

UNITED STATES SMALL BUSINESS ADMINISTRATION

ADVISORY COMMITTEE ON VETERANS' BUSINESS AFFAIRS

MEETING FOCUS: PREPARING FOR ANNUAL REPORT

Thursday, May 19, 2011

9:05 a.m.

U.S. Small Business Administration

Eisenhower Conference Room

Washington, D.C.

Diversified Reporting Services, Inc.

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BOARD MEMBERS PRESENT:

William D. Elmore, Associate Administrator

Jeffrey R. Linscott, Chair

Courtney D. Lynch, Vice-Chair

Terry D. Schow

Daryl A. Hill

Stephen H. White

Robert K. Mueller

Ron M. Miller

Terry D. Hill

Albert P. Renteria

Tim Wheeler

ALSO PRESENT:

Joseph F. Sobota, Office of Advocacy, SBA

Richard Parodi, SAG Corporation

John Hope, SAG Corporation

Patrick Mackin, SAG Corporation

A G E N D A

	PAGE
Opening Remarks, Objectives and Goals, and Introduction of New Members	4
Discussion of first SBA/Syracuse University V-WISE program, San Antonio	25
Presentation and discussion of activities of Executive Order 13540 Interagency Task Force on Veterans' Small Business Development	59
Committee discussion	117
SAG Corporation research presentation and discussion, Factors Affecting Entrepreneurship Among Veterans	129
Committee discussion continued	168
Administrative matters	202

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

2 (9:05 a.m.)

3 OPENING REMARKS, OBJECTIVES AND GOALS,
4 AND INTRODUCTION OF NEW MEMBERS

5 MR. ELMORE: Welcome to the Advisory Committee
6 on Veterans' Business Affairs at SBA. I have a few
7 things just to cover.

8 For those that are new and those who aren't so
9 new, remember that we will be on the record. As we get
10 into discussion and dialogue, try to remember to
11 identify yourself for the Court Reporter, and the
12 record will be posted not only on SBA's completely
13 screwed up website, but also ultimately on the FACA
14 website.

15 PARTICIPANT: You're on the record.

16 MR. ELMORE: I know I'm on the record. Take
17 my word for it, they understand how I and most of the
18 Agency feel about this incredibly screwed up website.

19 PARTICIPANT: One more time, please.

20 PARTICIPANT: They are going to a new
21 contractor.

22 MR. ELMORE: Okay. They are going to a new

1 contractor. I'm not sure who it is. All I can say is
2 even people who know what they are looking for on the
3 website can't find it right now. If it's on the
4 record, it's on the record; so be it.

5 Welcome. We have two new members. I'm going
6 to ask them to introduce themselves, and then the rest
7 of us will do a quick re-introduction, so everybody
8 kind of has an idea of who's who.

9 There are five members who are not with us
10 today for various reasons, including two sick children,
11 who have let us know at the last minute they could not
12 join us.

13 First, I'll introduce Terry Schow, who I've
14 got to know over the last couple of years. He was
15 President of the National Association of State
16 Directors of Veterans' Affairs, a group I have worked
17 with now for a number of years.

18 I can tell you Terry has some very insightful
19 and interesting approaches to how the world works in
20 the world of veterans. I think he is going to be a
21 valuable addition.

22 It wasn't so simple to get him on the Advisory

1 Committee, as all things in Government are more
2 complicated than we wish they were.

3 Terry, please.

4 MR. SCHOW: Thank you for the kind words,
5 Bill. I guess basically my role is relatively simple.
6 If you like and support veterans, I like you. If you
7 don't, I don't spend a lot of time with you.

8 I'm a veteran myself, served in the Army
9 during Vietnam when they lowered the standards just a
10 bit to let folks in. I enjoyed my service there.

11 My day time job is I'm the Director of
12 Veterans' Affairs for the State of Utah. We run a
13 couple of nursing homes, veterans' cemetery. We do
14 outreach. We are the state approving agency for
15 veterans' education. We do veterans' entrepreneur
16 workshops for veterans who want to start their own
17 businesses.

18 To learn about this, I even set up a little
19 business myself, and actually had my son-in-law help do
20 some things because he understands more about computers
21 than I do. My son is an Arabic linguist. I had this
22 idea that we might help him get some contracts.

1 That is kind of my background. I enjoy
2 working with veterans. I look forward to being on the
3 committee. Thank you.

4 MR. ELMORE: Welcome, Terry. I know I'm going
5 to mess up your first name, Robert. It's Kirk Mueller?

6 MR. MUELLER: That's right.

7 MR. ELMORE: Kirk is a new member from
8 Georgia.

9 I have already told Kirk before the meeting
10 that if this turns into a pain for him, he can blame
11 Ron Miller. Ron is who first suggested him to me. If
12 on the other hand he loves it here and enjoys his
13 opportunity to shape Federal policy going forward, he
14 can thank all of us for that.

15 Kirk, please.

16 MR. MUELLER: Thank you very much for the
17 opportunity to be here and be part of this
18 organization.

19 I actually spent some time -- actually, the
20 two of us have known each other for probably close to
21 20 years. During the Reagan era, we had the Veterans'
22 Leadership Group. I was part of that and actually

1 taught some classes at Kennesaw State University for
2 veterans transitioning out of service.

3 I've had a variety of careers, things I've
4 done. I did spend time in Vietnam. I was a helicopter
5 pilot. The two of us spent time together. Also, an
6 infantry officer.

7 MR. ELMORE: Another helicopter pilot.

8 MR. MUELLER: You guys got a lot more time and
9 grade than I do. I was an engineer by trade and spent
10 time in the oil business. I ran a number of small
11 businesses, including a Miller beer distributorship. I
12 ran a Haagen-Dazs Ice Cream, a bottled water business,
13 and then got into the construction business about 15
14 years ago by happenstance.

15 Part of my job in that business was actually
16 as a small business liaison related to GSA, the CDC,
17 and Corps of Engineers. My job was to help foster
18 relationships with small business and veteran owned
19 companies. I have really been involved in that
20 procurement process and seen it work and not work,
21 things like that.

22 I actually formally retired at the end of this

1 last year, formed my own company. The company I worked
2 for hired me back. Typical scenario, I guess.

3 Ron and I were talking about this opportunity
4 coming up. It fit right into the wheel well of what I
5 wanted to do. I do focus a lot of my efforts in the
6 consulting business I have now on veteran owned and
7 disabled veteran businesses in terms of consulting and
8 helping advise them in their operations and so on.

9 MR. ELMORE: Very good. Welcome. There is
10 some common thread there. You worked with the Vietnam
11 Veterans' Leadership Program in Georgia, you mentioned,
12 back during the Reagan Administration. I worked for
13 the Vietnam Veterans' Leadership Program in St. Louis.
14 Steve White worked for the Vietnam Veterans' Leadership
15 Program in New York.

16 I think our three programs amongst that whole
17 network were the three that were doing small business
18 development back in the 1980s for veterans. We all
19 have some background history there.

20 Welcome. With that, if it's all right with
21 you, Mr. Chairman, we will start with Ron, and
22 everybody can do a quick intro.

1 MR. LINSOTT: That's fine. I wasn't here in
2 February. Terry, if you would share with me real
3 quick.

4 MR. T. HILL: I will. I started out as a
5 newspaper reporter and t.v. reporter. My background is
6 in media and communications. Up until about a year
7 ago, I worked for non-profit organizations here in D.C.
8 to do communications.

9 One of the outfits was a franchise oriented
10 organization. We launched it to help veterans get into
11 franchise businesses. Over a period of two years, the
12 program is still going on, we took it from zero to now
13 more than 2,000 veterans who have been able to buy
14 franchises through that. A lot of focus on that whole
15 program is educating veterans about business
16 development, how to get into business, how to get
17 loans.

18 I'm a Vietnam veteran. I have also worked on
19 Capitol Hill. Right now, in my communications company,
20 I'm serving as a consultant for some of the same
21 business organizations, the National Federation of
22 Independent Businesses, as well as my former employee.

1 MR. LINSCOTT: Which branch of the service?

2 MR. T. HILL: Air Force.

3 MR. LINSCOTT: I like that. Mr. Miller?

4 MR. MILLER: After about 20 years in the
5 military flying helicopters and multi-engine airplanes,
6 I retired to Atlanta and leased an L-1011 from Delta
7 Airlines and brought a bunch of Vietnam vets to the
8 dedication of the Memorial, and as a result of that, I
9 got an appointment in the Vietnam Veterans Leadership
10 Program, and ran the state office there for about 13
11 years. We had a great employment and training program
12 and small business outreach program.

13 Back then, if some of you are old enough, you
14 will remember the SBA had direct loans for veterans. A
15 guy by the name of Andy Ferris started our small
16 business program, and Kirk was one of the instructors
17 that taught as a volunteer, almost always in the
18 evenings, at the universities there in the area. He
19 taught marketing.

20 We ran it from accounting, legal, how to buy a
21 business/franchise, you name it. During the 13 year
22 period that we operated that program, we captured \$60

1 million in SBA guaranteed and bank guaranteed loans for
2 veterans.

3 That's about it.

4 MR. ELMORE: You might touch on for the two
5 new members what you are doing now.

6 MR. MILLER: I have worked on a POW
7 documentary. We took four POWs back to Vietnam and got
8 into all the prison systems that held them. It was
9 just shown at the G.I. Film Festival here in D.C.

10 If you don't know what the G.I. Film Festival
11 is, it happens once a year in May. They showcase
12 documentaries and feature films that are made most of
13 the time by veterans, but it's about veterans and/or
14 the active military.

15 They have the screening's now over at the
16 Naval Heritage Center. Our POW documentary was shown
17 Saturday, had a great reception.

18 I've been working off and on for some time as
19 a consultant on a movie project. It was just green
20 lighted. It's set in Vietnam, but there is a lot more
21 to it than that. Hopefully, within this next year, it
22 will be made.

1 Perfume River is the main river, one of the
2 main rivers that runs out of China from west to east
3 and goes right through the old imperial capital of Hue,
4 hence, the name of the movie. We will see.

5 MR. ELMORE: Sounds pretty cool. Mr. White?

6 MR. WHITE: I was a Vietnam vet. Came back
7 and worked for a bank for a while. I actually worked
8 for the SBA for a while up in New Hampshire.

9 I started a small business, publishing for
10 small business, marketing materials. I continued on
11 that. I got involved with the Veterans' Leadership
12 Program in Manhattan and started their entrepreneurial
13 program. I served on a task force, SBA's task force,
14 and then our own.

15 I have been involved with veterans' issues,
16 starting with the Veterans' Business Network. I've
17 done some publications for small business for veterans.
18 I'm working on an on line version right now.

19 I don't know how this happened but recently I
20 got tangled up with a group in Manhattan called
21 Veterans Across America that focuses mainly on a
22 mentoring program to take veterans up to the stage to

1 get them employed.

2 I got involved with them because I really
3 liked the program and I wanted to see them enhance it
4 with the entrepreneurship side. People just don't
5 equate that and they don't understand, getting a job is
6 great, but big companies fire as many people as they
7 hire, whereas if you help grow a business, particularly
8 a veteran owned business, it's creating jobs that
9 aren't going to go away.

10 I don't know how many of you heard, there is
11 all kind of stuff happening. Veterans Across Wall
12 Street. Five of the major banks are all promoting job
13 hiring and creation for veterans.

14 Chase started a thing called the 100,000 Jobs
15 Mission, bringing in a bunch of big companies like
16 AT&T, who actually will fire 20,000 people if they buy
17 T-Mobile, but it's all good.

18 I just ended up taking a position with them as
19 the Executive Director of Veterans Across Wall Street.
20 I'm not going to be there forever, but for a while,
21 I'll do it. It's a hell of a program, and I'd like to
22 get you all interested in it.

1 It is Veteransacrossamerica.org, the website,
2 which will be changed shortly. As you know, a lot of
3 these things get going, their brand and
4 awareness -- the stationery is different from the
5 website, all that stuff. There is a long way to go,
6 but it's a great organization. It has helped thousands
7 of veterans. It's a cool thing.

8 MR. D. HILL: I'm Daryl Hill, and I live in
9 Annapolis, Maryland. I run a small business called
10 LivePatriot, to help veteran entrepreneurs. The
11 website is Livepatriot.com.

12 You know, just because you might be the best
13 person today doesn't mean you will be the best person
14 tomorrow, because what the community feels is the best
15 answer.

16 MR. ELMORE: Okay. Courtney?

17 MS. LYNCH: I'm Courtney Lynch. I'm a proud
18 Marine veteran. Veteran first and then a Marine?

19 MR. LINSOTT: I like it either way; sounds
20 good.

21 MS. LYNCH: I am passionate about veterans'
22 issues. I have been on the committee for a couple of

1 years now. Veteran entrepreneurship, I truly believe
2 entrepreneurship and small business is the engine of
3 our economy, and veterans have the know-how and the
4 ability to bring tremendous value to small business.

5 I am here because I'm passionate and I'm also
6 a small business owner myself. I am a partner in a
7 leadership development consulting firm. For the last
8 eight years, we have been teaching leadership in our
9 nation's Fortune 500 companies, small business, large
10 business, colleges, universities.

11 I live and breath leadership and leadership
12 development. I am passionate about what I do, and I'm
13 happy to be here.

14 MR. LINSKOTT: Jeff Linscott, chair on the
15 committee. Former Marine. Former Army guy. Former
16 Air Force guy. I did a C-2, that kind of makes me a
17 Navy guy, too. I'm proud to be here on the committee.

18 I am a veteran that is in business, and I
19 equally support those that are veterans in the
20 veterans' business. I am a veteran in business. I own
21 a small helicopter service company based out of Boring,
22 Oregon. I have been actively involved in supporting

1 veteran business issues, challenging those that don't
2 has been more or less my expertise.

3 Formerly, the Soldiers and Sailors Civil
4 Relief Act was vague if it applied to veteran owned
5 Subchapter S small business. It was a case of Colonel
6 Cathy who went to Bosnia, to come home from Bosnia to
7 find out that his two gas station stores had been
8 repossessed and sold at County auction.

9 A judge determined that Colonel Cathy in fact
10 had Soldiers and Sailors Civil Relief Act rights. The
11 case never made it to -- other than the opinion and
12 judgment -- never made it to fruition, so it ended
13 there.

14 The next case on the books was Linscott
15 vs. -- I'll leave it blank. That case proved that the
16 now Servicemembers Civil Relief Act does apply to
17 veteran owned Subchapter S small businesses.

18 Since then, there has been multiple reversals
19 of Federal judges that have reversed their own
20 decisions. In the Sergeant Hurley case, the judge
21 reversed his own decision based on the Linscott case.

22 Two years ago, Governor Kulongoski signed the

1 Linscott Act into state law, in Oregon, which now
2 provides a private course of action for veterans to
3 reclaim their attorney fees, which the Federal law
4 doesn't apply.

5 There is momentum there that I've been an
6 advocate of or sponsor of that pertains to legal issues
7 of veterans. That is sort of what I have done in the
8 background. Other than that, I'm proud to be on the
9 committee. I will pass it on to Al.

10 MR. RENTERIA: Thanks, Jeff. My name is
11 Albert Renteria, a 26 year Marine veteran, retired
12 purposely, April 1, 2000. I have my own business, and
13 I do that for one reason, to be benevolent and support
14 the veteran effort. I founded two non-profits, the
15 most recent, Southwest Veterans' Service Resource
16 Center.

17 How do we foster who we are with our
18 communities, I think that is critical for this
19 committee.

20 Just yesterday, we had our first small
21 business summit in Paris. Paris, California is a hub
22 zone. The strategy there was to help that city through

1 non-profit efforts to bring small business into their
2 town. We all know the value of a hub zone.

3 What this committee does for me really, and
4 what is part of the charter, is to stimulate the
5 economy and each other. Open dialogue without fear of
6 consequences is important. The economy has to improve.

7 It's really a pleasure to be here. It is
8 really stimulating for me to know we can spar, if you
9 will, with words, to say we have to get off the dime
10 and make things happen.

11 Courtney was talking about critical mass for
12 the most part. The State of California committed to
13 our small business summit to send two or three "meet
14 the buyer" guys. As you know, when you have these
15 small business summits, it's all about meeting the
16 buyer. You can make a network and you can exchange
17 cards, but if you can't talk to the buyer, it is almost
18 a waste of your time.

19 Governor Brown did an Executive Order three
20 days before the event that says no more travel. I got
21 on the phone, wait a minute. The economy is going to
22 boost. We got some computers in 24 hours, we did a

1 webinar. Maybe I can connect from Texas to here, and
2 if we're not prepared, that's part of the stimulation,
3 how do we reach back and do that.

4 I'm very excited. I was involved in the
5 Marine Corps in a reach back capacity to reduce
6 logistical by 50 percent. What that means is 18
7 service types. The cost wasn't the fact it was 18 to
8 1. The cost was post-service care. By reducing that
9 by 50 percent, that's less post-service care.

10 The long term DOD initiative, and I think
11 using those models, we as business owners today can
12 inject into that. It's all about leveraging resources.

13 I don't know if you're familiar with the SBA
14 teaming partner program. I've applied for that. It
15 talks about leveraging resources. It's no longer you
16 can do a loan but it's can you do it with others.
17 That's a cost savings.

18 My proposal, and what I call the sea dragon
19 team, the sea dragon team is in all 50 states with
20 three people, the latest technology, and having a lot
21 of stimulating conversations through webinars.

22 Again, I am glad to be here. I'm honored to

1 be here. I think it's a privilege to be here. Thank
2 you.

3 MR. WHEELER: My name is Tim Wheeler. I've
4 been an advocate of veteran businesses since 2007. I
5 helped organize the last veterans' business alliance.
6 I had my own small business at the time, Bullseye Data.
7 I had to shut the business down in 2009 because of
8 economy reasons.

9 In 2009, I came here to Washington, D.C. as
10 Director of Economic Opportunities at the time, then I
11 moved into Government Affairs with the Veterans'
12 National Service organization. I did that up until
13 October. Went back to Alaska.

14 We had a piece of legislation introduced to
15 give a five percent preference for veteran businesses.
16 It passed while I was in D.C. I went back because they
17 put a limit in there. The purpose was to give
18 preference to all veteran businesses.

19 Presently, I'm being vetted to be appointed by
20 the Mayor of Anchorage to sit on the Municipality of
21 Veterans' Commission.

22 MR. ELMORE: Jeff, if it's okay, I'll just

1 give a quick background for a couple of the new
2 members. I've been here at SBA for 11 years. Prior to
3 that, I was a small business owner and managed the
4 Vietnam Vets' Leadership Program, before that, it was
5 called the Veterans' Service Center.

6 Started providing entrepreneurial assistance
7 to veterans in 1978. Created a second organization
8 called the Veterans' Business Resource Council of
9 Greater St. Louis in 1982. Started delivering seminars
10 and ultimately veteran entrepreneurial training
11 initiatives and programs to vets in the 1980s.

12 Into the 1990s, one of a small core group with
13 Steve White and others, that ultimately created what
14 became Public Law 106-50. After that, I came to the
15 SBA. It was a competitive offer. They didn't offer me
16 the job. I had to compete for it against 71 other
17 candidates, and lo and behold, they hired me. I was
18 surprised, too, and have now been here 11 years. There
19 were a lot of surprises over this part of my life.

20 A couple of other things to touch on for those
21 that have not been here before in this facility. If a
22 fire alarm goes off, follow us. You go right down the

1 hall, turn left and go right down the stairwell there.

2 Restrooms, through the door that locks, so get
3 my badge, if you need. The restrooms are through the
4 glass doors at the other end of the lobby. Men's to
5 the right, women's to the left.

6 We have five members who are not with us, Pat
7 Mackrell, Jill, Marylyn Harris, Rod Salsbury and Dan
8 Caine, again, a couple of ill children.

9 Maybe one quick follow up. At the last
10 meeting, we had a presentation, but we weren't able to
11 tell you everything that was about to happen with
12 SCORE.

13 If any of you have noted the Joining Forces
14 initiative that was launched by the First Lady and Dr.
15 Biden and the President and Vice President here about a
16 month ago, SCORE is an important part of that, and they
17 are developing their ability to begin to deliver
18 entrepreneurial services, not only to lots of veterans,
19 but to lots of soon to be veterans through the
20 Transition Assistance Program.

21 That's a responsibility the White House has
22 asked them to take on, and they are doing that. I have

1 been trying to help them, I think as Steve and others,
2 to sort of accelerate how they learn the world of
3 veteran business resources and bring them to bear
4 through SCORE.

5 I'm pretty pleased it has happened, and I'm
6 hoping in the end that SCORE initiative is not just
7 going to help a lot of veterans, but also reach back
8 into our community in identifying increasing numbers of
9 veterans' advisors and mentors who will make themselves
10 available to the veterans that are following us.

11 With that, I had asked Marylyn Harris and
12 Courtney if they would do a presentation about one of
13 the programs we touched on at the last meeting called
14 V-WISE. Marylyn was unable to join us at the last
15 minute, so I will join Courtney to the degree I can.

16 This is actually a copy of what happened in
17 San Antonio May 5 through May 7. The picture that you
18 have of all those -- I shouldn't say beautiful
19 women -- it's probably not the appropriate way to
20 describe them -- certainly, all the enthused women
21 veterans and others who were down at San Antonio.

22 This was really historical. I've been a guy

1 who has been in the veterans' business since 1974.
2 Someone asked me what I thought of this for a first
3 time conference, and I said I've been to at least 200
4 of these things since I've been here and probably 200
5 before I got here, and this was at least in the top
6 five, and it might have turned out to be the most
7 incredible from a personal involvement perspective of
8 anything I've done that had this kind of scale behind
9 it.

10 I will pass this around if people want to look
11 through it. If you find an embarrassing note in here
12 it's probably because I wrote it to myself during the
13 conference, and please give it back to me because
14 that's my personal souvenir.

15 DISCUSSION OF FIRST SBA/SYRACUSE

16 UNIVERSITY V-WISE PROGRAM

17 MR. ELMORE: With that, I think I'll throw it
18 to Courtney, who by the way -- if I misrepresent this,
19 Courtney, please correct me -- she is now the national
20 spokeswoman for V-WISE. For those who don't know what
21 V-WISE is, it's one of the new programs that we have
22 started with Syracuse University.

1 It is targeted specifically to women veterans,
2 and it's going to operate in a minimum of six different
3 locations around the country over the next two and a
4 half years, including San Antonio. It will provide
5 very high end training and networking, and assistance
6 to at least 1,400 women veteran entrepreneurs over that
7 time frame.

8 Courtney, please.

9 MS. LYNCH: It's a great program. I'd love to
10 give you all my overview, perspective, my insights
11 based on your questions and queries, what you would
12 like to know about the program. That way, I can keep
13 my remarks focused and efficient.

14 Thoughts? Questions? Daryl?

15 MR. D. HILL: (Inaudible.)

16 MS. LYNCH: Just to give you context for the
17 program, really, hats off for the creation, design and
18 implementation of the program really belong with Dr.
19 Mike Haynie, who is a faculty member at Syracuse's
20 Business School.

21 The action items, myself, in my capacity as a
22 spokesperson, completely volunteer from my perspective,

1 my business supported my involvement in V-WISE, and
2 that is what is amazing about V-WISE, private sector
3 businesses are stepping up to the plate in conjunction
4 with the SBA to fully fund these programs. It's a
5 phenomenal public/private partnership.

6 I went to participate, not only in an official
7 capacity and to give a presentation to women veterans
8 who want to be entrepreneurs or are entrepreneurs, but
9 also in the capacity of myself as an entrepreneur, and
10 what can I learn.

11 I thought it was really important for me to
12 sit in and witness the curriculum that as taught
13 firsthand. I speak from firsthand experience of
14 attending workshops. There were lots of practical
15 takeaway's from an initial effort. This was the first
16 time any event of this kind had been done.

17 I thought the curriculum that had been put
18 together was actually very, very actionable, and not
19 only, I think, did I walk away -- I walked away with
20 practical frameworks, checklists, even the way they had
21 integrated technology.

22 There were two stands available to all

1 participants at any time to get a full download of
2 every single document, every single checklist, every
3 single learning tool that was provided.

4 It was initiative based learning. You
5 definitely sat in classrooms and you were given
6 lectures and practical pieces of education that you
7 needed, but you also were given lots of resources for
8 follow on study.

9 I was inspired by the experience. I was
10 opening things on the airplane on the way home and
11 using them as learning tools for myself, but also
12 evaluating them from the perspective of someone who has
13 never started a business, just thinking about starting
14 a business or has a business and wants to grow.

15 There are three very distinct audiences there,
16 and I found value looking at all three perspectives.

17 I think the best value I found was just the
18 people connection. In fact, since I was at the V-WISE
19 conference, I've already started a mentoring circle
20 with other female veteran entrepreneurs. It's a small
21 group because we want to make sure we have maximum
22 impact. Our plan is to scale and start other small

1 groups.

2 I think action items -- the personal
3 interactions of the professors. A Cornell Business
4 School professor or a Syracuse University Business
5 School professor following up, giving you specific
6 mentoring and guidance. I was just shocked at the
7 support. Both offered personal mentoring sessions. I
8 think it's impressive.

9 Action items is a great question, probably
10 about 15 or 16, but I think what was very interesting
11 about the conference was it was valuable in the sense
12 that it was whatever that veteran entrepreneur needed
13 was available, but yet she got to use her own
14 leadership skills and initiative to guide the
15 experience.

16 I think some folks were there truly just to be
17 inspired, to see if this was possible for them, like
18 the seed of entrepreneurship had maybe just been
19 planted. They saw an advertisement and thought this is
20 something I've wanted to do but I've never taken a
21 physical action step towards it.

22 For a lot of people, it was momentum, and

1 awareness of wow, there are people out there like me,
2 and I can do this.

3 I think what will be very, very interesting to
4 see, and this is what Dr. Haynie and I talked about, is
5 what type of social network comes out of this. What we
6 really realized, and I don't think anyone realized in
7 the planning process, was how hungry this population
8 was to be connected to each other and to be connected
9 to resources.

10 I'm someone that started a business without
11 any awareness of the resources that were available to
12 me as a veteran. A lot of that was my own ignorance
13 and my own lack of initiative in these areas.

14 I found that if I had the opportunity to
15 attend something like this at those stages, those very
16 early stages of considering the opportunity, this would
17 have been a tremendous catalyst for me succeeding much
18 faster, but yet as someone who is eight years in to
19 being an entrepreneur, I found it a tremendous catalyst
20 for taking my business to the next level.

21 I pity my business partner because she had to
22 endure the wrath of my motivation after I came back and

1 some of the really tough questions as we take our
2 business to the next level.

3 It was just chocked full of practical actions
4 and value. I think what the best thing about it is
5 this was the first one, this was the starting point. I
6 can't imagine what it is going to be like five
7 iterations from now. For a starting point, and I've
8 attended a lot of conferences just by nature of the
9 work I do, it was a fantastic starting point.

10 We have a long way to go in exposure. We have
11 a long way to go in personally tailoring the curriculum
12 and making sure people get on the right tracks and in
13 the right place. Still, I've never seen something
14 better in an initial starting effort. It was
15 definitely an 11 on the 1 to 10 scale.

16 That's a long answer. I promise on the next
17 question, I'll be shorter. It was a great experience.

18 You have to understand, for women veteran
19 entrepreneurs, this is the first time there has been
20 that large of a group of just female veterans.

21 There is such positive momentum that comes
22 from realizing there are people similarly situated to

1 you that have the same questions and concerns and
2 perhaps same values, and having a forum.

3 MR. WHITE: One of the things that we found
4 back when we were first starting all of this and I was
5 going to do a women veterans' program for
6 entrepreneurs, it turned out at the time, and this was
7 the early 1990s, that if you asked a woman if she was a
8 veteran, she would say no. If you asked her have you
9 ever served in the military, oh, yeah, sure.

10 I don't know how much that might have changed
11 or not, but it was very interesting to me and
12 enlightening when you think about the veteran was
13 characterized as male, and in the surveys from this
14 Veterans Across America, what they have done, for the
15 majority of the human resource directors that they talk
16 to, it was not a solid thing, it wasn't a strong point,
17 veteran service, it was looked down upon.

18 Military resumes would go over here. There
19 are a million reasons why. Most of the human resource
20 people for some reason or other never served. I don't
21 know quite how that all worked out.

22 It's obviously different for those that did

1 serve. I think it's even more noticeable when it comes
2 to women.

3 MS. LYNCH: I think what is fantastic is that
4 for many, and I had a lot of anecdotal conversations,
5 because I felt like I was on kind of an investigative
6 mission or assignment, is this relevant, is this
7 valuable, asking these questions, and what I thought
8 was fascinating was many women talking about this is
9 the first time they had ever attended anything that was
10 connecting them to veterans' outreach or a full
11 identification as a veteran.

12 When you talk about the increasing numbers of
13 women veterans that we have in our nation today and how
14 they can get involved in making people understand what
15 a veteran truly is, maybe dispelling some of the
16 negative stereotypes we talk about, this is a way to
17 get us engaged in the sense of a lot of these women are
18 starting businesses that will support their families,
19 support their communities. Veteran spouses were there,
20 care givers for those veterans with disabilities.

21 This was a life line for them to be pulled
22 into a community that I know is very, very vibrant, but

1 women are under represented. Look at this room right
2 here now. I have learned so much from each of the
3 gentlemen I've worked with on this committee.

4 Again, I was slow to step up and get involved
5 in a veterans' organization.

6 I think we have to have gateways that add
7 value to the participants but also encourage the
8 participants to identify and cultivate their ties to
9 the title "veteran," because it is absolutely something
10 to be proud of.

11 I saw this conference accomplishing that on
12 many levels.

13 MR. ELMORE: Let me touch on a few things, if
14 you don't mind, and I would welcome any questions as
15 well.

16 Marylyn Harris is on the phone, by the way,
17 with us. Marylyn was not only at the conference but
18 was instrumental in recruiting, I think, approximately
19 a third of our participants.

20 MS. LYNCH: Yes, 60 plus percent.

21 MR. ELMORE: Thank you, Marylyn. Those of you
22 who know Marylyn know why she was able to do that.

1 My staff is working with Syracuse on an after
2 action approach to this, to understand what we have
3 learned from this first event, and how to do a better
4 job on our end.

5 Also, whatever value we can add to Syracuse in
6 how they develop this going forward. The weaknesses
7 probably from SBA's perspective was that most of our
8 resource partners did not do a very good job of
9 marketing the program. We didn't do a good enough job,
10 I think, of giving them the materials and reiterating
11 those materials so they could.

12 That's a lot of the focus that we are working
13 on right now, how to get the small business development
14 center, the SCORE chapters, the women business centers,
15 the district offices, those networks to be more
16 aggressive in identifying other women veterans that
17 could participate in the next round, and the next one
18 will be in September in Baltimore.

19 We have to move these events around different
20 geographic parts of the country.

21 MR. D. HILL: What was the goal, number wise?

22 MR. ELMORE: The goal was 200 and we had 157,

1 I think.

2 MS. LYNCH: I'd say about 160 participating.

3 MR. ELMORE: We made it to 200 but 40 of them
4 were presenters or people who were there providing
5 expertise and assistance.

6 MR. D. HILL: Like Courtney.

7 MR. ELMORE: Yes. She's a woman owned
8 business as well. In the broader context, the goal was
9 really -- I go back to the work we have done with
10 Syracuse University since 2007, and it kind of follows
11 up with what Steve White was able to do in New York and
12 what our friends in Georgia did and what we did in St.
13 Louis.

14 We all recognize when we did our programs 20
15 years ago, that there is enormous value in bringing a
16 number of veteran entrepreneurs in those three
17 categories Courtney mentioned together, not just with
18 each other, but with private sector folks, with
19 academic folks, with people who understand
20 entrepreneurship.

21 There hasn't been any nationwide effort to
22 engage in an entrepreneurial training system for

1 veterans. There never has. The World War II G.I. bill
2 was a huge small business program, but it wasn't
3 organized around how do you help them. It really was
4 just an opportunity for those veterans to help
5 themselves.

6 Part of my purpose was to spark not just a
7 model because SBA will own this model, we have a three
8 year agreement with Syracuse, we are near the end of
9 the first year in that agreement with Syracuse, but
10 when the agreement is done, who knows what it will look
11 like going forward, but at least coming out of this is
12 SBA will have an existing model that we can then try to
13 plug into.

14 We are creating a recognition, not just for
15 women vets and for all the reasons Courtney touched on,
16 but inside SBA and inside our nation. We all
17 understand the value.

18 The vast majority of America still doesn't
19 recognize, understand or engage in any specific way
20 with the idea that self employment and entrepreneurship
21 for veterans is arguably the largest means of employing
22 veterans available to us as a nation.

1 Enabling our veterans' communities to succeed
2 is going to take not just government action, it's going
3 to take private resources that Steve mentioned. It's
4 going to take academic institutions like Syracuse and
5 Florida State and the others.

6 I hope maybe in three years we won't see
7 7/10/12 universities doing these kinds of programs, we
8 will see 20 or 50 or 100. We will have a scalability
9 to how we deliver this opportunity locally to veterans
10 that becomes a valuable piece going forward, and the
11 next generation won't have to come back and reinvent
12 this.

13 That's a long answer for what I was trying to
14 do. The other things that I think come out of this,
15 just as I wrote notes to myself, and Mike and I talked
16 about this, I think all of us under estimated what
17 might happen at this first event, and the energy, even
18 my Deputy Administrator, who keynoted the kick off of
19 this at the first opening banquet Thursday night, she
20 mentioned in her presentation off the cuff how
21 energized she was to be there just by the energy in the
22 room.

1 There were 200 people in this room. Randy
2 from Florida State, who is sort of Mike's counterpart
3 from one of the other program locations, is a
4 psychologist, practicing psychologist, and listening to
5 his comments about the interplay of the audience with
6 the presenters, because it wasn't just me and Courtney
7 and others talking, it was an engaging process.

8 MS. LYNCH: I would add a couple of comments
9 about I think kind of the elephant in the room when you
10 separate out the minority class, like veteran
11 entrepreneurial training for female veterans, women
12 veterans, what's the value in that.

13 I want you to focus on diversity for business
14 case reasons. I'm a business person. I'm always
15 trying to perfect performance. How do we make the
16 whole better, finding best practices that are scaleable
17 and relevant.

18 When it comes down to engaging the veteran
19 base or educating Americans on the true value of
20 veterans to our society and culture, or when it comes
21 down to even more narrow the focus of understanding how
22 veteran entrepreneurship can connect to fuel and jump

1 start the engine of our economy, you really have to
2 look at lots of ways of doing that.

3 Diversity for business case reasons means
4 there are complex challenges, there are complex
5 problems. There are varieties of issues that need a
6 variety of perspectives. You have to engage all types
7 of individuals that represent the majority effectively
8 in order to bring about solutions and substance and
9 value.

10 I think you have to understand women veterans,
11 let's say it was Asian veterans or African American
12 veterans, if there was any group where data showed you
13 that individual was less likely to identify with a
14 group, you have to provide on ramps to their full
15 identification with the majority group.

16 Just know what's going on in V-WISE is
17 effective and valuable, yes, for women veterans that
18 participate in training and receive actionable benefit
19 from that, but it's valuable to bring together a group
20 of people that have different ways of looking at the
21 world, perhaps different firsthand experiences, and
22 because of that diversity, offer perspectives on how

1 unity and policy and action can be taken by the bigger
2 majority.

3 It's a way to make the whole much stronger.
4 It truly has value. I want to get that out because I
5 know there has been some frustration, and I know there
6 has been frustration in years past on this committee on
7 the present focus on women veterans, and why not all
8 veterans.

9 I've been on both sides of the issues.
10 Sometimes I've been like why it can't just be the sum
11 of the parts and all veterans. The work I do in the
12 private sector as a business owner, I see the value of
13 diversity.

14 It has to be diversity for business case
15 reasons. It's about improving the outcomes for
16 everybody. It's not about just doing it because it's
17 nice to do or it needs to be done to catch people up.
18 It's not about that. It's about it needs to be done
19 because it's the best way to efficient performance
20 improvement for the whole.

21 Think about baseball as an analogy. If you
22 look back at baseball 20 to 25 years ago, the

1 recruiting pool was the United States of America.

2 That's where they were finding athletes. It was all
3 American driven.

4 Baseball teams started looking for competitive
5 advantage. Hey, I can open up training camps and
6 institutions in Central America, or Japanese
7 counterparts are playing baseball quite effectively.
8 Let's go see what's going on over there.

9 How do we engage? There are some cultural
10 norms in Japan about how children are educated and how
11 they are exposed to sports, how do we understand those
12 so that we can walk along side that society with the
13 mutual goal of having the most competitive baseball
14 league in the world.

15 I'm just presenting a little bit of
16 perspective to kind of open your minds, backed up with
17 Bill's firsthand account of the positive energy that
18 was in that room.

19 We are on to something. It's not perfect, but
20 we are on to something to perhaps tune in a whole bunch
21 of constituents who truly can be great advocates for
22 veterans' efforts in their communities, and have great

1 skills, collaboration skills, organizational skills,
2 whatever their individual talents might be that can
3 bring about success for all the efforts we are trying
4 to do.

5 We just have to provide an on ramp that
6 accelerates it.

7 MR. RENTERIA: Courtney, I like the fact that
8 you talked about the elephant in the room.

9 Although it says V-WISE, I think one of the
10 marketing strategies you need to have it is just not
11 for V-WISE, it's open to male and non-veteran females.

12 I think it's the brand new strategy approach
13 of going to the SBA's teaming partner program,
14 civilian, non-veteran.

15 Have you thought about promoting about the
16 multi-track? I think if you bring in non-V-WISE
17 participants, it's the entry point. There are a lot of
18 non-veteran groups, female/male, that want to know what
19 we are doing. We need to bring them in.

20 MS. LYNCH: We have to bring people in with a
21 platform of credibility so they are adding value to the
22 overall mission. They are coming in specifically

1 focused on understanding the value of diversity and why
2 that is relevant for business case reasons.

3 MR. ELMORE: This was government initiated, so
4 it was a joint effort with a partnership with Syracuse
5 University. The reason we partnered with them was
6 because of their experience and their basic model of
7 the entrepreneurship boot camp, that is with families
8 as well.

9 We have another program that we are rolling
10 out now.

11 MS. LYNCH: About the fifth iteration of how
12 do we create programs that meet people where they are
13 at.

14 MR. ELMORE: There was an allocation of funds
15 from Congress that the Administrator asked for. Every
16 Administration brings in their own leaders, and they
17 manage the direction of the agency.

18 This program was funded specifically on a
19 women's entrepreneur training program. That doesn't
20 mean the model and the program itself will be exclusive
21 only to women veterans going forward.

22 For now, the complicated thing in what you

1 suggest is that the allocation of funds, that are
2 subject not only to the internal reviews of SBA, with
3 Inspector Generals and all the other things that go
4 into government funding of anything, precludes opening
5 this to a broader audience in the context that expenses
6 in the development and delivery of the program are
7 specific to the program. It's not specific to the
8 broader community.

9 MS. LYNCH: I think the key is shaping the
10 program so that participants add value. When it all
11 comes down, it's about the broader community finding
12 success. In veterans' outreach, there are lots of
13 definitions of what successful outcomes look like.

14 Let's use all the ingenuity and all the
15 resources, quite frankly, even when they are earmarked
16 for very narrow purposes, to achieve that broader
17 purpose, rather than being frustrated about why are the
18 resources so narrowly targeted.

19 I think it actually was beautiful when you
20 talk about the compound effect of firing up 1,400 women
21 veteran entrepreneurs who might never connect to the
22 veterans' advocacy piece, and when they do connect,

1 they are powerful.

2 MR. RENTERIA: I think Bill really brought up
3 the essence of this committee, that's a program that is
4 being monitored. Here's the opportunity, what we
5 recommend to the committee.

6 It should dismiss on a pilot program the
7 narrow focus, that population can grow. I like what
8 you said.

9 MS. LYNCH: Cutting edge best practice. The
10 majority of the instructors were male, but they were
11 the best people for the job to be giving the
12 instruction to this population.

13 It's again diversity for business case
14 reasons, and those men were bringing diverse
15 perspectives that these women might not have been
16 exposed to and needed to get some insight from. Again,
17 it was about finding the best people to teach those
18 classes on the time line and with the resources
19 available.

20 MR. ELMORE: I think the other thing I would
21 say as a follow up is we are pretty much on time with
22 our time so far today, as I played a role in helping to

1 design this program internally and worked through the
2 processes with my political leadership to help get
3 this, so we actually could do this, there is always a
4 question going forward about how you are going to
5 design this internally.

6 What I thought to myself was it's really
7 important for us to build bridges, not just to
8 veterans, but also, I think, from a policy perspective,
9 to the women's business community.

10 There is a danger going forward, especially in
11 the Federal procurement arena, there is a tendency for
12 populations to be pitted against each other, mostly
13 because they don't understand and don't engage with
14 each other.

15 I thought of this as an opportunity not just
16 for women veterans but also to help us build stronger
17 relations in the women's business community.

18 I had not thought honestly about the role this
19 plays in bringing women veterans into the veterans'
20 business community. That wasn't how I thought of it.

21 I think your comments are well taken,
22 especially as a woman vet who is a critical piece in

1 just not the delivery but participating.

2 From here, I think nothing but good. I could
3 argue and I have suggested that the entrepreneur
4 training program that Steve White did and that our
5 friends in Georgia did, and there was one in Utah, one
6 in Hawaii back in the 1980s that SBA funded, but they
7 all went away.

8 We didn't build out a strong enough community
9 behind those training programs where they carried on
10 and it took us another 15 years to convince Congress to
11 pass a law to begin to think about veterans and
12 entrepreneurship in the same sentence.

13 Now, this becomes another centerpiece of
14 building up the base of our community going forward.
15 Everybody that knows me knows I say this.

16 The work I do is not predominately for my
17 generation of veterans. It's for those folks coming
18 behind us, and certainly the spouses of the men
19 veterans as well are critical in this.

20 The traction that I hope this will get in the
21 longer run is what is central to why I do what I do.

22 MR. D. HILL: Now that this program has gone

1 on for two years, you have 2,000 to 3,000 women
2 veterans, these professors are not going to have the
3 time to do that. How do you see that being scaleable?

4 How did you capture the information that was
5 actually displayed in Houston, where you could actually
6 put that on the web, whether it be video's or webinars
7 or something, for the women who can't afford to go to
8 the actual event, to travel there.

9 MR. ELMORE: Let me touch on the second and
10 then I'll get back to the first. The entire event
11 other than perhaps a couple of presentations for
12 proprietary reasons was videotaped.

13 Syracuse is developing that, and we are going
14 to try to boil some of those down into shorter snippets
15 that can be used to promote the program and broader
16 snippets that we can use not only for developing and
17 delivering future programs, but also to help engage
18 many SBA resource partners that honestly wouldn't know
19 a woman vet. That is just true.

20 A lot of the small business development
21 centers, some of the SCORE chapters, some of the women
22 business centers don't have a clue about this world of

1 military service, what it is, what it entails, what it
2 produces and what the outcomes can be for the men and
3 women who do defend us in the Armed Services.

4 MS. LYNCH: I would also note that right now,
5 scaleability, we have to plan for the future. We are a
6 couple steps back in the sense that we have to expose,
7 and I know there are lots of things we can do for
8 scaleable exposure, but right now, if someone wants to
9 have a personal seat in class, there are chairs
10 available for them.

11 It's just baking it into the process and
12 giving people really specific marching orders, here's
13 how you will scale this. Even from just a social
14 personal scaleability of recommending a friend and some
15 of the great grassroots simple recruiting programs for
16 the next session.

17 The mentoring circles and the Facebook pages,
18 there is already a Facebook page of the program, it's
19 just putting that good rich content on there so people
20 use it as a resource.

21 Again, it's scaleability, but efficiency of
22 resources and priority order. Sincere marching orders

1 on how we scale it and how we make it valuable. That's
2 why I'm doing a test mentoring circle, it's a way to
3 scale down and kind of put people in a post-seminar pod
4 where they can have some direct interaction, but it's
5 small enough and personal enough to still be
6 meaningful.

7 You can duplicate the process. Everything
8 that I'm doing, I'm going to build a little guide so
9 that someone can hand out the guides at the end of the
10 conference. I've done this with my business. It's
11 very, very effective. It's responsible for tens of
12 thousands of copies of my book. It's getting that
13 personal connection. It has to be personal in the
14 beginning. The conference is very open to doing that.
15 It was a live dialogue from the stage.

16 We are all in this room today and it's great
17 and we're fired up, but how does it become helpful to
18 us when we are back at our businesses.

19 MR. RENTERIA: You brought up a good point.

20 MR. ELMORE: Hold on. Terry had his hand up.

21 MR. SCHOW: I'd like to add to what Daryl
22 commented on. I do think there is benefit in having an

1 electronic filing cabinet, if you will. I heard some
2 things about checklists and things that folks can do.

3 I would hope at a minimum that our committee
4 could get a copy of this presentation in some fashion,
5 that we have the ability on the SBA web page to create
6 an electronic filing cabinet for this information so it
7 could be a reference to us and to other folks.

8 One of the biggest challenges I've
9 encountered, and I've linked with the SBA veterans'
10 resource folks in our area for a number of years, and
11 because of the shrinking size of the SBA, because of
12 the shrinking budget of the SBA, the local people who
13 are in charge of the veterans' piece of that, veterans
14 are a fourth or fifth duty to them.

15 A hope that I would have is that information
16 like this at a minimum could get out to all those folks
17 across the country that the SBA has whose duties are
18 helping veterans' businesses, to get this training, but
19 maybe a way to enhance the amount of time those folks
20 can do.

21 I have been kind of concerned that we hear of
22 something here, at the global level, but sometimes a

1 person down at the individual level has not got the
2 information. I don't know if it's because of lack of
3 training or communications or whatever.

4 I think that is important. The stuff that
5 will help the women veterans obviously will help any
6 other veteran out there.

7 MR. LINSCOTT: About a year ago we had the
8 announcement that we were going to have this pod of
9 money assigned to the women's veterans, and the initial
10 cut on it was we wanted it to be all veterans, all
11 inclusive.

12 An observation I have is twofold. The first
13 fold is my apparent success of shotgun anything in this
14 country doesn't seem to work very well when you blast
15 out, and hope that somewhere you get some focus
16 returned.

17 My second point, the excitement that you bring
18 from that meeting and the focus on the specific impacts
19 from a diverse slice is really exciting.

20 What I want to bring to the committee is
21 something that came out of the annual report. The only
22 thing that will make us strong is the fact that we

1 employed 1.28 million, veterans' businesses, employed
2 1.3 million Americans that generate \$1.7 trillion to
3 this economy.

4 If our women's aspect and the model that comes
5 out of that, which will be obviously applicable to men,
6 if that focus makes that 2.1 trillion and 13 million,
7 that is the value that we sell to the American citizen.
8 That is the value.

9 The power comes from the fact that if our
10 community employs 25 million Americans and generates \$3
11 trillion, as that grows, that is the power.

12 At some point, as I wrote in the annual
13 report, that is not small business. If we focused our
14 attention on a shotgun approach, it has not been
15 successful.

16 That very targeted, very niche market, if you
17 will, is impressive to me.

18 MS. LYNCH: As it was to me. The efforts of
19 Bill Elmore and Dr. Mike Haynie, I was just the
20 investigative reporter on the scene.

21 MR. RENTERIA: Jeff, that's very true. You
22 have to try, monitor. What I have learned is

1 scaleability doesn't work if you promote unknowingly
2 what is called "c-dependence." I employ
3 interdependence.

4 An example, yesterday we had a great turn out.
5 We had 13 speakers, ten SCORE folks. They said you
6 ought to be one of those guys, because the last guy we
7 had here for SCORE -- everybody was shocked by his age.

8 Although you have this three year agreement,
9 it is going to cost more, they are not going to be able
10 to maintain. This is the way you recruit within, just
11 like you are going to perpetuate our participation.
12 Then anything is scaleable.

13 Everybody regardless of veteran, women,
14 whatever, they want to change this economy. The
15 triggers, and as Jeff said, you have this for women
16 now, and people ought to say what about me. That means
17 they want to participate.

18 MR. ELMORE: One of the really good things
19 that has come out of just not V-WISE but the
20 relationship with Syracuse and the other
21 universities -- let me go back to the EBV program that
22 Mike Haynie presented to us a couple of meetings ago.

1 My office provides the University of Syracuse
2 and the consortium of seven universities \$150,000 a
3 year. That's it.

4 The cost of the V-WISE program, I don't know
5 what the actual final number is, but it's in excess of
6 \$1 million a year.

7 MS. LYNCH: My company chipped in about \$5K in
8 total, donations, books, time, travel expenses. There
9 are women who own businesses in that audience that are
10 willing to chip in their \$5K for the next one. It's
11 very grassroots. It ends up being very big because of
12 the great umbrella efforts of Syracuse University, and
13 they are able to put everybody together.

14 I would love to know what you did yesterday as
15 kind of your marching orders for people as they leave.
16 I think it is three simple tasks. You have to become a
17 friend on the page on Facebook. You have to advocate
18 to find some people and you have to show up at the next
19 event. Something very specific.

20 Not go off and start a business. There are
21 three things that you can buy into and we can reinforce
22 throughout, and you become the foot soldiers to

1 scaleability.

2 MR. LINSCOTT: I think another example, and
3 then we will break because we need to take our break
4 and come back, Terry Hill mentioned a program. I knew
5 the two gentlemen back in 1991, I think it was.

6 MR. T. HILL: Civil War vets.

7 MR. LINSCOTT: Yes, they were Civil War vets,
8 almost. They created the program during Desert
9 Storm/Desert Shield. It worked reasonably well but it
10 went away, just like your entrepreneurial training
11 program and yours did and mine did. They went away.

12 This is part of why I came to this job. I
13 think this community is too important. Now we know
14 this community is too important. There deserves to be
15 traction, not just because we are veterans, because
16 that's almost secondary, but because we are Americans
17 and we are part of this economic system that has to
18 grow and prosper.

19 We all know what the last couple of three
20 years have been like. That is another model. It came
21 back because it made sense. It has now worked.

22 Two thousand veterans have received discounted

1 opportunities to get into franchise businesses, not
2 because SBA or VA or somebody else was part of it, but
3 because the private franchising organizations gave
4 discounts to veterans, and they are doing well.

5 MR. T. HILL: I just want to quickly recognize
6 that franchise community, a tremendous number of women
7 entrepreneurs who have started companies and have
8 become very successful, as well, the veteran program
9 itself.

10 When these companies get in there and start
11 investigating vets -- there is one, a Dunkin' Donuts
12 franchise, once they worked on the model with him, in
13 less than a year, he was signed up. It's about making
14 that business model.

15 MR. LINSOTT: With that, anybody want to
16 comment before we go to break?

17 MS. LYNCH: Marylyn, anything from the phone
18 line?

19 MS. HARRIS: Hello, everybody.

20 MS. LYNCH: Any comments you would like to
21 make? Anything you want us to pass on for you?

22 MS. HARRIS: (Inaudible.)

1 MS. LYNCH: She has one comment. Women
2 veteran business owners are a sleeping giant for
3 America. Nice work. I think everyone here wants to
4 give a round of applause for these 60 recruits you
5 delivered to V-WISE.

6 (Applause.)

7 MS. LYNCH: Good luck to your family. We miss
8 you and we will see you soon. Take care.

9 MR. LINSKOTT: With that, let's readjourn at
10 10:35.

11 (A brief recess was taken.)

12 MR. LINSKOTT: Back on the record, if we
13 could.

14 PRESENTATION AND DISCUSSION OF ACTIVITIES
15 OF EXECUTIVE ORDER 13540 INTERAGENCY TASK
16 FORCE ON VETERANS' SMALL BUSINESS DEVELOPMENT

17 MR. ELMORE: There was a lot of materials that
18 I provided to you all and some materials that I didn't.

19 One of the activities that we are working
20 right now, and you have heard about this before, is the
21 Interagency Task Force on Veterans' Small Business
22 Development. It was created by Executive Order. I

1 represent the SBA on it. Marie Johns, our Deputy
2 Administrator, is the chairwoman on the task force.

3 We also have on that task force the Department
4 of Defense, the Department of Labor, Department of
5 Veterans' Affairs, GSA, Department of Treasury, and
6 Office of Management and Budget. We have four external
7 members as well, one from the American Legion, one from
8 Veterans of America, one from the National Association
9 of State Directors of Veterans' Affairs, and the fourth
10 representative from VetForce, which is a D.C. based
11 advocacy group.

12 There has been a lot of interesting dialogue
13 and discussion going on. I'll go into this in as much
14 depth as you want. I'm going to try not to go on
15 forever.

16 I was thinking about the last meeting and some
17 of the good that comes out of an advisory committee and
18 some of the frustration that comes out of an advisory
19 committee. It is difficult for any one entity to
20 influence government.

21 Every entity seeks to influence government.
22 While this committee every year makes usually pretty

1 significant and important recommendations, the import
2 of this committee is not the only thing that goes into
3 consideration by the folks that ultimately made
4 decisions about allocation of resources, about
5 allocation of financing, about administrative
6 initiatives or entities, about changes in rules or
7 regs, and what's pursued legislatively on the Hill,
8 whether it is from the Administration, the community,
9 or some place in Congress itself.

10 I wanted to sort of walk you through the state
11 of the thinking that this Interagency Task Force is at
12 right now. I think there is some fairly interesting
13 and pretty significant things that the discussions take
14 on.

15 I'll be honest with you. This is kind of how
16 things tend to work, at least in my 11 years here.

17 We can make all the recommendations we want.
18 If they are not realistic, if they are not feasible,
19 and there is incredible political opposition, whether
20 it is inside an agency or from Congress or from third
21 parties that aren't necessarily Federal employees or
22 Congress that might have other interests contrary to

1 what we would like, we may not ever get the best things
2 in place, in motion, engaged, created, to support our
3 community.

4 The task force is important. To me, I think
5 the real lesson is if we only -- this is where we are
6 at in the state of the task force right now.

7 If I simply with task force members create
8 initiatives to try to push up through the bureaucracy
9 to make recommendations to the White House, it's
10 probably going to look markedly different than if the
11 task force creates recommendations that go to the White
12 House, and if they concur or agree or pursue a change,
13 it goes back to the bureaucracy and says figure out how
14 to get this done.

15 Bureaucracy works on case law, operates on
16 history, operates on statute, operates on political
17 will, operates on intent, and that intent is generally
18 interpreted by attorneys.

19 All of those things play in this. If you can,
20 let's jump to page three, unless you want to go over
21 page two.

22 At this point, how the task force is

1 structured. It was broken up in the Executive Order,
2 and this Executive Order is based on statute, into
3 these seven primary areas -- six, really.

4 Access to capital, and Terry Hill has been
5 helpful to me in one of the responsibilities around
6 franchising. Government contracting, where the
7 Executive Order says we are going to come up with means
8 to achieve the Federal procurement goals.

9 Certifications, which is a contentious issue,
10 and we will get into that. Reducing paperwork, which
11 is where OMB sits on this, which is how do we reduce
12 the administrative burdens on small businesses to
13 participate, or access, or utilize Federal resources.

14 Training and counseling that arguably V-WISE
15 is an example of.

16 It's managed by the Federal Government but we
17 also have those four external members. I'll tell you
18 honestly that the Bush Administration chose not to
19 implement this law, because it was passed in 1998,
20 because they couldn't figure out how to get four
21 external members on an interagency task force that
22 operates under FAC rules.

1 It gets pretty complicated, but there is a
2 whole Federal Act that drives Federal advisory
3 committees and how you structure these things, how you
4 manage them, how you report them, who pays for them,
5 all those things.

6 Turn to page four, please. Task force
7 structure. I am responsible not just for SBA in this
8 task force, but I was handed the responsibility for
9 improving access to capital and improving capacity of
10 service disabled vet and vet owned small businesses.

11 The statute is a little longer than that, but
12 this is the overview.

13 The trick to me -- there are two tricks. One
14 is improving access to capital and the other is what
15 the heck did Congress mean by improving capacity.

16 Those are the kinds of things when you hand
17 that broad instruction to government without specifying
18 what Congress intended, the intent then becomes
19 something that we end up going to our attorneys to help
20 us define, and then shapes ultimately what comes out of
21 this.

22 Let me move to that, because the others will

1 follow. Access to capital subcommittee. Improve
2 capital access and capacity of small business concerns
3 owned or controlled by veterans and service disabled
4 vets through loans, surety bonding and franchising.

5 Before I jump into what we are discussing
6 here, let me give you one more insight into how I
7 thought about the advisory committee's role in this.

8 This task force, these are the ideas as they
9 sit right now that I'm going to discuss with you.
10 These are not necessarily the ideas that are going to
11 make it through the final vetting and the final report
12 that goes to the White House and the President in
13 October of this year.

14 I thought it was important for the task force
15 to be brought up to date on how we are thinking about
16 this, so that you all in your responsibility and in
17 your annual report and your recommendations, you can
18 choose to support or you can choose to oppose. You can
19 choose to add. You can choose to expand.

20 I want your input not so much from the task
21 force perspective, because that is kind of a structured
22 process, but from the advisory committee and your role,

1 your responsibility, and I think your opportunity to
2 help shape these dialogues.

3 Discussion issue number one. These are
4 obviously boiled down from hours of people writing
5 papers and teleconferences and so on.

6 Redesign and improve the Patriot Express Loan
7 initiative for veterans, service members and their
8 families.

9 That's an easy thing to describe. I have one
10 page of bullets that I'm talking to our capital access
11 experts about internally, about how we might do that.

12 Do we increase loan guarantees? Do we reduce
13 fees? Do we take military service as an equity stake
14 in loans? Our banks do that. Do we reduce paperwork?
15 Do we use the express model, which means the veteran
16 gets a quicker answer from the bank, but the bank is
17 allowed to use their own paperwork, as opposed to SBA's
18 paperwork.

19 If the bank uses their own paperwork, or if we
20 raise the guarantee rate to 90 percent, is the bank
21 going to start making credit available to veterans that
22 perhaps are not ready for credit, the loan is going to

1 go into default, and the public has to pay the
2 difference.

3 Ultimately, SBA loan guarantees are subsidized
4 by the public.

5 In the broader context of how we think about
6 this, all these different issues come into play in
7 internal decision making, not just here at SBA, but
8 ultimately OMB, the White House, and the political
9 process going forward, including Congress.

10 Let me tell you how I thought about this and
11 how I'm trying to frame this. I'm trying not right now
12 to put a number of specific points and bullets on the
13 record in the Interagency Task Force because if I have
14 ten recommendations for how to enhance and improve
15 Patriot Express, that's ten things that the bureaucracy
16 gets to say yea or nay on or to have a discussion
17 about.

18 My intent right now is to try to take a
19 broader recommendation to the White House, and if the
20 White House agrees going forward, they will then push
21 back to the bureaucracy and say you may not like a 90
22 percent guarantee, but we think this is one of the

1 things that should be applied, because right now, the
2 guarantees for Patriot Express loans are 85 and 75
3 percent.

4 That is still an improvement over all the rest
5 of SBA's express programs, because they only carry a 50
6 percent guarantee.

7 Every one of these things that you think about
8 how to improve or enhance has tradeoffs, pro or con,
9 depending on where you sit in the system and the
10 structure of determining how you design a program.

11 In the end, SBA loans have to be tailored to
12 our lending partners, not just ultimately the small
13 business owners and entrepreneurs.

14 If the banks won't utilize, won't offer, won't
15 ask to be approved to deliver this product, we could
16 have the best product in the world, it's not going to
17 reach anybody. That becomes another complicating
18 factor.

19 How we have discussed trying to do an enhanced
20 and improved Patriot Express, whether it is fees or
21 guarantee rates or equity and capital and all these
22 things, we would like to tie this back to -- I'll get

1 into this discussion deeper later -- we would like to
2 tie this back to any veteran, service member, spouse,
3 Reserve or Guard member, that has gone through a V-WISE
4 kind of program, has gone through an EBV kind of
5 program, has gone through a veteran entrepreneur
6 training program that either is through an SBA resource
7 partner, funded personally by us and approved through
8 bureaucracy, or any entrepreneur training program that
9 has been approved by the VA state approving agency.

10 Terry, jump in here if I misrepresent this.

11 Any educational program that operates at the state
12 level that can utilize G.I. Bill entitlement has to be
13 approved by a state approving agency at the state
14 level.

15 That state approving agency is funded directly
16 or indirectly by VA.

17 Mr. SCHOW: The SBA is 100 percent federally
18 funded, some are run by Education, Board regions,
19 whatever. In our state and many states have that same
20 deal. We approve the courses of education.

21 MR. ELMORE: While I'll get into more detail
22 about some of the other initiatives as we go through

1 the slides, the idea is to keep Patriot Express as it
2 sits available right now. It has generally worked. It
3 is producing about 2,000 loan guarantees a year. It
4 has a nice mix of people using it.

5 The enhanced Patriot Express will be available
6 to any person from this military community that has
7 gone through some sort of risk mitigation training
8 program.

9 They sat down with a small business
10 development center network and received some course
11 work that is an effort to guarantee that they are
12 serious, thoughtful, they create a business plan, that
13 they have all the things that the bank is going to look
14 for.

15 It is who is the targeted market, veterans,
16 and the Federal subsidy that is required, the
17 taxpayers' dollars.

18 You have to sort of meet both of those
19 masters, and for us, a third master, because we don't
20 do the direct loans any more. Our lenders have to be
21 willing to do this. They use their own criteria.

22 If you don't meet their criteria, no nice

1 program is going to get you financing from a bank.
2 Hence, create the entrepreneur training program, make
3 it available locally, and the recommendation I have
4 made internally was at least 68 of them, so that each
5 SBA district office would have some locally funded
6 entity in their service area that would bring together
7 all the resources, a/k/a, like Syracuse does.

8 Brings together not just academia but brings
9 together business centers and business counselors,
10 SCORE, lenders, accountants and so on.

11 MR. LINSCOTT: In this required certification
12 in the enhanced Patriot Express, what kind of time line
13 or documentation trail would Terry's folks at the state
14 have?

15 Your certified requirement today, you get your
16 certificate certified tomorrow, so you can move
17 forward?

18 MR. ELMORE: Let me touch on V-WISE. V-WISE,
19 the conference part of V-WISE is two and a half days.
20 The lady veterans who are in that program went through
21 six weeks, I think it was, Courtney?

22 MS. LYNCH: On line instruction, I think about

1 50 hours total.

2 MR. ELMORE: Before they went to the
3 conference, and then they have a year of access to
4 mentoring and assistance after the conference, and the
5 network.

6 The question really becomes it's not so much
7 that you are going to walk out of one of these programs
8 with a certificate you take to the bank. It's going to
9 be when you go to the bank, you're going to be in the
10 position to present a rational business plan that
11 demonstrates your ability to pay back the loan.

12 All of these things come into play when you
13 are dealing with a lender. The idea is not actually
14 you complete X so you can get to Y. The idea is really
15 go through X so you are ready to go to Y.

16 MR. LINSOTT: That is revolutionary in
17 thinking. If anybody in the room has ever gone through
18 an SBA lending program directly themselves, I tried
19 years ago, 2003. I will tell you the thing that made
20 it successful.

21 It was going through the SCORE program and
22 writing a business plan in the SCORE model, in the SBA

1 software, that spoke SBA, so that when you submitted it
2 through the SBA, it was in the format that speaks SBA,
3 and they could read SBA.

4 If you did something in a different format and
5 that didn't speak SBA, SBA didn't know how to read it.

6 I think that is excellent that you go through
7 this training scenario to build the plan and prepare
8 for your loan, your funding, with an idea and outcome,
9 a return on the potential investment and the risk
10 management.

11 Didn't you say, Bill, it had to be a certified
12 process?

13 MR. ELMORE: Not certified, per se. Again, to
14 step back for a second and realize as we go through
15 these slides, all these slides kind of interplay with
16 each other. There is a broader effort that's at play
17 here.

18 If this Administration supports this idea and
19 says okay, let's do this, maybe there will be
20 certification that will come, and that may be one of
21 the pieces that ends up getting created.

22 I'm trying not to get into that depth of

1 detail because when you deal with bureaucracy, it
2 implies an allocation of resources next year or the
3 year after next or the year after that or going
4 forward, that the budget process is already two years
5 down the road.

6 MR. LINSKOTT: That was my second point, which
7 was if it has a requirement, is there a funding
8 allocation plan for the training programs that come
9 behind the fact that you have to have a certification
10 program or a training program, does the funding match
11 as a full circle.

12 MR. ELMORE: It goes back to strategy. The
13 strategy from my perspective is if the Administration
14 supports it, they will find a way to fund it.

15 MR. LINSKOTT: Excellent.

16 MR. ELMORE: If I push it through the
17 bureaucracy up to the White House, the likelihood there
18 is going to be a recommendation going to the White
19 House with specific dollar amounts tied to it that has
20 an impact on the budget, I think it is less likely.

21 I'm trying to go, as I always have, sort of
22 around the system, let the White House on down make the

1 decision, and if they make an affirmative decision on
2 some of these recommendations -- again, I'm just one
3 member -- they will figure out or they will go to
4 Congress and ask for the resources to do this job
5 properly.

6 MR. LINSCOTT: Excellent.

7 MR. ELMORE: Terry?

8 MR. SCHOW: You have three separate things you
9 are looking at. The Patriot Express with the SBA
10 guaranteed loans, I liken to the G.I. home loan. The
11 veteran has to get independent bank financing, then the
12 VA says we guarantee the loan up to X amount. The
13 veteran has to get independent financing for the
14 Patriot Express loan, and SBA says we will guarantee up
15 to X amount.

16 What we have is the crown jewel of the VA
17 education program, where they will take folks and train
18 them at various levels to do various things, most of it
19 academic, but some of it not. The DAV is a perfect
20 example.

21 The DAV NSO cadre are paid an OJT stipend.
22 The DAV receives that money, and they serve an

1 apprenticeship with the DAV. At the end of that time,
2 they are hired by the DAV, probably one of the most
3 successful programs we have.

4 OJT programs are out there to do those kinds
5 of things. The difference between voc rehab, which
6 more often than not will lead to a course of a degree,
7 the SAS programs, the courses must lead to a degree.

8 If you are asking for a certification in that
9 manner, it has to lead to a degree. It can be an
10 associate's degree or something else. That is the
11 current rules on approving courses of education for
12 G.I. bill students to go to school.

13 MR. ELMORE: That is good insight. I wasn't
14 aware of that. When you are operating in a political
15 system, if the Administration supports this broadest
16 idea, then they would have to seek legislative
17 authority, that would be my guess.

18 MR. SCHOW: Rulemaking authority to say we are
19 going to make an exception. I think they could do that
20 currently under administrative rulemaking, but at
21 worse, like you said, under legislation.

22 MR. ELMORE: That's an example of kind of how

1 these things work. There are lots of good ideas but
2 there are always ramifications for how you use them and
3 put them in place through any bureaucracy.

4 MR. D. HILL: I know, in August, the G.I. Bill
5 is changing. Vocational type schools like truck
6 driving, other schools of that nature, HVAC. That has
7 not happened in the past. That is going to start in
8 August.

9 MR. ELMORE: We have some recommendations for
10 the G.I. Bill that are another slide that ties back to
11 this. Again, there are four or five big initiatives in
12 these ideas we have been discussing that all interlink.
13 If they get traction politically, it will make a lot of
14 difference, we hope.

15 MR. WHITE: Did they ever relax the credit for
16 the Patriot Express? When you come back from five
17 tours, you don't have a credit rating. If you do, it's
18 terrible.

19 MR. ELMORE: You're right. Part of what I
20 would think would be the discussion, let's just assume
21 for a second that the Administration, through my Deputy
22 up through the White House, says we want to do

1 something like this, one of the pieces that would need
2 to be in that mix, and maybe you guys can make this
3 kind of recommendation in your report, for example,
4 that somebody whose credit was affected while they were
5 immobilized would be given some kind of consideration
6 in accessing access to capital, again, assuming they
7 went through some certified training program.

8 How we are describing this internally is this
9 training program is a risk mitigator. We don't want to
10 give a 90 or 95 percent guaranteed loan to somebody who
11 is going to fail. That is unfair to them. It's unfair
12 to the lenders. It's unfair to the taxpayers.

13 This is not a grant program. You still have
14 to access credit. If your credit has been damaged
15 through military service, consideration should be
16 there.

17 You know, Steve, like I do, after nine years
18 of these wars, there has been no effort that I can
19 identify anywhere in government that takes that into
20 consideration.

21 MR. WHITE: You have to have a decent credit
22 rating to get a loan. Unless you address that issue,

1 when you come back and your credit is wrecked, you wait
2 around for three or four years before you can
3 reestablish your credit and then maybe take a shot at
4 it.

5 MR. ELMORE: Part of the discussions we have
6 had include taking SBA back and doing what used to be
7 called participation and perhaps even direct loans. I
8 think I can tell you the likelihood that we are going
9 to get back into direct lending is virtually nil.

10 Another point that I have tried to make with
11 Treasury, who sits on this task force, and we have had
12 ongoing discussion about this, is really two points.

13 One is use the same definition we used for
14 Patriot Express for these new Treasury programs that
15 came out of the Jobs Act. It's Reservists, spouses,
16 and so on.

17 The other is as you go out and engage with
18 states and community banks, apply and ask them to do a
19 specific lending initiative at the state or local
20 community bank level that includes veterans, et al.

21 If the State of Utah is going to engage with
22 Treasury -- there are two initiatives. I don't

1 remember what they are called now. The State of Utah
2 could create a model that includes partnering with
3 these Treasury programs and would include, for example,
4 like Ohio does, a linked deposit program where Utah's
5 state financing authority would have some initiative
6 targeted to this community in the hopes that access to
7 credit and capital -- if you can't get it from SBA,
8 perhaps you can get it from the state, based on a state
9 initiative.

10 That is part of the discussion. It's all kind
11 of wishy-washy because I'm on my third person now in
12 Treasury, and the kind of discussions we have had have
13 been sort of spotty so far. That's part of what we are
14 trying to do.

15 MR. WHITE: Has the Guard and Reserves -- I
16 thought they were already linked in, if you served,
17 they would be considered veterans.

18 MR. ELMORE: Technically, I think it's about
19 half the Reserve and Guard are not technically veterans
20 because they have not been discharged, don't have a
21 DE-2-14 yet.

22 MR. WHITE: They will be given --

1 MR. ELMORE: At some point, they will be
2 veterans most likely.

3 MR. SCHOW: Every Guard and Reservist that
4 serves in a combat zone is given a 2-14 upon return.
5 Every combat veteran, Guard or Reservist, will meet the
6 "veteran" definition already.

7 But there are those who have not served in a
8 combat role or who have met the 180 days for active
9 duty, blah, blah, blah.

10 MR. ELMORE: This is why we designed Patriot
11 Express in the first place the way we did. Patriot
12 Express is not a veterans' loan program. It's a
13 military community loan program.

14 If you are in the Reserve or Guard, regardless
15 of whether or not you have served in a combat zone,
16 whether or not you have veteran status, same with
17 spouses and so on.

18 That's why I have tried to apply that broader
19 definition to all this stuff going forward, and I'm
20 trying to build out on Patriot Express.

21 There might very well be a better way to do
22 this. I've just about reached the limit on how much I

1 can make up in the context of trying to develop policy
2 and push it through the political process so we get a
3 fair and reasonable hearing on it.

4 So far, we have this thing in motion. We have
5 made about 8,000 loans, about \$600 million in loan
6 guarantees.

7 It is still only one of the products SBA
8 delivers. We guarantee \$1.3 billion each year into the
9 veterans' community. Patriot Express is about a \$200
10 million a year slice of that \$1.3 billion.

11 There is still \$1 billion plus that I haven't
12 had any real significant influence on or our community
13 hasn't in creating better financing opportunities for
14 veterans, Reservists and others.

15 It is sort of a side issue. It's good that we
16 have these kinds of discussions because it gives you a
17 glimpse of the kind of things that you run into when
18 you work inside the bureaucracy trying to push these
19 kinds of ideas.

20 How do you enhance access to capital? How do
21 you improve capacity, whatever that means.

22 It becomes a real challenge. If there is ever

1 a time, I think this task force gives us the ability to
2 elevate the broader idea of access to capital for this
3 community to the political folks, most of which don't
4 have a clue about military service in any real way.

5 Whatever their motivations are, we don't know,
6 but part of that motivation is going to be determined
7 on how do we work with lenders, how do we provide
8 access to capital, to entrepreneurs and small business
9 owners, in ways that doesn't unnecessarily risk the
10 Federal Treasury.

11 That's the trick. Let me move on. Increase
12 awareness and utilization of SBA surety bond program.
13 That is a real challenge. I don't think the SBA surety
14 bond program is going to be improved significantly.
15 That has been a long running problem.

16 What I have boiled this down to working with
17 the surety bond experts in the agency is we need to do
18 a better job of marketing the program to veterans, and
19 we need to do a better job of educating those veterans
20 about what does it really take to be bondable.

21 Bonding is kind of like certification. If you
22 don't have all your papers in place, if you don't have

1 your books in order, if you don't have your operating
2 statements operating, if you don't have all those
3 things, and you could probably speak to this better
4 than I can, the idea that you are going to get bonded
5 by a third party surety bonder with a bond guarantee
6 from SBA is pretty minimal.

7 They are looking for a real operating
8 business, not somebody who says they are a business and
9 is an one man gang operating out of a shoe box.

10 That is going to be a challenge. I think we
11 need to help the veterans understand better what it
12 really takes, and then back again through a training
13 program, if that's the best way to go, help them be
14 ready to go after that bonding, so hopefully they can
15 secure it.

16 MR. WHITE: Yesterday, I met with these guys
17 at Homeland Security. One of the programs they have
18 for veterans is a mentor protege piece for small
19 businesses. They will let them float underneath the
20 prime's bond, and let them grow underneath them, even
21 when they get more than 50 percent of the contract,
22 which I thought was interesting.

1 That whole mentor protege concept from a
2 business point of view, tie it in with SCORE, and all
3 the rest of that, as we identify more and more veteran
4 business owners that could be doing the same thing.

5 You can take a larger construction company and
6 bring in an HVAC guy, just starting. They come in
7 underneath his bonding to make that work.

8 MR. ELMORE: Some of the Native Tribes have
9 done the same thing. That is one of the points we had
10 discussed. My only real issue with most of the
11 programs I've seen in government is most of them have
12 30/40/50 participants. The scale of their ability to
13 influence significant numbers of small businesses,
14 veteran or otherwise, is just limited by the scale of
15 the programs themselves.

16 MR. WHITE: Through the veteran business
17 outreach centers, I don't know how much that is pushed.
18 If there are 16 centers and then you add up all the
19 little veteran entrepreneurial programs, if they are
20 aware of this, and keep an eye out and start getting
21 people to start sign up for it.

22 MR. ELMORE: That takes us back to the idea of

1 we need a better marketing piece that is specific to
2 veterans on a surety bonding program so that the vet
3 business centers, the SBDCs, and others would have
4 something, so if somebody is identified as a veteran,
5 they can go hey, we have this special little slice,
6 kind of like V-WISE for women vets, we have this
7 special little slice over here for you, and perhaps
8 mentor protege becomes an option to help secure that
9 bonding ability using the prime's bonding.

10 I'm going to add that to the discussion again.
11 It was part of what we talked about earlier, but it
12 hasn't been under discussion lately.

13 Patriot Express is already useable for
14 franchising. The suggestions that I have made so far
15 are two suggestions, and I also asked Terry Hill to get
16 me some materials, which he has done, based on this
17 financing summit they had through the franchise
18 community.

19 The two recommendations so far, again, I'm
20 trying to not put them too much on paper, is
21 essentially allow the discounted price of the veteran
22 franchise through VETFRAN be applied as equity or

1 collateral for purposes of an SBA loan.

2 If you have a \$50,000 franchise, you can buy
3 it for \$25,000 because you're a veteran, you go through
4 VETFRAN, now you have \$25,000 in collateral or equity
5 to apply to the loan.

6 The question is is the bank going to buy into
7 that? Pretty questionable. Some of them might. Some
8 of them might not. That's the bank's decision to make.

9 The other piece which is even more esoteric is
10 take the time in the service, military time, and use
11 that as equity in the loan. Instead of pledging your
12 house, you have essentially served four years of
13 military service, and that should be worth something in
14 the decision that the lender has to make.

15 That's more esoteric. I think it's going to
16 be a harder sell. Those are the only two things that
17 so far as a task force we have come up with that we
18 think might be able to improve financing for franchise
19 opportunities for veterans.

20 Terry, is there anything you want to throw in?

21 MR. T. HILL: The point I made with the note I
22 sent you. The key to getting money for a franchise, it

1 comes back to personal relationship the borrower builds
2 with the lender. This was stressed over and over again
3 I this summit from Bank of America on down.

4 Franchises have an advantage in that they are
5 known, they have a model, they have a track record for
6 the most part, and they usually have people inside.
7 Regardless, it is still down to the veteran to make the
8 case with the lender, even though they will get some
9 help and some hand holding from the parent company.

10 I think a key component of this, too, goes
11 back to the V-WISE and other educational parts of it,
12 having dealt with a lot of these prospective veteran
13 franchisees over the years, there is a vast information
14 gap. They like a lot of the public see a franchise as
15 all you have to do is go in and turn on the lights and
16 take the money.

17 It's completely the opposite. You have to
18 work your butt off. In most cases, they do have an
19 advantage there.

20 I think the franchise community for the most
21 part is extremely willing to follow some ideas like you
22 just expressed, time in service, with the lender

1 especially, but I think they are very eager to help
2 veterans, and I think the VETFRAN program itself has at
3 least softened the franchise community to what's going
4 on in veterans.

5 The community has a greater awareness of
6 veterans because of the program and a couple of things
7 they have started.

8 MR. WHITE: How many companies are involved?

9 MR. T. HILL: Right now, probably about 400
10 out of the 1,800 companies that are members of the
11 association.

12 Just to give you a quick overview, it's
13 designed to be very flexible. The franchise company,
14 to be a member of the VETFRAN program, it's all within
15 the association, but to be a member, the franchise
16 company must provide a financial incentive to the
17 veteran, but the franchise company is allowed to design
18 its own incentive. Obviously, because there are so
19 many different types of franchises.

20 Some give direct discounts on franchise fees.
21 The main idea is to lower the up front costs.

22 MR. ELMORE: A number of them -- Sears just

1 gave away a franchise, for one of those Sears community
2 stores.

3 MR. T. HILL: There are a couple of veteran
4 owned franchise companies. Little Caesar's. They run
5 almost a parallel program with their own company as
6 well.

7 As I was departing a year or so ago, we were
8 trying to work with an office at VA, the bigger
9 companies were coming in, 7-11, folks like that. At
10 the end of the day, it's all about business.

11 MR. ELMORE: One of the tricks with
12 franchisees is not every franchise is a small business.
13 SBA maintains a list of those that have been determined
14 to be small business, and it really goes back to the
15 franchise agreement, and the relationship of the owner
16 of the individual franchise to the home store, if you
17 will.

18 MR. T. HILL: Do keep in mind the franchise
19 system is somewhat of a complicated model. This is
20 where a lot of prospective franchisees, not just
21 veterans, fall. They don't realize how complicated it
22 is.

1 The company controls no matter what. You are
2 there at their will and it's very rare you get to do
3 anything to change the contract.

4 If you do have an opportunity, there are a
5 number of franchise expo's around the country, and they
6 allow veterans to go in free, the ones that were here
7 in D.C., they are going to move up into New York next
8 year. They also do a Franchise 101 for veterans,
9 specifically to bring in an audience of veterans and
10 tell them about it.

11 MR. WHITE: Who is doing this? IFA?

12 MR. T. HILL: Yes.

13 MR. LINSOTT: Bill, as you look to creating
14 the veterans' franchising program, if there is going to
15 be such a thing, it seems to me that the amount of
16 collateral directly related or should be directly
17 related to the amount of guarantee, and the amount of
18 guarantee can easily be related to the service member's
19 time in service.

20 You could easily have a matrix or a table that
21 says one to four years of service, 75 percent. Four to
22 X is so much. Combat tours. There may be a 100

1 percent guarantee which may not require any collateral.

2 MS. LYNCH: You take the banker's risk out of
3 the equation.

4 MR. ELMORE: It is another interesting slice,
5 which is why I wanted to share this. As a committee,
6 if that or some other version is the kind of
7 recommendation you want to make, you can do it in your
8 annual report. You can certainly feed it right back
9 into us as a task force. It doesn't have to wait for
10 our report, which is going to coincide approximately at
11 the same time as your report.

12 MR. LINSOTT: As a concept for our committee,
13 anybody have any feedback on equity, a table of equity,
14 if you served longer or did more tours?

15 Some of the Reservists have done five tours.
16 They have only been in the Reserves eight years and
17 they have done five years overseas. That type of
18 multiplier concept, that would give them a lot of
19 credit for that, if you would.

20 MR. SCHOW: I have a couple of thoughts on it.
21 One, you could have someone who has had five tours,
22 clearly a combat veteran, who has significant PTSD, who

1 is so dysfunctional that they could not operate a
2 business.

3 If you then say we are going to give a 100
4 percent guarantee to those folks, then you are in
5 effect signing up a failure guarantee.

6 Some skin in the game at some level, I think,
7 every lending institution is going to require. I think
8 that is why the VA home loan has been so good. They
9 guarantee a huge chunk of it, so the lender knows by
10 lending that \$100,000, the VA is going to give me back
11 30 or \$40,000 if this guy defaults. They realize for
12 exposure, it is fairly limited.

13 The equity in a business, it becomes more of a
14 challenge because unless you are buying a structure and
15 a lot of equipment that has some worth to it, the
16 tangibles to recover for default are minimal.

17 I still contend that the guarantees that the
18 SBA can offer are the greatest motivator to a lending
19 institution if they buy into the business plan and the
20 model and those kinds of things.

21 Having said this about the PTSD, I'm just
22 trying to be realistic here. We all deal with some of

1 those folks an awful lot. They are probably not the
2 best candidates to be in business, but if you use that
3 model, it could well be a challenge.

4 MR. WHITE: Tie that into the training
5 program.

6 MR. ELMORE: That's kind of it, the risk
7 mitigator here is that you go through some sort of
8 training process to prepare yourself, which as crass as
9 it might sound, if you have some combat vet with lots
10 of PTSD issues sitting there with 100 other vets going
11 through a training process, that PTSD is probably going
12 to start playing out.

13 This is where arguably VA should be involved
14 because the readjustment counseling and mental health
15 issues are going to need to be addressed, arguably
16 before that vet really goes in and borrows money and
17 risks their economic future.

18 MR. SCHOW: The more seriously challenged
19 folks with PTSD are probably going to be rated 100
20 percent by the VA anyway, and may or may not want to
21 get into a business, unless they want to do it as a
22 side. They are going to get pretty fair funding from

1 their VA.

2 MS. LYNCH: You cap the guarantee at something
3 like 95 percent, so you have that five percent out
4 there that puts it on the bank to do the due diligence
5 process, so there is the safeguard of the private
6 lender doing their process.

7 I like the idea of the table in the sense
8 there is a reward for service or incentive for service
9 that gives more incentive to that private lender, yet
10 you leave a gap for that process.

11 MR. ELMORE: I think it's an intriguing
12 approach. I'm not sure I know of any place in
13 government where that sort of approach is operated now.

14 Terry? Anything anyone can think of?

15 It is sort of a tier to access to a resource
16 base, if you will. It's a guarantee or a G.I. Bill or
17 whatever it might be based on not so much length of
18 service but a certain term of service, perhaps with
19 enhanced availability based on combat service.

20 MR. SCHOW: Other than retirement, the more
21 time you get in, you qualify for retirement, but I'm
22 not aware of any other Federal veterans' benefits,

1 other than the basic eligibility of 181 days for other
2 than training, the standard definition, and even within
3 the Federal world, there are a number of definitions of
4 "veteran."

5 Health care is one. The region office, OPM,
6 is another one. There are various definitions of what
7 a "veteran" means.

8 A retiree who is rated 50 percent by the VA
9 cannot normally get those VA compensations unless
10 criteria is met. They have to be rated at 50 percent
11 or higher. It has to be a condition that is combat or
12 combat related training.

13 For 100 years, if you have a Civil Service
14 retiree, a military retiree, and they both apply for VA
15 comp, they both get 50 percent, the Civil Service
16 retiree will get the VA comp and their Civil Service
17 retirement that the military retiree will not. It's
18 clearly an inequity.

19 Again, it's based on a retirement benefit.
20 That and the standard retirement itself are the only
21 other qualifiers that I've seen. Remember, the
22 Vietnam -- what was that called -- the Vietnam VRA, the

1 Vietnam Era Readjustment Act, was geared toward
2 primarily Vietnam combat veterans to give them a leg
3 up.

4 MR. ELMORE: It gave them a special category.

5 So we can move on, let me suggest if this is
6 something the committee is interested in, discuss it
7 amongst yourselves, craft a letter or something to me
8 or to the Deputy Administrator or both, and ask us to
9 make this part of the consideration of the task force.

10 One of the things we tried to do with this
11 interagency task force idea is to frame out in a broad
12 context where things are going. This is what I said at
13 the task force.

14 We have been at this veterans' business
15 development now for ten years in government. In my
16 lifetime, there seems to be ten year cycles on certain
17 kinds of things. As a community, we now know we are a
18 significant part of the American small business world,
19 and we have pretty good numbers from Census that
20 demonstrates that.

21 How do we shape a record so that when I'm
22 retired and the rest of the old guys around the table

1 are retired and it's the young guys and gals that have
2 to carry this forward, there is at least a record of
3 what some of think are the kinds of policy
4 recommendations government should consider.

5 We may not get everything the task force wants
6 now, but if we create a reasonable record that future
7 veterans can reference and say why aren't we doing a
8 tiered guarantee program for veterans in a financing
9 initiative that focuses on entrepreneurs.

10 We may not get it done now but we might get it
11 done in five years. Creating a record is an important
12 part of this task force.

13 MR. WHITE: One thing that I think we should
14 be very aware of is that the government has been doing
15 this for a long time and nothing has happened.

16 Look at this book that just came out on small
17 business, state of small business. It's one paragraph
18 in that whole book about veteran entrepreneurship. One
19 paragraph on vets on page 71 or 72, and then one
20 paragraph on the V-WISE program. I don't know how many
21 pages it is.

22 That tells you right there where you stand.

1 The way it is going to happen is with a program like
2 V-WISE, that is going to spread.

3 It is private organizations. It is a
4 public/private thing. You cannot depend on the Feds to
5 take care of veteran entrepreneurship. It is us.

6 MR. ELMORE: It's an interesting comment. For
7 me, the fact that we finally got one paragraph, that's
8 one more than we used to have.

9 MR. WHITE: It's the same thing we talked
10 about 20 years ago.

11 MR. ELMORE: Exactly. Let me move on. I
12 won't go over everything. Let me go to number two,
13 contracting. We are intrigued by this idea that
14 actually came to us originally from one of the SBA
15 district offices, a guy who is working with a lot of
16 National Guard members in Arkansas.

17 Ron, you probably know about this.

18 MR. MILLER: Oh, yes.

19 MR. ELMORE: He called me up and said we have
20 too many National Guard guys taking their own lives
21 down here. He thought a lot of it was the economic
22 pressures they were under, and I agreed with them.

1 We have now sort of refined this to establish
2 a special small business contracting program for any
3 small business, not just veterans, any small business
4 that hires a certain percent of their workforce from
5 the veterans, National Guard, Reserves, spouse
6 community.

7 What that program would do, kind of more like
8 Hub Zone than any other, is we would allow -- I would
9 ask you to think about this. All the people I'm
10 working with inside SBA don't know some of these
11 details yet.

12 Allow any set aside for a small business that
13 hires a percent of their workforce from our community
14 up to \$20 million. A sole source, up to \$3.5 million.

15 The rationale behind who I have been working
16 with on the task force with this kind of thinking is
17 all the small business programs are constrained by
18 their design.

19 The supplier base for DOD -- the reason SBA
20 was created 50 some odd years ago was to reinforce and
21 build out the supplier base of small business to
22 support America and defend herself.

1 Most of the small business programs we have in
2 government now don't pay any attention to that
3 responsibility.

4 We thought about this, not just as a veterans'
5 opportunity but a small business opportunity, and 70
6 percent of government contracts are for DOD.

7 If you let vets, women, Hub Zone, any of them
8 be able to secure contracts from contracting officers
9 because their workforce is made up of our community, so
10 it's a whole different approach to how one secures a
11 government contract.

12 It's not based on social economic status, and
13 it's not based on veteran status. It's based on you as
14 a business hiring people from this community that is
15 Reserve families, so there is reasonable opportunity
16 for our community to be employed through Federal
17 contracting.

18 The other part that we thought was interesting
19 in this is Labor already has a reporting requirement
20 called Vets 100 that tracks Federal contractors' hiring
21 of veterans because Federal contractors have a
22 responsibility to hire veterans already.

1 We are looking at the ability. From my
2 experience dealing with government contracting, the
3 best way to get a contract to a small business, if they
4 are capable, is to give the contracting officer an easy
5 way to do it.

6 That is why we settled on any small business
7 and why we settled on the \$20 million and \$3.5 million
8 threshold, because that gives substantive contract
9 opportunities to any category of small business, and
10 helps arguably build out the supplier base of small
11 business capacity to support DOD's mission.

12 MR. WHEELER: You said one word. What about
13 completing the contract with the same percentage or
14 more?

15 MR. ELMORE: That is a word smithing kind of
16 thing. The obligation is you would have in the
17 agreement that X percent of your workforce and there
18 have been three figures talked about at the task force,
19 25, 30 or 35 percent.

20 Some of us think the threshold ought to be 25
21 percent of the workforce. Others think the threshold
22 should be 35 percent of the workforce. That hasn't

1 been settled yet.

2 AUDIENCE PARTICIPANT: (Inaudible.)

3 MR. ELMORE: I know, the staff isn't there.

4 The monitoring right now that is in place is through

5 DOL. I think it was the 1973 Rehab Act that Federal

6 contractors already have an affirmative responsibility

7 to hire veterans.

8 AUDIENCE PARTICIPANT: (Inaudible.) They would

9 be auditors.

10 MR. ELMORE: Again, that is part of why we

11 think this idea is worthy of going forward, because

12 Labor has that responsibility now. You don't need to

13 build out another oversight system. You need to simply

14 tweak the Office of Federal Contract Compliance, who

15 has just revised their regs, by the way.

16 AUDIENCE PARTICIPANT: I can tell you at USDA,

17 there is no oversight, and whenever we discuss it,

18 everyone says well --

19 MR. ELMORE: Let me tell you how I think about

20 this. Through this task force, we are not going to

21 solve the government's lack of oversight

22 responsibilities and requirements in Federal

1 contracting because the resources simply don't exist.

2 Congress is not going to give it to us.

3 AUDIENCE PARTICIPANT: On the other hand, if
4 we give them the solution to the problem --

5 MR. ELMORE: This may be a solution. We think
6 it's a good idea in the context of creating employment
7 opportunities for our community. We think it's a good
8 idea in the context of creating contracting for all
9 categories of small business, not just veterans, and we
10 think given that Labor is already in place and is a
11 member of the task force, it gives us more political
12 support to try to get this idea up to the highest
13 levels of the Administration to see if they will
14 support this, for a variety of reasons.

15 AUDIENCE PARTICIPANT: This is the same time
16 that Federal monies are frozen and hiring is frozen.
17 There needs to be maybe a re-training program at the
18 agencies.

19 MR. ELMORE: I don't disagree with you, but
20 I'm not sure the task force is going to take that on
21 for the entirety of government.

22 AUDIENCE PARTICIPANT: (Inaudible.)

1 MR. RENTERIA: I'm part of the Riverside
2 County Workforce Investment Board. They have dollars
3 for veterans to re-train, but they lost ten percent.
4 They have trained skilled workers. If you are looking
5 for workers and you go down to these hiring agencies,
6 you never get what you are looking for.

7 We have to start exposing each other to all
8 these programs. I think we are shortsighted, as she
9 points out, on who is the oversight. We are. We have
10 events.

11 The Workforce Investment Board is a heavily
12 funded program. I tell guys, go to these business
13 events. Let's bring the Workforce Investment Board to
14 the table. They are well funded. They can't find jobs
15 for these guys. They are funded to train.

16 MR. ELMORE: That might be the kind of thing
17 that this would evolve to, if you have Labor playing a
18 role, then you would hope DOL vets and OFCCP would
19 begin to tap back into the Workforce Investment Boards
20 and all that process to help small businesses not only
21 get the contracts but also be able to find the
22 workforce to hire those veterans.

1 MR. RENTERIA: Exactly.

2 AUDIENCE PARTICIPANT: About two weeks ago,
3 there was a job fair at the Federal Government, large
4 and small industry. They did have jobs. They were
5 taking resumes. These were for existing positions.
6 There were hardly any veterans in the room. That was
7 just unbelievable.

8 I think everybody needs to find a
9 communication mechanism so that every veteran would
10 hear about every job fair. Maybe one web portal where
11 they could go for every job hiring event. We need to
12 make it worthwhile for them.

13 MR. LINSCOTT: Thank you. We have 15 minutes
14 until the lunch break, so I'm going to put us back on
15 task.

16 MR. ELMORE: I'll try to touch on the
17 highlights. You have a copy of the basic slides. I'm
18 open to input.

19 MR. LINSCOTT: Before we jump back into that,
20 do you have commentary?

21 MS. LYNCH: Exposure is the problem. If we as
22 a committee start figuring best ways to add value going

1 forward.

2 MR. D. HILL: If I can make one suggestion
3 really quickly. Just like V-WISE, the information
4 comes in gaps. Maybe we can create a chat board or
5 something like that for this group alone. You don't
6 have to read everything but if it's up there, it keeps
7 us in the loop.

8 MS. LYNCH: You can also check into it on your
9 own time.

10 MR. D. HILL: If it's possibly something I can
11 help you with or vice versa, there is a place that we
12 can look at everything and connect it.

13 MR. LINSOTT: Bill, you're in high speed
14 gear.

15 MR. WHEELER: Two quick points on contracting.
16 There should be pre-established contracting goals,
17 achievement of the three percent. There is always an
18 excuse of why you didn't meet the goals.

19 Let's make these contracting goals statewide.
20 We need it in all these states.

21 MR. ELMORE: Again, if you have
22 recommendations either through your own report or

1 through us or both, develop them and get them to us.

2 We are going to move on because we are about
3 out of time. One of the big contentious issues, and
4 I'm not going to go into a lot of detail on this now,
5 but it is the VA database, and we know a large part of
6 the disabled vets and vets' small business community is
7 not satisfied or angry, however they want to define it,
8 about the VA and the approach they are taking.

9 One of the things we have talked about at the
10 task force is should the VA database be applicable
11 across government. There are lots of pro's and con's
12 that have been discussed.

13 That led us to what really should have been
14 our first question that became our second question,
15 should there be a government-wide certification program
16 for vets and disabled vets.

17 No matter how you design one, there are going
18 to be people who are going to fall outside of the lines
19 and people who are going to fall inside the lines, and
20 where do you draw those lines. They are going to be
21 burdensome.

22 Any small business that goes through a

1 certification program is not going to like going
2 through that certification program unless they are big
3 enough they can hire somebody else to do all the work
4 for them.

5 MS. LYNCH: The VA sent a letter to my
6 business about six months ago, and this huge document
7 request, jump through all these hoops. It doesn't
8 really mean anything. It was an asset allocation
9 question for us. When it has teeth, we'll play the
10 game.

11 I sit on this committee. Even I looked at it
12 and said why would I ask an employee of mine to spend a
13 week of their time doing this.

14 MR. RENTERIA: I just got re-certified.

15 MS. LYNCH: It depends on your type of
16 business whether it can be a cumbersome thing. We have
17 to properly incentivize the effort with a certification
18 that has teeth.

19 MR. ELMORE: That has been the essence of the
20 discussion so far at the task force.

21 MS. LYNCH: People are opting out of the
22 process. Those of us who opted out send a strong

1 message.

2 MR. SCHOW: In Utah, we recently added
3 "veteran" on your driver's license. It also helps
4 businesses who want to give a discount to veterans.

5 I think there is a way to verify. There are a
6 lot of people out there who will claim to be veterans.
7 If you want to maintain the integrity for the veteran
8 and disabled veteran, you have to have a method to
9 verify.

10 The state veterans' offices get a copy of the
11 2-14. If a veteran went into the military from that
12 state and came back to that state, the state veterans'
13 office can provide certification that this person does
14 have honorable service.

15 They don't have the confirmation of a service
16 person with disability. We are doing a pilot where we
17 are creating a database of our veterans. Right now, we
18 have 100,000 names. We got a grant from the VA to help
19 us develop this pilot.

20 Nobody, including the VA, unless you are
21 involved in a VA home loan, health care, education, the
22 VA doesn't know that you are out there because once you

1 are discharged, that 2-14 goes to your mom's address
2 most likely. That address on your 2-14 is no longer
3 good.

4 They are also working to get e-mail addresses
5 on the 2-14, which would be a good thing.

6 Identifying the veterans is a big deal,
7 whether it's through the Census or veteran owned
8 businesses.

9 MR. ELMORE: I'm going to move on to the next
10 one to try to close this. You kind of heard a quick
11 synopsis of the arguments on all sides. Some people
12 opt out, some people opt in. Should veterans be
13 identified, should they be required to be identified.

14 Should they provide all their business
15 operating documents. Should they spend 40 hours
16 compiling it.

17 All those things are part of the discussion.
18 Realize that in the task force and again as a
19 committee, if you have really strong recommendations
20 you think we need to consider, then bring them forth.

21 MR. RENTERIA: If we can incentivize and every
22 agency buys into that process, the real value is using

1 all your benefits.

2 MR. ELMORE: Let me move on. We have about
3 six minutes. Probably not a lot of argument, kind of
4 reiterating what you said. We are exploring creating a
5 first stop web portal to support veteran
6 entrepreneurship. GAO, veterans and agencies have
7 complained, you know, veterans think you are supposed
8 to go to VA to get an SBA loan. No. People think you
9 are supposed to go to VA to get your disability. No.

10 Is there the idea or is it supportable, and
11 I'm in discussion with people all the way up the
12 political ladder on this, to create sort of an
13 independent portal that isn't owned by SBA or VA or DOD
14 or DOL or GSA or Treasury or Agriculture or any of the
15 other agencies, Commerce included, that have
16 entrepreneurial support services that veterans should
17 be able to utilize.

18 Instead of an one stop web page, which is
19 impossible. If you Google "veteran business
20 development" today, you get 21 million hits. How does
21 anybody make sense out of that?

22 What we are talking about is a first stop

1 portal that all the agencies would support, that would
2 not be managed by any particular agency, because of all
3 the turf issues that happen, but really would be there
4 as your first step, and that would take you to SBA or
5 VA or DOL or Commerce, whatever it might be.

6 We are hoping that's going to happen. OMB is
7 driving that discussion, which usually is who everybody
8 in government listens to.

9 Next page. Community based innovative
10 entrepreneurship training program. Basically, the idea
11 behind this is the EBV model, which is now operating in
12 four different models, which is really to a degree the
13 old vet entrepreneur training model, create that
14 nationwide locally based.

15 Whether or not it's Syracuse and the
16 consortium of universities there or it's simply
17 competed and any entity could compete to deliver a
18 localized veteran entrepreneur training program, we
19 don't know.

20 I am not going to put into my recommendations
21 that anybody should be predetermined to manage this.

22 The idea is locally based veteran entrepreneur

1 training programs, similar to what we have seen succeed
2 now and we have seen succeed before that all the
3 partners would be part of, VA Voc Rehab would be part
4 of. DOL one stop's would be part of. SBA small
5 business centers, district officers, lenders would be
6 part of. Government agencies looking for potential
7 contractors could be part of.

8 Locally based and put out in a standardized
9 process that is competitively chosen. It's not just
10 SBDCs. It's not just VBOCs. Not just Syracuse. It is
11 locally based systems perhaps operating in regional
12 consortiums with other organizations doing the same
13 programs in their geographic area.

14 We would like to revise the G.I. Bill so that
15 the G.I. Bill could be used to pay for that.

16 MR. RENTERIA: That's a huge cost, as you
17 know. The argument I get from a lot of folks is I'm
18 not business inclined, blah, blah, blah.

19 I'm using my voc rehab self employment right
20 now, 12 years retired. You have 12 years from the date
21 of your disability rating to use your voc rehab
22 dollars.

1 Have you really nailed that down in terms of
2 how that translates? I don't know if the G.I. Bill
3 solution is there.

4 MR. ELMORE: Not every service disabled vet
5 wants to go to VA. Not every service disabled vet is
6 going to go through VA voc rehab. We haven't tied this
7 automatically to VA voc rehab, but VA voc rehab would
8 be one of the local partners that would essentially
9 build out the consortium.

10 MR. RENTERIA: Ten percent of us veterans go
11 get their VA benefits. Why aren't that 90 percent
12 getting it?

13 MR. ELMORE: What I've suggested in the
14 discussions is what we would do is where there are
15 local Federal executive boards, and I expect there is
16 one in Georgia, those Federal executive boards is where
17 VA, SBA, DOL, Commerce, DOD and all the rest sit, and
18 let the Federal executive board veterans' committee
19 essentially pull all the partners together in a way
20 that VA doesn't try to take ownership or SBA doesn't
21 take ownership.

22 That is sort of the biggest ideas in a

1 nutshell, change the G.I. Bill, make an entrepreneur
2 training program available, tie in Federal contracting
3 so you are getting veterans hired, and somehow revise
4 equity and collateral requirements based on military
5 service to enable access to credit.

6 MR. LINSOTT: We can go off the record now
7 for lunch.

8 (A luncheon recess was taken until 1:11 p.m.)

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1 A F T E R N O O N S E S S I O N

2 COMMITTEE DISCUSSION

3 MR. LINSOTT: If we can reassemble. Courtney
4 will be back. She's in a teleconference for a few
5 minutes.

6 It's really an interesting time, especially
7 with the task force. How is Secretary Garcia doing?

8 MR. ELMORE: I think he's doing pretty well.
9 He is no longer Secretary. He thought he was going to
10 be reappointed by the new Governor, but the new
11 Governor chose at the last minute to pick someone else.

12 He still represents the National Association.
13 Linda Swartz is the president of the National
14 Association of State Directors, who contacted me and
15 said they would still like John to represent the
16 Association on the task force. That's what he is
17 doing.

18 Somebody said he may be going to work for one
19 of the agencies.

20 MR. LINSOTT: The task force and our ability
21 to get some things into the task force, I think, is a
22 hot topic item that we should discuss, what if any

1 things we want to put in.

2 MR. ELMORE: The task force report is going to
3 be due to the President in October. The slides are
4 essentially a boiled down version of the broader
5 discussions we have had, arguably, the earliest stab at
6 what that report is going to look like.

7 MR. LINSKOTT: When do you meet again?

8 MR. ELMORE: We don't know this for a fact,
9 but probably June 24.

10 MR. LINSKOTT: Late June. When is your draft
11 of your report --

12 MR. ELMORE: Most of the recommendations
13 internally, we talked about bringing them to a defined
14 description by August. Probably some time mid to late
15 August. Staff will probably end up drafting a report
16 and it will go back through the entire group for a
17 final version.

18 MR. LINSKOTT: If we want to fire off anything
19 into that task force, June 24 to get it in?

20 MR. ELMORE: That's what I would suggest. If
21 you want to have influence, part of what I and others
22 are trying to do with this task force is create a

1 record. We know we are not going to get everything we
2 want. If we create a record, it helps sort of frame
3 the state of the thinking and the dialogue,
4 discussions.

5 It is kind of setting the stage for whatever
6 the next steps are going to be.

7 MR. LINSKOTT: Excellent. Throughout the
8 morning discussion, topics that I came up with were
9 support for the V-WISE program, the credit affected
10 service members, some form of relaxed standard,
11 associated with your credit damage that occurs as a
12 result of your service.

13 We know through the Servicemembers Civil
14 Relief Act, that is not supposed to occur. We also
15 know it does occur. I'm living proof of it.

16 We didn't talk about liens on service members,
17 a relax on collateral requirements. That is something
18 we can discuss. I wish Pat was here today. We
19 discussed the table of equity, time and service matrix
20 to guarantees and collateral requirements with perhaps
21 combat tour multipliers. I think that is an excellent
22 idea.

1 Courtney brought up the added value of
2 exposure, that veterans add value, which I'm looking
3 forward to hearing the next presentation. My gut tells
4 me the veterans brings this added value component to
5 any business venture. I think that is what we are
6 going to hear.

7 Does anybody have anything else conceptually
8 wise that we want to get into the task force before
9 June 24?

10 MR. WHEELER: About the contracting in the
11 states.

12 MR. LINSOTT: We can certainly discuss that.
13 Personally, from my seat, trying to mandate the Federal
14 Bureau's, how they allocate their small business set
15 aside, break that down, really tough. The reason I
16 think that way is let's say the BLM. BLM is huge in
17 your area. It's huge in Oregon, Southeast Washington,
18 whatever. BLM owns about a third of the State of
19 Oregon. I don't know how much they own in Virginia or
20 New York or other places. I'm sure in Texas.

21 Breaking those bureau's down on a regional or
22 sub-regional basis and trying to mandate to them they

1 make some kind of equality through the states, that
2 would be really tough.

3 MR. ELMORE: My experience so far is if it's
4 really difficult to mandate anything in the contract
5 arena, as I have thought about it, and this is the
6 direction I've tried to move in, we need to make it as
7 easy as possible for an overburdened contracting staff
8 to be able to get contracts in the hands of
9 identifiable, and capable disabled veterans' owned
10 small businesses.

11 MR. WHEELER: That is the problem, it is so
12 much easier to do a set aside or sole source.

13 MR. ELMORE: That is what led us to begin to
14 think that way, how do you move the system to make it
15 as easy as possible for the contracting officers to be
16 able to make that action, because they have too much to
17 do.

18 MR. WHEELER: Is it Public Law 108-183 passed
19 in 2003 that says the contracting officer has --

20 MR. ELMORE: That created the sole source and
21 set aside authorities. It was actually in 2004.

22 MR. WHEELER: New York is trying to pass a law

1 that they are going to try to match the Federal three
2 percent for service disabled and veteran owned, to show
3 best practices.

4 It is like Homeland Security, what they are
5 doing. They would have over three percent. If other
6 agencies saw how this was working and they could learn
7 from that, they are doing it, here is another agency
8 doing it, how come you can't do that.

9 In the states, they could pattern their
10 legislation around successful legislation in other
11 states. If people were seeing it, we could promote
12 that, get some awareness building of who is doing what
13 right, and then how come you're not type of thing.

14 MR. ELMORE: I think it works to a degree.
15 Again, the people that work hard in government, not
16 everybody does, but most people do, and the ones that
17 work hard are the ones that get everything done.

18 The ones that are conscientious about this, if
19 that is the right word, are already pretty much talking
20 about it as much as they can.

21 How do we minimize the things that a
22 contracting officer has to go through to get a contract

1 to one of our people, as opposed to sort of trying to
2 shame them or some sort of public pressure. All that
3 is built into this so far.

4 How to create that ability for the contracting
5 officer, assuming they know a capable small business.
6 That's why 8-A works. 8-A works because in every 8-A
7 contract, SBA is the prime contractor. The 8-A
8 contractor is a subcontractor.

9 That's a technicality in the law and we extend
10 that authority to Federal agencies to exercise SBA's
11 8-A authority.

12 That contracting officer in 8-A can make a
13 relatively easy straightforward decision on an 8-A firm
14 because now all they have to worry about is the 8-A
15 performing on the subcontract. I don't have a magic
16 answer. That is how we try to think about it.

17 MR. RENTERIA: It's all about
18 interrelationships with business owners. That is the
19 intent of the pilot program, how do we bring various
20 designators together to get a larger procurement
21 contract, versus going with a big prime, and you become
22 a two percent guy.

1 MR. ELMORE: This is again what I have tried
2 to do a little bit, there's lot of discussion about
3 bundling because of this pressure and for other
4 reasons, too. You have increasing numbers of contracts
5 that get bundled together and given to big businesses.

6 We have begun to sort of try to figure out how
7 you bundle together the small businesses, this whole
8 sort of teaming idea, which goes back to the whole
9 capability.

10 From my perspective, it goes back to the 8-A
11 authority. As an agency, we used to do what are called
12 defense production pools, and we would create these
13 pools of bundled together small businesses, and then we
14 would do a certificate of competency if they were
15 competent, and provide financing and a whole range of
16 services back in the 1950s.

17 We don't do any of those things any more now,
18 not in the context of how it was originally designed.

19 When I talk about this publicly, I reference
20 back to the supplier base. I think if we could move
21 the discussion from sort of a punitive, let's shame
22 them into doing contracts to hey, here's the

1 capability, we need to build, maintain and engage,
2 especially for DOD production, and we move the
3 discussion back to the original intent behind the small
4 business side, and maybe then we can begin to bring
5 back some of the tools that were created in the 1950s
6 based on centralization of DOD contracting that
7 happened in World War II and Korea.

8 That is where this stuff came from.

9 MR. RENTERIA: This point about TAP and SCORE.
10 TAP is being redefined right now, and the contract
11 submission is May 26. I don't know how this will
12 influence the final output of that, but it's a prime
13 time.

14 MR. ELMORE: I think they have to have it in
15 place by Veteran's Day.

16 MR. RENTERIA: Correct.

17 MR. SCHOW: Have you talked with Ray over at
18 DOL Vets about incorporating an SBA component?

19 MR. ELMORE: Actually, they are. They have
20 already made that obligation. If they don't come over
21 here, I'll go to Ray and say how come they are not.

22 I have also been working with DOD. There are

1 two parts to TAP. There is the DOD part and then there
2 is the DOL part. DOD is when you are eligible for TAP,
3 DOL is when you are discharging. It's a big job.

4 MR. D. HILL: Joining Forces just came out,
5 talked about \$500 million being set aside for grants
6 and some other stuff for veterans. It would be nice to
7 get some information out there to the guys.

8 MR. ELMORE: Joining Forces is interesting.
9 The primary veteran's part in Joining Forces, there are
10 really two parts. One is what my office is doing right
11 now, V-WISE, that sort of stuff, and the other is this
12 new initiative that SCORE is putting together right now
13 called Fast Launch. There are a number of technology
14 partners. They have made an obligation to start 3,000
15 businesses and train 15,000 vets, I think it is.

16 MR. WHEELER: 18,000.

17 MR. ELMORE: If there is a way you could add
18 some value or insight or assistance to SCORE, right
19 now, I'm not sure who they are talking to to get input
20 from. I know I'm involved with them through my office.
21 I don't know where else they may be going other than
22 own volunteer members.

1 MR. D. HILL: It would be nice to know, hey,
2 here's the money, here's where to go.

3 MR. ELMORE: I think there are really two
4 things you may want to look at. One is Joining Forces,
5 which is the military family, and the other is Start Up
6 America. Start Up America is the one that has an
7 obligation for raising \$400 million in the private
8 sector.

9 I have not seen a lot of veteran stuff in
10 there so far. I have made that point myself.
11 Certainly, they included veterans when they announced
12 it. I'll just leave it at that.

13 MR. WHITE: This is part of the same program?

14 MR. ELMORE: They are both out of the White
15 House. Start Up America is a public/private initiative
16 with Commerce and SBA and Kaufman Foundation, Steve
17 Case, is it Case Foundation, and a bunch of others.

18 You have Joining Forces, which is a government
19 wide effort to engage public and private resources for
20 veteran and military families, and entrepreneurship is
21 a piece in there. That is where SCORE was plugged in.

22 SCORE might very well be the best vehicle to

1 raise that profile.

2 MR. WHITE: It's not part of the Joining
3 Forces program?

4 MR. ELMORE: No. The SCORE piece for Joining
5 Forces is --

6 MR. WHITE: Start Up America is not part of
7 Joining Forces?

8 MR. ELMORE: No. There are some similar
9 people involved. They are two separate entities out of
10 the White House. I think one came out of the First
11 Lady's Office, and the other probably came out of the
12 Council of Economic Advisors.

13 Just like other agencies, not everybody is
14 always coordinated on everything they are doing.

15 MR. D. HILL: It makes headlines. At the end
16 of the day, the average veteran on the street has no
17 clue.

18 MR. ELMORE: You're right. If you have
19 specific recommendations or suggestions or if you want
20 them to come in here and make a presentation, we will
21 ask them.

22 MR. D. HILL: Or something they can put out on

1 the Internet.

2 MR. ELMORE: Back to the task force stuff, if
3 we get a first stop website, in addition to the Federal
4 agencies, it should be Start Up America and Joining
5 Forces, those kinds of things.

6 It's not just military, it's tied back into
7 the National Security Council. That is how the White
8 House sees veterans and military families, as a
9 national security issue, because we are not doing a
10 very good job of bringing them home.

11 MR. LINSOTT: It is 1:30.

12 AUDIENCE PARTICIPANT: (Inaudible.)

13 MR. ELMORE: I would suggest, Mr. Chairman,
14 since our guests are here, let's do this. If we want
15 to take discussion up afterwards, we can do that.

16 MR. LINSOTT: Let's move forward with our
17 guests, and we will come back to that at 2:30.

18 SAG CORPORATION RESEARCH PRESENTATION
19 AND DISCUSSION ON FACTORS AFFECTING
20 ENTREPRENEURSHIP AMONG VETERANS

21 MR. SOBOTA: Thank you. The primary author
22 here, our presenter, is Dr. John Hope, who will take us

1 through the study with a slide show.

2 He is accompanied by two other of the senior
3 staff here of SAG Corporation, which is the advocacy
4 contractor that performed the study.

5 Over here we have Dick Parodi. Dick is chief
6 operating officer. At the controls of the computer
7 over here for the slide show is Dr. Pat Mackin.

8 Sitting back there also is Dr. Jules Lichtenstein, an
9 economist, that works on veterans' issues with me.

10 One final word. I gave everybody a package
11 here of information. On the left-hand side of that, in
12 the pocket on the left-hand side, are materials
13 unrelated to the presentation today. Those are just
14 kind of bonus takeaway's. We always like to give
15 everybody something to take home and look at, some new
16 data, very interesting.

17 On the right-hand side of the package are hard
18 copies of the slides and a two page research summary
19 about the study, and the study itself. You really have
20 everything.

21 On the data on the left-hand side, you will
22 notice that I have one page in there that has the

1 latest data we really have, a breakout on the
2 composition of the veteran population in general. It
3 comes from the Census Bureau's American Community
4 Survey, and that is for data year 2009. There is a lot
5 of interesting data in there.

6 Right in back of that is the summary page of
7 brand new data that was just released on Tuesday. That
8 is from the Census Bureau. It is a very important
9 survey of business owners. The survey last time around
10 went out to 2.3 million businesses. It is conducted
11 once every five years.

12 A whole series of reports comes from that
13 study, and they just released the report on veterans.
14 We now have more information on veteran owned
15 businesses than we have ever had in history. There is
16 more to come in June. There are several other reports
17 on veteran business owners as opposed to businesses.

18 We are going to learn any more, including
19 information about service disabled veteran business
20 owners.

21 That page on the left-hand side summarizes
22 some of the major statistics from that study, but there

1 is a lot more.

2 We're not really here to talk Census today.
3 We are going to talk about this new study. I have to
4 add a caveat here before I turn it over to John. Like
5 all of our studies, this contract research study does
6 not necessarily represent the views of Advocacy, the
7 Administration.

8 It is a contract research project. We are
9 very interested in its findings. We have had some good
10 press. The Wall Street Journal had it in its blog.

11 There is a lot of interest here, but the
12 conclusions on these kinds of studies are never final.
13 They usually lead to additional questions that need to
14 be asked. We are not claiming this is the final answer
15 to anything.

16 What we are basically doing is making
17 observations and suggesting reasons why the observed
18 phenomenon may be true, being that veterans have a
19 higher rate of self employment. We know that.

20 With that, I'm going to turn it over to Dr.
21 John Hope, our presenter. John, if you can get through
22 these in time, I think we are scheduled to go to 2:15.

1 We'd like to reserve a little time for questions. If
2 you can try to go through these relatively quickly so
3 there will be time for questions.

4 John?

5 MR. HOPE: Thank you. Good afternoon. Today
6 we are going to look at the study that we did on the
7 factors affecting entrepreneurship among veterans.

8 Myself, Dr. Mackin and researcher, Brian Oh,
9 who has returned to graduate school, were the main
10 personnel involved in this paper.

11 Why should we look at veteran
12 entrepreneurship? Are veterans more likely to become
13 entrepreneurs?

14 The answer is yes, according to several
15 studies, some of which were sponsored by the Office of
16 Advocacy.

17 What could account for this? In this study,
18 we specifically look at self employment, the self
19 employment phase of entrepreneurship.

20 We have several possible explanations that we
21 looked at. First, it could be the characteristics of
22 veterans are intrinsic and approximately the same as

1 those who are predisposed to self employment.

2 That is to say that the same qualities that
3 leads someone to join the military are the same
4 qualities that cause someone to seek self employment.

5 The second possibility is that military
6 service itself imparts some qualities that make the
7 individuals tend to gravitate toward self employment.

8 We know after years of following orders, many
9 veterans may decide they would like to be their own
10 boss, as it were, or conversely, for those higher
11 ranking veterans, they may be used to giving orders,
12 and the prospect of having to take orders, perhaps from
13 someone younger, less experienced than themselves, is
14 distasteful, and therefore, they opt for self
15 employment.

16 The third possibility is that because of
17 certain veterans' benefits, military pensions,
18 disability, medical, veterans may have a safety net
19 built in that ordinary civilians don't have. Ordinary
20 civilians have to have savings in order to start a
21 business, and the start up phase is generally when
22 there is no income coming in.

1 Veterans have this built in safety net that
2 lowers the marginal risk of attempting trying to start
3 your own business.

4 We looked at three data sets when we were
5 compiling this study and took samples from each of
6 them. For the control, we used the 2007 CPS March
7 Supplement, and then we used two experimental data
8 sets, the Veterans' Supplement from the same survey,
9 and the 2003 Survey of Retired Military from DMDC.

10 MR. SOBOTA: John, could you explain what the
11 CPS is?

12 MR. HOPE: CPS is the Current Population
13 Survey. It's a survey that is sent out by the Bureau
14 of Labor Statistics every --

15 MR. SOBOTA: Month.

16 MR. HOPE: Every month. The March Supplement
17 to that survey has some veteran data, and then I think
18 it's August or September they send out a specific
19 veterans' supplement.

20 All these data sets, all three of them,
21 contain demographic variables that correspond, so that
22 we were able to create populations that were comparable

1 to each other, so we could take a look at the
2 differences and similarities.

3 All the data sets have the variable of
4 interest, which gives us the rate of self employment.

5 All of these are surveys, so the variable, the
6 self employment variable, is a self classification
7 variable in that the respondents are asked the question
8 do you work in private industry, are you a government
9 employee, are you self employed, or do you work for no
10 pay.

11 Those that answered they were self employed
12 are those we were interested in. We excluded those
13 that worked for no pay or did not respond to the
14 question.

15 I might mention at this point that the DMDC
16 survey, the survey of retired military, has several
17 fields that allowed us to look at the data with an
18 unique perspective that's not available in the general
19 CPS Veterans' Supplement, the 2007 Labor statistics
20 survey.

21 This data set, the survey of retired military,
22 is restricted to only retired military, so 90 some odd

1 percent of them have 20 plus years of service, and just
2 a very few are on disability retirement. The majority
3 are long term career veterans.

4 The paper itself has all the descriptive
5 statistics. I thought I would like to show you this as
6 an example.

7 This shows that veterans in almost every case
8 are more likely to be self employed than non-veterans,
9 no matter how we sliced it and diced it, gender, race,
10 whatever, veterans came out on top.

11 On this particular slide, we look at the self
12 employed by gender. The first two bars are from the
13 control data set. The next two are from the veterans'
14 data set. The last is from the retirees' data set.

15 The veterans and retirees almost always have a
16 higher percentage of self employment, whether male or
17 female, whatever the subcategory.

18 Our hypothesis is there is something about
19 military service that imparts some urge that makes the
20 veteran more likely to opt for self employment than
21 otherwise similar individuals, whether that is training
22 or culturation, that is part of what we are looking

1 for.

2 The model that we used, we tried to control
3 for any other factors that might contribute to the
4 probability that someone is self employed. We looked
5 at individual attributes, the labor market experience.

6 What we are really interested in is the
7 military service characteristics to see if those are
8 what is imparting the tendency towards the higher
9 probability of self employment.

10 The model that we use is a PROBIT model. A
11 PROBIT model is used for a dependent variable that is
12 binary, such as a yes/no, democratic/republican, and in
13 this case, self employed/not self employed.

14 What we are interested in is the probability
15 that they are self employed. We do not directly see
16 that probability. All we see is whether they are self
17 employed or not. We use this econometric formula to
18 determine that.

19 That is as far as the statistical stuff is
20 going to go today. If you have any questions about the
21 math, Dr. Mackin will be happy to answer those after
22 the presentation.

1 We have established the foundation for our
2 analysis, and we look at some results. If you're
3 interested in the regression results, the coefficients,
4 the standard errors, anything like that, all that is
5 contained in the paper.

6 What we were basically interested in is the
7 marginal results. That is the change that occurs due
8 to a change in the variable.

9 The way we arrived at this is we used two
10 equations based on the previous slide. We have a
11 baseline equation in which the variable of interest is
12 essentially turned off, if it's a binary, and then a
13 test equation, in which it is turned on.

14 For example, if we are interested in the
15 married, the marginal change in marriage, what we do is
16 the variable in the baseline, we look at the not
17 married, and in the test, we look at the married, and
18 find the percentage difference, and that gives us our
19 marginal change.

20 For variables that are not binary, such as
21 age, we looked at the baseline equation, we look at the
22 mean, and in the test equation, we look at the mean

1 plus one.

2 We are always looking at a marginal change and
3 the effect that has on the probability of self
4 employment.

5 For example, married versus non-married,
6 married have a 23 percent higher probability of being
7 self employed than non-married.

8 Home ownership, home owners have a 45.6
9 percent higher probability than non-home owners, but
10 the most significant one is military service, which is
11 88 percent higher probability of someone with military
12 service being self employed than someone without.

13 Looking at the veterans' analysis data set,
14 there are several differences between this and the
15 control data set. We can see the marginal impact of
16 age is now over five percent, whereas before it was
17 three percent. Marital status is no longer even
18 statistically significant. It drops out of the
19 equation completely. Gender and race now have a
20 positive effect on self employment whereas in the
21 control set, they had a negative effect.

22 There are several differences between our data

1 sets.

2 We also look where it says "Career Service, 5+
3 Years," what we are looking at there is veterans that
4 choose the military as a career path. You may not
5 consider five years a career, but the military does.
6 They actually refer to them as careerists versus one
7 term people.

8 Essentially, what this is is those that like
9 the military experience enough to re-enlist. Once they
10 re-enlist, they are considered a careerist. That
11 actually has a negative effect on the probability of
12 self employment, which is kind of the opposite of what
13 we are looking for.

14 We speculated this could be because maybe
15 there were more lucrative opportunities with defense
16 contractors or something, but we're not exactly sure of
17 the explanation.

18 We used the same data set and ran an
19 alternative regression. In this one, we used the
20 separation to create dummy variables for Vietnam era
21 veterans, those who were pre-Vietnam, and those that
22 were post-Vietnam.

1 We also created a dummy variable, instead of
2 the careerist variable, we used the military's zone
3 definitions. Zone A is zero to four years. Zone B is
4 five to ten. Like that.

5 We still found that veterans with the least
6 amount of service were the most likely to be self
7 employed. Zone A veterans were 14 percent more
8 probable to be self employed.

9 Also, the Vietnam veterans and pre-Vietnam
10 veterans relative to those post-Vietnam had a much
11 higher marginal probability of being self employed.

12 It is kind of interesting that Vietnam and
13 pre-Vietnam veterans, who a large percentage were
14 conscripts, are actually more apt to be self employed
15 than post-Vietnam veterans, and actually according to
16 BLS data, Gulf War veterans, who are almost all part of
17 the volunteer force, were almost three times as likely
18 as the Gulf War veterans to be self employed.

19 Looking at the last data set, the retirees, we
20 see the career retirees, the 5+ years, are about 50
21 percent less likely to be self employed, but this is
22 kind of misleading because like I said, 90 some odd

1 percent of these have 20+ years of service. The only
2 ones who have less than five years are those receiving
3 disability pensions.

4 We can see some of the other variables,
5 officers are 55 percent more likely than enlisted. The
6 home ownership variable is only about half of what it
7 was in the control data set. White retirees are almost
8 40 percent more likely to be self employed relative to
9 black retirees.

10 Older retirees more likely to be self
11 employed, that each additional year in age increases
12 the probability of self employment by about 7.5
13 percent.

14 In the last regression iteration that we ran,
15 we look at the effects of education and link the
16 military service directly. Before, we looked at
17 officer and enlisted, and here we look at the actual
18 AFQT score. Before, we looked at zones and different
19 years of service, and here we look at the actual number
20 of years of service.

21 If we look at the years of service, we see
22 that the marginal increase is two percent. If we

1 remember, almost all of these are 20+ year retirees.
2 That two percent is the additional years of service and
3 also correlated with additional years of retirement
4 pay.

5 The longer you stay after 20 years, the higher
6 your retirement. This could possibly indicate it's
7 just a wealth effect, and not due to longevity.

8 The AFQT score here decreases by .73 percent.
9 Of course, that is a marginal change. You are looking
10 at the change between 70 and 71, which is relatively
11 minor.

12 If you look at a change from say 70 to 80 as
13 an AFQT score, then the marginal change is almost 7.5
14 percent, which is a little more significant.

15 MR. ELMORE: The higher score is more prone or
16 less prone?

17 MR. HOPE: Less prone. It's a negative. The
18 higher you do on the AFQT test, it generally indicates
19 that you have a better aptitude towards more technical
20 skills. This would say those with higher technical
21 ability are less apt to be self employed than those who
22 have just general skills.

1 Here we summarize some of the significant
2 marginal effects. We see from the control data set
3 that military service and marriage have a positive
4 effect, and gender has a negative effect.

5 From the veteran data set, we see that gender
6 has a positive effect, and the longer the career has a
7 negative effect.

8 From the retiree data set, we see that longer
9 career has a negative effect also, except once they
10 reach the retirement point of 20 years, and then it
11 turns positive.

12 Marriage in this case has a negative effect.

13 Taken together, the findings suggest that
14 military service probably does not impart any
15 additional qualities that encourage self employment, at
16 least directly through education, training or
17 indoctrination.

18 Although the data does reaffirm the findings
19 of previous studies that military service is very
20 highly correlated with the probability of self
21 employment.

22 We have some possible explanations as to why

1 we found this. The first is those with the
2 predisposition towards self employment may tend to
3 leave the service earlier than those without that
4 predisposition.

5 There may be a negative career effect. That
6 is those that have the entrepreneurial bent may decide
7 that rather than stay in an organization, a huge
8 organization, that has many bosses, they may decide
9 that they want to try their hand, so they leave fairly
10 early.

11 There is also the possibility that the
12 military training and education, the effect of that, is
13 largely due to military culture and discipline which
14 occurs during the first year or two of service, in boot
15 camp and initial training for whatever military
16 occupation they decide to pursue.

17 If there is an effect, it's an almost
18 immediate effect. We are not sure which one is the
19 possible case or not.

20 Some suggested areas to look at in later
21 studies. We would include look at a longitudinal data
22 set, something that combines the service data with

1 employment data, after the member separates.

2 We could also look at concentrations in
3 military occupations. From other studies, we have seen
4 there are differences, depending on what their military
5 occupation was, and generally speaking, what their
6 civilian occupation is, whether medical, construction,
7 something like that, and also we would like to examine
8 what effects military service might have on obstacles
9 to self employment, such as creditworthiness.

10 We have contact information there for myself
11 and Dr. Mackin, and if you have any technical questions
12 about the paper for Richard Parodi.

13 MR. SOBOTA: Thank you, John. It is exactly
14 2:00. We have about 15 minutes for questions. Yes,
15 sir?

16 MR. RENTERIA: I have a series. I'll tell you
17 why. The Marine Corps was tasked for a force
18 reduction, and post-Korea in 2000, there has been a lot
19 on recruits and their benefits. Public Law 106-50, I
20 think, aims towards that.

21 Part of the TAP design was to split enlisted
22 and officers, when in reality, enlisted would be the

1 more motivated person to pursue self employment versus
2 a careerist, who is ready to go fishing. I understand
3 your study very well.

4 Possible explanation, safety net. I'm a
5 veteran who retired. I've been in business for ten
6 years and never had to take out a loan. I have huge
7 working capital.

8 This goes back to our own discussions with the
9 task force because our benefit is our working capital,
10 and we have to promote that as such, because during the
11 courses of these data sets you have, the G.I. Bill.

12 It's the young service guy that gets out that
13 is more aggressive. I think the reason why is we are
14 all trying to be survivalists. We look for the least
15 resistance to make more money in that case, in my
16 opinion.

17 It was interesting on page six, you have 249
18 percent participation. We have a three percent
19 incentive. I think it goes back to the task force,
20 this is where the TAP redesign takes place, the VA
21 benefits. I can really resonant with these numbers
22 because we did a similar study in the Marine Corps and

1 realizing the reason I have my disability rating, the
2 service guys have a tendency not to report their
3 injuries.

4 Six months before I even retired, I went to
5 the internal VA system and got 50 percent. That is
6 working capital, tax free. The law changed, we no
7 longer have to take our pension with our disability
8 rating, and that's important.

9 It's interesting. Have you compared that
10 reality with this report when it comes to that veteran
11 population that did not have the three percent set
12 aside?

13 MR. HOPE: No, we didn't do that. The data is
14 there.

15 MR. RENTERIA: That needs to become exposed
16 somehow. That is a big difference. They didn't have
17 this and we do. Are we exposing that reality. This is
18 where TAP comes in.

19 Look, these guys didn't have your three
20 percent, you have it now. Don't let it slip by.

21 Career service 5+ years, negative 33, again, I
22 think that speaks volumes. When you are not a

1 careerist, you have less options and you hustle and
2 hustle.

3 When I think about guys like Steve McQueen,
4 they can't afford to.

5 Page seven. I think that is the key. What I
6 did like here on page seven, the last line on the
7 bottom, TAP must target enlisted versus seniors.

8 The last time we had TAP here, they talked
9 about putting some emphasis on seniors and retirees,
10 but the guys that is going to boost the economy are
11 those lesser.

12 I don't know if you have shared this
13 information with TAP. This ought to be in that report.

14 MR. SOBOTA: The Veterans' Employment and
15 Training Service did come to our roundtable where we
16 released this study, and they definitely have it. I
17 have also been in e-mail with Ray and his Assistant
18 Secretary, and he's aware of this, too.

19 Gordon Burke was out of town, or he would have
20 been there. The people that are concerned with TAP
21 know about this study. I'm not sure what they will do
22 with it, but they know about it.

1 MR. SCHOW: One of the questions I have and I
2 raised this earlier, I'm kind of curious why the Census
3 does not count veterans or disabled veterans. I know
4 Census is not your area.

5 They collect all their data through ACS which
6 to me is a rather unfair way to really count veterans
7 and disabled veterans, because you are only doing a
8 sampling as opposed to a direct count, as they do in
9 the Census.

10 MR. SOBOTA: Let me answer that, John. You
11 have been working with ACS and I'm fairly familiar with
12 the Census data. We have been working with that a lot.

13 As a matter of fact, we have the ACS data in
14 your package there. There is a very important survey.
15 In fact, it is the most important source of information
16 we have on veteran business owners and businesses, and
17 that is the Census Bureau's Survey of Business Owners,
18 which happens only once every five years.

19 They have been releasing a whole series of
20 products as a result of the 2007 Census. It is for
21 data year 2007. It actually took place in 2008 and
22 2009 because the samples are drawn from tax returns.

1 That's how they figure out where businesses are. They
2 do a sample. It went out to 2.3 million businesses.

3 They do that for data years ending in 2002 and
4 2007. We are now working with the 2007 data.

5 Again, it is part of the Economics Census,
6 which is required by law. It is a sample, although a
7 very big sample, 2.3 million is a huge survey.

8 MR. SCHOW: For the business portion.

9 MR. SOBOTA: For the business portion; yes.
10 That is the data we are concerned with here. The
11 Office of Advocacy's charter is to look into veteran
12 business data. We do not look into veteran data, per
13 se, except as it would affect our results in looking at
14 businesses.

15 The reason we funded this study that we are
16 talking about here today is because of those self
17 employed individuals. Almost all those self employed
18 individuals, which is a different measurement, by the
19 way, than the Census measurement, but those are
20 businesses.

21 Anybody that files any kind of a business tax
22 return, and most self employed individuals will be

1 filing, whether it's a Schedule C or E or even a
2 partnership return, they are going to essentially be
3 filing business tax returns.

4 When we look at self employed individuals,
5 including self employed veterans, we are looking at
6 businesses, and that is our mission.

7 We are not the VA or Department of Labor, and
8 it is really beyond our ability to look at the
9 population of veterans for its own sake. We are really
10 only interested in veterans insomuch as we are
11 measuring veteran businesses or veteran business
12 owners.

13 Does that help?

14 MR. ELMORE: Terry, what you might want to do
15 is if you were to sit down and talk with Joe off the
16 record and understand the steps that Advocacy has taken
17 to work with Census, perhaps that will give you some
18 insight into the steps that the veterans' community may
19 need to take.

20 It wasn't there ten years ago. It was
21 Advocacy with the veterans community that asked Census
22 to add the questions to give us the data we have now.

1 MR. SOBOTA: The American Community Survey
2 does have quite a lot of interesting information about
3 the demographics of the veterans' community, but it is
4 not meant to be the answer to every question.

5 Another great source of data on veterans is
6 the VA National Center for Data and Statistics. They
7 have a home page. It might be a good idea. Jeff, we
8 will make sure you have the link to that page.

9 For those who are not familiar with that page,
10 there is a lot of interesting stuff on there.

11 MR. ELMORE: One of the things that strikes me
12 is when you look at this Census data piece that was put
13 in here, the average income for veterans and
14 non-veterans in the country are pretty markedly
15 different.

16 It makes me wonder if that isn't one of the
17 reasons in addition to this predisposition to
18 entrepreneurship of people -- perhaps that is part of
19 what allows us to make that effort or take that plunge
20 with self employment, because we do have a base of
21 income that is almost 50 percent higher, at least based
22 on the 2009 Census data.

1 That struck me as I looked at your stuff and I
2 looked at the Census.

3 MR. SOBOTA: The new Census business data has
4 just been released on Tuesday, and we have not have a
5 chance to really go through it all in detail, and a lot
6 more will be coming out in June.

7 It appears from the preliminary information
8 that certain major findings are going to remain similar
9 to what we had five years ago, and one of the most
10 interesting of those is that veteran businesses are
11 pretty much the same as all businesses. Distribution,
12 by the size of firms, in terms of both the numbers of
13 employees and in terms of receipts.

14 Those things are pretty similar. In fact,
15 most of the various measures, the types of employees,
16 where the receipts come from, who their customers are,
17 most of these things are the same.

18 There are some important differences. There
19 are some differences in the types of industries they
20 are in. This time around, a little over one-third of
21 all veteran owned businesses are in two digit codes,
22 either professional services, all the miscellaneous

1 service groups, and construction. Those two groups
2 alone are a third of all veteran owned businesses.

3 The other thing that is markedly different,
4 and we will have more information on this in June when
5 we get owner characteristics, some of the demographics,
6 and particularly age.

7 Veterans are just older than the general
8 population, the mix of them are. Veteran owned
9 businesses and veteran business owners both have a
10 different age profile than businesses at large, and
11 that is also true of gender.

12 Again, both of those, age and gender,
13 undoubtedly reflect the underlying characteristics of
14 the veteran population. The veteran population is
15 heavily male, although that has changed with younger
16 veterans, but it is still heavily male, and it's older.

17 It's not surprising that those characteristics
18 would continue into the veteran business owner
19 population.

20 We are talking too much about Census here. I
21 think we should get back to your study, John.

22 MR. LINSKOTT: Can you infer from your study,

1 John, based on what you found out, how many new
2 entrepreneurial veterans we can expect? Is there a way
3 to determine that from what you studied? A forecast of
4 what is coming in the pipeline to us?

5 MR. HOPE: No.

6 MR. LINSOTT: Would that be a future thing to
7 explore?

8 MR. HOPE: Yes, it would be worthy of further
9 exploration. I'm not sure that this particular study
10 would enable us to infer anything as far as what the
11 future holds.

12 MR. SOBOTA: Let me add to that, Jeff, if I
13 might. That's another thing that we might be able to
14 glean some information from the new Census data because
15 one of the items that we will get information on in
16 June is the age of the business, how long it has been
17 operating.

18 We will be working from a 2007 base. Still,
19 if we see differences between the veteran owned
20 businesses and the other businesses, that will give us
21 some information.

22 Based on your question, I am going to make

1 sure to take a careful look at that and see whether we
2 can add some light to that.

3 MR. ELMORE: One of the things that jumped out
4 at me is 250 percent pre-Vietnam and Vietnam and the
5 ones behind that. Historically, we have done well, but
6 so far, we are not showing up in this study as doing
7 well with the generation after Vietnam.

8 We are going to be able to boil the Census
9 down to understand what the following generations have
10 done so far, and actually, the appropriate question is
11 how do we learn from this to figure out how to do a
12 better job of shaping our services, our programs, and
13 our outreach into the newer community, the younger
14 community of veterans, men and women.

15 It would appear as though the Vietnam
16 generation previous have done pretty well, primarily
17 without any real focus from the Federal sector.

18 There wasn't much from Government prior to
19 2000 or 2001 that focused on veteran entrepreneurship
20 in the Federal arena.

21 MR. RENTERIA: I think that is really where we
22 can put the nail here because it is a recruitment

1 opportunity really. We have to push this real hard to
2 remind our young service guys, you are an entrepreneur,
3 because based on the conclusion, we have been taught to
4 be independent. They are exposed to business models
5 that they can take with them, and they may not know
6 that.

7 MR. ELMORE: I would be interested if you have
8 a reaction to this. It raises an interesting question
9 in if you are talking about the generations of veterans
10 who were subject to subscription compared to those who
11 are part of the all volunteer, it is almost as though
12 the cutoff in your data is the pre-all volunteer and
13 the post-all volunteer is where we are not achieving
14 these same levels. It is sort of counter intuitively
15 how I have always thought about military service and
16 the role it plays.

17 If the all volunteer forces are less
18 entrepreneurial, and I'm not saying it is, but if it
19 is, then that has an effect on everything, including
20 the goals and all the services and programs that
21 government should or should not undertake.

22 MR. HOPE: Some of those results are a little

1 misleading in that this is 2003 data. The post-Vietnam
2 era veterans are going to be in general younger than
3 the Vietnam era veterans. We know the older one gets,
4 the more predisposed they are to start their own
5 business, whether through retirement or veteran
6 military service or what not.

7 Some of that effect may be an age effect. I
8 do agree there does seem to be less of a predisposition
9 towards self employment by the all volunteer force than
10 the draft era.

11 PARTICIPANT: I'm thinking, most of them lived
12 in 100 man barracks back in the day. I'm sure there is
13 a behavior change. If you incorporate that lifestyle
14 change into the military, that may have -- that
15 probably adds some behavior -- we had 200 man barracks
16 versus to their two. We were exposed to a lot of
17 different folks.

18 MR. SOBOTA: I should probably explain
19 something here that I think some of you folks already
20 noticed. When we have a contract research study, they
21 start out -- these are competitive and basically SAG
22 won a competition. I don't know how many others there

1 were. They won a competition.

2 They said okay, here's our project. Here's
3 what we would like to do. We are going to test this
4 hypothesis and we are going to do this and we are going
5 to do it within a certain amount of time.

6 When the project is over, it's over. It's not
7 like say the government, well, let's keep following up.
8 Their project is done. They have no more obligation to
9 do anything, unless we were to give them another
10 contract and more money, that sort of thing.

11 The follow up, as it were, probably is
12 incumbent on Advocacy and folks like me to try to see
13 what we can do to help. SAG has done its bit so far.

14 When we do these studies, of course, you guys
15 know about contracting law better than most, we don't
16 really get involved in a day to day direction of the
17 project.

18 Once they are off and running and they have
19 won the contract, they pretty much do everything
20 themselves.

21 We do get involved and want to make sure the
22 work is progressing before we pay them. As long as

1 everything is going smoothly, they pretty much do the
2 whole thing. We don't direct the research. When the
3 results come out, we have to go through some peer
4 review processes and some review to make sure it
5 conforms with government wide standards of data
6 quality.

7 The final product is pretty much their own.
8 Because we are independent, we just put it out,
9 whatever the results are, whether they are going to be
10 popular or not, and we frequently in the past had
11 research reports that people on two sides of an issue
12 both used, used different parts of it for different
13 reasons. We do not set out to support or oppose a
14 given position or policy or piece of legislation.

15 We agreed to look at this question and let the
16 chips fall as they may. That is what we do in all our
17 research.

18 MR. WHITE: Just so I understand, the veterans
19 are more likely to become entrepreneurs, although it is
20 a little bit less than it used to be?

21 MR. SOBOTA: No, I don't think there is a
22 downward trend, if you look at the underlying BLS data

1 that goes after the data that John used, between his
2 report and now, and they are doing this survey every
3 single year, so we can look at the latest data, that
4 self employment rate for veterans is still
5 significantly higher.

6 The latest data we had was for 2010. It is
7 still way higher than non-veterans. It's not going
8 down.

9 I think the interesting thing, what we didn't
10 know before, is that the biggest effect is for the
11 fellows who have been in the service the shortest, the
12 one termers, not the people that have re-enlisted or
13 been there for 20 years.

14 If there is an effect from military
15 culturation or training or whatever you want to call
16 it, it's probably happening right at the beginning of
17 their service.

18 There may not be any effect at all, and it may
19 be one of these nature versus nurture questions, you
20 know, the same people, what economists would call a
21 selection screen, and basically the same people that
22 join the military are also the same people that make

1 better entrepreneurs. It might be that.

2 MR. WHITE: There is not a person in the
3 service that has not been given more responsibility at
4 a younger age. It is a simple thing to see how that
5 could convert into entrepreneurship.

6 MR. SOBOTA: Frankly, I would love to have
7 somebody look at that question. I better be careful.
8 Somebody from the contracting world is going to jump on
9 us and say we are giving advance notice of our next
10 contract opportunity.

11 I would like to have somebody look at some of
12 these questions, and anybody can make a suggestion for
13 us.

14 This study like others we do doesn't give us
15 final answers, but it sure sheds a lot of light on this
16 interesting question, and the flip side of that, that
17 downward line there, the longer you are in the service,
18 the less likely the likelihood of self employment, it
19 is still higher, even at the back end, but it's just
20 not as high.

21 At 20 years, those retirees, those that are
22 actually 20 years or more, that curve turns around and

1 starts going up again. This may be because of the
2 wealth effect that you mentioned, after you are getting
3 a pension -- the older you are -- excuse me -- the more
4 years of service you have, say you have 30 years
5 instead of 20 years, then your pension is going to be
6 higher. The wealth effect would be even stronger.

7 That may not be so surprising, that people
8 that have more money and a greater safety net might be
9 more likely to be self employed somehow, and especially
10 after retirement when they have time to do other
11 things.

12 That part maybe isn't so surprising, but that
13 first part, that is real interesting, where the folks
14 that have just been in one term for less than five
15 years have that higher rate than folks with 10 or 15
16 years.

17 MR. ELMORE: There are a couple of things in
18 there. On average, veterans have a higher per capita
19 income than non-veterans, about 50 percent higher. As
20 I recall, they have about twice their rate of
21 disabilities, amongst veterans compared to
22 non-veterans, which of course is primarily service

1 connected.

2 It is interesting how they would seem on
3 opposite ends in some ways but on the same way they
4 kind of feed in, just like the guy that did 26 years
5 and gets out with a nice pension is more in a position
6 perhaps to start a business than somebody with a 30
7 percent rating from VA and medical care.

8 The other side of the disability is we wear
9 out faster and perhaps die earlier, those of us who are
10 service connected. There is a pro and a con.

11 I think you're right. It opens a door. Kind
12 of the process for how Advocacy determines what kind of
13 research they are going to do is they seek input. They
14 ask me, and I assume it would be okay if the advisory
15 committee had things you would like to suggest Advocacy
16 consider in future research.

17 That's part of the role I have played so far
18 inside SBA, working with Joe and others in Advocacy to
19 talk about the kinds of things that I think would be
20 interesting for research, including this very subject.

21 MR. SOBOTA: Bill, let me add to that. I
22 agree, we certainly want to have input from our

1 stakeholders outside on what research topics should be.
2 We actively solicit it, and we are doing that right
3 now.

4 Because our whole cycle was a little bit off
5 this year because we didn't know whether we were going
6 to have money until a couple of weeks ago, as the
7 government finally was funded, we finally got that
8 settled.

9 Now, we are able to move ahead. We are having
10 to do everything on kind of a collapsed schedule
11 because we weren't able to start as early as we would
12 have liked.

13 Right now, our Director of Economic Research
14 and our mutual boss, the Chief Counsel, are soliciting
15 information. We have talked with Bill and the
16 congressional committees. I am talking with you right
17 now.

18 If you have topics that you want us to explore
19 and look at, please let us know right away. It is
20 important that you do that quickly because the window
21 will be closing for this year's cycle. We are always
22 open for next year's cycle, assuming we have some

1 money.

2 This year, we have some money. We are looking
3 at topics right now. Please get us your ideas very
4 quickly. You can do that with me directly or send it
5 to Bill and he will get it to us.

6 MR. LINSKOTT: Good. Thank you.

7 (Applause.)

8 MR. LINSKOTT: Right before this presentation,
9 we had a discussion come up about the three percent or
10 five percent, and you are not on our committee, but we
11 do have discussion time. Can you wait 15 minutes?

12 AUDIENCE PARTICIPANT: Of course.

13 MR. LINSKOTT: It is 2:30. Let's meet back at
14 2:50. We will make that our next topic, and then we
15 will go into our next items.

16 (A brief recess was taken.)

17 COMMITTEE DISCUSSION (continued)

18 MR. LINSKOTT: Let's go back on the record.

19 Before our last presenter, we had a question or comment
20 pertaining to a five percent SBV, SDVOB requirement,
21 about women owned small business get five percent and
22 the service disabled get three percent.

1 I have some comments about that before we
2 start the discussion. Last year, I think it was in
3 September, the law was amended. We had an enormous
4 victory. Prior to that time, it was Hub Zone, 8-A, and
5 women owned small business, and then it said "may" sort
6 of vaguely include service disabled. We took that
7 "may" out and replaced it with "shall," or we are all
8 on board now, so we achieve parity.

9 This committee, I don't think, had any direct
10 impact. However, for the first two years, it was in
11 our recommendations continuously that be achieved. We
12 achieved parity.

13 As you approach one of those sort of be
14 careful what you ask for, you just might get it, it's
15 similar to that, but I think in this town, the limited
16 experience I have is it's better to recommend and ask
17 for specific things rather than grand things.

18 My point being I'm not convinced that service
19 disabled veteran owned businesses even has the capacity
20 to do three percent as a body. I'm not sure they do.
21 It doesn't mean that having more won't help them. I'm
22 not convinced, however much that is, \$400 billion, \$500

1 billion worth of business, I'm not sure that service
2 disabled veteran owned businesses at this point have
3 the capacity to support five percent of whatever that
4 number is.

5 If they are not getting three percent yet,
6 whatever that huge number is, if there is a capacity
7 there that is over that amount that needed an increase
8 in that amount because they were filling it, then I
9 would think that would be a target.

10 With that said, back to my comment about be
11 careful about what you ask for, I think the important
12 thing to pursue would not be a change of three percent
13 to five percent, although more is always better, I
14 think the thing to pursue would be to remove the words
15 "service disabled" and just make that "veteran."

16 If we could remove the words "service
17 disabled" and make that "veteran owned small business,"
18 we incorporate many more small businesses.

19 When the capacity of that percentage is being
20 fully consumed, we don't go for five, we go for a
21 proportional amount, like maybe eight or seven or ten.
22 We have the capacity to consume that much and support

1 efficiently with best value, seasoned contractor, known
2 and reliable entity, that can achieve that.

3 From my chair, I would recommend that we would
4 recommend to remove "service disabled" and make it just
5 "veteran owned small businesses."

6 MR. RENTERIA: I think two things. One, we do
7 have the capacity but we -- there is capacity out
8 there, the question is why aren't they competing.

9 I think if you move SD from that, it denies
10 the incentive to go get disability ranking. I think
11 the VOB has not gone and sought a disability ranking.
12 Every VOB I speak to, they have not sought the
13 disability.

14 There are two parts playing here.

15 MS. LYNCH: I don't think people go to claim
16 their service disabled status because they want to do
17 business. I think they go to seek that because they
18 want benefits.

19 For example, I have a hip injury, and I would
20 want to seek it because hip injuries can require
21 replacements and things like that, so I did it to
22 guarantee medical benefits and because John Garcia

1 mentored me to do it.

2 To me, it wasn't about doing business.

3 MR. RENTERIA: It's awareness. Look at the
4 statistics. Remember, somebody fought very hard to
5 separate my pension from my disability rating.
6 Somebody did that for me. As a result, we are
7 separating that.

8 I do think the capacity does exist. I think
9 the outreach effort comes into play. A lot of vet
10 owners aren't competing. They have no clue of the
11 system, which is the outreach effort. They are out
12 there.

13 AUDIENCE PARTICIPANT: (Inaudible.) The three
14 percent was not a goal but yet it's mentioned by SBA.
15 It is a floor, not a ceiling.

16 There are many, many agencies that have
17 offices in every state. I have people calling me to
18 this day and they do not know what service disabled
19 businesses are, which is amazing.

20 Even though USDA did not achieve three
21 percent, there were seven entities, internal agencies
22 in USDA, that exceeded the three percent. For those,

1 we had award ceremonies. They did well.

2 The problem was getting to the three percent.
3 We had a five percent specific goal only for USDA. We
4 were at six or seven percent.

5 I would sit with many of them, doing their
6 lobbying materials, and many of them lost business
7 because they made themselves look like department
8 stores. I always told them how much faith would you
9 have in a dentist doing a root canal on you that said I
10 also am a lawyer.

11 MR. LINSCOTT: Terry?

12 MR. SCHOW: Mr. Chairman, if I may differ with
13 your view on service disabled veterans.

14 MR. LINSCOTT: You may differ at will.

15 MR. SCHOW: I would suggest that is not the
16 hill we want to die on. The DAV, Allied Veterans of
17 America, if we come out and suggest we are going to
18 mess with service disabled veteran set aside's, they
19 will be on us like ugly on rice. We don't need those
20 folks coming after us suggesting we are trying to
21 minimize service disabled veteran businesses.

22 I don't think you want to mess with disabled

1 owned veteran business because there is too big of a
2 constituency.

3 MR. LINSCOTT: That's fair enough. That is
4 good feedback. That is why we are having discussion.

5 AUDIENCE PARTICIPANT: (Inaudible.) I tell all
6 the businesses to be creative. Look at energy,
7 electric cars, environmental. Water, pesticides,
8 contamination. These are all things well suited to
9 service disabled veterans. Don't do something that
10 everybody else does. Do something that makes you stand
11 out.

12 MR. LINSCOTT: Bill?

13 MR. ELMORE: I'm going to share with you how I
14 look at this, and I'm going to share with everybody a
15 little history on this.

16 First, back in 1997, 1998 and 1999, when we
17 were working with Congress to draft out what became
18 106-50, we talked to Congress about a goal for veterans
19 and service disabled veterans.

20 I thought in 1999, we only got half of the
21 battle won, because we only secured a numerical goal
22 for service disabled veterans. We thought there was

1 also a goal for veterans, but the way FAR interpreted
2 the language, and SBA actually went back for an
3 amendment to try to rectify this and we lost, I thought
4 from the very beginning it was a mistake to divide our
5 community.

6 I think it under cuts the moral rationale
7 behind why we do contracting with veterans, to only do
8 service disabled vets. I thought at the time and I
9 still think it has weakened us as a community.

10 I would suggest if we are going to go for a
11 goal of five percent or seven percent or whatever it
12 would be, I would keep the three percent goal for
13 service disabled vets, but I would add an overall goal
14 of at least five percent for veterans.

15 I would include Reserve and National Guard
16 small business owners as well, because they are now
17 half the force, like it or not, that's the reality.

18 I think what we did with only service disabled
19 vets, and I will tell you that the reason I think
20 Congress only did service disabled vets is because they
21 were so wishy-washy about it, they didn't want to do
22 battle, and this is what members of Congress told me at

1 the time, I was one of the volunteers drafting the
2 legislation, the women and the blacks and so on will
3 all be back here asking us for more because we did it
4 for you.

5 Our argument was no, this is not a social
6 economic program. This is a program based on the fact
7 that these men and women stepped up and served our
8 nation, gave up their time, and sometimes life and limb
9 to do this.

10 I think it was a weakening of our community to
11 divide veterans from service disabled veterans at the
12 core.

13 I think if we made a recommendation to simply
14 raise the five percent for service disabled vets, and
15 there is a capacity question, maybe no one wants to
16 address it, but there is a capacity question, less than
17 one percent of small businesses in this country are
18 owned by service disabled veterans based on the old
19 Census data. Maybe the new data will give us a better
20 idea.

21 I would argue if we are going to go forward
22 with enhancing or improving or going for a higher goal,

1 that we need to include veterans so that the entirety
2 of our community is at the table, because at its core,
3 government contracting from an SBA perspective, is not
4 a social economic program. It is a supplier base to
5 DOD and other essentials and production during time of
6 war, and to reinforce the denarcotizing effect of free
7 enterprise during peace time.

8 Because we have divided up procurement into
9 social economic segments instead of staying on what was
10 the original intent of the Small Business Act, we have
11 weakened the entire community.

12 I would say raise the goal, include vets, and
13 if the capacity says we should go to five, then take
14 that next step, but we will have the strength of the
15 whole community with us.

16 MR. RENTERIA: As Courtney was talking about,
17 unlike states, Federal has a zero percent for service
18 connected; correct?

19 What I do know about the enlistment process is
20 we come in looking one way and we come out looking
21 another way.

22 We have done a very poor job in describing

1 what a disability is period. I think 106-50 is an
2 opportunity to promote everybody that doesn't have a
3 disability claim, they ought to, even at zero percent.

4 The onus is on us to say Courtney, have you
5 had a disability exam. Jeff, have you done yours? If
6 you served three years in any branch, you are not the
7 same as when you went in. That is what the disability
8 is designed to do.

9 These stats suggest I probably will start up
10 my own business.

11 My point is everybody that served this great
12 nation has at least a zero percent disability and they
13 will meet the 106-50. We have not promoted that or
14 pushed that.

15 Pride overtakes the best of us. The lines at
16 VA are long. Only because ten percent of the 23
17 million are using that benefit.

18 MR. ELMORE: If I can jump in, a point I
19 learned before I came to SBA. I knew small business
20 owners in St. Louis that had Purple Hearts from Vietnam
21 who will never go to VA, and will never go to VA and
22 try to secure a service connected disability, for their

1 own personal reasons, but those are real.

2 These men are still of that mindset today.

3 Even if they are a Federal contractor, they will
4 never -- the first research we did at SBA, which was in
5 2003, nine of the ten top SDVO contractors at that time
6 in 2003 were service connected but they had never
7 secured the designation as service connected. They
8 were simply were service disabled veterans, but they
9 had not self certified as such.

10 I took that as a reflection of that same idea
11 for a lot of these men and women who just never will go
12 to VA and ask to be designated as disabled.

13 To me, that is another reason why I think if
14 we had a goal for veterans with a specific goal for
15 service disabled veterans as part of that broader goal,
16 we would have instead of 15,000 small businesses
17 competing for these contracts, we would have 60,000 or
18 70,000.

19 MR. RENTERIA: Exactly.

20 MR. ELMORE: I think it just strengthens our
21 community in a much more important way than the way we
22 have been divided over the past ten years.

1 MR. RENTERIA: Exactly.

2 MR. MUELLER: I would like to kind of echo
3 what you are saying. One of the things that I am
4 cognizant of, in looking at procurements that come out,
5 they will have set aside's. The first thing they do is
6 initiate a letter of interest to find out if there is
7 enough out there to compete for it.

8 I never see a set aside for service disabled
9 veterans. You see them for small business, Hub Zone.
10 I haven't so far.

11 MR. LINSOTT: We just got parity in
12 September.

13 MR. ELMORE: It probably takes them a little
14 while.

15 MR. MUELLER: In all fairness, the number of
16 disabled veteran companies who would go out on
17 construction would be slow, small.

18 MR. LINSOTT: Is Billy Jenkins around?

19 MR. ELMORE: He's in St. Louis doing a
20 presentation today.

21 MR. LINSOTT: You need to link up with
22 Mr. Jenkins. Every time you see those procurements

1 come up, e-mail that contracting officer, and the
2 solicitation can be modified, provided there is a
3 vendor service disabled that can perform that contract.

4 Billy Jenkins is the king of this process.

5 AUDIENCE PARTICIPANT: (Inaudible.)

6 MR. LINSOTT: If we can come to a consensus
7 so I can put a note down. I really appreciate your
8 input, Terry. That was shortsighted on my part.

9 I will send out an e-mail. Thank you for
10 bringing it up. Increase for five additional percent
11 and give the veteran business so they have parity with
12 a special set aside for service disabled. Would that
13 be what we were saying, the solution to increase? That
14 would increase all veteran business, instead of three
15 to five, it would be three to eight, still maintaining
16 the three percent.

17 AUDIENCE PARTICIPANT: (Inaudible.)

18 MR. D. HILL: I would echo what Albert was
19 saying, there has to be education.

20 MR. RENTERIA: If we haven't done that
21 education first, it is blind siding a process -- TAPS
22 SCORE is really your educational vehicle. We have to

1 give them an opportunity.

2 MR. LINSOTT: By June 24 is our opportunity
3 to get this concept into the task force, which is
4 putting it forward directly into the White House, to
5 get the modification. This is our time to speak and
6 say modify, modify, modify.

7 MR. RENTERIA: I forgot Courtney's selection
8 of words, what are the chances of that -- if they see
9 something that is not achievable in the next two to
10 three years, it is just asking for something they are
11 going to say no to. I don't know.

12 MR. ELMORE: Part of the strategy is we know
13 going into this we are not going to get everything we
14 want. We are going to create a record. That's why all
15 of those meetings are recorded and there is a record
16 created, so that going forward, the best thinking from
17 our community is reflected in the record.

18 We might not get that next year, but we might
19 get it in five years. The ability of others in our
20 community to reach back in this record and go we have
21 been asking for this for five years, and isn't it time
22 finally, as we bring these troops home, and they are

1 home now, to engage everybody, not just a portion of
2 this community of heroes.

3 MR. RENTERIA: I think that is what TAP SCORE
4 really has, their objectives set.

5 MR. ELMORE: There are two ways you can
6 approach it. One is make recommendations to the task
7 force and in your annual report, but also perhaps
8 dialogue with SCORE, and I will try to do the same.

9 One of the things I do when I make public
10 presentations is I tell people this is a large, complex
11 and very competitive arena. If you're successful in
12 securing a contract but you're not capable of
13 delivering on it, it might very well kill your
14 business.

15 MR. RENTERIA: Right.

16 MR. ELMORE: If you go into this saying I'm a
17 disabled vet, I should get a contract, and you happen
18 to get one, it might cost you your livelihood.

19 MR. RENTERIA: I think Jeff used "forecast."
20 After you do the TAP SCORE education piece correct, you
21 can forecast we are going to need five percent.

22 That would be the approach, in my opinion.

1 MR. LINSOTT: We are speaking to -- I have a
2 very limited amount of time to get through what I have
3 to get through today.

4 Any objection in the recommendation to the
5 task force, which is on all veterans small business
6 development, any objection to applauding and supporting
7 the V-WISE initiative and the model they are
8 developing?

9 Any objection?

10 Let's have some discussion about the adverse
11 effects on your credit report and your credit score and
12 your creditworthiness, and what recommendation would
13 you make to the task force?

14 These will probably be mirrored in our annual
15 report. That is a real issue.

16 Steve?

17 MR. WHITE: If you just go away for a year,
18 you have no credit. You are not charging up a lot of
19 stuff. You really have disappeared for a while as far
20 as the credit reporting agencies go.

21 There are some real sleaze buckets out there.
22 Forget the fact that banks are foreclosing on their

1 own.

2 One of the things I think we need to bring in
3 would be the credit reporting agencies and some key
4 banks, such as Chase.

5 MR. ELMORE: Chase, by the way, is SBA's
6 largest loan --

7 MR. WHITE: If one of the big banks like Chase
8 came in, and I can get to the guy who is in charge of
9 the entire veterans' program for Chase right now, and
10 say here's an issue that you need to be involved with
11 or your senior credit people need to be involved with,
12 because no matter what SBA says, the banks are not
13 going to disregard that, because it is part of their
14 credit reporting standards.

15 You need to have the agreement of the credit
16 reporting agencies. They are in the military, there is
17 this space. There has to be a reason for people to see
18 there has been a problem with the credit.

19 Even by law, they can't lend to somebody if
20 they have a bad credit report.

21 MR. ELMORE: It reminds me of one of the first
22 drafts of Patriot Express that I almost got through OMB

1 one time, that in the event of credit diminishment when
2 activated, the bank would rely on the credit rating of
3 that individual prior to activation.

4 I actually almost got it in but OMB blocked me
5 at the last minute. That was back in 2004 or 2005.
6 I'm just remembering that now and saying perhaps that
7 is another way to approach this that would address that
8 sort of gap in credit. You're right. If you do not
9 use credit, your rating tends to go down.

10 MR. WHITE: They could come up with the answer
11 better than us saying here is what we would like you to
12 do. They could literally come up with it and say well,
13 I guess we could go back and look at what they had, see
14 where they are at now, look at their business plan now,
15 and we could put a statement in here that the reason
16 for the credit is because of overseas duty.

17 MR. LINSOTT: Would this be a SBA policy?
18 Would it be a modification of the law? Would it be a
19 lender/SBA relationship consideration factor?
20 Treasury?

21 MR. WHITE: You initiate the question and
22 invite the banks and the credit agencies to meet and

1 figure it out.

2 MR. ELMORE: Treasury is on the task force.

3 MR. LINSOTT: Semantics from our chair would
4 be adverse credit, the task force look to review or
5 raise the question regarding adverse impacts to a
6 service member's credit rating during their tour of
7 duty, and who/how/why, we could perhaps take the
8 snapshot of the pre-service.

9 MS. LYNCH: Would it fall under this access to
10 capital? It's a barrier to loans.

11 MR. ELMORE: Exactly.

12 MS. LYNCH: Access to capital is part of our
13 charter.

14 MR. T. HILL: Wouldn't it fall within the law?

15 MR. ELMORE: It might be part of the
16 Servicemembers' Civil Relief Act, which is under the
17 jurisdiction of the Veterans' Affairs Committee, as I
18 understand it. The oversight is at DOD.

19 Again, the Interagency Task Force has Treasury
20 and Veterans' Affairs on it.

21 You are guaranteed your job if it still
22 exists, to go back to that job, which is what Labor is

1 responsible for.

2 I think you are right. If you can raise the
3 question and challenge the nation and the lending
4 community to come up with a resolution.

5 Do we know that men and women who have served
6 have suffered with their credit ratings? I don't know
7 how you would find that out except perhaps the credit
8 bureau's.

9 MR. LINSOTT: I think I have what I need for
10 the draft. We talked about a table of equities or a
11 table of collateral/guarantee based around service and
12 that concept. I don't think we are going to come up
13 with an answer for that. I think we should raise the
14 question or the concept, if that's okay.

15 Perhaps to qualify for the table of equities,
16 you have to complete a training requirement.

17 MS. LYNCH: I think we also talked about
18 backing away from 100 percent. Maybe 95 percent would
19 be the maximum on the table.

20 MR. LINSOTT: I like that.

21 MS. LYNCH: What is the cap on that now?

22 MR. ELMORE: \$500,000. Most of the loans are

1 below that. There have not been many at \$500,000, but
2 the cap has gone up on our broader 7-A, and that is one
3 of the 7-A products. Consideration to raise that, we
4 could take it to \$750,000.

5 We can turn around and use the same rationale
6 to raise the overall 7-A for this community as well.

7 MR. LINSOTT: Anything for the task force?
8 You can tell it's a high priority for me. Anything you
9 can think of for the task force? Bill?

10 MR. ELMORE: I would urge you to consider and
11 I would support the idea of a national veteran
12 entrepreneur training program, however that is
13 designed. There is a lot of momentum behind that idea
14 for the task force.

15 MR. SCHOW: What about on line?

16 MR. ELMORE: On line is a part of the models
17 going forward now. V-WISE is on line.

18 MR. WHITE: Is that part of SCORE?

19 MR. ELMORE: It could be. SCORE would be part
20 of the local partnerships that you would build out,
21 these local entrepreneur programs, but have them
22 interlinked around the country, so there are certain

1 standards.

2 That is what we were talking about on our task
3 force, and it is being led by our student veteran
4 representatives. It's the new generation of veterans
5 asking for this.

6 MR. LINSCOTT: We have about 19 minutes left.
7 I am going to yield all of that to the vice-chair.

8 MS. LYNCH: I'm going to recap an e-mail
9 exchange that Daryl, Albert and I had earlier this
10 morning before coming to the meeting.

11 We were talking about just the role of the
12 committee and what can we as committee members do?
13 What are tangible action steps that we can do to effect
14 positive changes in the world of veteran
15 entrepreneurship.

16 I know there has been some frustration in
17 other committee meetings that we need physical action
18 steps that we can take.

19 The language you were talking about, Al, we
20 were talking about the fact that we are a very small
21 committee and we work on a national level, so our two
22 biggest constraints are there is a large national

1 population of veterans to be reached, and we are just a
2 small few members of the committee, and also we don't
3 have a budget. We don't have any fiscal authority. We
4 don't have any tasking authority.

5 That is our biggest constraints, small size
6 and lack of budget.

7 That in no way means we can't advance
8 important initiatives. In fact, with the experience in
9 this room, if not us, then who will be able to advance
10 important initiatives.

11 We have to be thinking about creative,
12 innovative focused action items that we can do to
13 impact many people efficiently.

14 If Al and Daryl want to share some thoughts
15 and comments about what you believe this committee
16 should be doing or could be doing to be very successful
17 in the context of Public Law 106-50 and the reason we
18 are here today.

19 I enjoyed the e-mail dialogue, but it's your
20 passion, so please bring it up.

21 MR. RENTERIA: I think the topic for me is the
22 lack of awareness period. The budget is restricted. I

1 just did a small business summit in the City of Paris.
2 Never did they have more than ten business owners in
3 one place at one time. I brought in 200 from all over
4 that area. It's a Hub Zone. We have done a couple of
5 webinars.

6 We definitely have to leverage technology at
7 its finest. Marylyn Harris couldn't make it here, but
8 she was on the squawk box.

9 I believe if we take all this back outside, we
10 may not have the time, but someone in the area might.
11 This is some good stuff. Everything I see here is they
12 have heard it for the first time.

13 The employees in a Hub Zone might say put that
14 in your resume.

15 MS. LYNCH: The question becomes is there
16 anything that we can do as a body to resolve some of
17 the exposure challenges.

18 Is that asking too much of 15 or 16 motivated
19 individuals? Any sort of speaking tour or media tour
20 or social media or a web application? Is there
21 anything we should be doing, and as a committee, is it
22 worthwhile, for a 45 minute webinar working session for

1 all of us.

2 MR. RENTERIA: You used fostering
3 relationships. There was a Job Act tour; right? That
4 is a SBA program. Create more businesses, create more
5 jobs. I think we need to connect those somehow. They
6 need to know where we are and bring us into the table.
7 That is how you save costs.

8 I don't know if anybody knows what Job Act
9 2010 represents, but it's a business act, it's not a
10 job act. Those are the things I think we have to take
11 back with us. We have to expose that process. I think
12 this committee has the opportunity to do that.

13 MS. LYNCH: When you have smaller numbers and
14 no budget, what is the value. Obviously, we have
15 expertise. We have a tremendous platform by virtue of
16 the brand of our committee. I would say it's certainly
17 a brand that hasn't been exploited. We do have a
18 brand.

19 Is there an opportunity for us to solve those
20 challenges or put a dent in them, or is that something
21 that is not for this committee.

22 MR. SCHOW: I have two principal vehicles that

1 could be utilized more effectively. One is the VSOs.
2 Much of the good stuff that happened in the SBA started
3 with the American Legion and many of the many VSOs came
4 along and supported it.

5 If they support you, and as we have the
6 opportunity to talk with them, that's worthwhile.

7 MS. LYNCH: Distribution channels. We are
8 talking about sharing information. We are not talking
9 about advocating a position. They would probably be
10 supportive.

11 MR. SCHOW: Sadly, sometimes there is a degree
12 of dysfunction even within the veterans' community,
13 because we have the leaders of the veterans' community
14 on the advisory council, in Utah.

15 If I am down in Southern Utah and I say to the
16 Commander of Post X, hey, what do you think about this
17 idea.

18 The fact that you tell somebody at the top
19 doesn't mean it gets down, but having said that, that
20 is an important consideration.

21 The second consideration is through the state
22 veterans' offices. The DAV and VFW and American Legion

1 in my state, the Legion has 10,000, and the DAV has 5
2 million, VFW has 5 million, a total of 20,000 members
3 out of 160,000. 140,000 veterans in my state are not
4 represented by anybody.

5 The state veterans' offices around the
6 country, you're a new guy, a former POW in Virginia,
7 you have more than 500,000 veterans over in Virginia.
8 They are appointed by their Governor principally to
9 represent those veterans.

10 If you can persuade them to put information on
11 their websites about this, I think if the committee had
12 a blurb or Bill, that you wanted disseminated, you
13 could either give that to me and I could get it -- we
14 have a list for all the state directors, would you put
15 this on the front page of your web page and would you
16 put it in your next paper.

17 MS. LYNCH: It would have to be very focused.

18 MR. SCHOW: Exactly.

19 MS. LYNCH: Not 40 pages.

20 MR. SCHOW: That is probably one of the
21 easiest things. The Legion has been dealing with a guy
22 by the name of -- who is that guy up in New England?

1 MR. ELMORE: Lou Celli. Past chairman of this
2 committee.

3 MR. SCHOW: The Legion has that. I don't know
4 if the VFW does anything like that. I don't think the
5 DAV does either. If you could persuade the editors of
6 those magazines, and maybe approach the executive
7 directors of the Washington office, who in turn could
8 ask those guys to put a blurb in the paper. Even
9 congressional folks read those.

10 MS. LYNCH: We are very credible and then
11 leveraging existing distribution channels with a
12 concise message. Kirk?

13 MR. MUELLER: I was just curious. Since you
14 can invite people in here to present, have you ever
15 invited people from the social networking arena?

16 MS. LYNCH: No, that is something we can
17 leverage as well. We have to be very specific about
18 what we are asking them to do.

19 MR. MUELLER: Propose the problem to them and
20 say how could we use your system to help resolve the
21 issue we have.

22 MR. RENTERIA: They are requiring that you

1 have a social network.

2 MR. WHITE: That is the DOL, that is the TAP.
3 It has been crap for 30 years. Because they are going
4 to redesign it now, it doesn't mean that anybody is
5 going to pay any more attention to it just because they
6 spend \$38 million.

7 I would love to see it work. I would be very
8 happy to see it strong. You can't sit around and wait
9 for the TAP program to take care of this.

10 MR. RENTERIA: What they are going to do is
11 re-train to use technologies.

12 If we don't communicate, it ain't going to
13 work.

14 MR. D. HILL: Just with the experts we have in
15 the room could put out the information. You have a
16 list of people to get information from.

17 MR. RENTERIA: This is a no cost effort.
18 There are 12/13 of us here.

19 MS. LYNCH: It would have to be really high
20 level, we all decide we are going to channel people
21 towards the EBV. We can't expose a laundry list of 500
22 things.

1 MR. D. HILL: What is the goal of the
2 committee? What is our mission statement?

3 MS. LYNCH: Access to capital.

4 MR. ELMORE: Actually, we haven't worked on a
5 real mission statement in two or three years.

6 There are two or three things you could
7 arguably help expose. One is the committee itself. A
8 second would be the Interagency Task Force. The third
9 might be one of your top five policy initiatives that
10 you are pursuing, or however you want to define that.

11 MR. LINSCOTT: The goal of the committee in
12 2011 is to increase interaction with the players around
13 us, including the task force, which we will achieve
14 when we send them our recommendations.

15 To influence education and training. It is to
16 work access to capital, and work on business
17 opportunities. That is per our annual report last
18 year. Those are our goals.

19 As far as our mission statement, that, I don't
20 believe has been written down.

21 Those are our goals for this year. There are
22 two pages of how we are going to achieve or work on

1 those goals.

2 MS. LYNCH: Again, perhaps at the next
3 webinar, discuss some of these topics, exposure or
4 value to the greater community. Anyone thinking this
5 is outside the range of the committee? Heading in the
6 wrong direction?

7 MR. T. HILL: To create a channel just within
8 us, so we start sharing on a regular basis instead of
9 meetings and depending on Bill to do stuff.

10 MS. LYNCH: What would you recommend?

11 MR. T. HILL: You have a perfect media moment
12 coming up in July. That would be an opportunity for
13 some major media outlet for us to approach a major
14 media outlet and say this is what is going on, a brain
15 trust, think tank, whatever you want to call it, that
16 has been working on this for some time. You start
17 building exposure.

18 Once you start dealing with this issue of
19 credit, especially the business media and the Wall
20 Street Journal and people like that, these poor guys
21 have been overseas and their credit has collapsed.
22 There is opportunity.

1 MR. RENTERIA: I don't know if you guys
2 recently went to the SBA. They are trying to fix it.
3 I was surprised to see that recording on their website.
4 I don't know if you have seen it.

5 MS. LYNCH: I did.

6 MR. RENTERIA: I can create that at no cost,
7 and I think you can, too. It ought to be open to the
8 public. They ought to see. They can comment and so
9 forth.

10 MR. ELMORE: A word of caution. There are a
11 number of organizations that attempt to represent the
12 veterans' business community, and there is no one
13 predominant one. If you are going to try to approach
14 those kinds of networks, you might consider approaching
15 all of them. Otherwise, you are going to get caught up
16 in inter-organization politics that aren't always
17 driven by what is logical and what makes sense.

18 MR. WHITE: Depending upon what you want to
19 do, what the message is. Putting together what is
20 called Basics for Veterans. How to start, manage, run
21 a business, grow it. I have a whole piece on
22 employment issues, and also all the resources for

1 veterans. It is going to be on line and hosted.

2 All we are asking is people who want to be
3 involved to link into it. DOL, VA, the veterans'
4 business outreach centers, American Legion, VFW. It
5 will be on line. Right now, we are up to 100 million
6 unique views type of thing.

7 It is going to pretty much the transitioning
8 troops, but also it will be available for any veteran
9 of any era to take advantage of.

10 I can make changes to it daily, every minute.
11 If we have a new program that comes out, there is a new
12 thing for Patriot Express, it will initially come up as
13 a website and then go into the publication.

14 We can say a new program, check page 32 about
15 Patriot Express.

16 If the message needs to go out, depending on
17 who it is going to -- it won't cost anything and it
18 will reach a lot of people.

19 MS. LYNCH: I think it touches back to what
20 Terry was saying. Existing distribution channels. It
21 is probably impossible for this small group of people.

22 MR. WHITE: No, we are going to do it right

1 now.

2 MS. LYNCH: That's great. I yield back.

3 ADMINISTRATIVE MATTERS

4 MR. LINSKOTT: Thank you. As we bring this
5 one to a close, anybody have handy the dates for
6 October that are approved?

7 MR. MILLER: October 13.

8 MR. LINSKOTT: It is two days.

9 MR. MILLER: 12th, 13th, 14th.

10 MR. LINSKOTT: Which one is travel?

11 MR. MILLER: Travel on the 12th, the meeting
12 on the 13th, travel home on the 14th.

13 MR. LINSKOTT: It is a two day meeting. It
14 was supposed to be a two day meeting. It is the only
15 two day meeting we had scheduled this year. We can
16 actually write the bulk of our report and we will be in
17 good shape to submit it forward as a group, instead of
18 e-mailing it back and forth.

19 MS. SIMMS: You are right. It is two day.

20 MR. LINSKOTT: Which two days?

21 MS. SIMMS: The 12th and 13th. You can travel
22 on the 11th.

1 MR. LINSCOTT: Really critical meeting. Thank
2 everyone for being here. I truly appreciate your being
3 here. For me, this has been the busiest year of my
4 corporate history. I haven't been home much.

5 Let me throw a few things at you as a body.
6 You have October, by schedule, Courtney, Steve, Ron,
7 myself and Pat leaving you. October is our last
8 scheduled meeting barring a potential extension, which
9 would not be for me.

10 After October, you are on your own. We will
11 certainly be available via e-mail or phone, however, to
12 help.

13 The number one issue we all face as a
14 body -- if you would stand up, Mr. Elmore.

15 (Applause.)

16 MR. LINSCOTT: Thank you, Bill. Thank you.
17 Let's go off the record.

18 (Whereupon, at 4:07 p.m., the meeting was
19 adjourned.)

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22