ones that meet their goals, the ones that
get As, that's one of the things they point to.
SES, having it in the SES of the program people
with the money, and then also just senior-level
commitment, the ability to get the head of the
agency to come to events, the ability to have
them get support for them, the visibility of the
OSDBU, that's always one of the things that they
point to as towards their success.

CHAIRMAN FIELDER: Yeah, but back to
Marcie's question, I think accountability,
responsibility and accountability are two
different things, but accountability, this was
one way that I always thought that if you can
make people accountable and make it part of
their performance appraisal, so somehow this
would turn the numbers, and I think what you
just have said does, in fact, validate that in
the sense that where you're seeing the As and
the A pluses, it's part of the performance
appraisal system.

MR. DODDS: Yeah, and one thing I
forgot to mention, because I wasn't actually at the meeting, but I remember Joe Jordan talking about this when he was here, they have had White House meetings where they did focus on small business government contracting, where like the Vice President asked the heads about their numbers and how they were doing. That was very important, you know, and they do that from time to time.

So, that kind of high-level political visibility is also very helpful for us.

MR. McADAMS: Rich McAdams. I'm sorry, FPDS does not contract subcontractor dollars, right?

MR. DODDS: Right.

MR. McADAMS: What system are you using that has that level of granularity? I didn't realize we were able to track it at that level?

MR. DODDS: Well, it's -- I don't think it's a publicly available system, and I don't know that I would say it's a great system, but what we have is something called ESRS, and it's basically the way the primes report to their contracting officer on how they're doing on their subcontracting plan goals. So, it's
general numbers, it's percentages, it's not down
to the name of here's the -- like FPDS, you have
the name of the company and 100 different data
points on that contract. For ESRS, you don't
know who the name -- you don't know what
companies we're talking about, so it's really
just percentages, dollars.

MR. McADAMS: You just know the small
business category that they --

MR. DODDS: Right, and that's, to be
fair, that's kind of what it was created for,
it's to -- instead of having a paper system that
we used to use, the 294s and 295s, now it's we
just hopefully do it electronically and they go
in and the CO accepts or rejects the report and
so forth.

So, we're hoping the CO is monitoring
that on a daily basis, but the system doesn't
really give you insight into a lot of data, I
don't think.

MR. PHIPPS: And that's not audited?
It's just what the prime reports, there's no --

MR. DODDS: Well, I think there is --
there is. I mean, I know our -- we have
something called commercial market
representatives and they do compliance reviews of big, large primes in their region. I know DCMA also does some, but it's not -- obviously we don't have the resource to do every one.

So, it is kind of an audit system, but probably not even up to that standard. It's probably a lower percentage than you would want, but there are compliance reviews, and we do have from time to time, you know, issues that come up, and then during those reviews.

MS. BULLARD-MARSHALL: This is Maggie. I just have a question about whether or not there's any discussion to revise the methodology, given the recent increased scrutiny from Congress, especially at the VA hearing about their goals that they certified.

MR. DODDS: Yeah, that's a good, complicated question. The methodology, you know, we use FPDS, which is the Federal Procurement Data System, it's the system that was created to capture data, not just for us, but for all kinds of different purposes. You know, we do have some safeguards in the sense that we do require agencies to certify their data. We have created an anomaly report, a
standard report where agencies can go in and see
if there's things that don't make sense. We do
send -- we do our own anomaly kind of review and
we do send that to agencies. It's not something
they have to report back to us, it's not -- we
are not going to -- we can't change their data
in FPDS, but we do alert them to things that we
don't think look right. You know, the thing we
have to understand is there is probably 20,000
people making millions of actions each fiscal
year in this database. There are going to be
mistakes in there. We have a system where if a
large business is misrepresenting their status,
we have protests, we have demarment, you know,
we have criminally prosecuted people. I have
had to be a witness at a case where people went
to jail and they were fined. So, there are ways
to catch that.

I think when it looks -- it looks bad
sometimes, there are -- there could be an
explanation that's not fraudulent.

You know, for example, we have a
recertification rule where firms have to
recertify their status. And if a large business
buys a small business, they're supposed to
recertify. Sometimes the clause isn't in the contract, sometimes they don't. Sometimes they do recertify and the Congress -- and the CO doesn't enter the data, so there are sometimes those kind of explanations.

And size is a function of the CO actually has to check the box to say they're small. So, there is going to be human error where that happens as well. You would have to really look at the contract file to see what exactly happened in some of those anomalies that we see from time to time. And they're going to be there every year, unfortunately.

MR. AUMENT: This is Ron Aument. I think what Maggie was referring to was that VA was being criticized for excessive purchases using purchase cards, which that information never made it into the FPDS.

MR. DODDS: Oh, no, yeah, you're right. I did read, you know, I can't really comment on that. I read the allegations and I read the response and the testimony. You know, as I said from the outset, if they put in it FPDS, it's reflected. If somehow they're not entering it in FPDS, then it's not. And that's something
that we need to make sure agencies are doing what they're supposed to do when it comes to reporting data, but we're kind of relying on the system we've created. They own their data, we just use it. So, it is on them, you know, I can't -- I don't know, reading both sides of it, I'm still not sure what exactly happened there.

MS. BULLARD-MARSHALL: I think the requirement is that you only have to enter 3,000 and above in FPDS, right?

MR. DODDS: That's right.

MS. BULLARD-MARSHALL: So, at the VA they're using their P-cards for items less than $3,000, and that's where the questions about the expenditures are coming in. So, your answer is at this point, SBA is not planning to consider micropurchases in the goal report methodology?

MR. DODDS: Right, because it's not reported, and the way it's set up, they're supposed to be easy purchases. We don't collect data. So, a lot of times, I don't think there's any way to know whether the firm is small or large because they're not -- they don't use all those clauses and systems that you usually would use. So, you know, that would require, in order
for that to be captured, you would have to
change micropurchase rules and then require them
to report them in FPDS and then we would use it,
but until that happens, it will continue to be
outside of the reports.

CHAIRMAN FIELDER: Ken, Ed. As a
former contracting officer, my sense is that
those simplified purchases under $3,000 probably
have a higher percentage value small business
than large business. And I think it's
unfortunate that you're not capturing that in
some way.

MR. DODDS: I think you're right and I
think -- I think someone did -- was directed by
Congress to do a study or something about it and
I think that we did find that that was the case,
but there's also, you know, there's also talk of
raising the simplified acquisition threshold,
you know, like people want it to be easier and
quicker, so that you have that counterbalance,
like do we -- you know, when you look at FPDS, I
mean, I don't know if you ever have, there's
100, 200 data points you have to enter. You
know, is it a firm fixed price, is it
competitive, was it 8(a), was it Native
American. I mean, to enter all that data is a
time-consuming process. So, you have to balance
that out for do we want to really do that for a
$100 purchase of, you know, paper.

MR. PHIPPS: And this is Michael
Phipps. Is there a way to run the dollars that
are in FPDS of an agency against what their
actual spend is to find the difference of what
is not being reported and then have some sense
of percentage of that agency's budget that might
be falling under the micro threshold purchase,
or it just doesn't apply to FPDS.

MR. DODDS: There probably is.

MR. PHIPPS: There probably is. If
it's a database, it should be fairly simple for
us to --

MR. DODDS: I mean, you can get the
FPDS numbers easily. I know there's
USASpending, that might have -- that has
additional information, I think that even has --
I think it might have grants. I'm not as
familiar with that system. So, there's probably
a way to do it, I don't know how.

CHAIRMAN FIELDER: And in the interest
of keeping it moving here, staying on schedule,
can we -- if there are no further questions concerning goaling, I think this sort of -- thank you for coming back, because in the sense of what our agenda item was to sort of captured this for comment and recommendation going forward, I think you just put the exclamation point at the end of everything we've heard all year.

Could you move on to some of the other topics we had talked about.

MR. DODDS: Yeah, we have a lot of rules going, because Congress keeps sticking things in the National Defense Authorization Act, and so then we have to, you know, implement them, and that keeps us busy for sure.

The women-owned sole source authority that we were given in the NDA of 2015, we did a proposed rule. We're now ready to go final and that should be published very soon. It should be published in September. It will probably have an effective date in October.

There will also be a FAR interim rule implementing that fairly quickly. The certification requirement for the women-owned program, that will come -- that will be in a
separate rulemaking. So, that will come later, probably this year. Although that might, sometimes that takes a long time because of interagency review and things like that.

The changes to the limitations on subcontracting, where you're allowed to use subcontractors, that rule went out for proposed rule, we had over 200 comments, I think, that rule is being drafted. We're hoping to be done with it from SBA's perspective, but then we have to submit it to OMB, for 90-day interagency review, which allows GSA and all the agencies like DOD to comment on the rule.

So, that's realistically, you know, we would hope that it would be published in January. And it's kind of the same schedule for the Mentor-Protege rule. We kind of went out at the same time, we received 180-some comments on that rule, we're drafting it. It will still have to go to OMB for that 90-day review period.

The caveat with that one is, that's not just a rule, it requires people to implement. You know, we have to somehow monitor the mentors and proteges to make sure that the benefits are actually flowing to them, we have to approve the
mentors and proteges and we were not provided any funding for that program. So, we have to figure out how we're going to implement that.

We also have to, under that rule, take a look at all the Mentor-Protege programs of other agencies and determine whether they're going to continue. So, that's going to -- that rule, even if it is published, let's say, in January, that doesn't necessarily mean that there will be -- we'll be ready to accept applications in January. We have to figure out how we're going to staff this and resource this. So, I just wanted to make sure I don't -- I don't want your expectations to be that it will be full go January. I'm hoping that's when it will be published, and then we'll figure out what the full go day on the Mentor-Protege is.

The other rule, the limitations on subcontracting rule, because that doesn't require, you know, people to implement, you know, hopefully that will be quick, but it will still have to go to the FAR and then they actually have to get it into the FAR clauses that go into contracts, so there's still going to be a lag there in terms of that rule being
effective and in your actual contracts.

MR. McADAMS: This is Rich McAdams, I'm new to the committee, on the limitation on subcontracting clause, potential change, that would allow, for example, as a service-disabled veteran-owned small business prime, let's say one or two subcontractors that were of the same socioeconomic status would be counted toward the 51 percent?

MR. DODDS: Yes, and in fact, I should clarify, right now, under the SDVO and HUBZone program, you can already do that. That's why -- our programs are confusing to Small Business because if it's a Small Business 8(a) setaside or women-owned set aside, you can't rely on subs, but if it's a HUBZone or SDVO, you can, and the reason that it was that way is kind of the way Congress wrote the laws, when they didn't address it, we allowed subs, when they did specifically say the prime had to do it, that's how we interpreted it.

So, this new direction from the NDA of 2013 said, let's make all the programs the same, let's allow subs to count. So, it will start counting for all those other ones as well.
MR. McADAMS: All classifications?
MR. DODDS: Yes.
MR. McADAMS: Okay, thank you.
MR. DODDS: Are there any other questions?
MS. BULLARD-MARSHALL: Can I just clarify, the limitations on subcontracting means that the FAR clauses applicable to the prime flow down to the sub and before they didn't?
MR. DODDS: No. No. That's a different question that does come up from time to time. No, it just means if it's a service subcontract, right now, you're supposed to do 50 percent of the costs incurred with your personnel. Under the SDVO or HUBZone program now and once we change the rule, you can meet that yourself with your employees, or a similar concern you can use their employees to meet that. So, the proposal was, you know, tell us who your subs are going to be and how you're going to meet it, and then instead of doing 50 percent yourself, you can do 25 and have two subs do 12.5, and then you're still -- the benefits are still flowing through to the intended recipients, just as subs instead of
primes. You know, we do allow joint venturing as well, but that can, you know, for business reasons and legal reasons, sometimes you don't want to be a joint venture because there are limitations and problems that sometimes arise.

So, this gives you two ways to kind of meet it, you know, as contracts get bigger, use subs or joint venturing, teaming is going to become more important, as contracts get bigger our resources kind of shrink, it seems like that's been going on for a long time. So, this is another way to help you help small businesses hopefully meet those.

CHAIRMAN FIELDER: Let's go ahead and wrap up. Any other questions for Ken?

(No response.)

CHAIRMAN FIELDER: Ken, it's always a pleasure to have you here. Thank you very much.

MR. DODDS: Thanks for having me. I'll see you next time.

CHAIRMAN FIELDER: We are at a break moment and right now the break is scheduled to run through 10:30, that would be just under 10 minutes. Is that sufficient? Let's do that. 10:30 reconvene.
Whereupon, there was a recess in the proceedings.

CHAIRMAN FIELDER: Okay, we're ready to reconvene and go back on the record. What we're going to do is very quickly finish up Barb's updates topics and then we're going straight into Coalition of Veteran-Owned Businesses with Vivian Greentree.

MS. CARSON: Thank you, Ed. I do have just a few more updates. For housekeeping, there is a seat next to me for those of you who are in the room and you have a question, please come up and use this microphone next to me, and those of you on the phone you are welcome to participate at any time and ask a question. We haven't muted you, because everyone is doing a great job keeping it quiet in the background. Thank you, but feel free to jump in at any time.

We did spend a good deal of time this morning on goaling and procurement, and I want to pull us back into the rest of the portfolio for veteran business owners and spouse business owners, that there is a lot more business to be done. Lots of sectors.

So, feel free to jump in on that
conversation. If we do get into the
procurement, I mean, that's what it's a core
competency of SBA, it's just one of the four
things that my office is responsible for, and I
want to make sure we cover the breadth of what
we are doing, it's exciting.

So, I'm going to give you a quick
top-level overview since I am on running Ed's
time and I appreciate having a little more to
talk about it.

For entrepreneurial development and
training, quick updates on Boots to Business.
We have done deep dives in the past couple of
meetings, so just top-level, I'm going to tell
you that we're trucking ahead, it's going really
well and we have trained over 30,000 spouses and
military members on military installations
across the world. So, approximately 165
installations. And really proud of that.

Partner here at the table, U. S.
Chamber of Commerce, Hiring Our Heroes, we have
been joining that effort and appreciate the
pivot to include entrepreneurship as one of the
things that folks who are making decisions about
post-service career hear about. So, we've been
at a senior level participating in those panels and reaching at Fort Gillem, I believe over 1,400 who attended those events.

Why are we doing that in addition to Boots to Business? Because we would like for them to hear about it sooner, earlier, in the career. As many of you know who are business owners in this group, it takes time to get the capital, it takes time to build the knowledge that you need to decide whether your idea is feasible and beyond. So, thrilled with what's going on in Boots to Business.

Big announcement for us on Boots to Business Reboot, and that is taking the Boots to Business curriculum out to communities, especially think Guard, Reserve, those who aren't getting the transition services potentially that they're entitled to, and in other cases, whether they need them or not, they're still veterans, or whether they get transition services, excuse me, they're still veterans, and military spouses are also eligible for this. So, it's using Boots to Business curriculum, but out in the community, led by our district offices, Veteran Business Outreach
Centers, Small Business development centers, women's business centers and SCORE.

So, we come together bringing business owners as well, and that's been going on in a soft launch. What the big news is that we have a private/public partnership that has just been signed that will allow us to do between 75 and 150 events over the next year. One of those partners is here at the table today, too. That is First Data. Additionally, we are joined with the Institute for Veterans and Military Families, and the Marcus Foundation, which is Bernie Marcus of the Home Depot. So, grateful for that.

The Federal Government can't and shouldn't do everything. These partnerships are critical to being able to reach more vets and military spouses across the United States. This is one way we plan to do it.

So, the big launch will be during National Veterans Small Business Week, which is November 2nd through 6th this year, and I'll get into a couple of comments on what that entails in just a moment.

Veterans Institute for Procurement,
that is run by the Montgomery County Chamber of Commerce Foundation up in Maryland. They will celebrate their 50th graduate this October. Registration is still open. That's another thing for those who aren't in the room, you can get information from Cheryl Simms on that link.

SBA through a grant relationship has made it possible for 150 veteran business owners and their companies to go through that program. It's for those who are already, they've got past performance, they've got employees, they're over a certain level of revenue, so there are eligibility requirements before you go in. I'm really thrilled with the outcomes. Eighty-five percent of folks who go through that say they have made significant business practice changes that improved their either growth in revenue, the number of employees trained, or many of them have those ah-ha moments when they say, I really shouldn't have done that thing I did and I'm going to go fix it, whether it is illegal or some other aspect of their business they had a blind spot in. So, I'm looking forward to celebrating that 50th graduate.

I'm going to spend a little bit of time
talking about National Veterans Small Business Week, and why is outreach important, because so many of you in this room have said it to me, I didn't know that that was available. And we run into that everywhere. And, so, it is an important responsibility. It's not just marketing, it's getting the word out so that people can act on what they have just heard is available to them.

So, we have, for example, the American Supplier Initiative. This is looking at diversity in supply chain. There are two veteran-focused events that are going to happen in Atlanta and Chicago, stand by for dates, but it will be that week of the 2nd through the 6th. You're going to hear about one of our significant partners in that event, it will be the Coalition for Veteran-Owned Business, which Vivian Greentree is going to present on in a moment.

Supply chain diversity, this is critical. We spent some time, as I said, focused on federal procurement. Do you have any idea how big the business is in the private sector? It's at least 10 times larger than
what's available in opportunities in federal
cProcurement. So, right now there is an
inceivable appetite to have veteran and military
spouse-owned companies in supply chains. So,
that's what we're going to hear about in just a
moment.

I think, Ed, I will turn it back over
to you, unless there are any questions over
what's going on in OVB right now.

(No response.)

CHAIRMAN FIELDER: No questions heard,
then Vivian, welcome.

DR. GREENTREE: Yes, sir. So, during
the break, we put the packets around for
everybody to find out a little bit more about
the CVOB case, we missed it during the
presentation, and I also put in there a
one-pager about First Data.

Hi, my name is Vivian Greentree, I run
our military and veterans affairs programming,
which covers our employment, education and now
entrepreneurial initiatives, including the
Coalition for Veteran-Owned Business and the
Center of Excellence for Veteran
Entrepreneurship at the University of Syracuse
A little bit about First Data. We are a global leader in payment technology and business product solutions, and so that's why our entrance in veterans entrepreneurship comes from. On any given day, we have about six million merchants in about 70 countries who use our products and services to safely and securely enact over 2,000 transactions per second. We partner with over 3,500 financial institutions, and given that network, why wouldn't we leverage the synergy that we have with our corporate partnerships with MasterCard, Visa, American Express, PNC, Wells Fargo, Bank of America, Chase, why wouldn't we use those -- that network to create a platform, a national platform to support veteran entrepreneurship.

So, the Coalition for Veteran-Owned Business was launched on May 5th of this year. Several of our partners are at the table, SBA, American Legion, the Chamber of Commerce, and it's a first-of-its-kind national platform aimed at providing entrepreneurship training and education for transitioning service members, veterans and their spouses so that they will be
successful with their business ventures. So, it will provide entrepreneurial education and training, business products and solutions, an opportunity for commerce, both the business-to-business and the business-to-consumer models, as well as opportunity and access to private sector supply chain, which Barbara mentioned earlier.

We know that, I was going to say, and there's a lovely picture of Barb on there. And that was at the launch on May 5th, and this group probably knows better than a lot of other groups that we talk to about the opportunity profile that comes with the military business community. We know that of the more than 27 small businesses in the U.S., about 2.5 million are veteran-owned, and that's actually I think a conservative number, so we will go with that, so with 9 percent, that still creates a huge opportunity profile for those wanting to provide access to capital, franchising opportunities, marketing, telemarketing technology, and we know that they produce over $1.2 trillion in revenue per year. They employ about six million employees. They are more likely to be successful.
All of these things are very important to corporate partners who want to get involved, and I think I skipped over that part, but those are the founding members of the CVOB on the bottom that we continue to continue to grow, but each of those, we were all working independently.

For example, First Data, one of our first ventures into entrepreneurship around veterans stemming from our employment program was what we do every day is help businesses grow their business. So, what could we do, what product that we have could we do. So, and in your packets it has we created a veteran business offer. And as we were doing that, and taking the lead from others like USAA, and Verizon on their employment side, we were all thinking, well, you know, USAA is very interested in the supply chain part, Walmart wanting to have more of their products and services within the U.S., wanted to focus on veterans, but any one of us doing this alone was kind of we all -- they had manufacturing, some had each year, but veteran-owned businesses didn't know about them or with the access to
capital, we had certain groups like SunTrust who were very interested in the small business model and providing mentoring services to small businesses, but didn't, you know, how do you break into the veteran-owned business community?

Just like the employment situation a few years ago where all the companies were saying where can we find veterans to hire and veterans were saying how do I translate my resume? We're about at that same place right now with veteran-owned businesses where we have a huge amount of interest on one side and a huge amount of need on the other, and where the two shall meet shall be this, you know, will create the next greatest generation in veteran and military spouse-owned businesses.

And, so, I didn't want to take up a lot of time talking about -- I mean, I think the key pillars around the coalition is really the access to entrepreneurial education and training, the access to business products and solutions, and the access to commerce and to the private sector supply chain. And as I think Barb mentioned that there is, you know, in as much as veteran-owned businesses want to get
into federal contracting, we want to support
that and support that process and knowledge as
well, and Lockheed Martin is one of our founding
partners, but we know that there is a whole wide
world out there on the private sector supply
chain with goods and products and services that
we would like to introduce veteran entrepreneurs
to and that's another reason why we were so
excited to sponsor the Reboot, knowing that, you
know, educated and informed entrepreneurs are
obviously the best entrepreneurs and we want to
do everything we can to provide the goods and
services commensurate with the sacrifice that
these entrepreneurs have provided -- and their
families have provided the country.

By the way, they are very -- they have
a very successful profile and that's also good
business, which always helps when you're in the
private sector. But I did want to close with
the summit, the first in-person CVOB summit that
we will be having in Dallas on November 6th, in
partnership with SMU's Cox College of Business.
They were really excited to, when they saw the
coalition launch, which is something we hadn't
focused on as much getting universities
involved, but when they reached out and said,
this is excellent for our business school,
Dallas is a thriving ground for veteran
entrepreneurs in general, but veteran
entrepreneurs have certainly abound there.

So, this day, and there is an agenda in
your packets, too. It's getting past the kind
of the why we need to do it trying to sell the
corporate partnerships. We are, right now,
overwhelmed, quite frankly, with corporate
partners who want to come on board and what
working groups to put them on and how they best
fit in to leverage their own networks and
resources and goals and missions.

So, what we all really want to -- what
the corporate side wants to do is now dig in and
drill down in the areas of their interest where
they want to reach veteran-owned businesses and
where we know that veteran-owned businesses have
interest in, which is that access to capital.

Franchising opportunities. We have VetFran,
UPS, 7-Eleven coming to talk about franchising
opportunities. We have building your brand with
Disney, right, like if you -- who doesn't want
to build their brand like Disney? We have
access to private sector supply chains with USAA
and Walmart. We have leveraging technology, and
all of these topics that veteran-owned
businesses have consistently shown that they are
interested in and need access to or lower the
barrier for or a resource or information about.
And, so, that's what this first day summit will
be, and then we'll follow up with what I assume
will be a good football game between SMU and
Temple, although as a Georgia fan myself, I'm
probably more interested in the tailgate, but
it's a great networking opportunity, the
tailgate is for veteran-owned businesses to come
and then talk about with the subject matter
experts, that they will have access to all day,
then to be able to follow that in an informal
setting where they will be able to follow up
with all those questions that they may or may
not have been able to get in the breakout
session.

We think that this is going to be a
very successful model. We've integrated
elements that we've seen from past events around
veteran entrepreneurship to try and take the
best practices that we could with the small
amount of time that we have, and so we're really excited for the potential of this and then hosting more of these throughout the year.

We'll also be signing on new CVOB members, which is exciting, and a local part of -- as part of VetFran's commitment, the CEO of Sports Clips, Gordon Logan will be giving the keynote for lunch, which is really exciting to see a very successful veteran entrepreneur who also now through his franchising provides other veteran entrepreneurs the opportunity to pursue their dream, and then, by the way, you know, kind of the second order of effects is then they hire veterans and so it's a very rising tide lifting all ships.

So, that's the summit that we have coming up. And if you want to flip to the end, you know, we know that veteran entrepreneurship is now taking the place of veteran employment as the next greatest cause that we can rally around public and private partnerships, and knowing that, you know, the government can't and shouldn't do all and that there's a huge business case given some of the numbers that I talked about and others that we have been
collecting for an infographic to show just what a business case there is for supporting veteran and military spouse-owned businesses, so to have this kind of synergy and tidal wave national platform is very exciting, and we know it's not something that anyone in this room takes lightly, and also that you guys are in the best position to do the most good.

So, thank you for letting me present, and if I can take questions now or afterwards, I'll be here.

CHAIRMAN FIELDER: Questions?
(No response.)

MS. ROTH-DOUQUET: Thank you, Vivian, what a great presentation. So, is this the kind of thing we can promote to our networks for people to participate in?

DR. GREENTREE: Yes, please.

MS. ROTH-DOUQUET: It looks like a wonderful day.

DR. GREENTREE: And it is different, I think, than a lot of -- it's expansive in the fact that it includes military spouse businesses, which is sometimes harder and more thorny to do given the certification issues.

DR. GREENTREE: No.

MS. CARSON: We have come together, it's a partnership truly. So, there are -- there's a special effort, for example, around the food industry, if you would like to speak to First Data's portion of that, but it will be an SBA program that is run by district offices, that's where the scheduling will be run, using the efficiency of the current infrastructure that we used for Boots to Business, for everything from the registration to actually putting on the program.

What the partnership makes possible is covering the venue costs, refreshments, because Reboot is generally a two-day program, sometimes compressed to one. So, that's where the partnership was essential. We couldn't grow to scale it across the United States without that.

Can I add, on top of the CVOB portion that we just talked about, what SBA has asked for gently is that members would consider participating in American Supplier initiative events where that is match-making, and pretty
sophisticated match-making that I told you you
will see an example of in Atlanta and Chicago,
where business owners send in a very detailed
profile and those companies that are coming with
opportunities also have a lot of detail, so that
there are better chances that there will
actually be a transaction that happens.

That is something we're proud of that
infrastructure at SBA, and are giving CVOB
members a chance to put their money where their
mouth is and come.

DR. GREENTREE: Yeah.

MR. PHIPPS: What's the registration
fee for veteran-owned small businesses?

DR. GREENTREE: There is not one. And
there's no --

CHAIRMAN FIELDER: So, but there's a
registration process?

DR. GREENTREE: So, we have a
certifications working team, who will be
pursuing that certifications area. Right now,
there is no -- there is no fee for registering,
but registering as a VOB through the CVOB allows
them access to our calendar of events that all
the organizations on here and like the SBA will
be compiling a calendar. Resources, you know, targeted resources provided by the members of the coalition. It doesn't mean that, you know, it would certify you through the SBA.

We are also, though, with the certifications working group coming up with that transparent kind of process that says if I'm a VOB and I want to do this, then I need to have this, you know, this certification and this certification, what third party certification means, what NaVOBA certification means, what SBA, what VA, what the process is, points of contact. We really want to demystify the process, but we're not looking to create another process.

MS. CARSON: Thank you, Vivian. And if you're talking about an ASI registration fee, that one I don't know the answer to, so I owe you that. And one more thing that we have asked is that as you know, in federal procurement, we do have -- Quickpay, you know, if you get a valid invoice and pay it timely, that's another thing that we have brought forward to the CVOB as a commitment to make to these companies that they do business with.
DR. GREENTREE: Right.

MS. CARSON: Whenever -- well, it's hard to get that in writing from such a diverse group, because everyone has their hurdles that they need to clear, but we have said that within 15 days of a valid invoice receipt, that we will pay those companies. That's what we will continue to beat the drum for.

MR. PHIPPS: Good luck.

MS. CARSON: Well, you can't -- it's great to convene, but if we have certain things that are better for the community, we should put those out front, and that's what we're doing.

MR. PHIPPS: There could be actually a process where the reasons why Quickpay doesn't happen to be brought out because there are very specific reasons, especially in government contracting, what the primes do to bleed the subcontractors is a matter of red tape and flowdowns that maybe aren't necessary, maybe capture some of that data to go along with that Quickpay.

CHAIRMAN FIELDER: Vivian, thank you.

DR. GREENTREE: Thank you.

CHAIRMAN FIELDER: Echoing some of
Barb's earlier comments, we as a committee sometimes focus on contracting and government contracting specifically, and I think the realization, and we came to this realization a couple of years ago, that it's 10 times the market, and what you guys are doing in the sense of assembling this very credible and impressive list of corporations that want to move beyond the employment issue, which is where many corporations seem to be stuck, unless they're in federal procurement, but moving beyond that is just admirable, and we thank First Data and your coalition for doing that. Thank you.

DR. GREENTREE: Thank you.

CHAIRMAN FIELDER: Many of the committee members had asked Barb and I for information related to the Veteran Entrepreneurial Transition Act of 2015, and as we were sort of preparing our agenda for today, we thought we would do a -- just a 15-minute introduction on the topic, and we've invited Caroline Prosch to do that for us, and she's with Senator Moran's office.

MS. PROSCH: Good afternoon, good morning, something. I'm used to sitting behind
my boss in front of the mic', so this is a
little unusual for me, but thank you for having
me. Barb, thanks for extending the invitation,
and Davy, to you as well.

I'm Caroline Prosch, I'm Senator Jerry
Moran's military legislative assistant. This is
Emily Wilson. We both work together on veterans
issues and defense issues for the Senator.

So, I'm here today to talk about the
Vet Act, and I don't want to bore you, running
through the legislation, running through the
text, but I think that running through the text
essentially spells out exactly what we're trying
to accomplish. So, I'm going to go through, but
at any point if there are questions, feel free
to jump in.

A little bit of background. The
genesis of this bill really stems from a few
years of talking about the what-ifs of allowing
a veteran to use their GI Bill benefit for
something -- to start a small business, other
than higher education. And in 2012, working
with Davy and a few other folks, Senator Moran
created a roundtable to have a broader
discussion. Barb was involved, and a few
others, to just talk through what this might look like. Some nonprofits were there, the Kauffman Foundation, if you're familiar, was there. And a few veteran-owned businesses.

So, what scenarios or what courses of action could we take that would be amenable to all sorts of folks moving forward, particularly the VA, veterans themselves.

So, it's something that we've been working on, and earlier this year, we took a bigger step forward in actually putting some text down. What was presented before the Small Business Committee in the Senate was about the 18th iteration of multiple edits and revisions and really trying to get it right. And, so, I provided that history just as a context that we don't take this lightly. Senator Moran wants to make a very concerted effort that if we're going to try to accomplish a change like this in the U.S. of the GI Bill, that we're making a very strong effort to be extremely thorough and thoughtful with what this might look like.

So, jumping in, the way this is designed being thoughtful is it's a pilot. So, first and foremost, this is a proof of concept.
We're trying to test what this looks like for a veteran to use their GI Bill benefit to start a small business. And I -- that is fundamental to this entire construct, because this is not permanent, it's a three-year pilot, full with a Congressional report to Congress and also a GAO report.

So, again, trying to assess the feasibility of what this might look like and the success and potential failures that might occur, and then assessing the pilot itself, the construct along the way.

Okay. So, a big component to this is that it's SBA-administered, and that was intentional from the start. And I guess what's also unique about talking about this today is that your committee also has a role in the implementation of this pilot. And I think it's a great opportunity for the committee, given the work that you do in research, and discuss and then try to implement.

So, administered by the administrator for the SBA, and the language says throughout in consultation with your committee. When you jump through just running through the subsections,
it's -- the criteria of the type of business enterprises is something that you would consult on. So, it's franchises, it's someone, you know, buying a business from someone else, a photography shop, for example, or someone who has the idea of a startup, and wants to learn more about what that takes with a tech idea or some other sort of startup.

So, your involvement in setting what that criteria looks like for business enterprises and then criteria throughout, and I'll get to that.

This is a pilot for 250 grants, 250 eligible veterans. We wanted to implement geographic diversity just like the GI Bill in some states, the value is higher, depending on the locality, and so we wanted to make certain that this was across the United States and not just centered in one state or another.

Like I said, it's a three-year pilot. To apply, the time frame for application is not later than -- you have to apply within the first two years of the pilot. And the intention of that, of course, is that we want to assess how well veterans do, and if it's through the course
of the three years, they, you know, apply at the very end, it doesn't make much sense for them to start up their business.

Documents required, we go into very great detail as to what applications look like.

Side note, and this is, again, sort of throughout, we wanted to be very detailed and thorough in legislative text without the overreach of, you know, telling SBA how to color.

You know, we want to give, of course, the administration, the administrator, the ability and the committee to decide how this -- how this is going to function and what this looks like. There's only so much specificity you can have in text where you're overlegislating it at that point.

But we do go into great detail as to what is required in the application process, and one of those, just to note, is that a veteran certifies that they must complete an education training program, and I'll get into what that means in another section, as far as the educational training, but that they also certify that they understand they will not, shall not
receive grant funds until they meet and complete
the training requirement, as well as an improved
business plan by the SBA.

And then we leave it, again, sort of
open-ended to say, if there are other
certifications that the committee and the
administrator should come up with, those are
criteria that you can set into the application
process as well.

I mentioned business plan. Oh, we also
touch on the employment status. Just like a
veteran who is pursuing higher education, if
they are a part-time student or a full-time
student, we wanted to acknowledge and have sort
of equal bearing in this circumstance that if
you are a full-time employed person, that an
allowance or additional assistance as it's
described later must also be calculated and
caveated to the point that you're not receiving
the full benefit if you're employed and
receiving income from other means.

Okay, jumping into sort of the meat of
this, is the entrepreneurship training. We
wanted to, in the realm of not overlegislating
or recreating the wheel or creating something
new, in discussions with Barb, her team, there's
tremendous infrastructure within the SBA.

There's tremendous infrastructure with other
training organizations and curriculum that can
contribute to the education of the veteran as
they pursue the development of their business
plan within this pilot.

We didn't want to create, in the pilot,
a whole new realm of training when there's
already substantial resources out there. So,
spelled out into the text are approved programs,
and those approved programs are all SBA
programs, but at the very end, again, we leave
some flexibility for the administrator and your
committee to include other programs. And, for
example, a veteran pursuing a startup would
benefit more from an incubator or startup type
training. The bunker being one such incubator
that could provide that sort of assistance and
advisement.

Also, the Kauffman Foundation has their
FastTrac program that's across the country,
provided from multiple educational institutions,
and other means, and that's another program that
these two entities actually have MOUs or MOAs in
the works with the VA right now to be able to
provide their curriculum to veterans cost-free,
but in the interim, those might be entities that
the administrator and your committee approve as
a training program.

It goes into detail, I won't run
through, but it goes into detail as to when you
apply for the grant, what substance you need to
provide in explaining your business plan, and
the business enterprise that you're trying to
pursue, economic indicators, market data, that
type of information.

I think I mentioned this briefly, but
once they enter into a training program, a
veteran is required to have an advisor, someone
that they can lean on, count on, and seek
support from as they learn about how they're
going to create their business, and most
importantly develop their business plan.

This is where -- this is something
that's in the report to Congress. We want to
assess that advisory role. We want to make sure
that that advisor is someone who is capable
enough to have to take on that role advising
that veteran, and that's something that the
committee, your committee, and the administrator and the SBA would have a function in overseeing.

Specifically, when the veteran creates their business plan, you will have the committee and the administrator have the ability to approve it, if the advisor disapproves, or disapprove it if the advisor approves. You essentially, you have the final say on whether it's a sound business plan moving forward for that veteran, which I think is critical. Again, it's sort of another hurdle or another check and balance to make certain that how that veteran moves forward is in a way that makes sense and there's enough oversight to make sure that they have the best possibility to succeed.

Getting into the maximum amount, the maximum amount of the grant would include what I mentioned earlier, additional assistance. So, again, we're trying to keep all things equal of housing allowance and how that translates from traditional GI Bill to this circumstance. It would include the amount of the grant, the grant going to the actual creation of the business, the implementation of the business, and it could include the cost for the educational training
that is not cost-free.

So, if, for example, you approve a training program that's $750 for that veteran to take, and it's a 12-week program, whatever it might be, but it's something that the veteran has sought out, that they feel is the right fit for them, and that it's something that you approve $750 then could be contributed as part of the grant, the overall grant.

The grant maximum, again, equating to the GI Bill, is the maximum amount that they -- 36 weeks -- 36 months?

MS. WILSON: I think.

MS. PROSCH: Or 38 months? The maximum amount of education that they would pursue as part of higher education. It's the equivalent in this same circumstance.

In some cases it may not seem like a lot, it may seem like a lot, but it may not seem like a lot of money, but at the end of the day, it's about giving them the resources and a little bit of capital to maybe pursue that larger loan.

So, I just want to note that it's not the end-all, be-all. Veterans are not entering
this situation, they'll have enough information up front, believing it's the end-all, be-all for starting their business, but it's something more than they have and it's using a benefit that they have earned. So, that's the whole purpose behind it.

Any questions thus far? I've been going.

MR. McADAMS: This is Rich McAdams, what does 38 months, what does that equal in dollars?

MS. PROSCH: It depends. It depends on the state, and what the maximum amount of a state university is, which is why we try to have the geographic diversity. For example, California is going to be much higher amount and level than the state of Kansas might be. So, it varies, but the VA does have a cap.

MR. McADAMS: Okay. So, it's the maximum for in-state tuition?

MS. PROSCH: Correct.

MR. McADAMS: Within that state?

MS. PROSCH: Right.

(Inaudible speaker.)

MS. PROSCH: Yes, ma'am. Yes, ma'am.
Which is spelled out here as well. Upon initial review when people see that detailed explanation of the E-5 equivalent, it's what does this mean and what are you getting at, and so we put in a paren, you know, similar to title, Chapter 32, Chapter 33, Title 38, to make it very clear of what we're trying to accomplish as far as the calculation.

MR. HUBBARD: Hi, Caroline, this is Will Hubbard from Student Veterans of America. How are you?

MS. PROSCH: Hey, Will, I'm fine, how are you?

MR. HUBBARD: Good to hear from you again. I had a quick couple of questions. Just a second ago it was mentioned what is 38 months. Is it 38 months or 36 months? I didn't know if there was two months added for some particular reason.

MS. PROSCH: All right. I'm a little nervous. Thirty-six.

MR. HUBBARD: Okay. And then, also, as far as the maximum allowable amount for the total dollars, is that -- I thought when we discussed that it was regarding the private
tuition fee versus the in-state tuition nonpublic costs.

MS. PROSCH: I think this is also something where I'm going to kick it back to what the SBA's role is and the administrator and how they look at and assess private versus in-state. Our intention is in-state.

MR. HUBBARD: Okay.

MS. PROSCH: To make all things equal.

MR. HUBBARD: Gotcha, gotcha. And then, also, as far as the version that got on the committee, does that version, is that 1862 or 1870, and does that impact the Title 38?

MS. PROSCH: The first part, yes, it's consistent with 1870, with a few really great additions that the committee added, including the GAO report, and then to your second part, yes, Title 38.

MR. O'FARRELL: Caroline, this is Jim O'Farrell. So, you're pushing this ahead because of what's going on in the marketplace that you see a need for this? What's going on with the use of the GI Bill? Some of us have read some articles about that maybe it's not being used quite as much. Can you address any
of that?

    MS. PROSCH: Sure. We have some
one-pagers to pass out, also, that sort of go
into our substantiating guidelines, but I think
the CVOB just presented some data that what
we're seeing is that -- and, Will, you might
disagree, but the statistics may be off
slightly, but veterans aren't using their GI
Bill for education at a rate that we might
expect. So, I'm not going to put it in any
specific terms. There are statistics out there,
unfortunately, I don't think the VA, not I don't
think, I don't believe the VA has the -- enough
data to be able to present to us who is using
the GI Bill, who is not, to the rate of how
successful the program is. And then you have
to, you know, qualify what success means, of a
veteran actually finishing their program of
record, which isn't very high either.

    So, this legislation is not meant to
deter from higher education, to be extremely
clear. This legislation is about giving
veterans a choice, and the option to use their
education benefit in a different way, starting a
small business, rather than pursuing that higher
education. It does not mandate that they must use this choice or execute this choice, it's self-selection, it just means they have the option.

MR. O'FARRELL: And Jim O'Farrell with a follow-up then. So, under what conditions or terms could the pilot program be continued or terminated? It is a pilot, so it doesn't necessarily just go on --

MS. PROSCH: Right.

MR. O'FARRELL: -- you know, into infinity. It has some sort of a time limitation.

MS. PROSCH: It does. Typically pilots, in my experience, and there are others who know this better than I, the administrator will start looking, the agency will start looking, 18 months to a year out of extending that program. That's why the report to Congress is critical, and that's also why the GAO report is critical, assessing the pilot internally from SBA, and then assessing the pilot externally by the GAO.

And, so, that data, that analysis, that information will help inform the agency and
Congress of whether this is something that should be extended, or it's something that should become permanent.

MR. AUMENT: This is Ron Aument, I have a question more for Barb, is that the advisory committee here seems to be taking on an operational role of some sort the way the legislation is envisioned. Have you any thoughts on that?

MS. CARSON: There is quite a lot this advisory committee is empowered to do, but its for population, and this is appropriate.

MR. AUMENT: Okay.

MR. ZACCHEA: Ms. Prosch, Mike Zacchea, I run the Econ Entrepreneur Bootcamp for Veterans.

MS. PROSCH: Right.

MR. ZACCHEA: Virtually all of our veterans are working on multiple fronts, that is they are going to school, they are either employed full-time or seeking full-time employment and starting a business at the same time, so the question is, how -- is this an either/or proposition, they can use GI Bill benefits for either education or starting a
business? And the follow on to that is, how would their use of GI Bill benefits to start a business affect their access of voc rehab or other veteran educational benefits?

    MS. PROSCH: It's either/or in the sense that it depends on the grant amount that they're seeking. So, if a veteran is eligible at 100 percent for X amount of dollars through their GI Bill, and they only end up using 15,000, 20,000 as part of this grant, that delta remains for voc rehab training, for other education. It remains accessible to them. So, it depends on the grant amount.

    If someone wants to max out completely what is available to them and what they're eligible for through the GI Bill, then it is in that sense an either/or scenario, but again, it's something that they are willingly, knowingly, opting to do. And it's presenting them that choice. It doesn't mean that they have to use -- have to use this option to start a small business, it's only if they want to. Knowing that they're using their benefit to do it.

    MR. ZACCHEA: No, I understand that
they don't have to start a small business, I'm just wondering if -- thinking about and knowing how people use their benefits and I think that one of the reasons that you're finding that veterans are not using their GI Bill benefits at the rate that you might expect is because they're husbanding their educational benefits and the first option that they go to is the voc rehab, and many of our veterans, as they're pursuing starting a business, are also pursuing a business education, whether a bachelor's degree or an MBA, and that's whether they're, you know, mid-careers, transition or second career transition, now having retired from the military.

So, it's I think an issue that ultimately we would have to -- or you would have to or we would have to work through to figure out how that whole thing would work, the interaction of the various educational benefits and what goes where.

MS. PROSCH: Sure. You know, part of the intent in the legislative text was to, again, not be prescriptive in the VA funding side. And the funding side generally. There
are -- there is still an openness in how this is implemented from a funding scheme.

So, and that's something that we have discussed with the folks who are on the line. So, I think it's something to be addressed, but there's a way to do that with the way that this bill is written.

MR. HUBBARD: Hey, Caroline, this is Will again. I just actually wanted to clarify something. You mentioned that -- and I've seen it come up a couple of times, the non-use of the GI Bill or the lack of use or shortage of use, however you want to term it. What data were you looking at to get that? I couldn't find that anywhere.

MS. PROSCH: Oh, that's Kauffman Foundation -- no, not Kauffman Foundation, it's SBA data, it's Census data. I mean, it's available on SBA's website, it's available open source on multiple web sites, but, will, I was very careful to say that I am not going to mention any specific statistics because there is varying data and you make a very relevant point, but from where I sit and the things that I have read, it may not be being used to the extent
possible.

MR. HUBBARD: Okay. Yeah, I just think there's a challenge and it's important, as you point out, to caveat that, because given that individuals have 15 years to use their Post-9/11 Educational Assistance Act benefits, you know, it would be tough to say people haven't used it yet, or aren't using it, because I mean, we haven't even hit that limit on that time frame yet.

MR. WEIDMAN: The suggestion, I think -- Rick Weidman, Vietnam Veterans of America and VET-Force. The model you may want to think about, because it is always a danger that in black letter law you try to be too specific and guard against it getting messed up. And, in fact, there is no guarantee against messed up. Scene designers for the theater are always trying to make their sets actor-proof, and there's no such thing. Somebody is always going to figure out a way to fall and get hurt. But where you can put down the parameters of what you and the Senator and you all envision is in the committee report, and the committee report for 10650 is still the very most valuable
document. I'm sure everybody on this committee has already read that, and if you haven't, I think it's still on the general counsel site, excuse me, of the Office of Advocacy site of the VA -- SBA.

So, those are the documents that really can put down -- not necessarily in a prescriptive way, but what are the outcomes that you envision? In other words, it gets at the intent, the Congressional intent behind the law, which is the key, and referencing the report even in black letter law is often useful, and to make sure that the key elements of that fund that sway into conference report if, in fact, you have to conference with the House, would just be any suggestion.

And once again, thanks to Mr. Moran for many things, both on the health side as well as small business side. Thank you, Mr. Chairman.

CHAIRMAN FIELDER: Just as a followup to Rick, one of the things that we laid out on our website, if you will, is if we have published and put the public laws to include 160-50 on our web page so that they're accessible as they affect the committee.
MR. MOROSKY: Hi, this is Alex Morosky from the Veterans of Foreign Wars, and I just wanted to -- the VFW felt that it was important that we may want to register some of our concerns about this concept for the benefit of the committee, and I've already met with Caroline, so she knows where we stand on it and I think we're kind of at a point where we agreed to disagree on a couple of points.

So, as far as just the general idea of the concept just goes, forfeiting a GI Bill benefit in order to get a grant to start a small business, we really feel like education and entrepreneurship should be looked at as sort of mutually supportive, that it's not one or the other, that just because you want to start a small business that you wouldn't necessarily benefit from an education. That's one.

Two, you know, even though the bill was written in a very thoughtful way in terms of sort of vetting businesses, only giving the grant to ones that are likely to succeed, there are still going to be people who end up with
small businesses, and then, of course, we feel like the education benefit should be there for them as a safety net.

So, you know, those are two things that really concern us about the idea. You know, one of the things that you hear about a lot is how the original GI Bill of Rights had a small business component to it, and that the post-9/11 GI Bill should also have a small business component to it, and that's a good point, but it's also important to remember that the education and small business components of the original GI Bill were not mutually exclusive.

In other words, it wasn't a one or the other thing back then, we don't see any reason why it should be. And we sort of think, as far as our concerns go, you know, we're a little -- we're a little reticent to see the GI Bill Trust Fund used as a pay for new programs that are not related to education. You know, there's a slippery slope there that, you know, we're not really comfortable with. You know, this is a good idea.

Maybe it's a pilot program, like Caroline pointed out. That, by its very
definition, means it's unproven. I think we would really like to see, ideally, a pilot program that implements the grant program with the vetting process through SBA, but doesn't necessarily require the pilot members of the program to forfeit their GI Bill benefit before we get that report, and we feel like standing up the program on its own without the GI Bill component is probably the responsible sort of incremental step towards setting up a program like this. So --

MS. PROSCH: Alex, great to hear from you. To the last point, there's nothing in this bill that stipulates that the pilot must use and the veteran must use their GI Bill benefit, and that's something we've discussed.

MR. MOROSKY: Right.

MS. PROSCH: So, the funding stream, as I mentioned earlier, is not defined here, and that was intentional.

MR. MOROSKY: Okay.

MS. PROSCH: So, you know, the intent was that this is an SBA-administered program, that was very important to us, because SBA has the expertise to support veterans in pursuing
small businesses. The VA does not. In the VA's
comments back to us, when we asked for their
views on this bill, very much consistent that
they don't want to manage such a program, but
while at the same time, remain neutral and did
not oppose the program.

To some of your other points, I just
want to note that when this went through the
Senate Small Business Committee, some of the
reporting language addresses some of the
philosophical underlying concerns that you've
presented in the past, and today. And it
addresses the issues of fiscal responsibility,
duplication of other pilot programs,
potentially, as well as whether it remains
consistent with the GI Bill.

So, there are some underlying reporting
requirements are going to address analytically
your concerns. Your concerns are not like --
unlike ours, and I think for most people who
look at the concept, we don't want veterans to
fail. We don't want veterans to go through an
experience and feel like they've wasted, you
know, their GI Bill benefit. We've tried in a
very concerted way to put as many measures and
parameters in place to have the highest level of success. It's not going to be perfect, and that's why it's a pilot. This is a proof of concept to test what works and what doesn't, and again, then an analysis internally through the SBA and externally through GAO to address all of these factors.

So, this is not law, it's not permanent, so while we understand your concerns, and again, they're ones that we share, to some degree, there's a fundamental difference of what we're trying to accomplish by testing this scenario, because it's a desire among veterans. Not that there isn't a desire for education, but there's a desire among veterans to use their benefit and have the choice to use their benefit to start a small business. But thanks for your comments.

MR. MOROSKY: But that's only because a program like this doesn't exist, though, right? A grant program doesn't exist. I mean, I think if any of those veterans who are looking to start small businesses and for some reason feel like they're leaving money on the table because of their GI Bill, if they were offered -- if
there was a program that allowed them to access
the same amount of capital without forfeiting
their GI Bill, I don't know anyone who would,
you know, want to forfeit a benefit that they
haven't used yet.

So, I guess that's kind of where, you
know, we stand on it still, but we can have more
conversations about this. I just really wanted
to register VFW's opinion for the committee's --
for the record for the committee. That's all.

MS. SANCHEZ: Alex, this is Ami
Sanchez, I actually work for Ranking Member
Shaheen, who worked on the modifications to the
manager's bill for S-1870, I think. You know,
in my conversations with her, she was very clear
that she shares your concerns. This is, you
know, as Caroline mentioned, it is a pilot and I
think, you know, to Mr. Weidman's point about
using that report language, the process isn't
done. We still have the report that accompanies
the bill that we fully intend to utilize to
encapsulate these concerns so that, you know,
when this pilot or, you know, should this pilot
become a point of implementation, you know, at
that point where we -- you know, the powers that
be seem to want to decide whether or not to make it permanent, you know, we have that on the record to show, well, these were the concerns, you know, and to the extent that we in that process, in the process of implementing the pilot, learn about things that need to be addressed or, you know, maybe new things that we never even considered that authorizers do, and we take that I think for my boss, for the chairman, I don't want to speak for the chairman's boss or for the chairman myself, but I know for my boss we take those concerns and that role of ensuring whatever we do make permanent is appropriate, we take that seriously.

And, so, you know, I would love to talk to you offline, you know, I'm sure the chairman's staff would also love to talk to you and see that -- and make sure that we get in the report that accompanies the bill really does capture your, you know, yours and others concerns appropriately.

MR. MOROSKY: We would be happy to do that, thank you.

MR. AUMENT: This is Ron Aument. There
doesn't seem to be nearly as much activity going 
on in the House side on this area right now. 
Can you speak to that? Is there -- is there 
going to be something that's going to be 
spurring that activity there as well? 

MS. PROSCH: We do have a companion, 
actually, from Congressman Fortenberry. 

MR. AUMENT: But it's not even before 
the --

MS. PROSCH: It has not been.

MR. AUMENT: -- the Veterans Affairs 
Committee.

MS. PROSCH: No, well, it would go 
through Small Business, but I don't know if it's 
on their agenda, their calendar, for the 
legislative hearing this month, or next.

MS. SANCHEZ: This is Ami. I can tell 
you that, you know, the Senate Small Business 
Committee has been incredibly active. I think 
if you look historically over the last sort of 
past several Congresses, you know, what have we 
done. You know, I think this Congress, we've 
probably been more active than we've ever been, 
and I'm not just saying that because it's one of 
my favorite bills on the agenda.
So, you know, I think a lot of it was led by the Senate, and we're looking forward to having conversations with our counterparts in the House about how to move the ball forward.

You know, jointly, we have a precedent set with the Veterans Entrepreneurship Act, which not only permanently waived the -- you know, codified the fee waivers available to veterans on certain SBA-backed loans, and it ended up being the vehicle by which we, you know, increased the statutory authorization level for the entire 7(a) loan program.

So, realizing that that was the vehicle to get this larger thing done, I think it highlighted, it elevated the importance of veterans entrepreneurship and veterans small business ownership to, you know, all of Congress, frankly, but, you know, particularly to our friends and colleagues in the House.

MS. ARTIS: I just have a comment.

CHAIRMAN FIELDER: In an attempt to stay on schedule, I'm going to take two more questions and then let Caroline wrap up.

MS. ARTIS: Well, my comment as a veteran, I just want to applaud the efforts. I
think it's a great idea and I do hope that you all decide to work around all the little small issues to get it in place, and I say that because I was an entrepreneur before I joined the Marine Corps, before I joined the Marine Corps I operated as an entrepreneur. So, if there was something in place that had more of an encouragement behind me going to school so that I can be a better entrepreneur would have been hugely beneficial to know about while I served, instead of there's a GI Bill for you to go to school. Well, I'm not really like so-called interested in just getting a degree, I want a career in certain things, and being an entrepreneur, you're thinking that way. So, to know that you can add both would be excellent. Thank you.

MR. FIELDER: Please identify yourself for the recorder.

MS. ARTIS: Yes, Laurie Artis, I'm a small business owner, as well as a member of VET-Force. Yes, and I testified at the hearing. I'm glad you remembered, thank you.

MS. ROTH-DOUQUET: This is Kathy Roth-Douquet with Blue Star Families. I'm -- a
lot of folks, veterans and military spouses, are interested in entrepreneurship jobs, but I would like to echo what the VFW said about decoupling this from GI Bill. The GI Bill is an enormously important benefit to our service members. This data about the last Census data that's from 2010, so it's quite old, and we do have 15 years to use it. Education is a particular thing, and using that money that's been set aside for education is something that we would be very loathe to see done. There are folks who want to use it to allow people to do further national service and volunteerism. There's lots of proposals on the table to get at that money for other things.

We would be more in favor of expanding the educational uses so that there is deeper kinds of entrepreneurial education, more things like general assembly. I am not against giving grants to these people, I don't want to see it coming from the GI Bill or having it linked to the GI Bill, and then I'm curious about the costs to administer to prevent the fraud and to prevent the kind of preying that there's going to be on people that always comes with a program
like this. What do you see as the incremental
costs of administering this over the GI bill,
and what failure rate would lead you to decide
that this isn't worth continuing? Thanks.

MR. WYNN: My name is Joe Wynn, I'm
with the Veterans Entrepreneurship Task Force
and also a member of NABVETS. I just want to
make a couple of comments, also, with regard to
this proposed bill. One thing I want to
mention, first of all, is that in -- I think it
was 2012, Veterans Entrepreneurship Task Force
had this very discussion in proposing the use of
the portions of the GI bill for small business.
As a matter of fact, Jim Wilfong, a member of
our interagency task force actually submitted it
in his report recommendations in 2012.

So, I'm glad to hear that we've gotten
to this point to have some discussion on it, and
it's getting to a point where it's actually, you
know, drafting some language. I was following
along in the discussion you were providing, up
until the point where it sounds like you said a
person or the veteran could opt not to use the
GI Bill for this pilot program, but I thought
that was the whole purpose of it to use your GI
Bill if you're not going to use it for education.

So, I'm kind of confused on that. Why would -- why would I opt not to and be in this program unless we're talking about some other type of grant-funded program, which that's a totally other thing to me. If we're talking about using your GI Bill instead of for education, I could use it to start my business, then let's give the veteran that option to do that.

I think you also, though, pointed out a couple of things, you know, statistics are showing that probably 50 percent of the veterans eligible to use the GI Bill for education are not using it. And, as also many of us probably know, many veterans who go to college using their GI Bill don't finish. And we're finding a lot of veterans that go to school and finish still aren't getting good jobs. Okay?

So, why shouldn't a veteran, if that's their benefit, have the option to use it to try to explore entrepreneurship as a goal? So, that's kind of where I am.

MR. HUBBARD: Hi, this is Will, I just
wanted to correct a couple of things real quick,
first off about the 50 percent number on usage,
as Caroline pointed out, it's kind of impossible
to determine at this point. And also, as far as
the graduation rates, you know, we've found with
the Million Records Project last year, that
veterans are actually graduating at comparable
rates to their civilian peers, and actually at
greater rates than nontraditional students. I
think it's important to remember a couple of
those things.

MR. O'FARRELL: This is Jim O'Farrell,
what number does the caller think is a number
that could be used and not be laughed at? Is it
75 percent are using the benefit, or is it 85
percent? What number do you think is being
used?

MR. HUBBARD: Well, so I've heard a
couple of different numbers. I've heard
anywhere from 50 percent to lower on the
discussion of this proposal, but, you know, as
we pointed out, until 2015, it's really
impossible to determine that -- or I'm sorry,
2022, it's really impossible to determine that
since a veteran has 15 years to use the benefit,
and being passed in 2008, that would be the
soonest that it would be possible to determine
those usage rates. So, you know, until that
point, I think discussing it from that angle is
really, frankly, impossible.

CHAIRMAN FIELDER: Okay, we're going to
go to wrapup. Caroline, you have the last word.

MS. PROSCH: Okay. What's that?

MS. WOOD: Can you answer those
questions?

MS. PROSCH: Yeah, I am. Because you
raised some of the fundamental things that I
think it's been discussed. On the statistics,
just as a clarification, to say that it is old
data, the Census, most recent Census, it's
supposed to be coming out, maybe it's been
released in July, is more relevant information
that we would like to use. You're correct.

Generally speaking about the
statistics, that is less important to us, to the
Senator, and to the effort, than the fundamental
desire of veterans wanting to use their benefit
to start a small business.

I understand your concerns about use of
the GI Bill, and then the opposite wanting to
use the GI Bill. This is what we run into and have run into for the last several years. From the Senator's perspective, we want to allow veterans to use their GI Bill because it's a benefit that they've already earned. That's earned, unused capital or unused funds, unrealized funds that they have earned and could implement and use and utilize in a way not only for educational training in this mini MBA scenario of creating a business plan and learning how to create a business, but also taking them from talk into implementation.

And, so, that's the fundamental idea is to, yes, use the GI Bill. While at the same time, we are cognizant of your concerns and understand what you are saying that we're leaving it in a way that allows the SBA and the VA to work on the funding mechanism. In an ideal world, maybe this is a grant supplement to the GI Bill. It's within the GI Bill, but it's an additional grant. I don't know. I'm not sure what it looks like, and those specifics haven't been worked out, and that's intentional and by design.

And it addresses a lot of what the VFW
and Student Veterans of America have outlined a few times, and it's not that we disagree. We want it to be right. And we've worked with the committee and will continue to work on fine tuning this to make it right, and you all have a role in that, too, setting parameters and criteria.

I've said this before, I'll just reiterate again as sort of a final thought that this is based on veterans like yourself who have come forward and said, I wish I had this opportunity. And we've heard it enough that we decided to take action. So that's really what it's about.

(Inaudible comment.)

MS. PROSCH: So, the cost to administer. Again, we didn't want to recreate the wheel, so some of this is internal to SBA within their -- within Barb's shop to handle the day-to-day administration of the pilot in concert with the rest of the chain of command --

(Inaudible comment.)

MS. PROSCH: That's to be determined.

CHAIRMAN FIELDER: Caroline?

MS. PROSCH: We're also working on a
CHAIRMAN FIELDER: Caroline, thank you very much for presenting to us today.

MS. PROSCH: Thanks.

CHAIRMAN FIELDER: Our next speaker and our last speaker for today is Joseph Sobota. He's going to talk on the 2012 Census Bureau survey of business owners veterans, and he's from the SBA Office of Advocacy. It will take just a second for him to get keyed up. This is our ongoing conversation about Census data and how properly to use that data and whether or not it's usable or not.

(Brief pause in the proceedings.)

CHAIRMAN FIELDER: Okay, we're ready to get back. Joseph, when you're ready.

MR. SOBOTA: Thank you very much for inviting me to come back. I've been coming to advisory committee meetings, as some of you may know, since the very beginning, and as a matter of fact, I think the very first one I went to we were talking about Census Bureau data back in 2002. My name is Joe Sobota, I'm an assistant chief counsel for advocacy, and I only have three slides here, I'm standing between you and
lunch, and I don't want to delay progress, and
my presentation here is mostly in the handout
that I just gave you, and this is by way of
giving you a preview of brand new data that the
Census Bureau just released on August 18th, and
this comes from the Census Bureau's Survey of
Business Owners, our most important source of
information about veterans and business, and
about women and business and minorities in
business and in business in general, for that
matter.

It's only done every -- once every five
years in its full form, and this time around,
1.75 million businesses were surveyed in
sampling frames that are constructed or were
constructed based on tax returns for the
business year 2012. And, you know, the data
is -- the data year is 2012, and folks say,
golly, that's kind of old data. That's factory
fresh, by Census standards. You're not going to
do any better, and our friends in the Census
Bureau, I'm not trying to beat up them in there,
they're our good friends and we financially help
underwrite this project, but if you think about
it, people don't file their tax returns for 2012
until well into '13, and some in October of '13.

So, you can't really construct sampling frames that are needed until late into the following year. And then they must go out to all these people and almost two million folks, and they have to chase folks around that don't return the data and although they're getting more -- they're doing a lot of it online now, so that's actually improving efficiency and lowering cost, but then it has to be matched with administrative data from other agencies. It's anonymized. None of the data that's used can ever be linked to specific individual businesses, so it's aggregated in a statistical way that people's identity is always protected.

So, anyhow, this data is preliminary, and that's one of the reasons our lawyers have insisted on these big copious footnotes that you see on the -- even on the slides, and it's basically to say that we expect some revisions to this, the final data will be released in December. Our experience in the past has been the numeric revisions are usually quite small. They were in the order of 1/1000th the last time around in 2007, so this should give you a pretty
good idea of where we're going. But this is one
other looming question here that has to be
resolved when the December data comes out, and
that is a minor change in the wording of the
question about veterans, and we worked with
Census and many of the VSOs and other agencies
and our friends on the Hill. We had a series of
roundtables about how to improve the veteran
question, and specifically wanting to capture
information about Guard and Reserve members.

When this was being done, of course, we
had large-scale activations for the -- for Gulf
War II, but that had also happened back in Gulf
War I, Operation Desert Storm, and it just
wasn't certain that we were capturing them, and
there were a lot of stakeholders that wanted to
capture them and we worked through all kinds of
options. Census Bureau was extremely
coope
rative in trying to develop a question in
which these could both be captured and yet we
would still have equivalent data from prior
efforts so that we could have some comparative
basis.

So, what's happened now is we just have
a top-level -- we have the results from a
top-level question that kind of includes everybody, and the new question specifically includes national have you ever served in the national -- any service branch or the National Guard or Reserve components.

There's a secondary question that was also asked, do you have any active duty service. So, unfortunately, we don't have the data on that until December, and so we'll be able to match that up with this other question and then hopefully the equivalence will be there.

Now, frankly, my personal opinion is that we're not going to see a huge amount of difference, because so many reservists and even National Guard members have had active duty and are certainly veterans, and yet there will be a few folks out there that perhaps answered in the affirmative for the question, the veteran question, top-level question who may not meet the legal definition of a veteran and wouldn't be equivalent to the prior question.

So, there may be an adjustment that we need to make. Okay, with that caveat, we're just going to proceed with the three slides and the data that you have is what it is, it's what
Census has given us so far. There might be a
few adjustments, but this is the preview of it.

Basically, one of the -- there's really
two story points that I think you can boil this
down to, and even though there's a lot of data
in there, one of the things that is very
interesting is it appears that over this
five-year period that veterans have maintained
and even grown in numbers by about 3.8 percent,
now remember that might have to be adjusted a
little bit because of the change in the
question, but it's in the ballpark, it actually
grew a little bit and actually grew more than
businesses for the overall economy.

And that is despite two big headwinds,
and one of those headwinds is purely
demographic, the total number of veterans has
continued to go down, and that's a long-term
demographic trend that's been in place for 40
years or more, and so we basically during that
five-year period from 2007 to '12 saw a decline
in the veteran population of about 7.3 percent.

At the same time, the total U.S.
population aged 18 and over, so that we're
comparing apples to apples, went up about 5.5
percent.

So, the veterans percentage of the total population went from about 10 percent down to about 8.8 or 9. Now, that's a headwind. You would expect maybe that might have an effect on the total number of businesses, yet it appears that the whole number of businesses actually went up. And, so, that's a good thing. That's a good sign.

And those businesses, as you can see on the slide that's up there right now, are distributed across a wide variety of industries. Those sectors are based on the two-digit NAICS codes, and the two largest ones, again, this time around, are professional services and construction. And the two of those together comprise about 30 percent, together that's a big chunk of everybody, but the rest of them are just all over the map, and they broadly mirror the business population as a whole. So, veterans are very representative of other groups. There aren't really big differences in this department.

We did see a slight decline in construction there, it went down by about 2
percent or so, and that, by the way, is undoubtedly due to the other big headwind, I mentioned one headwind, the other headwind was the great recession, and the great recession happened smack dab in the middle of this period, the reporting period, 2007 to 2012. So, you would expect that would have a negative effect as well, as it did. And it probably turns up in the construction sector more than any other one place.

But that's -- this is pretty interesting so far, but what I think is even more interesting is in the next slide, figure 2.

CHAIRMAN FIELDER: Joseph, could we stay with the first slide just for a second?

MR. SOBOTA: Oh, sure, yeah.

CHAIRMAN FIELDER: And I assume that when you did the construction comparison, that was thinking the number was actually higher than 15 percent, but you're referring to 2007 data?

MR. SOBOTA: No, 13.2 percent is the 2012 data.

CHAIRMAN FIELDER: Right, and when you made the comparison to the fact that what previously was at 15 percent.
MR. SOBOTA: About that, yeah.

CHAIRMAN FIELDER: You were comparing that to 2007 data?

MR. SOBOTA: Yeah.

CHAIRMAN FIELDER: That's the next data point, correct?

MR. SOBOTA: That's correct.

CHAIRMAN FIELDER: Okay. And then my second question is, where does information technology fall into these miscellaneous categories?

MR. SOBOTA: Yeah, there is actually, they just shortened that title, the full title includes professional, technical and scientific services, but there's also an other services category. Services are big, you know, and so if they were just to add up all the services, that would be by far the biggest category.

CHAIRMAN FIELDER: So, last question, based on 2012/2007 data, if construction dropped 2 percent, are there any other significant adjustments in the pie chart?

MR. SOBOTA: Yeah, I would have to actually go -- it's all right in these tables in the back, and I'm sure that there is probably,
you know, there are other sectors that would
have changed a lot. I didn't really focus on
that, though. They're going to be in that data,
though.

We didn't really get down to -- we
didn't want to get too granular on this during
this preview stage because we know the data is
going to change. I don't think it's going to
change very much, but we wanted to just do this
one down and dirty, and actually this is not
meant for distribution or publication, this is
just being used for your benefit and for the
meeting tomorrow.

But certainly we'll look at that much
more closely. In fact, this would be the time
to get a commercial in for our bigger product,
in 2007, we put together this almost 100-page
book of data on the SBO then and we will be
doing that again as soon as the final data comes
out. Actually, we may even have more data this
time -- well, we will have more data because we
expect to have Guard and Reserve data, we expect
to know more about businesses that are owned by
members of the Guard and Reserve and we will
also have a breakout for post-9/11 trends, which
we have never had before. And that's important.

We're also trying to get veteran data on service-disabled veterans, but this will come out as soon as we have the final data in December.

But if we could go to the second slide. Now, here's some interesting stuff. As it turns out, every single one of the demographic groups that are in figure 2 has experienced significant increases in the period, and particularly if you look at veteran-owned businesses that are owned by women. They were only 4 percent of all veteran-owned businesses in 2007, and that number has jumped to more than 15 percent.

And, see, I don't think any anomalies in the question, that what the question asked would account for that kind of growth. So, I mean, something is really happening there. And each one of those other groups reflected a very large increase. So, when we look at those who identified themselves as minorities, there's large growth there, Hispanic, African American, whatever, you can look at them all, they have all grown.

So, that's another part of the story
here is when we get the final data, we will be
looking at that more carefully, but I don't
expect that growth to change. We're going to
have significant growth in all of those
categories.

Now, somebody asked me, well, didn't
the women grow because there are more women in
the military now and that percentage has gone
up? And it has. But I looked at the actual
numbers on that, and during the reporting
period, women veterans in 2007 comprised 6.8
percent of all veterans, in 2007, and in 2012,
that went up to 7.6 percent. So, there was some
growth there, yeah, but not from 4 percent to 15
percent.

MR. McADAMS: Is that working age, Joe?
MR. SOBOTA: Yeah, that --
MR. McADAMS: I'm sorry, Rich McAdams.

Is that of working age?
MR. SOBOTA: No, that would be all
female veterans. Now, almost all of those, of
course, would be younger because the further
back you go the older you get and the percentage
of female veterans would be small.

MR. McADAMS: That's what I was
thinking, some of the older would be predominantly male.

MR. SOBOTA: Oh, yes, for sure. The further back you go, they're almost all male, but what that means is the landscape here is changing, and it's changing rapidly. And if you can say the five-year period is rapidly in the world of the Census, it is. So, policymakers need to be aware of that. We believe that a good policy requires good legislation and our friend, a few of you may have heard the name John K. Lopez before, who was one of the founding co-chairman of VET-Force, and chairman of the Association for Service-Disabled Veterans, and a remarkable man in so many other ways, and he is no longer with us, but Korean war veteran, survivor of the Chosin Reservoir campaign. We wouldn't have any veterans data right now but for John.

In 2002, the Census had already finalized its survey instruments with OMB and they were posted on the web and they were ready to go, and John got wind of the fact there wasn't any anything in there about veterans, and in his shy kind of way he picked up the phone
and called the Secretary of Commerce and said, hey, we need to have information about veterans.

So, at any rate, he convinced -- I almost said he convinced Census, but he was really way above that when he was talking to the secretary, and they had to pull down that survey instrument and redesign it and they decided, yes, we do need information about veterans, and ever since we've had information about veterans.

Now, we've improved the forms and we've worked with Census to improve the forms and get more data. The 2007 was an awful lot better than the 2002, and we haven't seen the final results from '12, but I'm almost certain that we're going to have even better and more interesting data in '12.

So, one more slide there, if we just --

CHAIRMAN FIELDER: A question related to that slide.

MR. SOBOTA: Yeah?

CHAIRMAN FIELDER: My experience with this kind of data in particular, which is the disabled vet data, and specifically my experience with goaling and attempting to find service-disabled veterans, there's a dilemma in
the sense of underreporting or self-reporting, and I wonder if the difference in the 2007 and 2012 numbers are skewed as a result of underreporting in 2007 and now gotten to a point where the word is out. Obviously that was the active thing that we were campaigning to do starting in the previous administration was to get people to report themselves, we are a service-disabled vet, we're a woman-owned business, and we're also a service-disabled vet or we're a minority or woman-owned business and a service-disabled vet. Finding those companies and getting them to self-report who they were was probably the most giant step in getting good data, and I suspect there might be some of this. And I know you said you're going to take a deeper dive as you get the better data at the end of the year, but I would just caution you to kind of take that into mind. Is this -- is this a big scene change in the sense of there are all these new companies, or is this underreported data from 2007 and the numbers are relatively closer together? MR. SOBOTA: Well, let me just say
this, you're quite right, whenever you have self-reported data, there's really it's very difficult to ultimately determine whether the person is telling the truth. I mean, you don't go to a lot of trouble to investigate individual respondents' answers, but we know these are all businesses, there's no question about that, because they're based on actual -- the sampling frames are based on actual tax returns, and I can feel pretty confident, nobody files a business tax return unless they actually had business income. Nobody is going to -- so, we know that they're real businesses.

Then when we -- when those who are selected in those samples, based on their business tax returns, get a questionnaire and they see that veterans question, I don't know why they would fail to answer correctly, whether if they are a veteran, why would they not identify themselves as veteran? But it is possible, and, you know, I don't know that there's a solution to that problem, but we're assuming that people that answer that they are veterans are veterans. I don't think we have --

CHAIRMAN FIELDER: Yeah, the reason I'm
drinking this up, Joseph, is that in the early 2000s when the service-disabled vet category first existed --

MR. SOBOTA: I remember that.

CHAIRMAN FIELDER: -- we were having trouble funding companies to self-identify and --

MR. SOBOTA: Absolutely.

CHAIRMAN FIELDER: And we literally campaigned to find those companies.

MR. SOBOTA: I remember that.

CHAIRMAN FIELDER: And I don't know why they don't answer, frankly.

MR. SOBOTA: I do remember the problem with service-disabled vets, and by the way, we don't have any data in this early release on service-disabled vet, we will in December. The Census Bureau regards service-connected disability as a characteristic of the owner, not the business. So, it's in the ownership questions, and then they aggregate the percentage ownership to figure out who SDVOSBs are. So, it's kind of a two-step process, but at any rate, we will have a lot more data, and by the way, I hope to come back when we have the
final data and I can give you that.

CHAIRMAN FIELDER: Consider yourself invited.

Michael?

MR. ZACCHEA: Yeah, Mr. Chairman, one of the issues about identifying veteran-owned business is about a larger issue of a definition of a veteran. There are many people who actually don't self-identify as veterans, even though they are, and there are some conflicting definitions of what a veteran is, even at the federal level. And I've actually worked with Representative Elizabeth Esty about trying to identify and define exactly who a veteran is.

So, I'll give you an example. Somebody who served in the Reserves for 20 years, but was never on active duty, never activated for a certain period of time, is not considered a veteran for benefit purposes, and may not define themselves or self-identify as a veteran, even if they're a business owner, and that's a big problem in the Reserve community.

The other thing is that many women veterans don't self-identify as veterans. They don't think of themselves as veterans, and
that's another bigger outreach issue. And the
third thing is that there are a lot of veterans
who even if they served in active duty, are
either reluctant or don't self-identify as a
veteran because they were not in combat and they
think, well, that's a combat veteran, I was not,
I don't fall into that category.

So, that's one of the problems with
this self-identification issue and something
that we're struggling with actually at our state
and trying to identify veterans and outreach to
them in a larger sense for benefit purposes and
when we do standdowns and things like that, but
I think that dynamic is probably at work as well
in this.

MR. SOBOTA: Let me just quote exactly
what the question is. This is when they sought
this survey instrument, they were asked for up
to four different owners, each owner answered
the question whether they had "ever served in
any branch of the U.S. Armed Forces, including
the Coast Guard, the National Guard or a Reserve
component of any service branch." And that's
kind of broad. That basically covers most
everybody.
Now, if they failed to answer that question for whatever reason, they wouldn't be counted.

CHAIRMAN FIELDER: Well, and again, I don't think that's Michael or my question. My question is how was the question phrased in 2007.

MR. SOBOTA: In 2007, it went like this, they were asked whether they were "a veteran of any branch of the U.S. Military Service, including the Coast Guard." And that left the determination to the --

CHAIRMAN FIELDER: And I think that's where Michael's analysis is.

MR. SOBOTA: And there are -- the underlying statutory definition is very simple, and if you were in active duty service and had less than -- and had a discharge other than dishonorable, you're a veteran. That's the broad statutory.

The other, all the other definitions are really for purposes of eligibility for programs. So, you know, this program requires A or B and you have to have so many months or you have to have a disability at 30 percent or
whatever it is.

   Basically, the overall definition is
not hard to meet. There are actually
exceptions, of course, if you're injured, even
though you never had active duty service at all,
if you're injured on National Guard training,
you could be regarded as a veteran. Or there's
actually exceptions where the Secretary of
Defense can make civilians veterans under
unusual circumstances, that happened and was
used since World War II, but covered some of our
Merchant Marine veterans.

   And, so, yeah, it's a complicated
question, but I don't think it's going to affect
this too much, but we're going to have that
deeper dive.

   MR. ZACCHEA: Chairman, just one last
thing. Actually, it is, even if the definition,
the statutory definition is simple, it is a
problem because it's fractured across different
agencies for different purposes. So,
veterans -- it creates confusion not, you know,
at individual agencies, but within the market
within people who are trying to access these
services and benefits. So, that's where the
confusion comes in and that's where there may be
a self-identification problem.

MR. SOBOTA: Yeah, can we go to slide 3 there? Now, this is pretty simple. One of our
graphics people put this together, and it
basically shows the concentrations within
states. Now, your data has three different
state tables in there, and the state with the
largest number of veterans is California, and
one of the reasons for that is it's the biggest
state, and it's not surprising California would
have more veteran-owned businesses than anybody.

California also happens to be dead last
in the percentage of total number of businesses
that are veteran-owned. So, one of the ways in
which you can control for population and get an
idea of states that have high percentages of
veteran ownership is just by -- well, I guess I
just said it, those states that have the highest
percentages are in the darker shades of blue.

And I can tell you that when I had to
testify on the Hill a few years ago, that was of
great interest and everybody asked, well, I had
a couple of members ask, well, why is California
and Texas, they're always on top, what about my
state? And that's when we decided to start doing it that way because we had more interest when the members behind the table knew about their own state instead of hearing about the very largest states every time.

And you can see where the concentrations tend to be, but as far as the preliminary data go, the states with the largest concentrations are South Carolina, New Hampshire, Virginia, Alaska and Mississippi.

These concentrations, nationally, the number is 9.2 percent, 9.2 percent of all firms are owned by veterans, but it varies a lot by state from 13.9 all the way down to 6.9. So, there is a lot of variation.

So, last slide, please. Anybody that wants to delve into this data in greater detail that's available right now can go to the Census Bureau's website at the URL that's posted right up there. Census does not have any summary data posted for this right here, you basically go into their American FactFinder and build your own queries, and if you're not intimidated by using the American FactFinder, and some people are, but once you use it, it really isn't very
hard to figure out. And all the data that I've been talking about is available to you, or the public, right now.

There will be an awful lot more data in December, and we'll be able to nail down some of the questions that I brought up here today with greater certainty, and also we'll be publishing our own product that we'll be able to post.

And that's all I have for you today.

I'm happy to answer any other questions.

MR. ZACCHEA: Mr. Sobota, Mike Zacchea again.

MR. SOBOTA: Yeah?

MR. ZACCHEA: One final question. Did you say that -- you said this information is not for general distribution, but is it embargoed?

MR. SOBOTA: No, it's not embargoed, it's just an internal document right now for us. I guess what that refers to is that the -- we have a process required by law under the Data Quality Act in which we have to go through a pretty rigorous peer review process and for data that is going to be published, we have to -- we would have to go through a long process that we wouldn't have had time to have this ready for
you here today.

This data has not gone through that peer review process, and hence we cannot publish it or we would be in violation of the Data Quality Act. So --

MR. ZACCHEA: Well, very specifically, so if I was to share this data with the state secretary of state, would that be allowed or not allowed?

MR. SOBOTA: Well, you can do what you want with it, I couldn't put it on the Internet, but you can share it with whoever you would like.

MR. ZACCHEA: Okay, thank you.

MR. SOBOTA: Yeah, and I would suggest that you tell him it's preliminary and subject to change.

MR. PHIPPS: Michael Phipps. Hi, Joseph. Just looking at table 1. So, just for clarification, kind of going back to Ed's question, when we're looking at construction companies and we're seeing the negative 12 percent, we're seeing a loss of 45,505 veteran-owned construction companies.

MR. SOBOTA: Yeah.
MR. PHIPPS: And that's a 12 percent loss from 2007 to 2012.

MR. SOBOTA: Yes.

MR. O'FARRELL: Jim O'Farrell. Along those lines, is there any way to trace, then, through Census data, whether those companies went out of business and the owner started another company in a different sector so that that accounted for growth?

MR. SOBOTA: I'm going to say no. The Census is very particular about keeping its data on individuals. It's very confidential and I don't know of any public product that does what you described. Now, the survey does have a question about firms going out of business, in fact, it has a whole serious of questions about if you went out of operation, why was that. We actually got a question included in there because of military deployment, because of activation and military deployment. I wish we had had that question at the heart of the deployments of Guard and Reserve members, now that that's down, we probably won't capture as much as it would have been useful. The Pentagon, especially, was very interested in
that number and we had absolutely no data on it.
And that's one reason that we were able to add
that question in here.

So, but I don't think we would be able
to figure out what happened to specific
businesses. We'll be able to look at macro data
and we'll be able to say that industry shrunk,
this industry grew, but I can't tell you whether
it's a specific business that did that.

CHAIRMAN FIELDER: So, that data point,
Joseph, firm went out of business, that's a 2012
data point, when is the next time we get to
calibrate that against real data?

MR. SOBOTA: The full version of the
SBO is done once every five years for data years
ending in two and seven. So, the 2017 SBO, the
data, if they don't have problems, the 2012 was
delayed. There were budget problems during the
period of sequestration that delayed everything
for a year, and as long as they don't encounter
those kind of headwinds, then hopefully we would
have the full data available some time in 2020.

However, there is a new project afoot.
There is a new project afoot that's kind of
interesting, and I don't know precisely where
they stand, but the Kauffman Foundation, a really great outfit, has worked an arrangement with the Census Bureau to do a version of the SBO annually for three years for data years '14, '15 and '16, and this will be for employers only, and it will be a smaller sample size, it will be about half the employers that are sampled for this, but that's still a lot, and it will be a lot of good information.

Now, employers are very important because they make up more than 90 percent of all the sales, and all of the employment, by definition, and so, you know, that's really going to be very useful information.

Now, the first one of these, they had planned to have data available in '16. Now, I don't know whether they're on schedule or not. So, that would be coming up this next year for data that would be for data year 2014, and because of the smaller scope of the project, they should be able to turn that around more quickly, and I hope it's on schedule.

CHAIRMAN FIELDER: Will the questions be similar to the Census questions so that there will be an apples to apples?
MR. SOBOTA: Yes.

CHAIRMAN FIELDER: Even though the sampling size might be different?

MR. SOBOTA: They will start with the exact Census SBO questionnaire. All the questions that were in the SBO questionnaire will be asked in this project, at least that's what they've announced, and then they will add some new questions relating to innovation and so on on top of that, but all of the SBO questions will be there, and my understanding is they will be identical to the questions that have been asked. So, there would be apples-to-apples comparison.

This will be very interesting, too, because it will be annual, we'll have three consecutive years right in a row to look and see what's happening. So, I'm happy to keep you advised on that. I'll check and see where they stand on that right now. It was --

CHAIRMAN FIELDER: Please do. Please do. Because I can remember my first committee meeting in 2012, and talking about Census data, and I walked away very much discouraged because we were talking about using Census data to make
decisions about service-disabled vet, doesn't matter what the topic is, any of the various topics, and we were talking always about seven-year-old data. And this is -- this is a huge change in that conversation where we're now going to be able to, if you will, migrate from seven-year-old data to potentially annual data, and maybe it's not a larger sample size, but it certainly can help with course corrections using the earlier data.

MR. SOBOTA: Yeah, we --

CHAIRMAN FIELDER: If you could report back to us.

MR. SOBOTA: I will, yeah.

CHAIRMAN FIELDER: Next time how that's going.

MR. SOBOTA: I will. It's -- everybody is very pleased that the Kauffman Foundation stepped up and provided the support that was needed to help Census do this.

CHAIRMAN FIELDER: And that's -- and this is probably the 20th time we've actually heard in this committee meeting Kauffman, Kauffman, Kauffman, we may actually think about having Kauffman come and talk to us next year.
MS. CARSON: Can I thank you for spending time on this, too? This came out August 12th, if I recall correctly.

MR. SOBOTA: August 18.

MS. CARSON: So, even shorter time. The amount of work that he did and time you put into this to turn it around and present to this committee is very timely. As you know, we don't get to convene again until December. Thank you so much for doing that, first, and second, I wanted to say, I'm only preliminarily excited, because I realized that I may have to adjust my excitement level in December when this is final, but I did want to reflect with you, this is pretty incredible. I was excited about access to capital, this is even bigger news here. When, Joe, you didn't say the amount of growth in small business overall, it was 2 percent, veterans as reported preliminarily are at 3.8 percent growth. It's amazing.

So, it's showing, yes, veterans are, as we have been saying, more entrepreneurial. If this is where they want to do business, as we often quote, 45 percent more likely to start a small business than a civilian that looks just
like them in every other demographic, military service, they want to be here in owning their own business. An almost 300 percent growth in women-owned veteran-owned business is also amazing and it validates what we're seeing in Boots to Business, for example. Women, veterans, and service members overindex in their pursuit of entrepreneurial small business ownership.

So, I'm thrilled to see that, and we are encouraging that. And we're actually, we're compelled to report on how we're doing with women veterans in a report in January, it was part of the bill that made the fee relief for vets and military spouses permanent. We also are accountable with how we're doing with women veterans, and I think it shows here that we've got a great big community to address.

And finally, here on resources, for all of us who are going back out to our communities and our organizations, this chart on where there are more vet businesses is helpful. It helps us show where there are gaps in the resources we are providing and where there's more opportunity where we could be doing better. I hope that you
will take a look at it with that lens as well.

For some states that have been very proactive in what they're doing for veteran businesses, whether it be tax benefits or trying to set aside some work for veteran businesses, some of them are having trouble. Illinois, for example. I can see why. Their density of veteran business is not as large as it can be, what can we be doing to help grow veteran businesses and let states know about where that opportunity exists for them.

So, thank you so much. You have given me and this entire body a lot of work that we can do. Appreciate it, Joe.

MR. SOBOTA: We have a lot more coming. We have a lot more coming, Barb, and so when I'm here next time, I hope to be able to talk about size of businesses, we'll talk about age of the owners, we'll talk about a lot of things. I haven't been able to talk much about sales. Sales is a big part of the portion, but some of our sales data is still missing. The preliminary data seemed to -- well, they tell us sales went up, VOB sales went up 20.5 percent, even despite this tough time.
So, there's still a lot of exciting information to come. December is going to be interesting. And all of this stuff will be posted online for everybody to look at. So, right now, there isn't a lot online except the American FactFinder where you get the queries, but after December, we hope to have an awful lot of information online.

MR. O'FARRELL: Just one quick question, Jim O'Farrell again. Education data, given our previous speaker, and the GI Bill, do you have -- will you be getting --

MR. SOBOTA: GI Bill, no; education yes, for sure. That's one of the owner contributions data and we've got that for 2007, and we will definitely have it for 2012. We have it for 2007 right now.

CHAIRMAN FIELDER: Okay, with that said, we're going to formally adjourn. Oh, I'm sorry.

MR. WEIDMAN: Just a moment, if you'll indulge me, Mr. Chairman.

CHAIRMAN FIELDER: I certainly will.

MR. WEIDMAN: I'm Rick Weidman with Vietnam Veterans of America and VET-Force.
Somebody said you don't have to introduce
yourself, Rick, you're a notorious son of a gun.
I don't know about that, but we've come to a
point where we have 16 months left in this
administration. Effectively we probably have
12. And there are things going right and there
are things going wrong for veterans
entrepreneurs, and this is really extended to
each of you as individuals, not as a committee.

If you have thoughts, both the good and
what needs to be improved and what needs to be
thrown out with the dishwater, whether it be at
VA or it be at SBA or anywhere else, if you
would be so kind as to shoot an email to Joe
Wynn or to me or to Laurie Artis, who you met
earlier today, with that analysis, and we will
not quote you unless we contact you first, and
so essentially it's an anonymous thing. We
would like if you identify yourself in a message
so we can -- if it's unclear, we can get back to
you.

And we certainly will share this with
each and every member of this committee when
it's ready to go, but we need something that for
an effect, a scorecard, about where are we and
what's possible in the next 16 months. And it really, as I said before, it's 12 months. No matter who's elected president, there ain't nothing going to happen in terms of major initiatives until at least the summer of 2017, and I know it and you all know it. So, this is really our last shot in the next few months to get something going in areas that need shoring up.

So, I'm asking for your help, and this committee is comprised of very able individuals, and I would be grateful, as will Laurie and Joe, for any assistance you might be able to lend.

Mr. Chairman, I thank you for the opportunity to share that.

CHAIRMAN FIELDER: We are formally adjourned. Thank you.

(Whereupon, at 12:40 p.m., the meeting was concluded.)
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JENNIFER RAZZINO