

U.S. SMALL BUSINESS ADMINISTRATION

INTERAGENCY TASK FORCE ON
VETERANS SMALL BUSINESS DEVELOPMENT

Friday, April 29, 2011

9:06 a.m.

Small Business Administration

409 Third Street, S.W.

Washington, D.C.

Diversified Reporting Services, Inc.

(202) 467-9200

TASK FORCE MEMBERS:

MARIE JOHNS, Chair
Deputy Administrator
Small Business Administration
MATTHEW BLUM
Office of Management and Budget

GORDON BURKE, Director
National Employment Programs
Veterans Employment and Training Service
Department of Labor
DAN DELLINGER
American Legion

WILLIAM D. ELMORE, Associate Administrator
Veterans Business Development
Small Business Administration

JOHN M. GARCIA
National Association of State Directors of Veterans
Affairs
State of New Mexico
ELIZABETH O'HERRIN
Student Veterans of America

TOM LENEY, Executive Director for Small and Veteran
Business Programs
U.S. Department of Veterans Affairs

LINDA OLIVER, Acting Director
Small Business Programs
Department of Defense

JIYOUNG PARK, Associate Administrator
Office of Small Business Utilization
General Services Administration

JAMES WILFONG, VET-Force
Veterans' Entrepreneurship Task Force

A G E N D A

	PAGE
1. Opening Remarks	4
Deputy Administrator Marie Johns, Small Business Administration Task Force Chair	
2. Government Contracting Update	10
Associate Administrator Joe Jordan, Office of Government Contracting and Business Development, SBA	
3. White House Military Families Initiative Update	41
Matt Flavin, White House Director of Veterans, Wounded Warrior and Military Family Task Force	
4. SCORE Veterans Fast Launch	61
Ken Yancey, President and CEO, SCORE	
5. Break	70

A G E N D A

	PAGE
6. Subcommittee Overview of Issues for Discussion	70
Access to Capital	70
Chair: Bill Elmore (SBA)	
Members: Dan Dellinger (American Legion)	
John Garcia (ASDVA)	
Earl Peek (Treasury)	
Federal Contracting	76
Co-Chairs: Jiyoung Park (GSA)	
Linda Oliver (DOD)	
Increase Integrity of Certifications	85
Chair: Tom Leney (VA)	
Reducing Administrative Burdens	110
Chair: Matthew Blum (OMB)	
Training and Counseling	119
Co-Chairs: Raymond Jefferson (DOL)	
Elizabeth O'Herrin (Student Veterans of America)	
Improving Federal Support	132
Chair: Jim Wilfong (VET-Force)	
7. Public Comment	144
8. Closing Comments/Questions/Concerns	150

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

2 (9:06 a.m.)

3 MS. JOHNS: All right. We're going to call
4 the meeting to order. It's good to see everyone.
5 Let's see, what time is it? It is 9:06. We have a
6 very full agenda, and we want to get going.

7 We're at roughly the halfway point in our work
8 before we owe a report to President Obama. And so we
9 have done a lot, and I want to thank the members of
10 this task force for their diligence and commitment to
11 this important work.

12 And while we have gotten a lot of things done,
13 there are still a lot of things remaining. So that is
14 really the spirit we need to move forward, and we ought
15 to be prepared to really be in a good place to write a
16 very full, very robust report for the President.

17 I wanted to introduce at the top of the
18 meeting that we have a new member from Veterans
19 Affairs, Tom Leney. We welcome you.

20 MR. LENEY: Thank you.

21 MS. JOHNS: Just a word about Tom and his
22 illustrious background. He's the executive director

1 for small and veteran business programs at the U.S.
2 Department of Veterans Affairs. And he has done a
3 number of things.

4 He has been involved in a small business
5 himself, more than one. He's a veteran, Persian Gulf
6 War. He was chief of strategic plans and policy for
7 the Department of Army. He has a very illustrious
8 academic background, West Point and the Kennedy School
9 at Harvard, as well as Georgetown University.

10 So you bring so much to this body, and we're
11 so glad to have you. And --

12 MR. LENEY: Most of all, I believe.

13 MS. JOHNS: Well, that's --

14 MR. LENEY: I believe in what we're doing.

15 MS. JOHNS: And that's the most important
16 thing, I think, for most things, is to believe in what
17 you're doing. So we welcome you. And we're just going
18 to induce ourselves so that you'll know who we are, and
19 just really are glad you're here.

20 So good morning, Linda. We're introducing
21 ourselves to our new colleague, Tom Leney from the VA.

22 LINDA: Hi, Tom. I'm Linda Oliver from the

1 Department of Defense.

2 MR. WILFONG: I'm Jim Wilfong from VET-Force.

3 MR. BURKE: Gordon Burke from the Department
4 of Labor.

5 MS. JOHNS: Marie Johns, SBA.

6 MR. ELMORE: Bill Elmore, SBA.

7 MR. GARCIA: John Garcia, the National
8 Association of State Directors of Veterans Affairs.

9 MS. O'HERRIN: Elizabeth O'Herrin, Student
10 Veterans of America.

11 MS. PARK: Jiyoung Park, General Services
12 Administration, Small Business Office.

13 MR. BLUM: Matthew Blum, Office of Federal
14 Procurement Policy.

15 MR. DELLINGER: Dan Dellinger, American
16 Legion.

17 MS. JOHNS: Okay. Great. Just a couple more
18 opening remarks.

19 I wanted to share with everyone that I'm
20 delighted to be going to San Antonio next week to be
21 part of the launch for the V-WISE program. If you
22 recall, we had the wonderful report from Syracuse

1 University, and V-WISE is one of the new programs that
2 they are launching with the help of the SBA.

3 And V-WISE is focused on women that are in
4 business -- actually, the acronym stands for Women
5 Veterans Igniting the Spirit of Entrepreneurship. And
6 it's an entrepreneur boot camp for women veterans, and
7 we're really excited about being a part of that and
8 looking forward to what they'll be able to accomplish
9 there.

10 I am delighted that our colleague Joe Jordan,
11 who's our associate administrator for government
12 contracting and business development, is going to be
13 presenting on the agenda a little bit later. Joe is
14 here to talk about the ongoing efforts in the area of
15 government contracting, particularly related to
16 veterans, and to specifically talk about some of the
17 provisions in the Small Business Jobs Act that would be
18 important for veteran-owned businesses.

19 And we're going to be joined later by Matt
20 Flavin, who will talk about the Joining Forces
21 Initiative, the national initiative that First Lady
22 Michelle Obama and Dr. Jill Biden announced in the last

1 couple of weeks, a whole suite of services and support
2 for veterans and their families.

3 And so Matt's going to tell us all about that
4 because the important thing is we want to make sure
5 that the work we're doing here connects there and that
6 we're really putting all the pieces together in the
7 right way.

8 And then finally, we are going to spend the
9 bulk of the agenda going over a set of discussion
10 issues by subcommittee that we want to present for our
11 public audience members who are here, and to have
12 discussion. These aren't recommendations, but rather
13 discussion areas, and we're very much hoping to get
14 feedback from folks who are here and participating in
15 the meeting today because these discussion items will
16 eventually form the basis for our report to the
17 President.

18 And I should not be remiss. I want to welcome
19 Ken Yancey, who is the head of our SCORE organization,
20 one of our very important resource partners here at the
21 SBA, who's going to have an important announcement
22 about something special that SCORE is doing related to

1 veterans. So welcome, Ken, Joe, and welcome, everyone.

2 We're just glad that you're here.

3 So with that, Joe, I think you're up first.

4 Right?

5 MR. JORDAN: Yes.

6 MS. JOHNS: Joe Jordan. Welcome.

7 MR. JORDAN: I guess I'll present from here.

8 And --

9 MS. JOHNS: Oh, I'm sorry. Because we're on
10 the record. Thank you, Joe.

11 MR. JORDAN: Absolutely. Well, thank you guys
12 for having me. I'm excited to be here to talk about
13 what we're doing in terms of contracting for veterans
14 and service-disabled veterans.

15 So I was going to highlight a few of the hot
16 items and things that we wanted to bring to your
17 attention. And then I'll leave some room for Q&A from
18 the panel and from the audience as well.

19 So first of all, the same day that the
20 President signed the executive order creating this task
21 force, he signed another one creating a task force to
22 reduce barriers and challenges and provide

1 opportunities for America's small businesses, including
2 those owned by women, veterans, minorities, and folks
3 living in rural and inner city areas.

4 That had a shorter time frame, so that
5 finished up in just a couple months. It came up with
6 13 recommendations on how we could move in a positive
7 fashion for America's small businesses in terms of
8 contracting.

9 So far, all those initiatives have been
10 implemented, which is great, and the rest are in
11 process. And one of the ones that I wanted to
12 highlight was we really saw the need to elevate the
13 level of awareness and accountability among senior
14 agency staff to hitting the goals, the 23-55-33 small
15 business goals. Of course, that includes 3 percent for
16 service-disabled veterans.

17 So to that, Valerie Jarrett, the President's
18 senior advisor, has been leading an initiative at the
19 White House to convene all the deputy secretaries and
20 administrators together to discuss ways that we can
21 make those goals a reality, and we just had one this
22 week, which Marie led a session discussing where we

1 were with the numbers and how each agency was doing and
2 how they could monitor their own progress.

3 And then Mr. Carroll Mosen and Valerie led a
4 kind of plenary session, where they went around and
5 talked to different agencies about what they were
6 doing, and we shared some best practices. And then at
7 the end, some folks in this room and others talked
8 about how we were going to take next steps from there
9 and further the taxable implication of a lot of these
10 initiatives. So that's a very, very positive thing.

11 It goes really hand-in-hand with, as Marie
12 said, the Small Business Jobs Act. The Small Business
13 Jobs Act contains a number of great things around
14 access to capital, exporting, development, et cetera.
15 But it had 19 different provisions having to do with
16 government contracting.

17 All of these, I would argue, will likely be
18 very positive for America's veterans and small
19 businesses, but several in particular are worth
20 pointing out to this group as we think about additional
21 tools or additional arrows we can put in our quiver,
22 making sure that you're aware of what's already there.

1 Of course, this isn't your one chance to have
2 discussion. I will make myself and my team will be
3 available for any followup.

4 But a few things. One, two of the things have
5 already been implemented. One is the repeal of the
6 Competitive Demonstration Program. You've got a lot of
7 veteran-owned small businesses participating in
8 construction, a \$50 billion a year government
9 contracting industry. And now, in construction along
10 with ten other industries where agencies were formerly
11 precluded from doing small business set-asides, they
12 can in fact do those set-asides.

13 So we are very excited about that, I know, and
14 working very closely with Linda and her fantastic team
15 on ways to implement that. Parts of the Department of
16 Defense do quite a bit of construction, so I think
17 that'll be exciting.

18 We also instituted parity. That's now the law
19 of the land. And we've seen a lot of positive aspects
20 of that now that all of the socioeconomic programs or
21 the sub-goal programs are on the same level playing
22 field.

1 Going forward, another thing that we're really
2 excited about but we really want your input on -- and
3 we're going around the country right now to
4 13 different cities with the Small Business Jobs Act,
5 tour road show, getting public comment -- but we'd love
6 to hear specifically on a few items from you guys.

7 One, mentor/protege. So this is something I
8 discussed with several of the stakeholders in this room
9 in the past. Taking something similar to the 8A model
10 and expanding it for service-disabled veterans, HUBZone
11 and women-owned small businesses -- all sorts of
12 different ways you can approach that.

13 We see within the government right now,
14 Jiyong and GSA have a mentor/protege program that
15 works a little bit differently from Linda and DOD'S
16 mentor/protege program, which works a little
17 differently from our 8A one.

18 So what's the best construct to deliver on
19 what Congress has asked us to do there, provide
20 veteran-owned small businesses with that great business
21 development tool of having access to a mentor who will
22 provide training and expertise so that they can build

1 their capacity and capabilities, either to become more
2 successful subcontractors are primes themselves, which
3 is really a big part of the goal.

4 I mentioned subcontracting because there are
5 four different aspects of the Small Business Jobs Act
6 that pertain to subcontracting. And as you know,
7 that's an area that's very important because there
8 is -- while ill-defined -- a veteran-owned small
9 business subcontracting goal in addition to the
10 service-disabled veteran-owned small business prime and
11 subcontracting goals. So certainly an area of focus
12 for inclusion for our veteran and service-disabled
13 veteran-owned small businesses.

14 A couple of the things that it asked us to
15 do is, one, really put some teeth behind the
16 subcontracting plans that every -- or, excuse me, every
17 prime contractor submits to the agency when they win
18 the contract. These are material parts of the contract
19 that should be followed, yet we all know that they not
20 always are. So now the performance against those will
21 be part of your past performance, and therefore an
22 evaluation criteria for future award. That's very

1 important.

2 Secondly, bait and switch. I've heard
3 certainly from veteran-owned firms that I spent a lot
4 of time working with this prime, doing their
5 subcontracting plan. They won the award, but the award
6 says what percentage they're going to do with service-
7 disabled vets or what have you. It doesn't say, I'm
8 going to give this percentage to Joe's service-disabled
9 veteran-owned small business.

10 So what they then do sometimes is take my bid
11 that I've spent all that time helping them on and shop
12 that around to all the other service-disabled veteran-
13 owned small businesses in my industry to see if they
14 can shave a few points off the price or capture a
15 little bit more margin. And that bait and switch is
16 something we've got to put a stop to. So we're looking
17 at ways to do that.

18 There are also two key things, though, I
19 wanted to highlight that aren't in this engine that we
20 always spend a lot of time on -- the programs, the
21 procedures, the policies, and the processes that are
22 designing to maximize awards of contracts to small and

1 veteran-owned small businesses; rather, the front and
2 back end of the continuum.

3 So, one, training. It's great to have the
4 tools, but folks have to know about them. So small
5 business contracting courses are now, or seem to be, no
6 longer electives but rather mandatory parts of any 1102
7 certification.

8 So whereas before it wasn't part of the core
9 curriculum, although many contracting officers did
10 choose to take these courses, now there's no choice.
11 You'll have to take this and you'll have to learn about
12 these things.

13 And we're working very much in a collaborative
14 way with the Defense Acquisition University and the
15 Federal Acquisition Institute to implement the courses,
16 beef up the ones that already exist, expand capacity so
17 more folks can get through, and then reach out to the
18 36,000 currently certified other 1102s to make sure
19 that they have access to these tools and trainings as
20 well.

21 Then on the back end, so now you've made
22 people aware. You've set up the right tools and

1 programs and policies. And on the back end, we've got
2 to hold everybody accountable. I mentioned the high-
3 level agency accountability effort being led by
4 Valerie.

5 There's also talk about how do we incorporate
6 goal attainment and goal achievement in the performance
7 plan of folks in the contracting chain of command,
8 specially senior executives. I know that's something
9 that folks in this room have talked to me about before.

10 And what other carrots and sticks will help us
11 move the needle to ensure that we continue to meet and
12 exceed all these goals? Now, we're very excited about
13 our goal performance when you look at the fact that
14 after four straight years of continuously declining
15 achievement -- when I entered in March of '09, that's
16 what I was handed -- for the past two years in every
17 single category, we've seen both -- well, the first
18 year, both the percentage and dollar increase.

19 But again, we're percentage-focused, so no
20 matter what Congress decides to do with our budget,
21 should it be increased or decreased, that is not my
22 concern. My concern is that we hit 23-55-33.

1 So we've seen the percentage increase. Again,
2 fiscal year '10 numbers are not public, but when you
3 look, I think that we'll all be heartened to see that
4 we're moving in the right direction.

5 One of the things that I take with me when I
6 talk to folks is a chart that looks much like this.
7 And just so you can see, from '07 to '10, we went from
8 \$3.8 billion to -- this is the service-disabled
9 veteran-owned small business prime goal achievement --
10 \$3.8 billion, 6.5, 8.6, and then likely 10.8 in 2010,
11 which represents 1 percent, then 1.5 percent, then
12 2 percent, then 2.5 percent.

13 So when we're at 3 percent, am I telling you
14 that we've achieved victory? No. But I'm telling you
15 that there's nothing to indicate that we're not moving
16 in the right direction in a sustainable and
17 continued -- showing continued progress way.

18 So I'm really happy about that because these
19 are -- not just the percents but the dollars, these are
20 real numbers. So we get it up another half a percent,
21 well, that's putting another \$2 billion or so in the
22 hands of service-disabled veteran-owned small business

1 prime contractors.

2 Another big issue is, okay, if I'm going to go
3 around and talk about our goal achievement, we've got
4 to be able to talk about what we're doing to make sure
5 that all of those dollars are going to true service-
6 disabled veteran-owned small businesses. We're not
7 playing, or having a bunch of fake Wounded Warriors
8 masquerading as service-disabled veteran-owned small
9 businesses.

10 We spent quite a bit of time in collaboration
11 with VA on the front end even though this is a self-
12 certifying program. There are still things that we can
13 do to try to ensure that only eligible firms gain
14 access to the program.

15 Then, with the firms who are self-certified,
16 stepping up our surveillance and monitoring, now, this
17 has to be done in collaboration with the community.
18 That's why the bid protest process is so important, and
19 the SDVOSB protests.

20 And then lastly, when we do find bad actors or
21 folks who have misrepresented themselves, we've got to
22 take appropriate enforcement actions.

1 So the certification piece, you've seen some
2 things come out at VA in the way that they're stepping
3 up different parts of the certification. We look at
4 the small business. They look at the veterans or
5 disabled veteran on status. And I think that that
6 collaboration is definitely moving in the right
7 direction and has been much improved.

8 Surveillance and monitoring, this is my --
9 sorry, I'm a charts guy. So for those of you looking
10 at the stenographer's report later, I can put a chart
11 in there. But it shows that from '05 to '10, the
12 number of bid protests has gone from 11 to 158 as of
13 September 30th of '10.

14 What does that mean? It means that folks in
15 the community are aware of this tool, aware of this
16 fraud prevention and detection tool, and are utilizing
17 it, are protesting folks that they say, hey, wait a
18 minute. I don't think that that is a qualified
19 service-disabled veteran-owned small business.

20 Now, what is equally exciting to me is not
21 just that folks are becoming aware of that tool and
22 using it to protest, but that there is a

1 corresponding -- and this isn't necessarily
2 corresponding, but in this case it is -- the percent of
3 ineligible protests -- or, sorry, ineligible firms
4 being protested is going down.

5 So what does this mean? It means that folks
6 know about the tool, so more and more protests are
7 coming in. And as we review those protests, the number
8 of firms that we say yes, that is a fraudulent or
9 unqualified firm is going down.

10 So that shows that fewer folks are even trying
11 to sneak through because everybody knows, even the
12 potential bad actors, that there's an awareness of this
13 tool. So for your communities, please continue using
14 this because we are seeing the data that shows it's
15 effective -- not perfect, but effective.

16 And then on the back end, you've seen some
17 things around suspensions and debarments and actions
18 that we can take as SBA. But tying it back to the Jobs
19 Act, that gives us one more powerful tool I want to
20 make you aware of.

21 It's called presumption of loss. And what
22 this means is that if you misrepresent your size or

1 status to win a contract and we find out, then we can
2 sue you civilly -- the Department of Justice can sue
3 you civilly for the total amount of that contract.

4 So if I want to purchase a thousand of these
5 chairs for a million dollars -- don't judge the price;
6 I'm just using round numbers -- so I buy a thousand of
7 these chairs for a million dollars from a service-
8 disabled veteran-owned small business set-aside. And I
9 get a thousand really great, high-quality chairs, and I
10 give that firm a million dollars.

11 But we find out down the road that that was
12 not a service-disabled veteran-owned small business.
13 They were playing a pass-through game, they were
14 playing another game, what have you.

15 Right now what we do is we go through a lot of
16 administrative actions. We've beefed up that when we
17 deem you ineligible, you need to remove yourself from
18 CCR within a very short period of time or our Inspector
19 General takes action -- suspensions, debarments, all of
20 those things.

21 But when we refer that case to the Department
22 of Justice, we have difficulty gaining traction because

1 at the end of the day, the government wasn't really
2 harmed. We wanted a thousand chairs. We got a
3 thousand chairs. They were just what we asked for. We
4 wanted to pay a million dollars. We paid a million
5 dollars. We didn't get harmed.

6 The person who got harmed was the second-place
7 person, that true Wounded Warrior on the front who
8 should have gotten that contract and needed that
9 revenue but didn't because somebody lied and cut the
10 line.

11 Now, that firm, as you know, typically doesn't
12 have the resources to hire a bunch of lawyers. And
13 what are the odds the government, even if we find that
14 person liable, is going to order another thousand
15 chairs that we don't need, and all these types of
16 things. So that was a real frustration, both I know in
17 the community and for us at SBA as well.

18 So what Congress did is gave us tool that, in
19 that example that I used, if we find that someone
20 misrepresented their size or status to sell us those
21 thousand chairs, then we're going to keep the chairs
22 and we're going to sue them for a million dollars. So

1 we still are going to suspend and debar and those types
2 of things, and we're going to sue them for a million
3 bucks.

4 So as you guys know, many of these contracts
5 exceed that. And this is a real big disincentive for
6 even attempting any sort of bad acting.

7 The last few things I'll just touch on because
8 I do know from looking at the data how many veterans
9 and service-disabled veterans are in our other programs
10 that -- I'd urge you to take a look at the new, revised
11 8A regulations, the first time that those have been
12 revised in over a decade. That came out last month.

13 A lot of different things in there. But the
14 overall goal is to ensure that the program benefits
15 flow to the intended recipient. So a lot of, again,
16 veterans I speak to get contracts, yes, through the
17 VOSB and SDVOSB programs, but also through 8A.

18 Secondly, the women in small business program
19 is live. So for all the female veterans who start
20 their own firms, after a short delay of 11 years, we've
21 finally gotten that program up and running. The WEGs
22 are final, and contracting officers and women who own

1 small businesses are uploading their documents to the
2 repository, and contracts are going out. So we are
3 very, very excited about that.

4 And lastly, we've made a considerable number
5 of improvements to our HUBZone program, both at the
6 front end on certification -- so for some of your
7 constituents who had had difficulty getting through the
8 backlog and whatnot, I would urge them to apply again.
9 We've really got that in a much better place. And then
10 clearing the pool and taking appropriate back-end
11 enforcement actions to make sure that contracting
12 officers feel very comfortable using that program.

13 So with that, I think I left a few minutes for
14 questions, but I did want to give you guys a pretty
15 robust highlight because I was very excited to get to
16 talk.

17 MS. JOHNS: Thanks, Joe.

18 Please.

19 MR. HESSER: Do I -- I'm sorry.

20 MS. JOHNS: All right. That's fine. Just
21 state your name, please.

22 MR. HESSER: Bob Hesser, VET-Force. I don't

1 know that I can show the figures, but you commented
2 that the program may be getting better because you had
3 fewer people complaining.

4 MR. JORDAN: No. More people complaining but
5 fewer of those complaints actually being valid.

6 MR. HESSER: Okay. Because I've talked this
7 subject on a conference call, I think last Monday, with
8 some people up in VISN 1 particularly. There are
9 several contractors who are getting consistently award
10 after award after award. They are without a doubt --
11 and this is something I'm going to prove --

12 AUDIENCE MEMBER: Yes.

13 MR. HESSER: -- they are -- in fact, one
14 person has been going to different companies that are
15 very small and low-balling them. Now about 50 percent
16 of those are now reaching the point where they're not
17 successful, and the guy who's doing it is getting away
18 with it.

19 Now, another construction firm, a small
20 business, service-disabled veteran, he or she does not
21 have the ability to continue to protest these things.
22 They cannot continue to go to GAO and continue -- you

1 know, it costs them money to do that.

2 So what I'm saying this for, we need some type
3 of -- an individual or someone should be able to pick
4 up the phone. You can tell them what it is, get as
5 much proof as you can, and we know that they're going
6 to -- at least 50 percent of those people, they're
7 going to go out after those 50 percent, or make them --
8 make the people who are the -- re-verify them or
9 something.

10 But something needs to be done because this is
11 growing. And they're not reporting, and the reason is
12 it just costs them too much money. A protest to GAO is
13 a lot of work.

14 MR. JORDAN: And I'm talking about SBA
15 protests. We actually handle these sorts of veteran-
16 owned small business protests. So I encourage them to
17 come to us and highlight this when they're an
18 interested party, and we can work with them.

19 I understand that's -- one of the barriers to
20 getting to protest is the perception around the time
21 and cost. And we want to reduce or eliminate that so
22 that we make sure that any bad actors are being brought

1 to our attention.

2 At the same time, about I think it's -- so
3 20 percent of the 158 protests that were presented to
4 SBA in 2010 actually were ineligible firms. So
5 80 percent of the time that somebody came to us and
6 said, this is not a service-disabled vet, this is not a
7 qualified firm, you've got to stop this -- 80 percent
8 of the time, no, they were wrong. That was a qualified
9 firm.

10 So that is the challenge, is we want to make
11 sure we're publicizing both the availability of this
12 tool and making it workable for everyone, and then be
13 public with our findings so that folks know what the
14 rules are and where the gaps are between the perception
15 and the findings.

16 But I'd be happy to continue to work with you
17 because our office handles that. And I do know there's
18 a GAO protest process, but for this program, we have
19 this available for the community, so I'd love it to be
20 used.

21 MR. HESSER: Okay.

22 MR. JORDAN: Thanks, Bob.

1 MS. JOHNS: Tom?

2 MR. LENEY: Yes. If I could, since at the VA
3 we're very much involved in not only protests for
4 service-disabled veteran-owned small businesses but in
5 the front end of trying to prevent the need to make
6 those protests, if I could, let me just give a little
7 perspective here.

8 First, it may be obvious and the same, but we
9 all have anecdotal evidence. We all have experiences.
10 I've been in the job eight days; I already have a list
11 of anecdotal experiences from people that had something
12 happen to them or an issue with the process.

13 But I think it's important for us to recognize
14 what Joe's saying here. If we look in a more macro
15 sense, more and more people are paying attention. So
16 either protests are going up and the number of errors
17 are going down.

18 The front-end process we're doing at the VA is
19 really designed -- and I'll speak to it later -- to
20 eliminate the need or these protests because when a
21 firm bids on a government contract, everyone can be
22 comfortable that that's really a service-disabled

1 veteran-owned firm.

2 But that's not a trivial process. And the
3 anecdotes pile up on my desk of why the guy in
4 Massachusetts who got the \$40 million really ought to
5 be given some slack in his situation. So there's
6 always multiple sides to this.

7 So I think while we deal in the retail, I want
8 to reinforce what Joe says. We are seeing a lot of
9 positive trends here. And when you change, you have
10 3 million veteran-owned businesses in the country. You
11 have thousands that want to do business with the United
12 States government. And we aren't fixing this
13 overnight, and we want to get it fixed right.

14 So I want to say to the SBA, we at the VA
15 really appreciate the work that the SBA has been doing
16 to move the needle on this thing.

17 MR. JORDAN: Thank you, Tom.

18 MS. JOHNS: Thank you.

19 Any more questions from the public? Yes.
20 State your name, please. And there's a microphone here
21 for you.

22 AUDIENCE MEMBER: Good morning. My name is

1 (inaudible)*. I'm with the National Association of
2 Black Veterans and also a member of the Veterans
3 Entrepreneurship Task Force.

4 My question, Joe, you mentioned more
5 surveillance and monitoring. I'm just kind of curious
6 as to how this process is going to be conducted because
7 we know that there's a very detailed process of
8 verification going on at the VA. But as you mentioned,
9 it's still a self-certify requirement throughout the
10 federal government.

11 So how is the surveillance and monitoring
12 being done? And at the VA, it seems to have evolved
13 now to a very burdensome process to try to weed out a
14 few companies who may be misrepresenting themselves as
15 service-disabled vets.

16 But while we're spending all this energy and
17 time to screen out those companies to do business
18 within the VA, we still have a self-certifying process
19 within the whole federal government, and they're not
20 having to go through the extensive, burdensome process
21 that you have to go through at the VA. So if you're
22 doing surveillance and monitoring, what is that process

1 like?

2 And then also now we have -- the women-owned
3 small business program is fully online now. And we
4 don't hear about such a burdensome process being
5 imposed upon the women. So what are you doing between
6 the two programs also?

7 MR. JORDAN: Sure. Yes, that's funny. If I
8 was in a room with women-owned small business
9 stakeholders, I assure you that they would be saying,
10 why can't we have the self-certification that service-
11 disabled vets have?

12 The women-owned small business program is a
13 hybrid between the self-certifying elements of just
14 small business verification and service-disabled vets,
15 and then the active certification that we use for
16 HUBZone and 8A.

17 With the women-owned small business program,
18 you self-certify, but you have to submit every single
19 document into a repository that would be the same set
20 of documents you'd submit if we were actively
21 certifying. We audit those, and if we find that you
22 have not submitted what would be required to prove your

1 women-owned small business eligibility, then we'll ask
2 you to leave the program.

3 There's no such thing like that for service-
4 disabled vets. So from a burden standpoint, you could
5 argue the other side, too.

6 From what we're doing in surveillance and
7 monitoring, there's no doubt that the self-certifying
8 element presents some challenges, just like it presents
9 some opportunities. With all of these programs, we
10 need to balance being effective in rooting our fraud,
11 waste, and abuse with being efficient and not over-
12 burdening our small business constituents.

13 When we did the HUBZone redesign, that was a
14 big focus of ours, is we need to ask for a lot more
15 documentation because of the prevalence of fraud,
16 waste, and abuse in the program. But we couldn't swing
17 the pendulum to the point that folks were over-burdened
18 and couldn't get into the program and we didn't use it
19 to do exactly what it's intended to do and get dollars
20 in the hands of those folks.

21 So the service-disabled vets, yes, it's self-
22 certifying. What are we doing on surveillance and

1 monitoring? One, I would defer to my colleagues at VA
2 to talk about that piece of it, what they're doing to
3 ensure that only veterans and service-disabled veterans
4 are calling themselves such.

5 On the programmatic eligibility point, we've
6 got the formal process where we are continuously
7 communicating about the service-disabled veteran-owned
8 small business protest process in the community, and we
9 have seen folks take that action.

10 Then we've got the informal processes where,
11 for all of our programs, we've got the three phases,
12 even if it's self-certifying -- certification; ongoing
13 surveillance, monitoring, and enforcement; or making
14 sure when you look at that matrix, there are actions in
15 every single box.

16 But sometimes there's good overlap. So when
17 we do an 8A annual review on a firm that's also a
18 service-disabled veteran-owned small business, we can
19 ask questions like, why aren't you using this program?
20 Why are you just -- and when we find eligibility
21 concerns that are related to their business size, that
22 is equally bad for them being a service-disabled

1 veteran-owned small business as it is for them being 8A
2 certified.

3 Same thing when we do HUBZone site visits,
4 when as of March of '09, for that first six months of
5 the fiscal year, we'd done seven HUBZone site visits.
6 In the next six months, we did 700. Last year we did
7 1200.

8 Well, when we're out there and we find out
9 that this firm is not eligible, is fraudulent, does not
10 have a true place of business or is not a small
11 business or cannot provide those documentations, all of
12 those types of things, separate from its eligibility as
13 a service-disabled veteran but only looking at its
14 eligibility as a small business, all of those things
15 would apply to remove them from eligibility for the
16 service-disabled veteran-owned small business as well.

17 So we're trying to balance again the
18 effectiveness and efficiency, understanding that it is
19 a self-certifying package and it's funded as such so I
20 don't have a team of auditors dedicated to this. We
21 need to use all the resources we do have and solution-
22 oriented mindset to say, how do we ensure only these

1 contracts -- or, sorry, only true service-disabled
2 veterans or veterans receive these contracts, but
3 without over-burdening them?

4 For every question around, oh my gosh, you're
5 asking for more, this is so difficult, there's a
6 question of, I lost a contract to someone who is bogus.
7 What are you doing about fraud, waste, and abuse? And
8 my goal is to get right in the middle there where we're
9 able to do both, but in a way that also answers the
10 questions we get from up the street, which is, why do
11 you need more money or less money or however much money
12 to do this? So that's what we're looking at.

13 AUDIENCE MEMBER: All right. Thank you. Just
14 a closing comment. The small business contracting
15 plans, big business, how is that being enforced also?

16 MR. JORDAN: So that's a big thing, working
17 with Matthew Blum and his team at Office of Federal
18 Procurement Policy. I'm pretty excited about this. I
19 think this will make a difference.

20 And just two seconds of context: We get a lot
21 of -- I talk to my commercial marketing representatives
22 and procurement center representatives, and they'll

1 show me these subcontracting plans where one person
2 spent a lot of time thinking about it, and they said,
3 we're going to be able to subcontract 30 percent of the
4 work, and 5 percent of that we think we can subcontract
5 to service-disabled vets.

6 And another contractor comes in and just
7 sniffs around the contracting shop to find out, what
8 are they looking for? And they say, oh, you want to
9 see something with 45 percent? Sure, we'll do
10 45 percent. You want 10 percent service-disabled vet?
11 Sure, we could do that. And they submit that as their
12 subcontract plan, and they win.

13 And then you fast-forward to the end of the
14 contract, and what did they do? They did about
15 31 percent, and they did 2 percent to service-disabled
16 vets. And what's the punishment? Theoretically, there
17 would be some. It's a material part of the contract.
18 There's liquidated damages. There's all sorts of
19 things you could do. In reality, nothing.

20 And so now, how do we -- to the point of
21 encouraging that thoughtful, what can you do, and then
22 you've got to live with it and follow through on it?

1 Now we're making that performance -- putting that into
2 the past performance database, PPIRS -- I always forget
3 what it stands for -- but the past database so that
4 when the next contracting officer goes in to review
5 solicitations for a future award, they can say, wait a
6 minute, Joe. You said you were going to do X, Y, and Z
7 in your last contract subcontract plan and you didn't
8 do it.

9 So that's not something we just overlook.
10 That's a big red mark. And now we're going to go in a
11 different direction. So that is a true incentive to
12 the pocketbook to make sure that you follow through on
13 what you're saying you're going to do.

14 And by the way, that's all we're saying.
15 We're saying that your subcontracting plan that you
16 gave us to tell us what you said you could do, you have
17 to do. We're not imposing anything onerous on you.
18 We're just saying, live up to your word. And there are
19 going to be consequences to that, both positive if you
20 do and negative if you do not.

21 MS. JOHNS: Joe, you could be here for the
22 whole meeting, I would imagine --

1 MR. JORDAN: I'm sorry. I'm sorry.

2 MS. JOHNS: -- and we still wouldn't have
3 enough time for questions. But we really appreciate
4 you being here.

5 MR. JORDAN: Thank you, Madam Chair.

6 MS. JOHNS: I know Matt Flavin has joined us,
7 and he has a hard stop. So thank you very much for
8 coming.

9 MR. JORDAN: Yes. Thank you for having me.

10 MS. JOHNS: And we will have you back.

11 MR. JORDAN: I would love to.

12 MS. JOHNS: Because I think --

13 MR. JORDAN: I would love to be here.

14 MS. JOHNS: -- the area that you're leading us
15 so well on is --

16 MR. JORDAN: And I know you're well-
17 represented by folks experienced in these issues.

18 MS. JOHNS: Yes. People you see on a regular
19 basis.

20 MR. JORDAN: Yes. Absolutely.

21 MS. JOHNS: So thank you again for being here.

22 I now invite to the front Matt Flavin, who is

1 the White House Director of Veterans, Wounded Warriors,
2 and the Military Family Task Force. He's going to talk
3 about the new Joining Forces Initiative.

4 And Matt, thanks very much for coming. I know
5 you changed your schedule to be here, and we truly
6 appreciate it.

7 MR. FLAVIN: Well, thank you very much. Most
8 of you I've met through the course of the last few
9 years in this role. But for those of you who I don't
10 know, my name is Matt Flavin. I serve as the White
11 House Director of the Veterans, Military Families, and
12 Wounded Warrior Task Force.

13 In that role, I have a seat on the National
14 Security Council and the Domestic Policy Council so
15 that we can work in an interagency style these issues,
16 which include, again, veterans policy and military
17 family policy issues.

18 I want to thank you for having me here today.
19 It's an honor to be with all of you, and thank you for
20 the important work you do. When the President signed
21 this Executive Order establishing the task force, he
22 made certain that we all understood that he expected

1 results from this. And from everything that we're
2 hearing at the White House, it does seem to proceed
3 very, very well.

4 I know we still have a lot of work to do. I'm
5 pledging the White House support in doing that work,
6 especially those recommendations which need to be
7 worked through the interagency. So I want to make sure
8 that when I go back, I can go back with the assurance
9 that we will continue to work together on those
10 interagency recommendations.

11 I also think it's important to tell you all
12 where we've been over the past two years, both on the
13 interagency front and on a new initiative called
14 Joining Forces, which is led by the First Lady and
15 Dr. Biden.

16 When we came in with this Administration,
17 there really was no policy apparatus within the
18 National Security Council or the Domestic Policy
19 Council to do veterans policy. Instead, it was largely
20 franchised out to the agencies and to OMB.

21 We had a major dust-up at the beginning of the
22 Administration on a veterans budget issue, and were

1 quite certain we needed to make sure that we addressed
2 veterans issues, that in a sense they were priority for
3 this Administration and particularly this President.

4 The first budget we came out with was an
5 historic budget in many ways in terms of veterans
6 policy. It was the largest increase in the VA budget
7 in 30 years, and it required record numbers for post-
8 traumatic stress disorder treatment, research and
9 treatment for traumatic brain injury.

10 As we went through the inventory of what was
11 on the books, we realized that we hadn't done
12 everything as a federal government to support veterans
13 and the military families. So we organized, through a
14 Presidential Study Directive, PSD-9, a government-wide
15 effort to ensure that the federal agencies were doing
16 everything they could to support veterans and military
17 families.

18 That resulted in the January report called,
19 "Strengthening Our Military Families." It was
20 published in January, rolled out by the Cabinet. It
21 includes almost every federal agency. And essentially,
22 what it is, it's 50 commitments from the federal

1 government to better support military families and
2 veterans. And those range everything from HUD and VA
3 working well together to combat veterans' homelessness
4 to education programs at DOE and to programs at the
5 Department of Defense, for instance to grow the
6 military spouse employment program.

7 So there's some really great work being done
8 on that front. We're monitoring that currently at the
9 White House with OMB performance, and this will all be
10 very transparent as we move forward. We've got some
11 progress to report on that front already, but at the
12 same time, we've realized that's not the only answer.

13 As most of you know, being veterans'
14 advocates, veterans go back to communities. Sometimes
15 those communities are in a rural environment.
16 Sometimes the federal government doesn't have a robust
17 presence in those communities.

18 So what we did, with the idea that we, as much
19 as possible, have tried to get our own house in order
20 is to look outward to communities, to corporations, to
21 nonprofits, and to individuals and ask them to step up.

22 A couple weeks ago the First Lady and

1 Dr. Biden, with the President and the Vice President
2 there, rolled out an effort called Joining Forces. And
3 Joining Forces is exactly that. It's us as an
4 Administration asking more from this nation.

5 The idea is that 1 percent of us serve in
6 uniform -- I got out in 2007, having deployed to Iraq,
7 Afghanistan, and Bosnia, and understand that especially
8 in today's all-volunteer force, not many Americans are
9 asked to sacrifice in a real way. So we're going to
10 ask the 100 percent of America to support the 1 percent
11 who's actually taking the burden of these current
12 conflicts.

13 It's organized around four main principles.
14 The largest is public awareness -- make sure the
15 American public is aware of the sacrifices and the
16 service, but also of the strength of the military
17 community, so that they understand, for instance, that
18 they should be hiring veterans and military spouses
19 because of the special and unique skills that these men
20 and women have grown into in a life in military
21 service.

22 Public awareness will be everything from

1 public announcements by the First Lady and Dr. Biden
2 and other notable Administration figures, including
3 figures at the Pentagon, to a very, very robust
4 interview schedule on the part of the First Lady and
5 Dr. Biden. You'll see an Oprah next week which is
6 largely focused again on this effort. They went on
7 The View as well. These are the parts where I sort of
8 check out and hope it goes well.

9 But the three main policy tenets of this are
10 focused around education, employment, and wellness,
11 which includes mental health.

12 On the education front, it's working with
13 nonprofit partners to make sure, for instance, that
14 teachers' colleges account for the fact that they may
15 have National Guard and Reservists' children in their
16 classrooms, that they understand what resources are
17 available for military children, and they understand
18 what the stresses or unique challenges that a military
19 child might face would be.

20 Unemployment, we have the CEO of SCORE here.
21 One of our great commitments was from SCORE in
22 conjunction with Wal-Mart, where we are going to step

1 up to support what we give to small business. And I'll
2 let you address that one specifically. But if you have
3 a chance to look at some of the commitments that the
4 private sector has come in with, everything from
5 Siemens offering 10 percent of new hires to veterans
6 and military spouses to some of the commitments by
7 NASCAR and Wal-Mart, there really is a lot of substance
8 there and a lot to be proud of.

9 Of course, it's going to continue. We're
10 going to continue to ask more from companies, to go out
11 there, to establish veterans' programs. Even the
12 financials, who are just now getting around to this --
13 J.P. Morgan and Chase set the tone for a lot of those
14 with their fairly solid and viable veterans' program.
15 But we still have a lot of work, obviously, to do,
16 especially in terms of unemployment, which is why I
17 think the work here on this task force is especially
18 timely and especially critical to the transition of
19 veterans.

20 And finally, the wellness piece. Some of that
21 will be sharing best practices with the private sector,
22 making sure that a civilian provider, again,

1 understands what the resources are in the federal
2 system, both DOD and the Veterans Health
3 Administration, but also looking at things like
4 physical fitness, making sure that there is some
5 intersection with the First Lady's work on "Let's
6 Move."

7 So we're very excited about this. You're
8 going to see an enduring effort. We've partnered with
9 the Center for a New American Security, which again
10 goes back to the point that we view these issues as
11 national security issues. We've put them firmly on the
12 National Security Council, and we'll address them as
13 national security issues.

14 On the CNAS advisory board, we've picked three
15 people who we think are very capable of meeting this
16 effort on the outside, and that, of course, is General
17 McChrystal, Patty Shinseki, and Dick Parsons. And the
18 Dick Parsons part isn't public yet even though it was
19 mentioned in the New York Times; we're going to roll
20 that out at some point next week, I think.

21 So yes, very excited about this effort. I
22 think there's a lot that we can do together on this but

1 also, again, on the federal and interagency government
2 piece. I don't want to lose the momentum we've had on
3 that. So I think it's important to differentiate the
4 two, but at the same time understand that there is a
5 real commitment from this President, Vice President,
6 the First Lady, and Dr. Biden to do everything we can
7 as a White House to ensure that we're supporting this
8 great work and the rest of the work that's going on in
9 the federal government and out in the community.

10 With that, I do want to take questions for a
11 little bit, whether it's on the PSD, the interagency
12 government efforts, or on the First Lady's efforts.

13 MS. JOHNS: Well, Matt, thanks again for being
14 here. As I said, I know you changed your schedule in
15 order to do so. We greatly appreciate that.

16 MR. FLAVIN: Thank you, ma'am.

17 MS. JOHNS: Thank you for your great
18 leadership on pulling all these resources together, and
19 know that we're very excited about being a strong
20 partner with you in this critical work. So thank you
21 for being available for questions. I want to start
22 this time with members of the Task Force.

1 Are there any questions?

2 (No response.)

3 MS. JOHNS: All right. Thank you. Maybe from
4 the public?

5 MR. FLAVIN: If you could go for both efforts,
6 they're both accessible, especially online. There's a
7 lot of information in the report. The January report
8 is on the DOD website as well as our own White House
9 website, "Strengthening our Military Families."

10 For the Joining Forces effort, there's
11 actually a URL dedicated to the site. It's
12 www.JoiningForces.gov, and that will let you learn
13 more. It also has the ability to lead people who might
14 be at a community level who don't know how to get
15 involved.

16 So one of the buttons you'll see on the front
17 is ToServe.gov so that people can directly get
18 involved. If they want to volunteer for military
19 families or for a veterans cause, they can do that. If
20 there's nothing in their local area, there's a toolkit
21 built into the site so that they can look at ten
22 different things that they can start in their own

1 community.

2 And any insight, any advice you have on either
3 effort is absolutely appreciated. So we hope to hear
4 from you, whether it's through SBA or directly through
5 the website. We're very open to make course
6 corrections and listen to the great advocates out there
7 who've been doing this work for a long, long time.

8 MS. JOHNS: John Garcia?

9 MR. GARCIA: Matt, the Joining Forces, I just
10 think it's an exciting project. And we just heard from
11 Joe earlier and then what you're just talking about and
12 what we're working on. I think one of the key
13 challenges is, how do you bring all that together so
14 it's all in synch?

15 MR. FLAVIN: Right.

16 MR. GARCIA: Because if we don't, we're going
17 to have all these puppies out there running, and we may
18 have a lot of people falling through the cracks.

19 MR. FLAVIN: I think that's right.

20 MR. GARCIA: So that's going to be our
21 challenge, I think, Matt. And if --

22 MR. FLAVIN: I think it is.

1 MR. GARCIA: -- could take a message back, it
2 would be we've got to really focus on to keep what
3 we're working on together.

4 MR. FLAVIN: Absolutely.

5 MR. GARCIA: Somebody's got to be at the reins
6 or pulling them, those horses pulling this thing.

7 MR. FLAVIN: Absolutely. So in the
8 interagency, I think it's a little easier because we do
9 have now set up a structure through what's called an
10 IPC process to bring all the different players in from
11 the federal government who have anything to do with
12 military family policy or veterans policy.

13 So I'm not as worried about that piece,
14 although I think it's an incredible challenge, given
15 the scope of the federal government efforts.

16 MR. GARCIA: Right. Well, the thing that just
17 strikes me, Ms. Johns, is that of course, when you get
18 the President's wife and the Vice President's wife out
19 there on Oprah talking about Joining Forces, I hope
20 that same energy is going to be on Oprah talking about
21 what we've just been pushing, too. You know what I'm
22 saying? It's all together there, pushed so that the

1 whole country knows what we're working on.

2 MR. FLAVIN: And I think that's the way the
3 First Lady and Dr. Biden definitely view these efforts,
4 is that what they're doing now builds off the work
5 that's already been done over the past few years. And
6 again, there's a recognition that a lot of you have
7 been doing great work for literally decades so that
8 this isn't something to come in there and say, we're
9 not getting the work done.

10 But there is a realization that with the small
11 percentage actually serving and actually engaged in
12 supporting the military that we can ask more from the
13 American public, and that the American public wants to
14 do more to support this population.

15 So I think when you hear them talk about it --
16 and I haven't looked at it; they already taped Oprah,
17 they taped it on Wednesday -- but the way they usually
18 talk about it is that this effort, Joining Forces,
19 takes account of the federal government efforts and
20 builds off it.

21 MR. GARCIA: Yes.

22 MR. FLAVIN: Again, it's the idea that we're

1 getting our own house in order, but you as a nation can
2 do more to help and support this community.

3 MS. JOHNS: Just one other comment in response
4 to your question, John, which is a critical one because
5 we know there have been examples in the past of the
6 left hand not knowing what the right hand is doing.

7 MR. GARCIA: Right. Right.

8 MS. JOHNS: But we are in close contact with
9 Matt. Darian Page, who also works closely with Matt at
10 the White House on these issues, has been a part of
11 this task force process from the very beginning.
12 Actually, Matt, Darian, and members of our team met
13 earlier this week just to make sure that Matt was fully
14 aware of what the task force discussion items are, and
15 that's why we wanted him to come and brief members of
16 the task force.

17 MR. GARCIA: That's great.

18 MS. JOHNS: So we're working in every way we
19 can to make sure that we're synching up in every
20 possible way. Now, continue to challenge us on that
21 because we have to continue to work on it. But that's
22 clearly top of mind.

1 MR. GARCIA: Yes.

2 MS. JOHNS: So I just wanted to assure you of
3 that.

4 MR. FLAVIN: Absolutely. Thank you.

5 MR. BURKE: I pretty much had the same
6 question and comment. I think you may have answered
7 it, but Joining Forces might look, hopefully, a lot
8 more robust and effective two or three or four years
9 from now than it does today. And obviously, we all
10 hope for that.

11 So going back to what John mentioned, there
12 will be new initiatives rolling out, certainly, that
13 support and are meant to support Joining Forces. So
14 how do you make sure that all of that is brought
15 together, that everybody is given a way together and
16 everyone knows that this is part of this initiative?

17 MR. FLAVIN: Right. I'll give you a good
18 example even this week, and which is the meeting we
19 actually moved for this. Treasury was going to release
20 a report two weeks ago on credentialing and licensing
21 for military spouses. So the idea is that military
22 spouses have to move two to four years; if they have

1 a job that requires a license or some sort of
2 certification, they can't necessarily take that to
3 the next state.

4 There's 11 states who have pending legislation
5 that looks at making those credentials transferable.
6 So what we want to do is make sure -- and this is
7 something that sort of hits the same. It doesn't
8 neatly fit just into the federal government side and
9 the interagency process.

10 There's a role here, I think, for the First
11 Lady and Dr. Biden, as they're out around the states,
12 to talk with governors, to talk with different
13 associations, and put pressure on the states to get
14 legislation on the books so that careers are portable
15 for military spouses.

16 So I think there will be those examples. And
17 it's on us -- all of us, I would say, who are part of
18 the federal government, anyway -- to make sure we're
19 sharing information, and that you understand that as
20 far as we go in the White House, we've finally built a
21 team that is capable of taking some of the input and
22 advice for action and making sure we're coordinating

1 across the federal government.

2 And that's very new. You have to understand.

3 Again, there was nothing like this in the previous

4 Administration. When we first started out, it was a

5 one-man shop. And now we actually have a team put

6 together that spans the entire White House and includes

7 members of the First Lady's, Dr. Biden's, and the Vice

8 President's team.

9 MS. JOHNS: Bill?

10 MR. ELMORE: Matt, thank you for coming here

11 today. Just for everybody so you all kind of

12 understand how this process is working from where I

13 sit, we have been involved in the other two initiatives

14 in the White House. And some of the programs that have

15 been highlighted and created are either out of my

16 office or with Ken Yancey, who's going to talk to us

17 about this great new initiative that SCORE is taking

18 the lead on.

19 So many other presentations -- for example,

20 EBV and veterans business centers -- those kinds of

21 things are part of the discussion in all of these

22 different initiatives. And we are trying our best to

1 coordinate not just what we create but how best to plug
2 the best of what we bring forward in through these
3 other sides as well.

4 MR. FLAVIN: And I think EBV is another great
5 example of all of us working together, both, again, on
6 the federal government side but also on the Joining
7 Forces side. The EBV folks are a model program, you
8 know, as is SCORE, and J.P. Morgan Chase as part of the
9 initiative stepped up and is going to probably offer
10 some major support to the EBV program.

11 So I think all these things are connected, and
12 it is absolutely -- for both your questions -- is a
13 challenge. But as long as we all stay in constant
14 communication and you keep us honest --

15 MR. GARCIA: Well, it's crazy, that
16 seamless -- and that word's being thrown around
17 everywhere, but trying to keep a seamless program out
18 there.

19 MR. FLAVIN: Absolutely.

20 MR. GARCIA: I mean, because you're covering a
21 huge area -- education, employment, business, wellness.

22 MR. FLAVIN: Absolutely.

1 MR. GARCIA: I mean, there's tons of
2 initiatives out there.

3 MR. FLAVIN: And again, I think for us right
4 now, for at least me, I think they're all important.

5 MR. GARCIA: Yes.

6 MR. FLAVIN: But unemployment, the numbers are
7 just unacceptable right now, and I do think there needs
8 to be a sense of urgency, especially as we confront
9 those numbers for veterans.

10 MR. GARCIA: Right.

11 MR. FLAVIN: We have some -- the federal
12 government is doing a great job with the Council, the
13 Veterans Employment Council, which is chaired by
14 Secretary Shinseki and Secretary Solis. Some of the
15 numbers look really good there, but that's a fraction.
16 Especially when you look at young veterans, those under
17 25, we're looking at unemployment rates as high as
18 21 percent.

19 MR. GARCIA: Yes.

20 MR. FLAVIN: So I think that's another area
21 that we need to make sure that, as far as the Joining
22 Forces effort is concerned, we're doing everything we

1 can there; but also as a federal government, that we've
2 maximized our support and our coordination, and SBA has
3 got a large role in that. There's a bunch of great
4 programs that have either been coordinated from here or
5 run out of here.

6 That said, the rest of the federal government
7 has got a long way to go to make sure that we're making
8 that transition, as you said, seamless.

9 MR. GARCIA: Yes.

10 MS. JOHNS: All right. Well, thank you again,
11 Matt.

12 MR. FLAVIN: Thank you, ma'am. Appreciate it.

13 MS. JOHNS: And we'll look forward to having
14 you come back and keep us updated as well.

15 MR. FLAVIN: I'd be honored to. Thank you,
16 ma'am.

17 MS. JOHNS: Thank you very much.

18 MR. GARCIA: Thank you, ma'am.

19 MS. JOHNS: So Ken, you had quite a buildup.

20 So the President's CEO of SCORE, please come forward.

21 We're happy you're here. And you, too, changed your

22 schedule to come on short notice, and thank you so much

1 for that, Ken.

2 MR. YANCEY: Thank you. It's an honor to be
3 able to visit with you a little bit about what SCORE's
4 doing with the Joining Forces Initiative. We were
5 contacted by Matt's team at the White House and asked
6 if there was something that we could do that would add
7 value in this effort.

8 And we were together with a number of our
9 partners, and on April 12th, at the time that the White
10 House launched the initiative, we launched a website.
11 It's called VetsFastLaunch.org. And the intent of that
12 website is to provide easy access to information,
13 resources, services, tools that will help veterans,
14 servicemembers, and their families access their ability
15 or desire to pursue self-employment or small business
16 ownership as a career alternative, whether they're
17 separating or already outside of the military.

18 There'll be three primary components to this
19 initiative, and we would like to grow it well beyond
20 that as we identify more tools that are valuable. The
21 first, SCORE has recently launched a new series of
22 workshops that's called "Simple Steps to Start a

1 Business."

2 It's a five-step workshop series that starts
3 with a self-assessment: Am I really suited to own my
4 own business? Do I have the tools personally and the
5 support within my family or friends or structure to be
6 able to do this successfully?

7 That workshop is being offered now in over
8 120 chapters across the country. The cost of that is
9 \$125, and we will provide to any veteran or veteran's
10 family member, any servicemember or their family, a
11 scholarship to be able to access that for free.

12 To access that, all they'll need to do is go
13 on the Veterans Fast Launch website and register. Once
14 they're registered, let us know where they are in the
15 chapter, or the chapter will let us know. We'll send
16 the money and make sure that that happens.

17 This is a really terrific new offer. We're
18 tracking very carefully the clients that go through
19 this, and we believe that it will show that individuals
20 that go through simple steps are far more likely to
21 start a business and far more likely to survive the
22 first six quarters of being in business than those that

1 do not. So we're anxious to test this, and it's
2 working well.

3 The second thing that we've done is we've
4 worked with a number of our partners to amass a -- I'm
5 going to call it a bucket of resources and tools and
6 services that a veteran will be able to take advantage
7 of for free. Some of these will be extended trial
8 offers of software. Some of it will be actually free
9 services in the long term.

10 So companies like Constant Contact will
11 provide free e-mail newsletter and e-mail marketing
12 support to veterans that sign up in the Veterans Fast
13 Launch series. Intact, which is an accounting software
14 that's cloud-based, will provide a long-term trial for
15 any veteran that wants to start. HP has committed.
16 Microsoft has committed. Intuit had committed. There
17 are a myriad of our partners that are involved in this,
18 and certainly the partner that's making it all happen
19 is the Wal-Mart Foundation.

20 When the White House came to us and said, we'd
21 like for you to do it and we're actually used to this
22 and oh, by the way, we're not going to give you any

1 money -- it's a pretty common thing; I don't know if
2 you've experienced it or not --

3 MS. JOHNS: Oh, no. We never hear that, no,
4 no.

5 (Laughter.)

6 MR. YANCEY: So we have a great relationship
7 with the Wal-Mart team; went to them, and they agreed
8 to donate to do this.

9 The final piece of this is intended to be
10 something that's going to push our chapters to be more
11 involved in Transition Assistance Programs at bases
12 across the country. Today we're active in between 30
13 and 40 bases. We're active here. We're active in
14 Georgia, in Colorado Springs, remarkably active in San
15 Diego, and so on. But there's far more than we can do.

16 And so we're putting together a consistent
17 workshop that we'll give to our chapters that they can
18 take to bases to see if there's a need for a tool like
19 this. I recognize that that program is run differently
20 in different places, and there are a variety of
21 different resources. What we have is capacity and
22 talent and the desire to help. So if we fit in an

1 existing program, that will be great. If it's a
2 program that's already delivering this successfully,
3 even better; maybe we can learn something from them.

4 Not only will we develop the tool that we'll
5 use to address the separating servicemember, but we're
6 also going to develop a bit of a marketing tool and
7 take and use with the base commander or whoever it is
8 that's in charge of TAP. But we have made, in many,
9 many markets, attempts that have been unsuccessful to
10 try to get involved in TAP, and we think that that's a
11 great place for us to start.

12 If you go to the website, you'll find success
13 stories of two veterans that learned about small
14 business and SCORE through transition systems, both of
15 whom now have very successful businesses. And we think
16 that's a good way to get started.

17 So the final thing that I would let you know
18 about this website and about SCORE's website in
19 general -- and, by the way, we'll offer all of the
20 SCORE services through this. We'll have our online
21 counseling capability. We'll allow for those veterans
22 to take advantage of all of our workshops that are

1 online, all of which are free. Access to all other
2 chapters.

3 If I'm a little red-eyed this morning, we
4 launched our new website at 4:00 a.m. this morning.
5 The team left at 3:00. I think it is going to be the
6 most impressive resource online for small business that
7 there is. It is absolutely remarkable. And what we'll
8 do is now that all of that functionality is available,
9 we'll attach it to the Vets Fast Launch website so that
10 the veteran will have a single place to go to find all
11 of these things.

12 We hope, and while we don't think that this
13 is intended to be the hub for all veterans or
14 servicemembers to come to to find resources, we would
15 still like to add everything valuable we can get our
16 hands on. And so it doesn't -- this isn't a
17 competitive environment. We're a nonprofit. We have a
18 mission. And we are interested in anything that any of
19 you have or see that we can link to or provide or
20 distribute to add some value in this space.

21 So it's very straightforward. It's very
22 simple. We have 13 and a half thousand volunteers,

1 24 percent of which are veterans. Of our 170,000
2 counseling sessions last year, our counseling clients
3 last year, 11.9 percent were veterans.

4 We committed to helping 16,000 veterans start
5 a business. A really bright young reporter from New
6 York figured it out and said, "SCORE did that last
7 year. Are you going to do 16,000 more or are we paying
8 for the same?" The answer is 16,000 more, of course.

9 And so we're pleased to serve, and it all
10 works because of our volunteers and because of the
11 great support that we get from Bill and Marie and
12 the SBA.

13 So that's what we're doing and what we're
14 about. I assume everybody knows what SCORE is and what
15 we do? I don't like to make that assumption, but I
16 sure like seeing the nodding heads.

17 Any questions? Yes, ma'am?

18 MS. JOHNS: Yes, Linda?

19 MS. OLIVER: First, I'd like to have you spell
20 the name of the website just to make sure I have it
21 correctly.

22 MR. YANCEY: Vets, V-e-t-s, Fast, F-a-s-t,

1 Launch, L-a-u-n-c-h, dot org.

2 MS. OLIVER: Okay. And is it -- if I went to
3 the SBA website and I went to SCORE, would there be a
4 link? Is that another way to get at it?

5 MR. YANCEY: That would be another way to get
6 at it. We will work to have this accessed through as
7 many of our partner sites as we can find. It is not
8 prominently displayed at launch of our current website,
9 and the reason it's not is because we haven't fulfilled
10 all of our content requirements on Vets Fast Launch.
11 Today, all you can do is register. By the end of May,
12 it will be fully functioning and have 95 percent of its
13 intended resources and functionality.

14 MS. OLIVER: I would -- before this ends, we
15 should exchange cards because we would be happy to put
16 a link on the Department of Defense website.

17 MR. YANCEY: Thank you. Thank you very much.

18 MS. OLIVER: It sounds like it would fit a lot
19 of the --

20 MR. YANCEY: Anything that you can do to help
21 us promote, or help anybody promote. And it's nice
22 that the First Lady and Dr. Biden are going on all of

1 these shows. It provides -- Bill and I have been in
2 this space for a long time -- the mouthpiece and the
3 awareness that we've never had. And I think if we can
4 all get behind it and congregate resources and make it
5 really easily accessible, we finally have the
6 mouthpiece that we've needed for so long.

7 MR. ELMORE: If I can follow up -- and thank
8 you, Linda -- that's what I've been trying to help
9 SCORE with so far, is sort of the parts of the system
10 that I've been navigating through the last few years.

11 So I would urge the other committee members,
12 or even people from the audience, if you have some
13 suggestions for value-added content or sites for Ken's
14 team, they've been very open to that kind of input from
15 me. I don't mean to speak for you, but I'm grateful
16 for that.

17 MR. YANCEY: You did just fine.

18 MS. OLIVER: Probably should link to our
19 site -- to the other sites as well because when people
20 are looking for new information --

21 MR. YANCEY: Be happy to. Easy to do. So I
22 have cards. I'm just going to set them here. Anybody

1 that has any ideas or suggestions, send them to me
2 directly. I'll get them to the right place, and we'll
3 get done what needs to be done.

4 MS. JOHNS: All right. Well, seeing no other
5 questions, Ken, thank you so much.

6 MR. YANCEY: Thank you very much for having
7 me.

8 MS. JOHNS: And congratulations on this
9 terrific new tool you've provided.

10 And so with that, we're going to take a break.

11 (A brief recess was taken.)

12 MS. JOHNS: Welcome back, everyone. And
13 thanks to Erin and everyone on the team who put this
14 PowerPoint together. We thought it woe easier for you
15 to see the material in this format so that you could
16 follow along most easily because there's a lot there.

17 MR. ELMORE: Yes, there is.

18 MS. JOHNS: It's dense in a good way. It
19 means it's got a lot of good stuff, a lot of good stuff
20 here.

21 So Bill, if you would begin, and the issues
22 for discussion for the Access to Capital subcommittee.

1 MR. ELMORE: Yes, and thank you. We'll start
2 with number one. If we can move to the next slide,
3 please. There you are. Okay.

4 We had started discussions internally on how
5 we might enhance and improve the Patriot Express pilot
6 loan program. As we're all aware, it was extended for
7 three more years, so we're good for a while.

8 The discussions internally have been -- I've
9 started these discussions with some of the Capital
10 Access staff -- to help identify what steps are
11 available to us within existing authorities that we
12 might be able to take.

13 Now, there's no commitments yet on what those
14 steps might be, but we're examining those authorities.
15 It may be in the context of the kinds of fees that are
16 charged, in the guarantees that are provided, in how we
17 would determine equity or collateral for purposes of
18 loans. It may include some discussion at this point
19 about if a loan starts going into default, what steps
20 do we have available to us to ensure that the veteran,
21 if they pledge their home, doesn't lose their home,
22 those kinds of things.

1 So we're trying to be as open and as creative
2 as we can be. I can't sit here and give you all the
3 details yet because I need to work with our Office of
4 Capital Access, and then with the leadership in the
5 agency, to make sure that I don't take us into an area
6 that the Administration wouldn't ultimately support.
7 But the discussions so far have been very open and
8 creative.

9 And I think the other point I would make in
10 this, number one, is the way that a veteran or a
11 Reservist or a spouse would have access to this
12 enhanced version of Patriot Express would be tied back
13 to one of the other recommendations that the task force
14 is working on, and that's the creation of a national
15 veteran entrepreneur training system that would be
16 modeled to some degree on EBV but would be available to
17 all veterans.

18 So we really view this as a way to mitigate
19 the potential for a bad loan being made by ensuring
20 that the veteran or servicemember or spouse has
21 received some sort of approved business counseling and
22 training. And that could even perhaps tie back into

1 revisions to the GI Bill that we've also discussed.

2 So I don't have a lot of details I can give
3 you yet. But as I work this through with Capital
4 Access, I'll work it through with my committee and also
5 internally with the agency as we get to the point where
6 we have the specific recommendations we're going to
7 make.

8 Number two, increase awareness and utilization
9 of the SBA Surety Bond program. We discussed this at
10 the last task force meeting, and I have been working
11 with our Office of Surety Bond to try to identify not
12 only what they do now as far as the kind of marketing
13 and the training that they provide to veteran and
14 disabled veteran-owned small businesses about the
15 Surety Bond program, but -- and this is where I think
16 one of the issues comes in, is we need to help the vets
17 and disabled vets better understand what they need to
18 do to be able to secure bonding.

19 It's easy to talk about. It's not necessarily
20 so easy to do. In some sense, I think of it kind of
21 like the VA and the work that they're doing on
22 verification. If you don't have certain documents and

1 business processes, operational processes in place, the
2 likelihood that you're going to get bonding is minimal.

3 So we need to help veterans understand what
4 they have to have in place operationally so if they're
5 interested in bonding from SBA or otherwise, that
6 they're going to be in a position to be able to secure
7 that.

8 So nothing I can report to you other than
9 those discussions internally are happening right now
10 with the Surety Bond program. They are reviewing the
11 materials.

12 The third is Creative Veterans Financing
13 Program for Franchising. There's a member of my
14 national advisory committee here at SBA who came out
15 of the VetFran program. Some of you know him, Terry
16 Hill. And I've been working with Terry, and he is
17 reaching into the franchising community and gathering
18 input from them.

19 I talked with him yesterday. I don't have his
20 final recommendations yet. But when I receive what he
21 thinks are the recommendations from the industry, I'm
22 going to couple that with some ideas that we have

1 kicked around in my office and on the subcommittee.

2 And then we will go back to the subcommittee,
3 we'll talk all of that through, and then we'll come
4 forward with whatever recommendations as a subcommittee
5 we think makes the most sense to enhance the capacity
6 and the availability of financing to support
7 franchising by veterans.

8 And I think there's a third point that isn't
9 on here but I wanted to make. And Mr. Peek isn't with
10 us today, the new representative from Treasury, but he
11 and I have discussed this. And I've talked to John
12 Garcia as well.

13 What Earl Peek and I have begun to explore is
14 how do we enhance the Treasury loan programs that
15 they're providing primarily with and through states?
16 So this is an area that, while I have a little bit of
17 expertise, I'm certainly no expert.

18 So I've asked Earl to look internally, and as
19 he comes back to me with some suggestions and
20 recommendations on the Treasury programs that support
21 small business lending at the state level, I'm going to
22 bring John Garcia and anybody else from my subcommittee

1 that's interested in being part of that discussion into
2 the discussion with Earl so that we can take a look at
3 how do we influence and ensure that the Treasury
4 programs are supporting veteran and disabled veteran.
5 And I'm also asking for Reserve and Guard members and
6 spouse lending, similar to the model that we use for
7 Patriot Express.

8 So that's sort of the quick overview of how
9 we're approaching the access to capital. We also are
10 going to have -- and this is an aside -- a meeting with
11 some representatives from the Department of Agriculture
12 to at least begin discussions about the programs that
13 they have financing small businesses in rural areas
14 around America and how that might fit. But I don't
15 have anything to report yet because we haven't had that
16 first meeting yet. I think we're scheduled some time
17 over the next couple of weeks.

18 MS. JOHNS: All right. Thank you, Bill.

19 Contracting, Linda and Jiyoung. Who's going
20 first?

21 MS. OLIVER: Jiyoung.

22 MS. PARK: Okay. Sure.

1 Good morning, everyone. You can see here that
2 our working group has -- or subcommittee has been
3 looking at five main issues. I'll just highlight a
4 couple of these, and would welcome the group here's
5 ideas on how we can flesh these out or make them as
6 effective as possible moving forward.

7 So the first, to establishing a new
8 contracting subcategory for firms where their workforce
9 comprises a significant percentage of veterans. And so
10 this recommendation is really thanks to Jim Wilfong and
11 the VET-Force, and so we've taken that on to really
12 carry that forward to see if we can make that happen,
13 and to provide some direct contracting authority for
14 those firms.

15 And so at GSA we have initiated conversations
16 with our congressional affairs folks as well as our
17 legal folks, really recognizing that that may require
18 some statutory change and at least some regulatory
19 change. So we've started that, and are going to have
20 some written -- a proposal around that in the August
21 time frame.

22 For number two, we have drafted a reference

1 guide for the contracting community. Now, this is a
2 market research tool that points out resources like
3 VETBIZ that can serve as a market research tool. I
4 mean, we know that no agency besides the VA has the
5 authority around the verification, but other agencies
6 can certainly access VETBIZ as a market research tool.

7 In conversations we've had internally with
8 GSA, some contracting officers had no idea that even
9 existed. So just increasing awareness of that tool and
10 others, like just the number of service-disabled
11 veterans on schedules -- there are more than 1100 --
12 and just bringing those kinds of tools to the
13 forefront.

14 So we've documented that and are set to
15 release it at least internally within GSA, knock on
16 wood, next week through our Office of Acquisition
17 Policy. And we're then ready to bring that to the
18 interagency format to have other agencies review to see
19 what other tools could be added that may be at the
20 disposal of other contracting officers across the
21 government. And so we do hope to have a draft ready
22 for a larger review in the June time frame after we do

1 vet it through our subcommittee, other agencies.

2 So I think those are the two main ones I
3 wanted to highlight in terms of status. And I don't
4 know if there are questions, either from the panel or
5 from the broader group.

6 MR. LENEY: Jiyong, is the reference guide
7 done or is that still in progress?

8 MS. PARK: So it is complete and being
9 reviewed and approved by our Office of Acquisition
10 Policy currently. But I'd be happy to provide it with
11 the draft copy that has not been approved by our policy
12 shop yet.

13 MR. ELMORE: Yes. Jiyong, one of the things
14 that we had had some discussions in my office about is
15 on number one, which of course is another subcommittee
16 working on that as well, is perhaps adding spouses to
17 the veterans and Reservists cohort because I think it
18 fits more broadly in the initiatives that we see coming
19 out of the White House.

20 It's not a suggestion, but I think it's
21 something you might want to consider.

22 MS. PARK: Yes. Absolutely.

1 MS. JOHNS: Yes. Bob?

2 MR. HESSER: Yes. I think number two --

3 MS. JOHNS: I think you'll need the
4 microphone.

5 MR. HESSER: Sorry -- is in the (inaudible)*
6 FPDS is supposed to be replaced by USA Spending. And
7 USA Spending has been very advantageous. You talk
8 about procurement preference tools and various -- we
9 have been teaching service-disabled veterans how to use
10 USA Spending because it's a very good tool for
11 intelligence, finding out about contractors of more
12 than five years. Contracting offices have issued --
13 executed about a tenth of it. People tell me they're
14 not happy. So you need to go in there, and different
15 ways of telling them about that.

16 I was told yesterday, and I need to know if
17 this true or not -- you may not know -- USA Spending is
18 not going to be funded. They're going to lose their
19 funding, and we'll go back to FPDS. Now, FPDS has been
20 updated all the way up until yesterday. It is still
21 going and they're still on the same data. It's not as
22 readily available.

1 But USA Spending, I think, is very important
2 when we talk about what has the other people done and
3 what are the other federal -- if you want to -- if
4 someone wants to subcontract with you or give you some
5 of (inaudible)*, USA Spending is very helpful to us.

6 So I just -- I don't know if that fits in
7 there, but it's important when you come to
8 (inaudible)*.

9 MS. PARK: Thank you for that question. You
10 know, I don't know about the current state of funding
11 for USA Spending. I do know a significant portion of
12 E-Gov funding has been cut. But I also know that the
13 individual office that manages FPDS and other systems
14 is also looking at adding more user-friendly reporting
15 capability, so hopefully that would happen.

16 We can certainly look at adding USA Spending
17 to the tool, or to the guide that we're putting
18 together, to the extent that it will be a viable tool
19 moving forward. So thank you.

20 MS. OLIVER: The Federal Procurement Data
21 System -- USA Spending takes their data from the
22 Federal Procurement Data System, and that won't go

1 away. I know it's not as user-friendly. But that will
2 stay, Bob. That will stay -- FPDS will stay.

3 MR. HESSER: Because the website said it was
4 going to die on 30 December 2010. It didn't. But it
5 said right on the website, on the FPDS website. So
6 that's the -- it's conflicting info. I hope you're
7 right.

8 MS. OLIVER: That's inconceivable to me, that
9 you would not have FPDS any more. I just -- I will
10 find out for absolutely certain. You can call me this
11 afternoon and I'll give you an answer. But I --
12 there's some -- I think there will be some cuts to USA
13 Spending, but not FPDS. And that's where USA Spending
14 gets all the data.

15 MS. JOHNS: I had one question for the
16 subcommittee, and that is, items three, four, and five,
17 are they longer-term or -- if you could just give a
18 brief status on those.

19 MS. PARK: Sure. And feel free to jump in,
20 Linda.

21 But on number three, that is absolutely short-
22 term, just a matter of putting into the recommendation

1 to say agencies would do that. You know, we all have
2 capability today to do that. That is a field in the
3 FPDS that's tracked as part of the award record.

4 MS. JOHNS: Okay.

5 MS. PARK: It would just be a matter of
6 putting that to the forefront and having agencies track
7 that, even in the absence of an official goal.

8 On number four, yes, that's also short-term.
9 We're not sure exactly what that increased
10 collaboration will look like. One of the ideas is some
11 sort of agreement signed explicitly by agencies and
12 different veteran service organizations to make sure
13 that we're making a concerted effort to get the word
14 out through those VSOs regarding upcoming contracting
15 opportunities. And so we have draft language about
16 that; we're just exploring what exactly the key format
17 will be.

18 And then number five is actually very similar
19 to number two, just that five adds the video component,
20 which I actually think that item number two includes.
21 So making sure that this market research tool is not
22 just a document that's symptoms downloaded, but could

1 we have some sort of an educational component, whether
2 an FAI, a DAU, et cetera, to make sure contracting
3 officers are fully aware of how to use those trials
4 that we're compiling.

5 MS. JOHNS: Okay. Thank you.

6 Any other questions on contracting? Bill?

7 MR. ELMORE: Marie, I might make a comment
8 about working with my office inside SBA. One of the
9 things we may want to do is consider broadening that
10 out so that we're really doing these agreements with
11 SBA, maybe including my office.

12 MS. PARK: Great.

13 MR. ELMORE: So that the PCRs and the field
14 staff that we have in all the other programs -- because
15 veterans are in all of our procurement programs. So it
16 just may make sense to broaden that out a little bit.

17 MS. OLIVER: We will broaden whatever we can
18 broaden. One reason both of us pulled back from very
19 extensive discussion of that is that our attorneys have
20 some reasonable questions about entering those kinds of
21 agreements.

22 I mean, they don't question whether we should

1 be cooperating. They agree with the cooperating. But
2 they are a little chary about exactly how we would do
3 this, and we will have to get those resolved before
4 we --

5 MR. ELMORE: And you may be hearing that from
6 me as well, that I'm not sure how I would do --

7 MS. OLIVER: Yes.

8 MR. ELMORE: -- so I'm trying to bring my
9 broader agency into the discussion.

10 MS. OLIVER: Yes. Yes, that's, I'm sure, why
11 we are still thinking about exactly how we could
12 cooperate and not -- and allay these concerns from our
13 attorneys.

14 MS. JOHNS: All right. Anything else on
15 contracting? Any other questions?

16 (No response.)

17 MS. JOHNS: Okay. Thank you.

18 Tom. Certification.

19 MR. LENEY: Thank you very much, Madam
20 Chairman. Before I get into a couple details, I want
21 to tell a story that really reflects what we're dealing
22 with here in certifications.

1 I had a gentleman come to me and tell me about
2 a situation with respect to our verifications, our VA
3 verifications database that we call VIP, about a
4 company that had difficulty providing the proper
5 documentation and was anxious to educate me as to the
6 challenges that my organization had in conducting the
7 verification process, and how we were disadvantaging
8 that company's ability to achieve a contract.

9 Within minutes, I heard a second element to
10 the story, which is, in our conversation, a story about
11 a company that was receiving \$40 million worth of
12 government contracts that allegedly was not -- while
13 purporting to be a service-disabled veteran
14 organization, was not.

15 And I think this certifications issue is
16 caught between those two very real and appropriate
17 concerns. This story is from the same person who is
18 saying, okay, as we certify, we want you to certify.
19 We don't want people who are not veterans to be taking
20 advantage of these programs. But we want you to be
21 sure that you accomplish the objective of "Do No Harm."
22 And there's an enormous grey area, and we want you to

1 get it right yesterday.

2 And so as we look at this, let me talk -- with
3 that context, that's what we're dealing with on this
4 side of the table. So that context, discussion issue
5 one. Allow the VA database to be used by all the other
6 agencies for status validation.

7 We at the VA, and I think we in the task
8 force, support that. Right now, however, I'm telling
9 other agencies and their contracting officers, please
10 don't. Why? Because this database that we have at the
11 VA is not yet complete, and we run the risk of doing
12 harm when a company that has never done business with
13 the VA, never seen a reason to go through what is
14 termed by some an onerous, laborious, and excessively
15 burdensome verification process -- and I will accept
16 and agree that it's a rigorous verification process,
17 and may have components of the other adjectives.

18 But, so we're being very careful right now to
19 make sure other agencies, while we would love -- we
20 want and support to get to the goal of everybody being
21 verified, we want to do it right, we want to do it in a
22 measured pace, so it isn't going to happen yesterday,

1 and we don't want a contracting officer who's working a
2 procurement somewhere at DOD to go and say, you're in
3 the VA VIP database. I'm not going to consider you.
4 I'm going to consider you noncompliant because then
5 they're going to have to deal with protests, et cetera,
6 et cetera, on a procurement process which is already
7 slow.

8 So what we are working on at the VA -- and I
9 will tell you, my number one priority, priority one not
10 only for me but for my entire organization, is getting
11 the VA database to a place where we at the VA can
12 confidently say, we've refined the process. We've
13 identified very clearly what is required and what
14 should be required.

15 So we have the obligation to make it clear to
16 a small business that doesn't have unlimited resources
17 to spend providing document. We're clear on what's
18 needed. We're clear on the process. We're clear on
19 communicating back to them. So then I can open this up
20 to other agencies and say, here's how we can expand.

21 But our commitment to the interagency task
22 force and our commitment to you all is to get it right

1 first and do no harm because we think that this is the
2 foundation for all this set-aside program.

3 Because I've been in the job eight days -- six
4 days. It seems like eight. And I will tell you, as
5 everyone here at the table has been around this
6 business, and you all have been around this longer than
7 I have on this side of the house, there are those who
8 don't like what we're doing here and would love to find
9 the reasons to tear it down.

10 And therefore, if we don't get this piece
11 right, we'll be reading about it in the Washington
12 Post. And that's why this database is my number one
13 priority because I don't want my boss, the Secretary,
14 with his morning coffee, to read about the company
15 that's got \$40 million worth of government contracts
16 and is scamming the government on a veteran set-aside
17 when they're not a veteran.

18 Issue 2: That comes off of issue 1, and I
19 think I've spoken of that. We are working as fast and
20 as hard as we can to get the VA database right, fully
21 operational, clean, clear, and smooth, and then you bet
22 we will be coming to this organization, the Interagency

1 Task Force, and pushing discussion issue number two
2 just as hard as we can.

3 Madam Chairman.

4 MS. JOHNS: All right. Thank you.

5 Any questions from task force members? Bill?

6 MR. ELMORE: Yes, Tom. And I know you're
7 brand-new to this, so thank you for being here.

8 MR. LENEY: You only get to be new for five
9 days in the federal government.

10 MR. ELMORE: Yes. I learned that same lesson
11 myself.

12 One of the things that we've talked about as a
13 task force, and as I thought about this and I've talked
14 with a couple of other task force members, and maybe
15 this fits under the certification subcommittee, and
16 Matt Flavin actually kind of touched on a piece of this
17 when he mentioned the spouses, the certifications, and
18 the licensure at the state level.

19 That's a big issue. It's been dealt with for
20 decades by government, from my perspective not real
21 effectively so far. But the idea of military training
22 as applicable to civilian licensure and certification,

1 we were kind of feeling like that there needs to be
2 some role that this task force plays in helping to, if
3 not articulate, maybe identify some way to move forward
4 with that.

5 I know Labor's involved. VA's been involved
6 for a long time in that arena. It's probably brand-new
7 to you.

8 MR. LENEY: No. I'm a little bit familiar
9 with it, but I'm going to keep to the principle of
10 "Know what you talk about, talk about what you know."
11 So my understanding is this is something that we are
12 very interested in. What I can't speak to is how far
13 down the road and how robust our capacity to help is.

14 But it certainly is an area that -- what we're
15 looking to do is this is the beginning of what we're
16 about here, as we all know, not the end. I think we
17 have to sort of get it right piece by piece so that we
18 don't build a building and have a weak foundation and
19 it all falls down.

20 MR. ELMORE: And maybe my last comment is --
21 and take it as an offer if you'd like -- that I have an
22 interest in this. I expect labor does. I think Jim

1 Wilfong does from the other subcommittees, and anybody
2 else.

3 If you'd like to have some discussion about
4 this because there may be some ways that we can be
5 creative with that helps us get there. But it's
6 obviously not -- I don't think it's a decision that
7 this task force can reach and solve.

8 MR. LENEY: Right.

9 MR. ELMORE: But maybe we can have input into
10 the broader processes that are going on because it is a
11 big deal. For somebody it is. We all know the classic
12 med tech that's a medic in the Army saving lives in
13 Afghanistan; can't come back and get a licensure to be
14 an emergency medical tech.

15 MR. LENEY: Right.

16 MR. ELMORE: I mean, there are just some
17 things that seem nonsensical that for over now more
18 than a decade have been difficult to solve.

19 And I think -- and maybe my last thought on
20 that is when you get into licensure and certification,
21 many of those people tend to be self-employed in the
22 professions. And I think that's where it really fits

1 in, is the small business and self-employment arena.

2 MR. LENEY: I agree. And I think this is part
3 of the larger challenge for the task force and for each
4 of our agencies. How do we link what we're doing here
5 with veteran-owned small business with what we heard
6 from Matt about veteran jobs?

7 MR. ELMORE: Yes. Thank you.

8 MR. LENEY: Madam Chairman, can I add one
9 thing?

10 MS. JOHNS: Please. Yes.

11 MR. LENEY: Joe raised a very important thing,
12 that while we are attempting -- or working very hard,
13 not attempting, okay -- because I will only be here at
14 the next one of these meetings if we are successful.
15 Okay? That's how clear the mission is in the VA on the
16 certifications. My personal mission is get it right or
17 we'll get somebody else in there who can do it. So as
18 you can imagine, I'm focused, and this will occur.

19 But Joe raised a couple things that we're
20 looking at, especially as we look at the discussion
21 item number two and we think about costs. The IRS does
22 not audit every tax return, thank God. So we're

1 looking at a hybrid model where we may have a database
2 where we go beyond self-certification, where people put
3 in a clear set of documentation. And then that serves
4 as the basis for a robust auditing practice.

5 So we can't say that every certified or
6 verified small business has been audited. Right now we
7 do site visits. You know, we walk in and inspect.
8 It's like a DCA audit. That's time-consuming. It's
9 difficult.

10 So we're looking at how do we apply some
11 modern statistical techniques, and how do we apply a
12 high enough probability of being caught if you're in
13 violation so that we can, in a very cost-effective way,
14 roll this out to other agencies.

15 Because what I don't want to do to my
16 colleagues on the task force and my counterpart at the
17 other agency, we've got this great verification idea
18 and it's going to cost you. At which point Linda says,
19 excuse me. Talk to the hand because the ears aren't
20 listening.

21 So that's probably a discussion issue or is
22 issue number three for this panel, subcommittee, which

1 is, how do we do it in a cost-effective way, achieve
2 the principles and objectives of verification, but not
3 have it fall apart because it breaks the bank?

4 MR. GARCIA: Tom, if I may?

5 MS. JOHNS: Yes.

6 MR. GARCIA: John Garcia. One of the concerns
7 I've got, and I was just looking at your issue 2,
8 explore establishing a government-wide certification, I
9 would highly encourage your office to look at utilizing
10 establishing it not government-wide but at the state
11 level. And I'd like to -- I guess I'd like to see it
12 coming out of the VA down to the state level.

13 You know, at the state level, we validate if
14 the veteran, just to get his benefits, his disability
15 status. He can't even get it without that. And that's
16 why it just -- it's confusing to me, how is it we're
17 not able to validate if they're a service-disabled vet,
18 but we can when it comes to helping them get their
19 benefits?

20 And so I just think if the VA would coordinate
21 closely with the states, as I know the SBA is trying to
22 do, and bring it down to the grassroots level because I

1 know, like in my state and other states, I can validate
2 if you're a service-disabled vet biz or not at that
3 state level. And --

4 MR. LENEY: That you're a business or --

5 MR. GARCIA: Yes, that your business is a
6 service-disabled veteran business, rather than have
7 that veteran or that individual fill out the form and
8 send it in to the VA because either when they come into
9 my office just to apply for their home loans or
10 education, they've got to bring with me (sic) their VA
11 service-disabled validation. Otherwise, I can't issue
12 anything.

13 So that's why I'm -- so we've left it open
14 were a non-veteran just fills out the form that says
15 he's a vet, a service-disabled vet, and sends it in,
16 and that's created some confusion. And I've always
17 been advocating, send it to the state office. Let me
18 validate it first.

19 And I think that's part of what we're trying
20 to come up with, is a system that cuts these corners.
21 Because all we did here, I think, we're still leaving
22 it at the government level. And we've got to bring it

1 down, Bill, to the grassroots level and give some
2 responsibility to the states to also do some
3 validation.

4 Your SBA directors, the veteran offices in
5 each state, you know, we're already doing that stuff.

6 MR. LENEY: Right.

7 MR. GARCIA: And that's why I just say to your
8 office, I think that your office needs to kind of team
9 up with the states to get them engaged in helping
10 validate that veteran business owner. And it's not
11 happening.

12 Now, we're trying it in our state and it's
13 happening. We're validating that guy when he comes in
14 and applies for his federal contract. Is he a service-
15 disabled veteran business owner?

16 MR. LENEY: Two responses. One, partnerships,
17 built partnerships, is the mantra that we are pushing
18 at the VA.

19 MR. GARCIA: Right.

20 MR. LENEY: Two, we need to separate out
21 something. We are actually engaging with DOD to
22 streamline and simplify the process of determining if

1 someone is a veteran or service-disabled veteran. And
2 that is the easy part, or relatively easy part, of this
3 process -- though we do have some self-certified
4 service-disabled veteran-owned small businesses that we
5 find that they can't demonstrate that they're a
6 service-disabled veteran. But that's a relatively
7 small percentage and a small problem.

8 And we have found that the biggest return on
9 investment, we think, and the simplest return on
10 investment is really tightening our relationship and
11 getting access to DOD data because who creates
12 veterans? You know, her organization.

13 But I like the idea in principle, and I'll
14 take on how do we -- using your state as an example, is
15 there some way we can leverage what you're doing?

16 MR. GARCIA: Well, just quickly because we can
17 discuss it even further. But it begins also with that
18 grassroots veteran service officer. When that young
19 man takes that uniform off and goes and applies for his
20 benefits, whether he's going into business or wants his
21 disability status, and if -- we've done conferences
22 where that veteran, who's a business owner, 90 percent

1 have not filed for their disabilities because they're
2 too busy working.

3 MR. LENEY: Right. I can --

4 MR. GARCIA: And so I've got then to put them
5 on to a service officer to get them to file for that
6 benefit. Once he's got that, I know he's a service-
7 disabled vet. I validate him now.

8 So he's passed that test. Rather than send it
9 up to the VA right away, he's got to go through that
10 state level to get his disabilities anyway. So there's
11 got to be that connection there.

12 MR. LENEY: That's a great idea. But I would
13 remind everybody, the real issue, we're finding, that's
14 causing us to have a significant rejection rate, in
15 fact I think a surprisingly high rejection rate or
16 disappointingly high rejection rate, is the issue of
17 ownership and control.

18 MR. GARCIA: Right.

19 MR. LENEY: It's not, is the guy service-
20 disabled? I mean, a man walks in my office. He's
21 missing an arm. I can work that. The question is when
22 I go out to his business, is he really in control, or

1 has he signed a power of attorney giving control of the
2 business with somebody else?

3 And that's the real tough piece of this. And
4 if the states can help us with that -- but I would
5 remind everybody, at the end of the day, we're going to
6 be accountable to the Congress, to you. And while I
7 have an enormous respect for what the states do, I'm
8 not sure that we're going to be successful saying,
9 well, the State of Missouri told me the business was
10 okay and I accepted that and I gave the guy a
11 \$50 million or \$40 million contract.

12 MR. GARCIA: Well, I just -- and I don't want
13 to belabor it -- but I just think you can become more
14 effective using the state as those men walk in point.
15 They clear the bush immediately. And it makes the
16 local veteran business owner aware that there's
17 something at the state level because I don't know how
18 many conferences, national conferences, we've all gone
19 to where many of these vets raise their hand and they
20 don't know where to turn to in their state.

21 And so they think, well, let's just send it
22 all the way in to Tom and he'll deal with it all. You

1 just can't. So I just think there's got to be a strong
2 partnership, Tom --

3 MR. LENEY: I agree.

4 MR. GARCIA: -- at the state level.

5 MS. JOHNS: Jim?

6 MR. WILFONG: I'm glad we're having this
7 discussion. And I always have to get it down to the
8 basics; I'm just a farm boy from Maine. So I'm a
9 simple soul.

10 But the law says that the veteran has to own
11 51 percent and they have to be service-disabled. And
12 that's what the law says. Where I think I find
13 objection, and I hear it from lots of vets who own
14 businesses, is when the VA tries to figure out how we
15 manage or control or run our businesses.

16 This is where the real rub comes, I think,
17 because theoretically, if I'm a vet and I was
18 successful and I had enough money, I should be able
19 to -- I can own 100 percent of that company and hire
20 people to do that work for me. I mean, that's what
21 General Motors -- the shareholders of General Motors or
22 Google, they hire people to do that work. And they

1 still control it by the voting of their shares.

2 And I think that's where your organization is
3 getting into trouble, is when they -- and a good
4 example is where the CEO, who is only one of the vets
5 who owns a company and they own 54 percent between the
6 two vets who own the company, the CEO doesn't come to
7 work every day at the central office, and for that
8 they're denied a veteran certification.

9 And I think that -- I'm not certain that
10 people within the federal government totally understand
11 how a modern entrepreneurial effort is really managed
12 and run and operated, and when they try to get into
13 that business of figuring out how they think it should
14 be run and operated, that they're really overstepping
15 their bounds, that really what is necessary is that the
16 vet can exercise, by virtue of voting the 51 percent
17 shares, which is what controls the way the business
18 will operate and whether or not they are a service-
19 disabled veteran. And it gets way too complex trying
20 to figure out all the rest of this.

21 MR. LENEY: Two things. One, I think I want
22 to be careful that we don't -- and I'm terming it get

1 down again into the aegis of verification. I think you
2 raise a very important point, Jim, which is you can't
3 talk about a strategic issue without understanding how
4 it gets implemented.

5 However, let me just suggest that for every
6 example that you give, I'm going through two examples
7 of a scam. I've been in a small business. I've run a
8 small business. I've partnered with service-disabled
9 veteran-owned small businesses. And I've watched how
10 the game is played.

11 And I can own 54 percent of the business and
12 have absolutely no control.

13 MR. WILFONG: Why is that?

14 MR. LENEY: That's what?

15 MR. BURKE: Why is that? If you've got 54 --

16 MR. WILFONG: You own 54 percent.

17 MR. LENEY: Because I can structure -- I can
18 go out tomorrow, open a service-disabled -- I go find
19 myself a service-disabled veteran and I can create a
20 firm and I can run it and I can control it. And he can
21 control 51 percent. And I can make a lot of money off
22 of it, and he can make a little bit of money off of it.

1 I know how to do that. I have seen it done.
2 I've worked with businesses that are doing it. So I'm
3 a little hesitant -- while I agree with you the
4 government may not be best positioned to do this kind
5 of analysis, the question I have is, are the veterans
6 in this country, the ones that truly are running their
7 businesses, are they going to be appropriately
8 satisfied that I let them be disadvantaged because I
9 said, okay, I'm going to take the simplest view of how
10 businesses are run? Because modern businesses are run
11 in a very sophisticated way.

12 MR. WILFONG: But sir, I mean, veterans,
13 speaking as veterans, we're not helpless. I mean, we
14 can think for ourselves. We can decide how to
15 structure a business, how we want to run it. We don't
16 really need -- I mean, we are used to taking care of
17 ourselves and protecting ourselves.

18 We don't need someone else to sort of stand up
19 and say, we're here to protect you, are we? At least,
20 that's how I see it.

21 MR. LENEY: I don't know. Let's go to our
22 example of the \$40 million business, where the guy owns

1 51 percent but he's scamming the government. It's the
2 story I'm being told. So again, we can't really deal
3 with that all here. But let me just suggest it's tough
4 when you get down to the anecdotal. Everybody has a
5 story.

6 MR. WILFONG: Well, I'm not just looking at
7 the anecdotal. I'm trying to look at the public policy
8 here as well.

9 MS. JOHNS: All right. And we are -- again,
10 these items for discussion.

11 MR. WILFONG: Yes.

12 MS. JOHNS: More work has to be done at the
13 subcommittee level. Very briefly, Joe, I'll recognize
14 you, and briefly Bill, and then we'll have to go on.

15 MR. WYNN: Yes, just briefly. One thing that
16 has happened -- Joe Wynn. One thing that has happened
17 over the previous years when this program of
18 verification started at the VA, was the view that every
19 service-disabled veteran-owned business was
20 economically and socially disadvantaged.

21 And so you looked at the owner as if they were
22 incapable of running and managing their own company,

1 and that view has evolved over the years. You're just
2 stepping into that position, but I'm just sharing with
3 you what we've been -- some of us here have been
4 actually observing over the years.

5 The other thing I'll just mention, too, and
6 this is to the task force, every time we talk about
7 certifications, we flip the script over to the VA. But
8 as I mentioned earlier and as Joe Jordan mentioned
9 earlier and as we know, it's a self-certifying law for
10 veterans to do business in the federal government for
11 service-disabled vets.

12 What this task force, I would like them to
13 look at, is ways to improve that process. We've got
14 other preference groups doing business in this
15 government for years, and they are not going through
16 this overly burdensome process that is happening right
17 now at the VA.

18 But yet we've got contracting awards being
19 made to small businesses every day. Why should all of
20 a sudden the veterans, who we say we want to help, now
21 we want to slow them down? You're already not making
22 the 3 percent, and now you want to make less.

1 So this committee should stop just looking and
2 passing the buck to the VA. This is a government-wide
3 issue, and we should try to find ways to increase
4 contracting opportunities for our veterans.

5 MS. JOHNS: Thank you, Joe.

6 Bill, and then Jiyoung.

7 MR. ELMORE: And Joe, I think that's why
8 discussion number two is on there. What we sort of
9 began to realize is that we haven't had a discussion
10 about a government-wide verification. That doesn't
11 mean acquiesce to VA. We simply haven't had that kind
12 of discussion, and that's why it's here.

13 And I think the other point -- I wanted to
14 follow up to John because I think the state idea is
15 very intriguing. And in some of my discussions I've
16 had internally, we've tried to think through what role,
17 for example, annual reporting to a state Secretary of
18 State might play in ownership and control, so that you
19 don't necessarily need an onerous visit by SBA or VA or
20 somebody else if you're reporting certain things to
21 your Secretary of State.

22 But we haven't had a serious discussion about

1 how to engage with the state Secretaries and whether or
2 not that's something to explore. And I think that your
3 role with the National Association of State Directors
4 of Veterans Affairs could be the vehicle.

5 So I think my challenge is, can you have this
6 discussion with some of the leadership in your national
7 association about whether they'd be interested in
8 helping us engage with Secretaries of State in some way
9 for some discussion to see if there's something could
10 be done there that becomes less onerous, as Joe was
11 suggesting?

12 MR. GARCIA: Yes. And I would suggest the
13 same discussion be held with Tom in your office, Tom.
14 It's just like Joe alluded to also. There's the 8A
15 program that had the same issues that you're just
16 talking about. Minority-owned business owners were --
17 some non-minority would make his wife owner of the
18 company, and he was running it, and they had the same
19 kind of issues.

20 But I think we already know how to fix it.
21 It's already out there, kind of alluding to what Joe
22 was saying. We just have to bring it in and then sit

1 down, I think, Tom, in your office and look at how can
2 you bring what the VA wants to do down to the state
3 level. And that will, I think, really help you and the
4 Secretary solve that issue there, and it'll compliment
5 what we're trying to come up with here.

6 MS. JOHNS: Okay. Thank you.

7 Jiyong, and this is the last comment on this
8 subcommittee.

9 MS. PARK: Yes. I was just wondering if the
10 statistics that Joe Jordan presented earlier would be
11 provided for the group? Because what he shared about
12 the number of protests that have increased but the
13 number of actual instances of fraud has decreased, it
14 would just be interesting to see what those statistics
15 are.

16 And then maybe looking at what the
17 circumstances were around those instances of fraud
18 to see how better to tighten effectiveness versus
19 balancing burdening and efficiencies, just to add to
20 the conversation of the VA, state, and self-
21 certification. That might be useful.

22 MS. JOHNS: Thank you.

1 And Rick, we can make that available?

2 MR. MILLER: Yes.

3 MS. JOHNS: Okay. Thank you.

4 All right. Matthew, welcome.

5 MR. BLUM: Thank you, Madam Chair.

6 On the Reducing Paperwork Subcommittee, we
7 have three discussion issues. The first is creating --
8 we renamed it a first stop portal for entrepreneurship
9 resources. I think we were calling it originally a
10 one-stop. It's a daunting task, and I think "first
11 stop" is probably better.

12 We're not trying to reinvent the wheel or work
13 at cross-purposes with other organizations that are
14 already trying to pull resources together. But it
15 seems like there's a need within our community, this
16 community, to simplify the internet and all of the
17 resources that are out there.

18 And so that said, it can be daunting -- an
19 easy concept but a very daunting one to implement in
20 terms of both finding the right people within
21 government, within our agencies, within Defense
22 Department, within VA, within Labor, that have enough

1 of a bird's eye view of the programs and a sense of how
2 to bring this together from the government's
3 perspective to create an inventory that's useful.

4 And secondly, and equally if not more
5 important, to make sure that we have the right input
6 from our customers, from the veterans that want this
7 information. It's very easy to slip into just trying
8 to, from the government perspective, state for the
9 community what the information is that's needed, when
10 in fact it may be very different.

11 And we need to get input from the community to
12 figure out what's the information that you need most?
13 What is it that's hardest to find? What is it that's
14 being packaged well that we should emphasize? What is
15 it that you're looking for and you can't find?

16 I was actually heartened by today's discussion
17 with our two guests because I think that both of them
18 together are a good tandem to help us make progress on
19 both fronts. One, I think Matt Flavin and his
20 reference to the interagency process, I think our
21 subcommittee needs to work more closely with his office
22 to get the right people within our agencies to help in

1 identifying the information for a potential hub, for a
2 portal.

3 And similarly, I think Ken -- who's really, I
4 think, invigorating at the VetsFastLaunch.org -- I
5 think has a very good sense or pulse, along with our
6 advocacy groups, to help us figure out what is the
7 information that people need most.

8 So I think in terms of the first discussion
9 point, it's getting those folks and working more
10 closely with them to get both of these pieces together.
11 And I think what we want to bring to our next
12 discussion is information on what that inventory will
13 look like so we can start getting some reaction to some
14 concrete information.

15 The second discussion point deals with
16 reducing redundancy in registration processes.
17 Actually, this is one that, with a little bit of
18 research, it turns out that we may have already solved,
19 which is always a good thing.

20 But we had heard a number of complaints over
21 the years, actually, that unlike programs outside of
22 those sponsored by VetBiz, a small business could

1 register in CCR, and in terms of completing additional
2 registration information for eligibility, that the
3 information would be pulled in from CCR; whereas I
4 guess at one point there were problems with the
5 software in the system where you couldn't do that on
6 VetBiz.

7 But talking to Tom's good staff -- and the
8 folks are focused there -- as it turns out, apparently
9 if a small business puts in their DUNS number first,
10 the information will be pulled from CCR so there will
11 not have to be a duplicative effort.

12 And I think we're going to put that up on your
13 website and alert folks to that to make sure that in
14 fact that is working. If it is, we will, I'm sure,
15 find many other discussion areas to replace that one.
16 If not, we will solve that problem.

17 In terms of the third discussion issue, I
18 mentioned before Executive Order 13563 on "Improving
19 Regulation and Regulatory Review." I think that really
20 gives us that exercise which requires agencies to do,
21 if you will, a look-back on rules that may be obsolete,
22 unnecessary, unjustified, excessively burdensome, or

1 counterproductive. It gives us an opportunity to
2 really piggyback on synergies that this is going to
3 create.

4 Agencies are required within a four-month
5 period of when the Executive Order was issued, which I
6 think was January 18th -- meaning that May is going to
7 be a key month -- to come up with plans that have to be
8 made publicly available identifying what they're going
9 to do for this retrospective analysis.

10 The good news is, as we know, we have all the
11 agencies that are represented on this task force and in
12 this room that have such a key role to play for our
13 community will be putting plans together. But the
14 challenging piece is that the Department of Defense is
15 large. VA is large. And so some of the rules that we
16 may want to focus on that are near and dear to our
17 hearts won't necessarily be captured in those plans in
18 an easy-to-find way.

19 What we had mentioned, had been thinking
20 about, and hope to do very soon is put out a Federal
21 Register notice on behalf of this task force that would
22 ask the public to provide comment back on rules that

1 are of interest to this community. And I think,
2 actually, it goes to a couple of the points that were
3 just made.

4 One, as our dialogue on the verification and
5 ownership issue indicated quite passionately and
6 clearly, you can't always solve these very easily by
7 the individual words. But by the same token, a look-
8 back gives us the opportunity to do, Joe, a government-
9 wide look rather than just testing VA.

10 That doesn't mean, by the way, that we're
11 taking responsibilities away from an agency. But I
12 think that the whole purpose of this task force is to
13 have this kind of cross-agency very collaborative way
14 with our advocacy groups to look at this.

15 And so by going out with a notice and getting
16 the input of the public specifically focused on our
17 issues, I think it'll be a much more efficient process
18 to identify some issues. I'm sure there will be ones
19 we're already aware of.

20 But the other thing, and just the reality of
21 how government works, is we have a lot that we're
22 working on right now, and we have a tendency to look at

1 the rules that we've been dealing with going back, say,
2 a year or two, and there are a lot of them that I think
3 are on the books that probably just get overlooked
4 because people are busy. This will give us an
5 opportunity to take a fresh look.

6 So that's really what's behind the third
7 discussion area. And probably, if that works well,
8 which I expect it will, we'll have a lot more
9 discussion points either on this subcommittee or in
10 some of the other subcommittees.

11 MS. JOHNS: Okay. Thank you, Matthew.

12 Any questions or comments from the task force
13 members? From anyone?

14 MS. PARK: Jiyoung, please.

15 MS. JOHNS: Oh, Jiyoung. I'm sorry.

16 MS. PARK: On discussion number one, and you
17 mentioned that FastLaunch.org site --

18 MR. BLUM: Right.

19 MS. PARK: -- maybe there are legal issues.
20 But could it be that that already-stood-up site with
21 its technology could serve as a home for a federal
22 government resource first stop, where certainly the

1 Vets Fast Launch would have a myriad of sources? And
2 there are some that were mentioned. But could that be
3 a section, I wonder, for the government-specific
4 sources, so then there is one source for veteran
5 entrepreneurship? Just a question.

6 MS. JOHNS: Well, I think the fact that, in
7 general, the agencies indicated they wanted to a link
8 in a de facto sense creates that situation. So what
9 I'm hoping is that agencies talk more in detail with
10 Ken Yancey to find out how to make that connection, and
11 additionally, what other resources could be connected.

12 MR. BLUM: Exactly. And again, we
13 definitely -- and we all have those cards -- but I
14 definitely want to get a meeting together in a matter
15 of weeks, if not days, to start exploring.

16 I mean, even if we don't use his organization
17 formally, I think we can learn a lot from how he has
18 pulled together. And so, again, we have that much of a
19 head start, even if we use a different platform. But I
20 think we want to explore that.

21 MS. JOHNS: Elizabeth?

22 MS. O'HERRIN: I'd just like to chime in. I

1 think it's very, very important that we do talk with
2 Mr. Yancey about it because we have first stop or one-
3 stop shops all over the place. It just makes it very,
4 very difficult.

5 MR. BLUM: Right.

6 MS. O'HERRIN: So I think it's very important
7 to have those meetings; and also, I think, to not
8 duplicate information on each site because that's what
9 really makes it hard to get to the unique information,
10 is when there's six links that are the same on both
11 sites. You can't find the ones that are different.

12 MR. BLUM: Right.

13 MS. O'HERRIN: So I think it's very important
14 to kind of distinguish roles and information provided
15 on each, and then cross-link to both.

16 MS. O'HERRIN: So before we have -- certainly
17 long before we have our next meeting, we will make sure
18 that the discussion with Mr. Yancey occurs from the
19 agencies that are represented to make sure that we talk
20 through how to use his tool in the most effective way,
21 and then whatever else we need to do to supplement, to
22 your point, Elizabeth, make sure we're just not

1 replicating the same one-stop on different websites.

2 MR. BLUM: Right.

3 MS. JOHNS: Okay. Anything else for Matthew?

4 (No response.)

5 MS. JOHNS: Thank you very much.

6 All right. Next, I think we have Elizabeth
7 and Gordon.

8 MS. O'HERRIN: Yes.

9 MR. BURKE: For the training and counseling
10 subcommittee, we have discussion points. And Elizabeth
11 and I will tag team.

12 We'll cover three discussions points, and the
13 first one involves creating training programs
14 nationwide for all veterans.

15 MS. O'HERRIN: So I'll speak to this one, and
16 then Gordon is going to speak to the second two.

17 This really -- I guess a little bit of
18 background about this recommendation. Our subcommittee
19 conducted a series of stakeholder interviews with
20 veterans and small businesses, young veterans, older
21 veterans, everything from folks that were interested in
22 government contracting to a gentleman that owns a

1 quilt-making shop with his wife in Oregon, folks that
2 work in PTAC. So we really tried to span all the
3 different interests in a training and counseling field.

4 And simultaneously, while we were doing these
5 interviews, Bill and his office were working on a
6 recommendation to create this nationwide veterans
7 entrepreneurship training program modeled in part off
8 the EBV program. But really, if you look at EBV, what
9 they're doing is amazing and incredible; but if you
10 look at the numbers, it's 300.

11 So how do we take what's working there and
12 scale it up to reach hundreds of thousands of veterans
13 that need this information and these training programs?
14 So we kind of stole his recommendation and we kind of
15 parked it under our subcommittee. So credit goes to
16 Bill with drafting a lot of the ideas and the language
17 behind this recommendation.

18 And what we're really looking at is, as I said
19 before, taking what worked from EBV but really growing
20 it. And I think the spirit behind that recommendation,
21 I think we're at kind of a critical time period right
22 now because if you listened to what Matt Flavin had to

1 say, there is this urgency to kind of call on the other
2 99 percent of Americans, the private sector, the
3 colleges and universities, the folks that didn't serve
4 in the military, to serve the 1 percent who did.

5 And I think this particular recommendation is
6 a really interesting marriage of private sector
7 potential innovation capability with our federal
8 interagency mandate. So I think this is a really
9 important time, while we have the First Lady's
10 attention, while we have Dr. Biden focused on this,
11 providing a microphone to veterans, military families,
12 private sector calling for support, to really push this
13 particular recommendation and try to get some weight
14 behind it.

15 Because the key common thread that we
16 discovered in these interviews is that there just is no
17 standard at the state and local community level. And
18 that's where the real work gets done, is in the local
19 communities. And so I think this recommendation really
20 could provide potential for pumping resources from a
21 federal level down to the local level.

22 That's what I'm interested in. I know that's

1 what several other folks on this task force are
2 interested in. And so now what we're really doing is
3 we have kind of a basic draft, I think, of how that
4 might work, but now I think we're really going to need
5 to ramp up discussions with stakeholders, with folks
6 that really understand how these pieces might work.

7 And so I'd really like to encourage -- just
8 really solicit input as far as what are some of the key
9 components of a federal training program? If you're
10 looking at the EBV program and you see some things that
11 might really, really work well that we need to make
12 sure we carry into this recommendation, I think the
13 best way for us to get feedback -- and please share
14 this with folks that you know that might be interested
15 that aren't here -- is through the task force e-mail
16 list. And that is the VetsTaskForce@sba.gov.

17 That's, I think, the best way to get input to
18 us. We can set up meetings through that particular
19 e-mail. But we're very interested in this idea of, I
20 think, using colleges and universities in particular
21 and the curriculum that they have, the expertise that
22 they have, using them to partner with veterans'

1 organizations, local VA resources, SBA resource
2 partners, and really bringing together these key
3 components to create a national network of 60 or
4 70 training programs, and really just try to reach as
5 many folks as possible.

6 So that's what we're working on as far as
7 recommendation number one.

8 MR. BURKE: The discussion issue number two
9 involves the revision of the Transition Assistance
10 Program to include small business-specific information
11 and tools. That is currently in process as the
12 Department of Labor, the Department of Veterans
13 Affairs, and the Department of Defense are working on
14 revising the Transition Assistance Program.

15 One of the new parts of the program will be a
16 virtual TAP, where people who are on vessels or spouses
17 or Guard and Reserve at any point 24/7 can actually
18 take TAP online. However, TAP is not a substitute for
19 the brick and mortar presentation; nonetheless, it will
20 augment and have people give them the capability to
21 revisit all of the tools in the workshop.

22 One of the more robust tools that we plan

1 to place on that website is one that involves
2 entrepreneurship opportunities for veterans, a training
3 tool that we intend to place there and update
4 continuously.

5 Some of the discussions this morning that took
6 place by Mr. Yancey and others reminded me of the need
7 to bring all this together, as best we can, in one
8 place. The previous briefing, again, I think we might
9 have to collaborate as we continue the discussion about
10 TAP, having an entrepreneurship tool there. This
11 should be completed within the next 12 months or
12 before. We should have this up and running.

13 Discussion item number three involves updating
14 materials. Since 1953, the Small Business
15 Administration has helped veterans start, manage, and
16 grow their businesses. And through a number of
17 specific programs -- and I think, quite frankly, that
18 SBA has a robust number of effort and programs.

19 But in carrying out our mission, all federal
20 agencies need to collaborate better, and the current
21 resource materials need updating for online delivery,
22 electronic hard copy, and CD distribution to our

1 veterans, service-disabled veterans, Reserve, and
2 National Guard members, to aid in starting, managing,
3 and of course, maintaining and growing successful small
4 businesses.

5 So in carrying out our mission, or the SBA's
6 mission, if you will, to assist, all federal agencies
7 need to collaborate in providing information on their
8 programs and services designed to assist small business
9 owners so that they're competitive.

10 So the last one is, to make a long story
11 short, is that there are a lot of resources out there.
12 We just need to make sure that they're updated and
13 placed in a media form that's successful.

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

15 Any questions or comments from the task force
16 members? Yes, Linda?

17 MS. OLIVER: In your discussion number two,
18 where you said that you are moving in the direction of
19 having an augmentation of the TAP program and it will
20 be electronic --

21 MR. BURKE: Right.

22 MS. OLIVER: -- are you far enough down the

1 road to know whether it will be available to everybody?

2 Is just a question of letting people know where it is,

3 or will be there be registration? Do you know yet?

4 MR. BURKE: Well, the intent right now is,

5 when it first rolls out, that veterans who have left

6 service within the last five years will have access,

7 along with servicemembers who are serving, because they

8 have that key to get into the -- the e-mail system.

9 And everybody gets an e-mail --

10 AUDIENCE MEMBER: It's AKO.

11 MR. BURKE: Right, right. So there'll be a

12 gateway for all of those who got one when they left the

13 service to address the amount here. That's something

14 that we have to work out with the Department of Defense

15 because originally this website was supposed to be a

16 DOL website. It is now a DOD website. And so we've

17 got to find what's the right way to allow access,

18 particularly when it comes to spouses, because we want

19 that to be able to --

20 MS. OLIVER: Why would you want it only for

21 veterans and service-disabled veterans?

22 MR. BURKE: Well, from our perspective, it

1 resides on a DOD platform. The resource means the
2 brick and mortar presentation. It's only --

3 MS. OLIVER: Right. I understand that, yes.

4 MR. BURKE: But the electronic -- it belongs
5 to DOD. We really don't state it could only be
6 available -- as far as Labor's concerned, it could be
7 available to the population at large. There's
8 certainly nothing on there involving that workshop and
9 those materials that puts the government or anyone at
10 risk.

11 There might be some other things involved in
12 DOD's firewall or gateway, but they -- so we're working
13 with them on that. There has been no thumbs-down that
14 no, people won't have access to it.

15 MS. OLIVER: The reason I'm going there at all
16 is I have observed that every other little thing you
17 make people do to get somewhere electronically means
18 fewer people will actually go there. And so if you
19 have to register, there are going to be a certain
20 number of people who say, oh, dear. They're going to
21 keep my name. I'm not going to do it.

22 Whereas if you can go in, if it costs the

1 government no more money, it seems more helpful to me
2 if it is sort of the Defense Acquisition University
3 model, which is if it's already there, we're just happy
4 to have anybody go in from anywhere and take advantage
5 of any of the electronic training or anything like that
6 that there is.

7 DAU will not put training up specifically for
8 some group not in the Department of Defense. It has to
9 be a Department of Defense purpose. But having
10 somebody else use it is helpful. And I think that
11 might be true -- as you move further along, think about
12 that possibility.

13 MR. BURKE: It is an agenda item because it's
14 already been raised. And again, our point is to open
15 it up.

16 MS. JOHNS: All right. Dan and then Bill.

17 MR. DELLINGER: A couple things. Number one
18 is there seems to be a big disconnect when you talk
19 about TAP because when you separate from your unit,
20 that's one thing.

21 But if you're a Reservist that's embedded with
22 somebody else, they come back, he's completely lost.

1 He doesn't get any of that because he's coming back to
2 start with his family, get back to his job, go back to
3 work, him and the National Guardsmen.

4 So there seems to be a void in there.

5 MR. BURKE: There is a -- yes. I can't. Let
6 me tell you a little story. I was hoping I wouldn't,
7 but I will be quick.

8 About five years ago, the Assistant Secretary
9 sent a letter to every state AG. The letter said, we
10 will come and deliver an onsite TAP workshop for three
11 days, whatever you want, any time, any place. The only
12 thing you have to do is give us a place, give us
13 lights, heat, you know, and a place to do it. We
14 didn't get one response.

15 Now, having said that, that's not part of the
16 discussion any more. The discussion now is about
17 opening that up. We are in a dialogue with the
18 Department of Defense and the service chiefs, to
19 include those representing the Guard and Reserve, to
20 open that up again.

21 The virtual piece on this will be available
22 for them, will be available for all Guard and Reserve.

1 Their key to get into it will be provided to them prior
2 to them actually demobilizing where they're not then
3 under Title 10. They're actually state employees. But
4 they will still have that address to be able to get in.

5 MR. DELLINGER: And just a quick comment, if I
6 could. I really do believe that one of the prime
7 issues here is raising the awareness of --

8 MR. BURKE: I agree.

9 MR. DELLINGER: -- and the training for
10 everybody concerned.

11 MR. BURKE: Right.

12 MR. DELLINGER: I think that should be
13 paramount. And with working, of course, the VSOs,
14 we're just waiting for something to come out of this
15 and we can partner with the agencies and get leaning
16 forward.

17 MR. BURKE: Right. We are definitely focused
18 on the Guard and Reserve for a number of reasons. One,
19 a lot of them are sole proprietors. Two, a lot of them
20 will want to start their own business. Three, they
21 represent a much larger part of the force.

22 MR. DELLINGER: Exactly.

1 MR. BURKE: So I hear you. You're right on
2 the mark. And hopefully we can meet that need.

3 MS. JOHNS: Bill?

4 MR. ELMORE: Yes. A comment, and perhaps a
5 suggestion. We're seeing the same thing through our
6 district office outreach and with our two new programs,
7 the women entrepreneur program and the Reserve and
8 Guard program.

9 We're getting more interest at the state and
10 local level on the Reserve and Guard program and their
11 families than we are on the women veterans program.
12 That might just be an output of numbers. I don't know.
13 But that's what we're seeing early on in these two
14 initiatives.

15 So how we can broaden this out to make sure
16 Reserve, Guard, and their families are in the mix is
17 important. And I want to go back to what Ken touched
18 on.

19 He's got 13,000-plus volunteers, 25 percent of
20 which are veterans themselves. They're already going
21 to broaden out their engagement with TAP, so maybe it's
22 the first stop or the one source where you can begin.

1 MR. BURKE: I made a note of that.

2 MR. ELMORE: Yes.

3 MR. BURKE: And I think it has -- it's
4 potentially very powerful. We still have to talk about
5 the reach that he could get and the -- what, 13,000?
6 How many thousand volunteers?

7 MR. ELMORE: He's got over 13,000 volunteers
8 now.

9 MR. BURKE: Yes. Why I sort of paused was
10 when the Wal-Mart Foundation name came up, then I
11 started to think like a federal employee. But
12 nonetheless, I'm going to follow up with him because I
13 think there's great potential there. I agree.

14 MS. JOHNS: All right. Thank you, Elizabeth
15 and Gordon.

16 Now, Jim.

17 MR. WILFONG: Yes?

18 MS. JOHNS: Last but not least.

19 MR. WILFONG: Yes. Thank you.

20 Before I start, we took the approach with this
21 subcommittee, the approach that you've heard me talk
22 about before, that veterans are not helpless, that

1 veterans are people who take charge, and that there's a
2 greater federal purpose to assisting veterans because
3 of some of the rights that they've earned by virtue of
4 their service, but also because it makes the United
5 States stronger when veterans go home, become leaders
6 in their communities, leaders in business, and leaders
7 in terms of public policy.

8 And with 3.6 million veteran-owned businesses
9 producing \$1.7 trillion in the U.S. economy, that's a
10 good indicator of the type of leadership that veterans
11 can provide to their local communities. And it's
12 important. It's an important federal policy to have
13 them be successful and go back and do that.

14 And that is really the vision that we took
15 forward in working with this subcommittee. And there
16 were many hands that were involved in the work on this
17 subcommittee, hands from VSOs, hands from individual
18 business owners, from across the United States, people
19 who work in the Pentagon, people who work in the
20 federal agencies. We talked to a lot of different
21 stakeholders here.

22 Issue number one: Make improved risk in

1 working capital more available to veterans and
2 Reservists at low risk if they receive approved small
3 business counseling and/or training. We think that's
4 important, to get the counseling and/or training. It
5 goes back to Elizabeth's number one issue and Gordon's
6 number one issue, which I'm very, very supportive of,
7 as some of you may know. I know that it makes a real
8 difference in whether or not businesses will be
9 successful.

10 One of the things that happens, especially
11 with young veterans -- I was once a young veteran who
12 came out. I had never had an idea about being involved
13 in business at all. I had dropped out of the
14 University of New Hampshire School of Forestry, thought
15 I'd go back to college and perhaps become a history
16 teacher. But I was a ski racer, and I got involved in
17 the winter sports industry, and that's where I spent
18 the next 25 years of my life, was in business.

19 But I had virtually no assets. I couldn't
20 have gotten an SBA loan if I had tried because I didn't
21 have asset one to -- I had a negative net worth when
22 you calculated in my car.

1 (Laughter.)

2 MR. WILFONG: Which I don't think is very
3 different from a lot of young veterans when they leave
4 the service. And so to ask them to put every asset
5 that they might have at risk is probably not very
6 helpful to them. As a matter of fact, I'd advise
7 against it for a lot of young vets.

8 And so we think that maybe there's something
9 that can be done. The risk mitigation comes through
10 training and counseling. And we know that with that,
11 we know the failure rate goes from 60 percent failure
12 rate, according to the SBA, for businesses in the first
13 five years. If you take Kauffman Foundation's
14 statistics, it goes up to a success rate of about
15 87 percent once you calculate in the training and
16 counseling that comes with it, usually.

17 So it's important to do that. But we ought
18 to make risk in working capital more available to
19 veterans. It would really help a lot, and would help a
20 lot of people in their communities. And just think --
21 if 3.6 million veterans hired one veteran, there
22 wouldn't be a million veterans who are unemployed right

1 at the moment, or Reserves.

2 Vest: This is an important one. Vest the
3 GI Bill benefits as a property right. Put a time limit
4 on it, but vest it as a property right. Now, this is
5 an earned property right, and you have to act on it in
6 10 years in order to access that property right.

7 And they could use it for education, or they
8 could use it for small business, either starting a
9 small business, creating a small business, or perhaps
10 growing a small business. Because a lot of small
11 businesses get into trouble when they get ready to grow
12 that business and they outgrow the asset base that they
13 might have in order to pledge to get a loan to grow the
14 business.

15 And if you're a veteran-owned small business
16 and you're involved in contracting in any way and you
17 raise it through equity, then you're being diluted.
18 And maybe you get diluted below 51 percent, and then
19 that becomes an issue.

20 And so by having a vested property right that
21 comes through the GI Bill that says, hey, I can use
22 this for education to go to college. I can use a

1 portion of it to go to college, maybe two years to
2 become an electrician. The remainder of it, I can use
3 that to start the business. I can buy a truck. I can
4 buy tools. I can buy stock. So we're really hot on
5 that. We think that would be a real game-changer.

6 Leverage government -- and we have to thank
7 Jiyong for this idea; she mentioned this to me at the
8 very first meeting that we had -- what about leveraging
9 government banking relationships for veterans and
10 Reservists?

11 And this is something we have to look into,
12 but it was some enormous amount of money, \$29 billion,
13 that goes through GSA cards. Right? Yes. And I'm
14 sure we could get the attention of banks that allow
15 that -- that have the government Visa cards to perhaps
16 sit down with us and talk about ways that we could
17 improve banking relationships for veterans.

18 And this would really be important for Guard
19 and Reservists because when they get deployed in
20 today's Army, in today's military, they're not a
21 strategic force any more. They're being used
22 operationally. And when you get used operationally and

1 you have a small business and you get deployed once
2 and, God forbid, twice, it's been possible that your
3 business is going to have a lot of financial problems.
4 So perhaps we could work on things that would help
5 those folks.

6 And then finally, negotiate subcontracting
7 plans. This sort of gets into Linda and Jim's area.
8 But this piece of information came from Admiral Crean,
9 who's the OSDBU at Navy. And he suggested that we
10 negotiate subcontracting plans and add or reduce a
11 profit weight for meeting small business goals, so that
12 when they hire small businesses as subcontractors, that
13 there is a way that they get -- for doing a really good
14 job of managing that, they perhaps get an increase or a
15 decrease in the profit weight, depending on how good or
16 how poor a job they did.

17 And we think that that would be a really good
18 thing because in the end, this contracting business is
19 not a subsidy for vets. It really isn't, any more than
20 the land bounties were 200 years ago for Revolutionary
21 soldiers. They fulfill a federal purpose, and the
22 federal purpose is to have a more competitive and

1 robust marketplace for the federal government to buy
2 goods and services. That's one of the reasons that
3 they do that. It's a big one.

4 And small businesses are not located in just a
5 very few areas. When you look at a Rand study that
6 shows that the prime contracting and subcontracting --
7 two-thirds of all those dollars go to seven or eight
8 states. That's not a very good distribution of money
9 across the broad category of states, and small
10 businesses are really the free market system.

11 They're a free market system for more
12 equitable distribution of a country's GNP, and a more
13 equitable distribution for procurement dollars across
14 the United States, helping to make those communities in
15 which these businesses reside perhaps more prosperous.
16 So we think that this meets a real federal purpose and
17 a real federal goal.

18 So with that, I'm willing to take any
19 questions that any of you might have.

20 MR. ELMORE: Thank you, Jim. Any questions or
21 comments? Please?

22 MR. GARCIA: The property right --

1 MR. WILFONG: Yes, sir.

2 MR. GARCIA: -- thought, that's -- we're
3 talking about a new GI vet bill, then?

4 MR. WILFONG: We would be talking about an
5 amendment to it.

6 MR. GARCIA: Oh, okay.

7 MR. WILFONG: Yes, amending it. Yes.

8 MR. GARCIA: I kind of like that idea.

9 MR. ELMORE: If you don't mind, Jim, I'll give
10 you a comment.

11 MR. WILFONG: Yes?

12 MR. ELMORE: I think on the last things you
13 said, because I have gone back and reviewed why the
14 Small Business Act was created in the first place. And
15 it strikes me, as a guy who works on the small business
16 arena, that we seem to have a lot of focus in our
17 national policy about maintaining a large business
18 industry base to produce what we need to defend
19 ourselves.

20 But the purpose being the Small Business Act
21 was the maximize the small business industrial base as
22 well.

1 MR. WILFONG: Exactly.

2 MR. ELMORE: And during periods where we're
3 not at were, to maximize the sort of democratizing
4 effect of a free and open market with the dynamics of
5 small business creation in our country and our
6 country's history.

7 So I'm really attuned with what you're talking
8 about. And I think this subcontracting plan arena is a
9 piece that really supports that small business and the
10 diversity of the small business. We're not talking
11 just veterans here; we're taking small business.

12 MR. WILFONG: And I think it will make --
13 thank you, Bill. Yes. Exactly.

14 The other thing that is a real issue, and I
15 think especially for the Defense Department, perhaps,
16 is the security of a supply chain that's global in
17 nature. And it presents a lot of challenges.

18 As you know, I was an assistant here for trade
19 back 10, 12 years ago, and so I think about those types
20 of things as an interest. And having small business
21 located here in the United States, spread throughout
22 the United States, who are involved, and especially

1 having veteran-owned small businesses involved,
2 provides another level of interest and security
3 potential.

4 America's veterans are still serving. There
5 is no time limit on the oath that we took. And so we
6 are still serving, and we want to serve.

7 MS. JOHNS: Yes. Any comments for Jim? And
8 then I wanted to also reiterate that we really and are
9 eager to receive your comments on any of the discussion
10 items.

11 As I mentioned at the top of the meeting, we
12 are roughly halfway through the process, so we really
13 have to get very serious about finalizing
14 recommendations and preparing ourselves as a task force
15 to develop the report for President Obama. And we want
16 to make sure that that document reflects the very best
17 thinking, and that includes the good comments that we
18 always receive from the public members who come to our
19 meetings.

20 We have the e-mail address
21 VetsTaskForce@sba.gov. Please submit any comments
22 through that mechanism. We'll take those comments,

1 continue to prioritize and refine the recommendations,
2 and then ultimately develop the report.

3 As far as the -- Rick, the data that you were
4 going to provide from --

5 MR. MILLER: The most recent protest data I
6 have?

7 MS. JOHNS: Right. The protest data for the
8 service-disabled veterans. We'll have that to the
9 committee very soon, and so expect that you'll be
10 receiving that.

11 Are there any closing comments? Our next
12 meeting will be -- we haven't set a date. Watch the
13 website for that. But we will be targeting within the
14 next five to six weeks.

15 Yes?

16 MR. McDONALD: Madam Chair, there's one more
17 testimony. I sent you an e-mail. Luis McDonald.

18 MS. JOHNS: Oh, yes. Yes, sir. Did you want
19 to speak?

20 MR. McDONALD: Yes.

21 MS. JOHNS: Okay. I'm very sorry. All right,
22 please.

1 MR. McDONALD: I appreciate the invitation to
2 testify.

3 MS. JOHNS: Mr. McDonald.

4 MR. McDONALD: I appreciate the invitation to
5 testify this morning. I'm here to read you my written
6 testimony, which was submitted.

7 MS. JOHNS: Yes.

8 MR. McDONALD: Good morning, Chairwoman Johns,
9 Co-Chairman Elmore, and other members of the committee.
10 And also I'd like to take this opportunity to
11 congratulate Mr. Leney with his appointment at the VA.
12 Let me first thank you for this opportunity to come
13 before you today to share my views on the federal
14 procurement program for veterans.

15 My name is Luis McDonald. I am the founder,
16 president, and 100 percent owner of AutoFlex, Inc., a
17 Maryland-based motor vehicle fleet management and
18 leasing company that specializes in advanced battery
19 electric vehicles technology and charging station
20 infrastructure for government and commercial fleets.

21 I proudly served in the United States Army as
22 a military police officer in support of humanitarian

1 efforts for Vietnamese orphans, refugees, and
2 hospitalized soldiers towards the end of the Vietnam
3 era.

4 AutoFlex, Inc. is the first SBA-certified
5 minority 8A small business to serve as a GSA
6 Schedule 751 commercial listing contractor. We've been
7 doing that since 1992. We have gained experience and
8 received outstanding performance ratings for delivering
9 leased federal vehicles into all 50 states.

10 On May 19, 2010, AutoFlex was certified by the
11 VA as a service-disabled veteran-owned small business,
12 and in June of 2010, we formed VETCARS. VETCARS is a
13 division of AutoFlex that entered into a memorandum of
14 understanding with the U.S. Department of Veterans
15 Affairs, Maryland Healthcare System, to develop
16 outreach and training of veterans for new green jobs in
17 the emerging electric vehicle transportation industry.

18 On October 14, 2010, veterans from the VA
19 Compensated Work Therapy Program completed the first
20 training course at the Community College of Baltimore
21 and began installing electric vehicle charging stations
22 in Maryland under a state grant.

1 The success of that program attracted the
2 attention of the University of the District of
3 Columbia, and we are in the process today of putting
4 together the first automotive training program in the
5 District of Columbia that would be training veterans
6 for the first curriculum program on electric vehicle
7 and alternative fuel technology. This an industry,
8 emerging industry, that's going to create thousands and
9 thousands of jobs.

10 A VETCARS fleet electrification leasing
11 program has been proposed by AutoFlex to serve as a
12 commercial leasing solution managed by a service-
13 disabled veteran company under a current and awarded
14 GSA Schedule contract. However, we have been delayed
15 by red tape, both from the GSA and the VA fleet
16 management offices.

17 Federal regulations that control GSA and the
18 procurement practices of the federal fleet contain
19 limitations that hinder market development of electric
20 vehicle technology. A June 2009 GAO report, Report
21 No. 09-493 -- the title is, "Federal Energy and Fleet
22 Management" -- costs and limited information to plug-in

1 vehicles substantiates that changes need to be
2 accomplished in order to level the playing field
3 between GSA and small businesses.

4 Just to give you a little background on this
5 area of federal procurement, the federal fleet is more
6 than 650,000 vehicles. That's a multi-billion-dollar
7 area of federal procurement. Over approximately
8 55,000 vehicles are replaced on an annual basis. Of
9 that, more than 99 percent of all federal agency
10 vehicles are leased by GSA to the federal agencies.
11 Less than 1 percent of the federal fleet is leased from
12 GSA Schedule 751 commercial vendors.

13 AutoFlex, Inc. is the only verified service-
14 disabled veteran company on the GSA Schedule 751. Our
15 NAICS small business size standard is \$25.5 million.
16 We've never come close to that. With a 3 percent goal
17 for service-disabled veterans within this area, that
18 would only equal about 20,000 federal leased vehicles
19 out of over 65,000.

20 The VETCARS fleet electrification leasing
21 solution was proposed by AutoFlex, is fostered by the
22 Obama Administration's goal of one million electric

1 vehicles to be deployed in the United States by the
2 year 2015. The direct and immediate benefits to the
3 federal fleet from the VETCARS program are as follows.

4 One, a cost-effective method to met
5 statutorily-imposed requirements to acquire and utilize
6 electric vehicle technology and infrastructure.

7 Two, a unique approach for enhanced
8 transportation services, operated by veterans, to serve
9 the mission of veterans' employment, education, and
10 healthcare needs.

11 Three, reduce dependence on foreign oil.

12 Four, reduce greenhouse gas emissions.

13 Five, data collection on performance and
14 feasibility of the advanced battery technology.

15 Six, utilization of smart fleet technology and
16 charging station infrastructure.

17 Seven, transitional work therapy in the fleet
18 services industry that is sustainable and scalable.

19 Eight, educational training for installers and
20 technicians to create the new green jobs for veterans.

21 Nine, the dissemination of the electric
22 vehicle fleet information in crucial to the market

1 development and reaching the Obama Administration's
2 goals of the 1 million.

3 And ten, to achieve supplier diversity in
4 support of federal fleet contracting goals for
5 veterans.

6 Our recommendations are that the executive and
7 the legislative support establish a 3 percent contract
8 goal for SDVs in the federal fleet electrification
9 between model years 2011 and 2012. We're hoping to
10 gain support for the GSA Schedule 751 for the VETCARS
11 commercial leasing program so that it can facilitate
12 the market development of the new advanced battery
13 technology, and we hope to gain support from VA and DOD
14 for VETCARS fleet electrification based on lease orders
15 and training and working in concert to get some grants
16 like they're talking about so that we can train these
17 veterans because we're going to need some contracts.
18 We need the training for this new technology.

19 And thank you for this opportunity to testify
20 in support of veterans' small business development.

21 Thank you.

22 MS. JOHNS: Thank you, Mr. McDonald. Thank

1 you for your innovative ideas and how you've built your
2 business, and focusing on clean energy and preparing
3 the workforce for an important segment that, as you're
4 right, is coming, and we need to be ready for it. So
5 thank you for coming today, and appreciate your
6 statement.

7 MR. McDONALD: My pleasure. You've got quite
8 a task ahead of you. I really gained a lot of respect
9 for sitting here the last two hours and listening to
10 everybody. You've got quite a job ahead of you.
11 You've got our support.

12 MS. JOHNS: Well, thank you again for being
13 here. And I hope it's clear that the work isn't just
14 in these meetings, that there's a lot of work that goes
15 on outside of the meetings that we have every six weeks
16 or so for the public.

17 So with that, unless there are any burning
18 issues from members of the task force, we will -- yes,
19 Bob?

20 MR. HESSER: Minutes. We have the minutes,
21 obviously, for October's meeting. Where are the
22 minutes for the previous meetings? We have no access

1 to what's been going on until they're issued after the
2 meeting, and so you can read them and come back --

3 MS. JOHNS: They should be on the web.

4 MR. ELMORE: We've had some web issues, and
5 they were posted, and then they somehow went away. We
6 have them in my office. Anybody that contacts my
7 office, we'll provide you an electronic copy of those
8 minutes.

9 MS. JOHNS: Okay. My apologies for that. I
10 didn't realize we'd had that technical program. But
11 we'll definitely get those to you right away. Thank
12 you. I appreciate that.

13 Okay. Thanks, everyone. Please monitor the
14 website for the date of the next meeting.

15 (Whereupon, at 12:00 noon, the task force
16 meeting was adjourned.)

17 * * * * *

18

19

20

21

22