

SMALL BUSINESS ADMINISTRATION
INTERAGENCY TASK FORCE ON
VETERANS SMALL BUSINESS DEVELOPMENT

PUBLIC MEETING

Friday, May 10, 2013

9:00 a.m.

409 3rd Street, S.W.
Washington, D.C. 20416

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MEMBERS PRESENT:

Marie C. Johns, Chairman, Small Business
Development

Rhett Jeppson, SBA

Antonio Doss, District Director, SBA

Timothy Hale, Secretary, Dept. of Veterans Svcs.

Ruth Samardick, Director of National Programs of
the Veterans Employment and Training, DoL

Dr. Susan Kelly, DoD, TAP Transition

Kevin Blanchard, International Franchise
Association, VET-Fran

John Shoraka, OGC/BD

Judge Christopher Holleman, Hearings and Appeals

Pat Henriques, University of Utah, The Foundry

Linda Oliver, Acting Director, Small Business
Programs, DoD

Tony Eiland, Office of Small Business Utilization,
GSA, Program Manager, Mentor-Protege Program

Donald Graves, Jr., Deputy Assistant Secretary,
DoT

Michelle Gardner-Ince, VA

Andre Gudger, DoD

Joe Wynn, National Association Black Veterans, Vet
Force

James Wilfong, Veterans Force (By telephone)

Matthew Blum, OMB

Davy Leghorn, American Legion

Barbara Ashe, VIP

Rick Weidman, VVA

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

2 CHAIRMAN JOHNS: Good morning, everyone. I'll
3 call the meeting to order. This is Marie Johns, and I
4 apologize that we're starting a few minutes early.
5 We've had some Washington traffic and a couple of other
6 things that delayed us, but we're very glad that
7 everyone is here and calling the meeting to order at
8 9:08. So, welcome.

9 OPENING REMARKS FROM TASK FORCE CHAIR

10 CHAIRMAN JOHNS: I'm Marie Johns, privileged
11 to Chair this Veterans Interagency Task Force -- the
12 Interagency Task Force on Veterans Business
13 Development. And I would ask that my colleagues at the
14 table introduce themselves, in turn, starting with you,
15 Secretary Hale.

16 MR. HALE: I am Secretary Tim Hale with the
17 State of New Mexico, Department of Veterans Services.

18 MR. EILAND: Tony Eiland. I'm with GSA, OSBU
19 office.

20 MS. SAMARDICK: Ruth Samardick, Veterans
21 Employment and Training Service, Department of Labor.

22 MR. JEPPSON: Rhett Jeppson, Small Business

1 Administration, Office of Veterans Business
2 Development.

3 MS. OLIVER: Linda Oliver, Department of
4 Defense, and I am sitting in this chair until the
5 Director, Andre Gudger gets here.

6 MR. BLUM: I'm Matthew Blum with the Office of
7 Federal Procurement Policy.

8 MR. GRAVES: Don Graves, Deputy Assistant
9 Secretary, Department of the Treasury.

10 MS. GARDNER-INCE: Michelle Gardner-Ince,
11 Director of the Center for Veteran Enterprise at the
12 VA.

13 CHAIRMAN JOHNS: Thank you all, and we know
14 that we have members of the public on the phone and we
15 have a full house here this morning in person. And
16 we're grateful to be holding this meeting in the SBA's
17 Washington District Office. We are under construction
18 at our headquarters office, where we usually meet, and
19 so we thank our colleagues at the Washington District
20 Office for hosting us, and so we'd ask that our
21 District Director, Antonio Doss, give us a brief
22 welcome.

1 MR. JEPPSON: Hey. If I could -- just for
2 anybody in the room the front panel -- unfortunately,
3 the air conditioning is out here. And so we've got the
4 fan running in the background. And so if you could
5 really try to project, I apologize for that, but kind
6 of the circumstances we're dealing with. So thanks.

7 DISTRICT DIRECTOR REMARKS AND WELCOME

8 MR. DOSS: Well, good morning, Everyone.
9 Again, my name is Antonio Doss. I'm the acting
10 District Director for our Washington Metropolitan Area
11 District Office here at SBA. And I can't tell you how
12 thrilled we are to welcome you this morning to our
13 offices.

14 I apologize about the air conditioning. We've
15 had our challenges with it recently, but hopefully
16 we'll be able to manage so that you don't get too, too
17 hot here. Our office services, supports and advocates
18 for small businesses in the Washington Metropolitan
19 Area, including the District of Columbia, Suburban
20 Maryland Northern Virginia. And, really one of the
21 most important roles that we have is advocating on
22 behalf of the men and women who have served our

1 country.

2 So we have been able to do that in a lot of
3 different ways, some of which I'm sure you're familiar
4 with, including from a loan financing perspective for
5 the businesses who are looking to start or
6 entrepreneurs looking to start or expand a business,
7 we've got a variety of loan programs that start with,
8 say, micro loans and go all the way through our patriot
9 express loan program to larger working capital loan
10 programs and equipment financing for Veterans.

11 So that's a big part of all businesses is
12 financing. We also have Veterans that are taking
13 advantage of our free business coaching, one on one
14 mentoring, low cost or free training courses, which
15 also helped improve the business acumen of business
16 owners, and the Veterans are taking advantage of that
17 as well across our region. That's in partnership with
18 our resource partners, small business development
19 centers, women's business centers and SCORE.

20 One of the things that we're really, really
21 excited about is how successful things have been with
22 the Boots to Business effort. We're now conducting

1 monthly Boots to Business sessions at Andrews Air Force
2 Base, at Bolling, at Walter Reed, Fort Belvoir, and at
3 the joint base at Fort Meyer. And then this month
4 we're actually going to hold our first session at Fort
5 McNair in D.C. with the Coast Guard, and we conduct
6 quarterly sessions now, also, at the Pentagon at
7 Henderson Hall.

8 So those are really turning out to be pretty
9 fruitful events, and we're finding great responses from
10 the participants to those Boots to Business sessions.
11 So, in closing, I just want to say again thank you for
12 your work here. This is very, very important work on
13 behalf of the Veterans' community. We really
14 appreciate your efforts and what you do, and we applied
15 them. And if there's anything we can do for this
16 district office, we are certainly willing and able to
17 do that and help you with it. So, thank you.

18 CHAIRMAN JOHNS: Thank you, Antonio. And,
19 again, thanks for your hospitality. Just a couple of
20 housekeeping instructions. For those of you who are
21 providing comments for the record, please use the
22 podium and the microphone. Our recorder will be very

1 pleased if we follow those instructions, and please
2 make sure that you state your name and affiliation for
3 the record as well.

4 As Antonio mentioned, we have launched our
5 Boots to Business initiative nationwide, and we are
6 very excited about how that's going. In fact, Rhett
7 and Brian, and a couple of our colleagues were in
8 Quantico, yesterday, for much of the day, and we were
9 able to participate in the opening of the Boots to
10 Business course there. It was great attendance. There
11 are over 20 participants in the class; and,
12 interestingly enough, a bit to our surprise they
13 represented nearly every factor within the Armed
14 Forces.

15 We thought we were going to be with a group of
16 Marines, but with Marines and everybody else. But that
17 was great to see that collaboration in the room. I
18 know Rhett is going to give us a little more detail
19 about that during his report. We've also been working
20 to identify ways to improve access to capital for
21 Veterans, and so we're going to be giving you an update
22 on our Veterans pledge initiative. It's part of a

1 continuum on the part of the agency to make sure that
2 we're bringing more capital to particularly underserved
3 markets, and that includes Veteran-owned businesses.

4 We are delighted to have several guests today,
5 who are going to be presenting. And I'd like to thank
6 and welcome them now. Dr. Susan Kelly from the
7 Department of Defense will be speaking later. Mr.
8 Kevin Blanchard from Vet-Fran is also going to share
9 with us. My friend, Pat Henriques is here. She gets
10 the prize for traveling the longest distance. She's
11 visiting from the University of Utah. We are looking
12 forward to hearing from her; and, Judge Christopher
13 Holleman, who is with our office of Hearing and Appeals
14 will also be making a presentation. So we are
15 fortunate to have such distinguished guests, and we are
16 looking forward to hearing from all of you.

17 I also had the distinct pleasure of kicking
18 off our latest VWISE Program. This is our
19 entrepreneurial program focused for women Veterans, and
20 we launched a class in Chicago last week. And I have
21 to tell you it was one of the most energetic and
22 inspiring rooms that I've been in in some time. We

1 probably had 200 women Veterans in the room, again,
2 representing all branches of the Armed Services. They
3 were, to borrow a phrase from our president, fired up
4 and ready to go, and I was fortunate to kick-off that
5 session that ran throughout last weekend. And so we're
6 delighted that our VWISE initiative continues to grow
7 and be very successful.

8 And, then, before I turn it over to Rhett, I
9 just wanted to remind everyone that this is my last
10 time to sit in this chair to chair this august group.
11 It's been my honor to serve as the Deputy Administrator
12 of the Small Business Administration. My time is
13 coming to an end. I'll be leaving the agency at the
14 end of May, and it is a bitter sweet time for certain.

15 But, among all the things that I have been involved
16 with over the course of these last three years, I count
17 none as much of a privilege as the work that we've done
18 together to serve our very deserving Veteran. So I
19 want to thank the members of this task force for your
20 support, for your great work, and I will wish you all
21 the best.

22 Rhett will be taking over, convening the

1 meetings going forward. The task force will come
2 together again within the next six weeks; and, as I've
3 told you before, don't be surprised if you see me
4 sitting in the audience at an upcoming meeting. So,
5 again, thank you for all of your great support. And,
6 with that, I turn it over to Rhett Jeppson.

7 PROGRESS REPORT REMARKS

8 MR. JEPPSON: Thank you, Marie. I appreciate
9 it.

10 We appreciate you attending the Boots to
11 Business yesterday and the BYs. I know that you're
12 busy, but these are important events, and it shows
13 SBA's commitment to our Veterans community and we
14 appreciate you for that.

15 Just a quick, few comments about today's
16 agenda. You'll see the first five presentations that
17 we're going to get focus on the work that was done in
18 the initial report that we issued from this task
19 force -- you know -- almost two years ago. And so as
20 you look at the quality of the presentations and where
21 they're going, what's been done, and what's about to
22 happen, you'll see the task force has been having a

1 difference in the Veterans business community.

2 Obviously, we would always like to move
3 further, farther, faster, but these are real tangible
4 things that happened as a result of this task force,
5 or, in part, as a result of this task force improve the
6 business environment for Veterans, small business. And
7 so I think it's a great testament to the work that's
8 been done by the community, and I look forward to
9 seeing the presentations, because there has been so
10 much effort in this.

11 If you start with the TAP-DoD transition that
12 Dr. Kelly has actually led for DoD, this is one of the
13 other great, interagency efforts that we've seen where
14 we've had several agencies come together and produce a
15 very good product. They're really making significant
16 improvements in the transition systems program. Our
17 partnership with folks from VET-FRAN and areas that
18 they're interested in and partnering with us. The
19 benefits that we'll see come from that are real and
20 substantial.

21 We look forward to hearing a little bit about
22 the University of Utah and their entrepreneurship

1 training program where they can take advantage of the
2 GI Bill benefit in a unique situation that gets after
3 some of the unique promises -- things that we promise
4 to work on in the original task force report. And it's
5 an innovative way to take advantage of that GI Bill
6 benefit; and then we obviously always look forward to
7 hearing from our offices of hearings and appeals.

8 Our OHA judges, for those of you who don't
9 know, when there's an appeal process, whether it's
10 through your certification or verification, or during a
11 protest, they come to Judge Holleman and the others
12 over at OHA where we have those administrative law
13 judges who hear those cases and issue those verdicts.
14 And so it's a real pleasure to have them here and have
15 an opportunity to ask questions and get a sense of the
16 trends they're seeing and actually in some cases get
17 their opinion on way ahead and best practices.

18 So we look forward to that, and with that,
19 Marie, I'll turn the time back to you. Thank you.

20 CHAIRMAN JOHNS: Thank you, Rhett.

21 SLIDE PRESENTATIONS

22 CHAIRMAN JOHNS: All right. So let's begin

1 our presentations. We'd like to welcome first, Dr.
2 Susan Kelly, who directs the Department of Defense
3 transition assistance program; and, as Rhett mentioned,
4 we've been working closely with Dr. Kelly and our other
5 federal partners, and we think making great
6 improvements to the TAP experience. So, thank you, Dr.
7 Kelly for being here.

8 DR. KELLY: Thank you. Thank you for inviting
9 me to speak to the group and to the task force. And,
10 before I go any further, Ms. Johns, I wish you the best
11 of luck in your new endeavor, whatever they may be.

12 CHAIRMAN JOHNS: Thank you very much.

13 A. DOD-TAP TRANSITION GPS

14 DR. KELLY: So let me talk to you about the
15 Transition Assistance Program and the fact that it has
16 gone through a tremendous redesign across the entire
17 program; and, much of this happened at the urging of
18 Pres. Obama when he issued a mandate to us to DoD and
19 VA to stand up an Interagency Task Force to increase
20 counseling for service members who were transitioning,
21 as well as to get a focus on the educational
22 opportunities that were available to them. So DoD and

1 VA established a working group.

2 We were joined by a robust group from the
3 Department of Labor, also from Office of Personnel
4 Management, Small Business Administration and the
5 Department of Education, because we were looking at the
6 quality of our curriculum for service members. The
7 bottom line, up front, these are the tremendous changes
8 that happened. We had had the Transition Assistance
9 Program since the end of Desert Storm. It had not been
10 reviewed in that period of time. It was due for a good
11 evaluation and a complete revamp, but I can tell you
12 that we started the task force, started with one piece
13 of the Transition Assistance Program being mandatory,
14 and that was pre-separation counseling -- one piece of
15 it.

16 The VOW Act, Vow to Higher Heroes Act, made
17 pre-separation counseling the VA benefits briefing and
18 the DoL employment workshop mandatory. That was a
19 tremendous undertaking by the Department of Labor. So,
20 the short-term solution for the revamp is that we
21 establish career readiness standards for military
22 members, unheard of. But just like military members

1 will meet fitness standards, they will meet readiness
2 standards for training. For their equipment they will
3 also meet career readiness standards before they
4 separate; and, commanders will actually sign-off for
5 each military member the career readiness standards
6 that they have met.

7 We revised the curriculum. We did a bit of
8 reverse engineering saying, "What is it that we want
9 military members to leave with, and then develop a
10 curriculum based on that." So it's a modular
11 curriculum, outcome based. They have to develop
12 actual, concrete deliverables, and the curriculum is
13 built to help them do that -- the long-term
14 solution -- another very big culture change that we're
15 going to embed the curriculum as well as deliberation
16 points across the military life cycle.

17 So if you're a four-year, first-termer, or if
18 you're a 20-25 year-old, or 25-year careerist, there
19 are going to be touch points throughout your military
20 career where you will be asked to do some deliberate
21 planning when you separate, because if everything goes
22 well, every service member will separate, will leave

1 active duty and join the civilian workforce. And we
2 ask them now to start planning for that and to start
3 aligning the tremendous experience that they have in
4 training and just in their military missions, and
5 aligning that to what they want to do in their
6 long-term goals.

7 There are multiple agencies. I already
8 outlined that to you for what we determined were the
9 career readiness standards that we wanted the members
10 to meet, a very diverse perspective coming from each
11 one of the interagencies. And then you can see the key
12 elements of what the new curriculum is called. It's
13 called "Transition GPS" -- "Goals, Plans, Success."
14 And, again, just a quick point that that preparation,
15 when we roll that into the military life cycle,
16 preparation will begin at the first, permanent duty
17 station of a military members career. They're going to
18 focus on their own individual personal goals. They are
19 going to develop an individual transition plan.

20 And if you've actually seen that document, you
21 see that's very holistic. It talks about not only
22 career goals, but it also talks about what are your

1 social support systems that you've had in the military.

2 How are you going to carry those over into your
3 civilian life? And it mandates a standardized
4 curriculum so that no matter what service the military
5 member is separating from, they get the same
6 curriculum, they meet the same learning outcomes and
7 they develop the same deliverables, concrete
8 deliverables to show commanders that they are career
9 ready.

10 An example of one of those deliverables
11 connected to career readiness is a 12-month,
12 post-separation budget. So they actually lay out their
13 income that they're receiving now, their expenses, and
14 then we ask them to look at the geographic location to
15 which they're relocating, and start figuring out what's
16 the rate of child care in that area. What is housing
17 cost? How about car insurance? How do those rates
18 differ? And we are only able to do that by using all
19 of the resources that all of the interagencies bring
20 together, especially on some of the web-based tools.
21 DoL's own net and my next move is a real help across
22 all of the curriculum.

1 (Slide.)

2 DR. KELLY: If I could have the next slide,
3 please, this is IAP at the transition GPS curriculum.
4 You see the pre-step counseling. There is a core
5 curriculum. Everyone goes to this, and that is the DoL
6 One Workshop, a transition overview. So we talked to
7 them about all the pieces of the actual program, but
8 also about the dynamics, the psychosocial dynamic of
9 transitioning from one career to another.

10 The MOC crosswalk is a module that helps them
11 look at their military experiences and their military
12 specialty coding, and compare that to what is available
13 in the civilian occupations. And, if they want to
14 follow on the same lines, and if not, what is their
15 plan to align those military experiences and training
16 to what they want to do in the civilian world. And,
17 again, they own that, and my next move from DoL are
18 tremendous tools to help them do that.

19 We also talked to them about resilient
20 transitions. We actually bring to the surface that
21 some of our military members have experienced difficult
22 situations, especially in the last 10 wars with the war

1 and the campaign. We bring that to the forefront and
2 say we don't want you to leave with these burdens.
3 These are the resources now that you can use at the
4 installation to help with these particular issues. It
5 goes all the way from military sexual trauma, PTSD,
6 family issues.

7 A lot of our deployments are putting stresses
8 on marriage, so we talk about that -- nothing that we
9 want to skirt. We want to bring it to our attention,
10 and we say, go. These are the resources that are
11 available for you now. We don't want you to walk out
12 the door carrying these burdens. And then, also, the
13 financial planning module for the 12-month, post
14 separation budget, VA benefits briefings. They have,
15 actually, six hours of VA benefits briefing.

16 The first one explains all of the benefits
17 briefing, including that very generous post-9/11 GI
18 bill. And then the second piece actually walks them
19 through the website of the E-benefits, the EAC benefit,
20 which gives them a whole swath of other websites and
21 other information they can use. And one of the career
22 readiness standards is that they actually register

1 e-benefits. So they are connected to Veterans Affairs
2 for life before they separate from active duty; and,
3 then finally the individual transition plan review.
4 And the tracks you see for accessing higher education,
5 career technical training, VA is offering that; and,
6 finally, our wonderful entrepreneurship track, which we
7 are thrilled with.

8 Could I have the next slide, please?

9 (Slide.)

10 DR. KELLY: This is transition GPS. This is a
11 model, kind of notional, how we would like it to be
12 conducted at the installation level. So, you see, it's
13 a five-day curriculum core without the two-day track,
14 two based on their own personal goals. Next slide,
15 please.

16 (Slide.)

17 DR. KELLY: This is accessing higher
18 education, actually taking them through the
19 decisionmaking process of how to choose a degree
20 program or college institution, as well as time to
21 determine a funding strategy; and, also talking about
22 how to avoid debt, because you can get in debt, even

1 with a generous post-9/11 GI Bill, as well as the
2 admissions process. The outcome of this particular
3 course is that they prepare an actual application to
4 return to college, as well as connecting with the
5 colleges, and we encourage them to connect with the
6 Veterans student organizations.

7 So you can see the curriculum contents there.

8 Can I have the next slide, please?

9 (Slide.)

10 DR. KELLY: This is our career technical
11 training track being offered by VA. Again, much of the
12 same process, decisionmaking process would actually
13 introducing them to certifications, licensures, et
14 cetera, and how to relay what they have from their
15 military experience into the technical training fields.

16 Next slide, please.

17 (Slide.)

18 DR. KELLY: And here's our entrepreneurship
19 training track, a very welcomed addition to what we had
20 normally thought of as transition assistance for our
21 military members. But our military members, as Ms.
22 Johns said, they are fired up and ready to go. And you

1 hear them talking about this more and more when you go
2 on the installations about entrepreneurship, about
3 small business. So this is creating a lot of chatter,
4 and I'm sure it will create a lot of action too. Next
5 slide, please.

6 (Slide.)

7 DR. KELLY: And this is just what was offered
8 in the day one and day two of that entrepreneurship
9 training track. So these three tracks are chosen by
10 the military members themselves, based on what their
11 career plans are. So there is no compulsion to attend,
12 but the take on these two-day curriculums is growing
13 every day as we roll that out.

14 (Slide.)

15 DR. KELLY: Our way ahead, the entire task
16 force, which is still meeting once a month. We have a
17 steering committee that's meeting two or three times a
18 month still pushing the implementation of the
19 transition GPS across all the installations. And,
20 remember, these are all overseas installations in the
21 Pacific and in Europe, taking this curriculum, getting
22 the staffing, getting the equipment, getting the rooms,

1 just the classrooms, because we have set standards, no
2 more than 50 participants in each classroom, and we did
3 have installations where every week we would push 300
4 sailors through attack class.

5 Now, we need six classrooms, plus the tracks
6 that are being offered in tandem. So this is a really
7 large effort for the Department of Defense and our
8 partners. Then you can see the number of folks that
9 we're going to be servicing: 250,000 service members
10 over the next several years; based on the draw down
11 from Iraq and Afghanistan, as well as just the
12 fore-shaping that the department is going through and
13 each one of the services is going through -- not to
14 mention those budget issues.

15 So you see the modular curriculum will be
16 rolling all of this out. The new curriculum with the
17 three-tracks by October 2013, embedding it across the
18 military life cycle by 2014. We are in the last stages
19 of developing the memorandum of understanding with all
20 the interagency, who will do what, how will DoD support
21 the interagency on each one of the installations, and
22 then each installation will also develop a local MOU.

1 So that will definitely impact the SBA and small
2 businesses across the nation. And, I will tell you
3 that SBA has stepped up to offering those
4 entrepreneurship tracks overseas, also.

5 That's a tremendous commitment for our
6 Veterans and our service members. So you can see
7 everyone's providing instructions to these military
8 members on this rollout phasing plan. We are
9 developing a virtual curriculum, because we have
10 military members who are disbursed across the globe,
11 and we have reservists and National Guardsmen, and they
12 are not always able to get to that brick and mortar.
13 And some of them are going to be separating very, very
14 quickly.

15 With that draw down, we are going to have
16 military members who expected to have a military
17 career, 20 years. Those career plans will not go to
18 fruition. So they will be looking at what is available
19 to them in the civilian sector. That virtual
20 curriculum will be a very important piece for us, and
21 then just continue participation in assessing this
22 curriculum. There is an online assessment tool that

1 we've developed that evaluates every module in the new
2 curriculum with the facilitators, also with the
3 facilities and logistics of just getting them there.

4 And so this is going to be a very
5 evidence-based program, not only just for the
6 curriculum, but also how the installations handled the
7 logistics and the coordination with our interagency
8 partners, a tremendous undertaking by the department,
9 but we are very, very much dependent upon the
10 interagency. This is a whole of government effort, and
11 we are very excited about it. We have received nothing
12 but good, strong feedback from the service members.
13 Not only are they saying that the curriculum is meeting
14 their needs, but their competence is being increased;
15 and, coming back to the economic situation, that was
16 not always true of our service members, and they feel
17 much more prepared.

18 So it is a very good new story at this point,
19 and we'll just continue, again, with all the
20 interagency partners pushing it out and getting this
21 work for our service members. But, again, I do want to
22 tell you that the commitment from the Small Business

1 Administration and your infrastructure across the
2 nation has stepped up and made a tremendous
3 commitment -- really, an unprecedented commitment -- to
4 the service members who are going to be joining that
5 Veteran family. And we are very, very grateful, so
6 thank you.

7 Any questions?

8 CHAIRMAN JOHNS: Thank you very much. So are
9 there questions from my colleagues at the table?
10 Anyone have questions, comments?

11 MR. HALE: So we're getting e-copies of the
12 slides?

13 DR. KELLY: Certainly, yes. Yes. They are
14 not classified.

15 (Laughter.)

16 MS. GARDNER-INCE: Do you have any suggestions
17 about the number over the next five years, the number
18 of military members that will be coming over to the
19 Veterans Administration --

20 DR. KELLY: There's a small variation between
21 250,000 to 300,000; but, again, those numbers were
22 projected, and that's when we went to OMB to fund this

1 entire program across all of the interagencies, and
2 those are contained in a report that we sent over to
3 the White House in April. But, again, those numbers
4 are going to fluctuate, and we were not counting on the
5 changed force map or structure that we're going to have
6 based on the changes in the budget. But our numbers
7 are going to be coming your way at the installations,
8 because there is a real take on the Entrepreneurship
9 Act track of the new TAP we've designed.

10 MR. JEPPSON: Yeah. Susan, if I could add
11 too. So the number she talks about is 250,000, between
12 250 and 300,000. So we actually worked with the
13 services and came up with a projection of what we think
14 the Boots to Business will be our entrepreneurship
15 track. It will be about 18-1/2%, or about 45,000 a
16 year will come through that track. So that's a pretty
17 significant number, you know. I mean for just one of
18 the tracks.

19 DR. KELLY: The one thing that I didn't
20 mention and I should have is that after the military
21 members complete the two-day track at the installation,
22 they then have the opportunity to go on to do the

1 distance learning, the eight-week course. And we
2 actually have a performance measure connected to that,
3 the number of military members who start that
4 eight-week course, and who complete that eight-week
5 course.

6 So each one of the interagency partners have
7 developed performance based curriculums to show the
8 outcomes of all this effort and to ensure that we're
9 getting a return on our investment. And it's not every
10 program that steps up to make that commitment to be
11 held accountable, and to show those performance
12 measures. So, again, lots of courage across all the
13 interagency partners. Yes, ma'am?

14 MS. OLIVER: Are those courses available after
15 the people leave?

16 DR. KELLY: That's one of the reasons why
17 we're developing the virtual curriculum. We want to be
18 able to make that curriculum available to the members
19 after they leave, as well as their spouses. Some of
20 the feedback on the higher education course has been
21 from the service members. "I wish I had known this
22 before my daughter started college." You know; or, "I

1 wish I'd known about these tools." This is going to be
2 a tremendous helping tool for military families across
3 the board.

4 CHAIRMAN JOHNS: And if I could add to that,
5 Linda, that's one of the primary elements of the
6 entrepreneurial track, is that when we're in settings
7 with Veterans like Boots to Business courses or BY's,
8 et cetera, we emphasize for them this is not just a
9 finite experience; but, rather, once you take this
10 course, that means you're now connected to the whole of
11 the SBA network, going forward -- the Small Business
12 Development Centers, the Veterans Business Opportunity
13 Centers, et cetera. So that's a big part of what our
14 message is that you come through this experience within
15 that connects you to all of SBA.

16 MS. OLIVER: And will it be easy? We have
17 lots of people come to see us who are Veterans who
18 would not come through this course. It would be easy
19 for them to go back and take the course. Is that
20 right?

21 DR. KELLY: And that's one of the focuses that
22 the task force kept in mind was the TAP redesign, was

1 to build that bridge from service members who are on
2 active duty into the community resources that are
3 available to them when they become Veterans. And,
4 definitely, the SBA course builds that connection over
5 and over and over.

6 MR. JEPPSON: Yeah. Just two parts of it
7 we're going to do with the Boots to Business course.
8 One is we're building the virtual curriculum online
9 piece; and we'll be done around the end of June with
10 that. We'll have an instance on JKO, which is the
11 joint side for the military guys to go through, and
12 that's how they get kind of a check in a box if they're
13 in a remote location, or if they can't come to the
14 class. That will be done.

15 We'll also take an instance and put out on the
16 SBA's website, so that they can go through there for
17 Veterans; but, also, the same curriculum that we use in
18 Boots to Business, we're going to re-skin it. And, so,
19 as you know, our SBA offices all across the nation do
20 Veterans events and do Veterans training, and they'll
21 be able to leverage that same curriculum.

22 So that same, well-thought-out, high quality

1 curriculum will be available to our Veterans who have
2 already exited the service. It just won't be in the
3 structured cap setting that we get where we move them
4 through a process.

5 CHAIRMAN JOHNS: I had one question, Dr.
6 Kelly, on the issue of certification, licensure that we
7 know has been an area to work on. That ties directly
8 to small business opportunities, because many service
9 members do have technical skills, can actually hang out
10 a shingle. But we're hung up by some of the
11 disconnects between the military experience and the
12 licensing back home.

13 So can you give us an update on what progress
14 we've made in that. I know the First Lady made an
15 announcement, recently, about that issue.

16 DR. KELLY: Marie, in that effort it's been
17 very focused on the MOS's that most easily align with
18 those civilian occupations as well as those skills that
19 are most needed in the labor workforce. So there were
20 five identified, and DoD worked very closely with the
21 Department of Labor. In fact, it's a mandate; a
22 Congressional report is due on this.

1 So they looked at all the MOS's in the
2 military departments; chose the top five that relate to
3 the civilian sector the most, and are focusing on that.

4 The First Lady and Ms. Biden are actually looking at
5 the Advanced Manufacturers Association and several of
6 the organizations and trying to help push the
7 recognition by the credentialing associations at the
8 state levels as well as the private associations;
9 trying to help them recognize what the military members
10 actually learned and what those programs of instruction
11 are that lead them to certifications in the military,
12 and building that recognition.

13 So, that, for instance, our first responders
14 or our medics don't have to go back to the states where
15 they are relocating to, go through another course of
16 study that is duplicative of what they've already
17 learned in the military and what they've already
18 displayed in real life during Iraq and Afghanistan; and
19 trying to reduce that duplication, and so that there's
20 stronger alignment and getting the military members
21 more quickly into those fields.

22 So there's a lot of work going on in that.

1 That task force is continuing right now. I don't know
2 if you can share anything more with that, Ruth, on that
3 task force?

4 MS. SAMARDICK: Yes, as a matter of fact, I'm
5 going over to the Pentagon this afternoon to talk about
6 some of the licensing certification efforts we've done.
7 There is the White House event, just recently, where
8 they were highlighting IT collaborations and
9 certifications in that area. So I think, personally,
10 that this is one of the most exciting areas that we're
11 working on, because there's such an opportunity there
12 to help people quickly get into a career track.

13 Part of the challenge is, of course, as Dr.
14 Kelly said, is translating those curriculums. You
15 know -- the states. The Congress has been very active
16 in proposing legislation that would require states to
17 do X, Y or Z, but the states are kind of, well, show me
18 exactly what they've learned. You know. Somehow a
19 test is a little bit of a gap.

20 You know -- that's not quite enough;
21 otherwise, they wouldn't make us go to school and
22 they'd let us test out. So it's a big challenge, but

1 DoD is just doing a terrific job of working with the
2 services and trying to get those curriculums into
3 something that can be shared, and just the gaps can be
4 filled in the training that is provided to now
5 civilians as they come out of the military.

6 CHAIRMAN JOHNS: Well, as you say, it's a very
7 important area for both career tracks and small
8 business development. So, thank you for the good work
9 you're doing, and we'll just move more quickly down the
10 road. And I know you'll be doing that.

11 MS. SAMARDICK: That's great. Thank you.

12 CHAIRMAN JOHNS: Secretary Hale?

13 MR. HALE: Yes, Marie. One thing from the
14 state directors. Again, I also represent the National
15 Association of State Directors of Veterans Affairs and
16 we are working very closely with the DoD office,
17 because this really does become a state level issue.
18 We just passed legislation in New Mexico for
19 transportability of it's not just for the military
20 member, but for the spouses' certifications from state
21 to state.

22 And that is an ongoing effort, but it has to

1 be very closely shepherded at each state-level
2 legislature, because each state does have a say in that
3 and we're working very closely with the different
4 boards, especially with the First Lady's board. There
5 are a number of very good pieces of legislation out
6 there that we're all trying to model our current
7 legislation that's going through right now.

8 There are some parts where it's very
9 difficult. There are some fiefdoms that are pushing
10 back at the state level, but we are all working to push
11 through those. And, again, everyone recognizes that it
12 is for the benefit of not only the Veteran but for the
13 state to bring in those high quality workers.

14 CHAIRMAN JOHNS: Thank you, Secretary Hale.

15 All right. Thank you again, Dr. Kelly. So
16 now we'll call on Kevin Blanchard from VET-Fran.

17 B. VET-FRAN

18 MR. BLANCHARD: Guys, it's a pleasure to come
19 here and present on something, hopefully, unique
20 franchising. My name is Kevin Blanchard. I work for
21 the International Franchise Association, and we have a
22 Veteran's Program called VET-Fran. And could I have a

1 slide? Or do we have a clicker? No. Okay.

2 (Slide.)

3 MR. BLANCHARD: So our mission at VET-Fran is
4 to connect Veterans with the franchising industry, and
5 the franchising industry with Veterans and also
6 military spouses. And why is this important? We've
7 found through studies that franchising is a model, is
8 actually very good transition for military folks,
9 because the operational procedure that's executed
10 throughout the military are very similar to the
11 operational procedures and design of the model of
12 franchising in the industry as a whole.

13 So industries support. So the core of our
14 VET-Fran program is to provide financial incentives.
15 So you have a franchising fee. You have to buy into
16 the franchise and you have start-up costs. There's 573
17 member companies that have come onboard, and I'm going
18 to go through kind of a profile of what this means in a
19 minute. The other portion is going to be a mentorship
20 network; so we have, depending on the location of where
21 the Veteran wants to be placed in a business and what
22 type of business model, we can line them up with a

1 franchising executive that has been successful within
2 the same or similar model, hopefully in that location
3 if we have enough mentors. So we're always growing
4 this list.

5 (Slide.)

6 MR. BLANCHARD: So as I was saying the
7 financial incentives, which is really the core of the
8 program, so if a Veteran comes to our website,
9 VetFran.com, and they say they want to search by
10 industry. Say they're interested in, for example,
11 pizza shops; so, Papa John's, for example, would come
12 up. So you can see a profile of how many
13 Veteran-owned -- actually it's over to the left, but it
14 shows how many Veteran-owned businesses there are, what
15 the start-up cost of total investment.

16 And then you see the Vet-Fran incentive right
17 there, and in Papa John's case, there's zero
18 franchising fee -- \$50,000 of free equipment; no
19 royalties for the first year. This is incredible. And
20 then also food purchase of \$3,000; this is obviously a
21 pretty enticing incentive and it's not like this across
22 the board. But, I'm showing this because there's going

1 to be three different ideas kind of showing the scope
2 of this project we have.

3 So if a Veteran is interested in this, they
4 can go to the right-hand side, fill out the form, and
5 that will go directly to a franchising consultant in
6 that system. They will then touch base with the
7 veteran, and then they will go through the normal
8 process; but, they will know they're part of our
9 Vet-Fran program. And so they get the incentives, and
10 whatever packets they have that they're offering. Next
11 slide, please.

12 (Slide.)

13 MR. BLANCHARD: So another one -- Sport
14 Clips -- I don't know if you guys have heard of this.
15 So you can see the incentive is only \$5,000 discount.
16 So this is at the discretion of the Franchise org, but
17 why this is important is because this is a completely
18 different model. If a Veteran wants to be an owner and
19 operator, kind of behind the desk at a Radio Shack, for
20 example, and kind of really own its business
21 day-to-day, then this is probably not the model for
22 you.

1 If you want to be an investor and you want to
2 scale out, then you want to kind of be in the business
3 of franchiseeing, rather than being in the business of
4 your business. Then, this is a more enticing model for
5 you. It's also incredibly Veteran friendly. We're
6 doing a lot of cool things aside from the incentives
7 that we've been working with, and you can see the
8 little tag line with the SBA there, a very good program
9 with SBA length. Next slide, please?

10 (Slide.)

11 MR. BLANCHARD: So, the last one, this is a
12 much lower start-up cost, \$5,000 to 26,000, and there's
13 95, a 28% discount. And so this is a completely
14 different model as well, to just give you, again, the
15 scope of what we have to offer. This is a home-based
16 company. So if you want to get out of bed -- literally
17 rollout of bed -- and just kind of crawl over to your
18 desk and start selling cruise packages, you can. And
19 there's no brick and mortar. There's little start-up
20 cost. So this is a completely different model to
21 consider, and it's in our system as well.

22 (Slide.)

1 MR. BLANCHARD: So the other piece, we have a
2 Vet-Fran toolkit within our website. And, primarily
3 within this toolkit, well, there's a lot of things.
4 But one of the things is an underlying course to
5 introduce you to the franchising model in general. I
6 have lots of Veterans call me and they don't understand
7 the concept of franchising, or they get McDonald's or
8 fast food, and that's about it. And it's certainly not
9 the case. You know. You can sell cruise packages from
10 your bed, if you want to. So it's a good introduction
11 to this, kind of like what are some good questions to
12 ask.

13 What are the things you want to do when you
14 buy a franchise? Did you want to interview other
15 franchisees? So this is a good tool to teach you to do
16 this. The franchisees who have been successful, as
17 well as the franchisees who failed and asked the same
18 consistent questions to get a good result, so, again,
19 that goes to advantages and disadvantages, and of
20 course the laws and regulations. So you can actually
21 get certified through this program, but it's not free
22 to get certified. The free part is this, what you see

1 here, the introduction part. But you can be a
2 certified franchising executive if you continue on to
3 the course.

4 (Slide.)

5 MR. BLANCHARD: So financial education -- I'm
6 not going to go through all these, but just a couple
7 that you need for Vet-Fran specifically, and one is
8 BoeFly, BoeFly Fundability App. So BoeFly is an online
9 marketing tool -- sorry. It's an online marketplace,
10 if you can go to this site that we have. And you can
11 put in the financial metrics. How much in a loan do
12 you need? What is your net worth? How much liquidity
13 do you have, your credit score? Click "Search;" it
14 will generate an X number of potential lenders around
15 the country that you can go and potentially get funding
16 for.

17 So you can narrow it down, because I've done
18 this for myself, and it came up with, like, 75. So, I
19 would say well, I guess I've got a good credit score,
20 but I don't know where to start again. So maybe you
21 can narrow it down even further, you know, the top
22 five, and it will say this is the best, second, third,

1 like that. And then the other thing is the Veteran
2 Business Fund. So that is philanthropic in nature.
3 And, for example, if you need \$100,000 and you have
4 \$12,500 in savings, this fund will give you the other
5 12,500 interest free, and therefore enabling you to get
6 the \$100,000 loan, because you have the capital equity.

7 So that is what it's primarily used for, but
8 there's exceptions. And then crown funding, that's
9 some really exciting stuff, and we haven't done a ton
10 with it; but, I welcome some suggestions and how to do
11 this. This is really, really fun, and I would love to
12 learn how to do more of it. So that's another dialog,
13 I guess. But, next slide, please.

14 So, again, like I was saying, it's not about
15 McDonald's. There's a lot of business sectors, and we
16 have 1200 franchisors. So there's a lot of different
17 options, and this is just a few. So, next slide,
18 please, just a few partnerships.

19 (Slide.)

20 MR. BLANCHARD: Like we've talked about the
21 Boots to Business. We supply the franchising content
22 for that, so one of our goals is to have every agency,

1 every veteran program within their entrepreneurship
2 track to have a franchising piece to that, because if
3 you want to be in business for yourself, franchising
4 can be radically different than starting a wind fund or
5 something innovative. So we hope to be in all these
6 programs. Next slide, please.

7 (Slide.)

8 MR. BLANCHARD: So, in summary, we have
9 partnered with the White House joint forces and that's
10 the First Lady's program we were talking about earlier.

11 So, to-date, since 2011, we've hired and/or recruited
12 business owners, Veterans, 65,000 and military spouses
13 and franchising, 4300 new veteran -owned franchisees.
14 Like I said, 573 member companies, and that grows every
15 day about three, a couple of awards and a few media
16 hits too.

17 So I think that's all I've got. So if you
18 guys have any questions, we'd love to have a dialog;
19 and, if not, visit Vet-Fran.com and tell your friends.

20 CHAIRMAN JOHNS: Okay. Thank you, Kevin. Any
21 questions from the task force members?

22 MR. GRAVES: Marie?

1 CHAIRMAN JOHNSON: Don.

2 MR. GRAVES: Kevin, I was just wondering if
3 you all have done any research or you have any data on
4 performance by veterans who are transitioning into the
5 franchising space. It would just be interesting to
6 see --

7 MR. BLANCHARD: Like the qualitative stuff?

8 MR. GRAVES: Exactly.

9 MR. BLANCHARD: We haven't yet, and that's
10 very difficult to do, because the nature of our
11 industry -- it's spread all over the country and
12 there's thousands of different options.

13 MR. GRAVES: Right. Do you know if any of
14 your franchise companies have done any of that
15 themselves?

16 MR. BLANCHARD: I don't know. That's an
17 excellent question, though, and we're always trying to
18 figure that out. But, again, that's tough. And today
19 we only did the quantitative stuff, how many have gone
20 into franchising and not kind of the quality of their
21 happiness, necessarily. But it's definitely an
22 important piece.

1 MR. GRAVES: And the reason that I ask is
2 simply because we're always looking for good data on
3 how to show to the private sector that veterans do as
4 well or better in terms of their performance at
5 companies, the success that they have, with small
6 businesses. And, certainly, selling to the financial
7 institutions, as well, for provision of loans. So
8 we're always looking for good data. If you happen to
9 come across any, let me see it.

10 MR. BLANCHARD: Absolutely, absolutely.

11 MS. THOMAS: I knew you wrote an article on
12 that and how military members have been more successful
13 in newer franchises, and then they even gave a
14 breakdown of which franchises were most successful,
15 which ones had the highest loans. It was a really nice
16 article in USBA.

17 MR. BLANCHARD: That was an article? Okay.
18 And your name, please, for the record?

19 MS. THOMAS: Marcy Thomas from SBA.

20 MR. BLANCHARD: Thank you, Marcy.

21 MS. HENRIQUES: Pat Henriques from the
22 University of Utah. There was also a whole section of

1 Entrepreneur Magazine on franchising, and it does
2 exactly the same thing. It goes through the top 500
3 franchises in the country and how they are veteran
4 friendly and how all that works. It's very good.

5 MR. BLANCHARD: which magazine was that?

6 MS. HENRIQUES: Entrepreneur.

7 MR. GRAVES: It comes out every year in
8 January, but you can see it online now.

9 CHAIRMAN JOHNS: Any other questions from task
10 force members?

11 MR. JEPPSON: I just wanted to point out that
12 Kevin's actually an EBB grad. So one of the programs
13 that we helped sponsor from SBA, Kevin's a graduate of
14 that. And they've been a good partner with us in
15 helping develop the franchise portion of the curriculum
16 and helping us look at, at least the franchising
17 portion of the veterans' stuff, and we'll continue to
18 do so on some of our competitive committees.

19 MR. BLANCHARD: Absolutely. Yeah. We
20 actually have a participant of that program who
21 recently graduated about a month ago, and he's looking
22 at a UPS store.

1 MR. JEPPSON: Another one with a very generous
2 offer for the Veterans.

3 MR. BLANCHARD: Oh, it's -- yeah.

4 MR. JEPPSON: I mean correct me if I'm wrong,
5 but they actually waved the upfront fee of 50 -- was it
6 50,000 or 80?

7 MR. BLANCHARD: It's completely rated. The
8 other was 50,000. So there's lots of programs that
9 maybe a dozen franchise systems do. They do giveaways.
10 There's a franchise now, and I really can't advocate
11 on the part of any one franchise; but, if you go to our
12 database, the incentives are like there. So there's
13 some franchise systems, and it will be publicized on
14 our website that will give away the franchise entirely
15 at no cost to them in each state. So that's happened
16 in the past and it's continuing to happen.

17 CHAIRMAN JOHNS: So, Kevin, thank you very
18 much. If any member of the public or member of the
19 task force would want to follow up with you for more
20 information, how should they do that?

21 MR. STONE: If I may interject, my name is
22 Harvey Stone. I'm the editor of Vet Like Me, an

1 independent publication devoted to service-disabled,
2 veteran business-owners. As a matter of journalistic
3 ethics, I must advise Task Force that this is being
4 recorded and it's subject to the public record.

5 Thank you, Marie. Thank you, Rhett for your
6 interviews over the years. I appreciate them, and good
7 luck. Thank you very much.

8 CHAIRMAN JOHNS: Thank you Mr. Stone.

9 MR. BLANCHARD: And you can even go on
10 KBlanchard at franchise.org; or you can go to
11 Vet-Fran.com and I'm all over the place.

12 CHAIRMAN JOHNS: Okay. All right. Thank you.

13 MR. BLANCHARD: Thank you.

14 CHAIRMAN JOHNS: Next, Pat Henriques from the
15 University of Utah, The Foundry, to report on what
16 they're doing. As Pat comes to the microphone, we are
17 very pleased that she's here. Pat and I have a
18 previous association. We've been Girl Scouts together
19 for many years, a little bit of TMI. But we wanted her
20 to come and share with the task force because this is
21 an example of the partnerships that I will thank Rhett
22 for his good work.

1 Once Pat approached us about the possibility
2 of partnering Rhett really got busy and has met with
3 Pat a number of times. And we're looking forward to
4 having a deepening relationship with the University of
5 Utah and other institutions around the country who were
6 focused on veterans, particularly in the
7 entrepreneurial space. So, Pat. Again, welcome.

8 C. UNIVERSITY OF UTAH - THE FOUNDRY

9 MS. HENRIQUES: Thank you very much, Marie.
10 It's a great pleasure to be here. It's nice to be back
11 in Washington. I'm actually a post harvest
12 entrepreneur. I had a company in D.C. for 20 years,
13 which I sold, and then had to reinvent myself and ended
14 up in higher education and entrepreneurship, which is
15 something that I love. So I'd like to give you just a
16 couple of minutes of background about the University of
17 Utah and the National Center for Veteran Studies, which
18 is where I work, and the David Eccles School of
19 Business, where I'm an associate professor in
20 entrepreneurship.

21 The University of Utah was founded in 1850.

22 We are at the base of the Wasatch Mountains and we

1 serve over 31,000 students in 72 major undergraduate
2 studies and 90 graduate studies. More importantly, for
3 us we are among the top universities in the country for
4 successfully commercializing technology that's derived
5 from student and faculty research, and we're very proud
6 of it, because one year we actually beat MIT.

7 (Laughter.)

8 MS. HENRIQUES: But, actually, what makes us
9 most important is the fact that within 45 minutes, you
10 have access to seven world class ski resorts; and I can
11 tell you from coming from Washington that it snows a
12 lot in Utah. In fact, we had snow, May 1st -- happy
13 spring. So that's the University of Utah. It's a
14 really lovely setting on the campus and they do great
15 things.

16 So the National Center for Veteran Studies,
17 which is where I work, was founded in 2009 by Dr. David
18 Rudd, who was the former dean of the College of Social
19 Behavioral Science, and has recently been appointed the
20 provost of the University of Memphis. So he will be
21 our first strategic partner.

22 When the Center was founded, it was really

1 founded to improve the lives of Veterans and their
2 families in four, basic areas: Research, education,
3 outreach and advocacy. And in the first several years
4 of its existence, before I came on board, really, the
5 focus was on research and advocacy, and Dr. Rudd and
6 the research team have more than 32 impressed or
7 published articles on suicide prevention in the
8 military and post-traumatic stress disorder. They have
9 developed best practices for treatment protocols for
10 these two issues, and are currently rolling out
11 training programs across the country to help our
12 service members and to help the service providers be
13 better equipped to deal with these issues.

14 Dr. Rudd has given a number of testimonies on
15 Capital Hill, both for the Senate and the House. And I
16 represented the Center at the Utah State Legislature's
17 Veteran's Reintegration Task Force, which meant last
18 year it has just been reauthorized. And I will also
19 tell you, just as an aside, Utah is also a state that
20 is working to facilitate credentialing service members
21 so that they don't have to go through the whole program
22 all over again, because they're really quite qualified.

1 So I came on board in September of last year
2 to try to develop some Outreach Programs. And our
3 partner in the program I'm going to talk to you about
4 today is the David Eccles School of Business. We have
5 a top 25 undergraduate and graduate program in
6 entrepreneurship. We're listed as one of the top 100
7 business schools in the country. The thing that's
8 actually quite exciting is we have the largest
9 student-run private equity venture fund, which is \$18.3
10 Million, and Dr. Bill Schultz, who is the colleague of
11 mine, is actually the developer of what I'm going to
12 talk about, which is the Foundry technology. And I'll
13 give you a little bit more background on that in a
14 second.

15 So we are looking to develop a certificate in
16 entrepreneurship and the Veteran's Foundry, which is an
17 incubator accelerator program for Veterans. When we
18 started trying to figure out just what this certificate
19 really needed to do, there were four, major objectives.

20 One was to provide follow-on entrepreneurship training
21 for veterans with or without an undergraduate degree,
22 who have actually gone through the Boots to Business

1 program; but, that was only sort of one segment of the
2 market we were trying to be able to attract and to
3 help.

4 We want to provide entrepreneurship training
5 for Veterans with or without an undergraduate degree
6 who have not gone through Boots to Business, because
7 they have transitioned out of the military before that
8 program began. The other thing we wanted to do was to
9 be able to incorporate the Foundry incubator
10 accelerator program so that they would really have some
11 time to work on their business while they're acquiring
12 necessary, entrepreneurship skills.

13 And, last but not least -- and actually the
14 critical path -- is to be able to provide a program
15 that was robust enough that the state certifying agency
16 would certify it as benefit eligible from the GI Bill
17 perspective, because that allows veterans to have their
18 tuition and fees covered, and it also allows them to
19 receive their stipend while they're working on their
20 business. So we thought that would be a win-win to see
21 if we could actually accomplish that.

22 The program is very robust. It's a one-year

1 program. It's 25-1/2 credit hours of course work,
2 which will ultimately be online, and it has nine credit
3 hours in the Veterans Foundry. Initially, we are going
4 to offer it to non-matriculated veterans through the
5 business schools executive education program. This
6 does a number of things. First of all, they don't have
7 to matriculate.

8 A lot of veterans do not want to spend four
9 years after they've gotten out of the service. So this
10 is sort of the fire hose approach. Okay. You don't
11 have to have a degree. If you have a degree, great,
12 and we're going to give you one year of time, both
13 learning and doing, so that actually when you finish
14 the program you should really have a thriving business.

15 We will also offer it to matriculated student
16 veterans, because that's an easy thing to do, but the
17 real key is to put it through the Exec Education
18 Program, provided it's certified, so that we really can
19 attract a wider audience. This is a sample of the
20 proposed curriculum, as you can see. We hope to start
21 it in January of 2014; and I've been told that that's
22 very aggressive; but, I said, "Well, you shouldn't put

1 an entrepreneur in charge of anything then," but we'll
2 see.

3 So the spring is the foundation course and so
4 the Veterans' Foundry will be a foundation time. It's
5 13-1/2 hours. The summer is sort of the next phase,
6 the little more advanced entrepreneurial financed
7 sales, HR. And then in the fall it's really going to
8 focus on launching the business, if the business is
9 really already sort of nascent and it's going to have a
10 managed growth business, government contracting.

11 And you can see that there are some courses
12 that are like an hour and a half, and we may find that
13 there are other contents that need to be developed that
14 would be very specific for veteran businesses. And so
15 we sort of left ourselves that opportunity to do some
16 process improvement as we can go along.

17 So that's the 34-1/2-hour curriculum, which is
18 really quite robust. I think if they had another 9
19 hours of course, it would be the equivalent of a
20 masters degree, which is probably step 2 or 3, but we
21 want to get it launched first.

22 Now, I'd like to talk to you a little bit

1 about the Foundry itself -- not the Veterans' Foundry,
2 but the Foundry technology, which is in existence at
3 the university -- because I think you'll be quite
4 surprised at some of the outcomes that we have. It is
5 a 12-week business accelerator that's open to students
6 in the university. They don't have to be business
7 students. Anybody can join the Foundry. It was given
8 an award by USASBE in 2012 as an innovative approach to
9 entrepreneurship education.

10 Foundry members work on their business. They
11 have a business idea and they receive practical
12 training as they go along. The difference is they
13 actually are taught that "no" may be the right answer,
14 and entrepreneurs never like to say "no." They always
15 think that the new opportunity coming over the transom
16 is going to be a home run, but sometimes no is the
17 right answer. And this actually trains the young
18 entrepreneurs to test their ideas in the marketplace.

19 So, they really have to generate revenue
20 before they can take it to the next step. So if nobody
21 wants to buy their product or their service, and they
22 say, you know what? This idea is not going anywhere.

1 That is okay. In fact, we are very proud of the number
2 of ideas, the tank, because it means that the ones that
3 don't are good ideas and then have the basis for great
4 businesses.

5 The Foundry also believes in lean startups.
6 There is very little time spent on venture capital. If
7 they need venture capital, they get put over into
8 another group, and then they'll get their venture
9 capital training, because that is not the majority of
10 businesses. So it's a little bit of sort of a
11 difference of opinion in higher education, but those of
12 us who have been in business say, you know what? Most
13 business don't give venture capital, so let's teach
14 them how to launch a business lean and mean, which this
15 does.

16 So let me just share some of the outcomes.
17 Now, this is the Foundry is 12 weeks, and we've done it
18 five times, or at least I have statistics and outcomes
19 for five cohorts. 259 entrepreneurs have gone through
20 the program. 89 concepts have been tested; 38 have
21 failed. Hurrah. The students have to generate
22 revenue, and we track the revenue they generate in the

1 12-week period they're in the Foundry. And in the five
2 cohorts, they have generated \$5.1 Million in revenue.

3 If they want to raise external funding,
4 because that's where they are, we track that too. And
5 in the five cohorts, they've raised \$3.19 Million in
6 outside funding -- some through kick-starter family and
7 friends, angels, whatever. I think we have maybe some
8 venture, but this is mostly non-venture capital. 59
9 companies have incorporated, so they filed articles of
10 incorporation. 38 companies generated over \$1,000
11 during the 12-week period, and 48 companies are still
12 operating as of April 2013. So we think these outcomes
13 are really pretty powerful, that says, the Foundry
14 technology and approach actually works.

15 And so we want to create a Veterans' Foundry
16 which will be the practicum throughout the course of
17 the Veterans' certificate that is based on this Foundry
18 experience. The first semester would be the
19 traditional experience test, test, test, test. Throw
20 out your idea; come up with a new one, and it doesn't
21 have to be a for-profit. It can be a not for profit.
22 It doesn't really matter. We're happy to have them

1 look at franchising. We don't care what their idea is,
2 as long as they apply a very scientific approach to
3 testing to make sure that it actually works; the
4 marketplace really wants it.

5 The Veterans' Foundry 2, which would be second
6 semester, they can sort of start to do early launch
7 phase; and, then, third, they can either launch and/or
8 talk about growth and scalability. You will notice
9 that there's really no emphasis on developing a
10 business plan. There is an emphasis on developing an
11 idea, a concept that the market wants, and then you can
12 develop a business plan. And I have judged many, many
13 business plan competitions.

14 And when I was at Oklahoma State University as
15 the clinical chair in entrepreneurship, I ran the new
16 venture lab. And my first question to the students
17 would always be, "That's a great idea. How are you
18 going to make money?" "I haven't figured that out
19 yet." Okay? And then the next month they'd come in
20 and say, "Oh, I" --. And I said, "How are you going to
21 make money?" "I haven't figured that out yet." Okay.
22 This says "Figure out how you're going to make money.

1 Find out if somebody really wants this, and then we'll
2 help you get the rest of the way."

3 So that is the Veterans' Foundry. Now,
4 because we like lean and mean startups, we know that
5 there is a need for micro lending. And while we
6 thought we would probably establish one, in some of my
7 research I found the Utah Micro Enterprise Loan Fund,
8 which was established in 1993 as the certified CDFI.
9 They have a lending corpus of about \$11 Million. I
10 think their loss ratio is less than 12%.

11 They issued over 800 loans, up to \$25,000, and
12 they do have discount programs, reduced interest rates,
13 and no origination fee if it's to a veteran. So we've
14 told them about our program and said "We'd really like
15 to kind of bring you into the fold and partner." I
16 said, "How do you feel about going nationally?" They
17 can't do that. So we'll just get them throughout the
18 state of Utah, and that will be one of our partners in
19 this.

20 CHAIRMAN JOHNS: Well, it's good you've got
21 Don Graves in the room to hear about their aspirations.

22 MS. HENRIQUES: He can help? Great!

1 Terrific!

2 So the last issue that we have to sort of
3 overcome is GI Bill benefits eligible, and we have gone
4 through our certifying officer and filed with the state
5 approving agency to get this approved for GI Bills. It
6 could be a two- to three-month process, which is
7 something we hope is more like one month, because that
8 is the critical path.

9 If we can't get this approved for GI Bill
10 benefits, we really can't move forward, because we have
11 found in the university that the veterans cannot get
12 whatever they're taking approved by GI Bill. They
13 won't take it. I had developed a course on skills for
14 working in the private sector and readiness skills, and
15 it's in the process of trying to be approved for GI
16 bill benefits as part of the general education. Nobody
17 signed up for it, because they couldn't get it paid
18 for. So we know that this is the critical path. So
19 we're keeping our fingers crossed. I'm told that it
20 will be, but I'm from Missouri sometimes.

21 So phase 2 of our program really is to roll
22 this out to any other accredited higher education

1 partner who would like to participate. We're not
2 exactly sure how we'll do this. That's sort of in
3 development. The University of Memphis will clearly be
4 a partner. We will have all of the curriculum online.

5 We'll probably hold a train the trainer session in the
6 summer at Salt Lake so that folks can understand the
7 Foundry approach, because it is very different than
8 typical accelerators. We'll help them. We'll simplify
9 how to establish the physical space and what to have,
10 what you need.

11 And then I think what's very important is for
12 us to create a Veterans' Foundry Alumni Association,
13 because entrepreneurs like to learn from each other.
14 Military service members really have been so embedded
15 in a community that when we come out of the service and
16 they don't have a community, they sometimes feel quite
17 lost. So we think that this is a wonderful opportunity
18 to have an alumni association of anybody who's gone
19 through the Foundry and then they can actually help
20 themselves.

21 It creates a business network as opposed to
22 just a military network. And we would certainly go

1 talk to our wonderful colleagues at Syracuse University
2 with whom I am quite familiar, having been the visiting
3 entrepreneur in residence there to get their EBV
4 folks -- and they have an alumni association -- so we
5 can really connect all of our service members.

6 So our timeline is we really do hope to launch
7 in January. We've submitted the certificate curriculum
8 for approval. The board of regents of the university
9 will be asked to approve this as of August 1st. We
10 will start developing curriculum. This is all assuming
11 we get approval by the state agencies. They'll have to
12 put together some infrastructure, and we are working on
13 getting some private funding to help us with this
14 space, because that's the one challenge. It's the
15 incubator or the accelerator is not on campus.

16 First of all, there's no space on campus, and
17 secondly we want it to be a business environment.
18 Marketing enrollment, we hope to be able to tap into
19 all of the folks who are exiting the service, and we
20 hope to launch in January. You know. We could always
21 launch. We probably wouldn't launch if we don't make
22 the spring semester. We probably wouldn't do it again

1 until September because of the course work.

2 And that is our program. We'd be happy to
3 take any questions.

4 CHAIRMAN JOHNS: Thank you, Pat. I hope the
5 members of the task force and others who are here can
6 appreciate why we thought this would be of interest to
7 the body. The part of our role we feel is to -- as we
8 identify best practices, burgeoning best practices,
9 that we should bring them to the task force so we can
10 figure out how we can perhaps borrow or replicate,
11 connect as we should. So, any questions?

12 MR. HALE: Secretary Hale from the New Mexico
13 Department of Veteran's Services. How large in net
14 worth would you be willing to accept if we had all 50
15 state directors came in and said "Our flagship
16 university would like to sign-up and partner with
17 something like this." How big of a network are you
18 looking at being able to support?

19 MS. HENRIQUES: Well, you're asking an
20 entrepreneur. I'll support whatever we have to
21 support. If we can get some financial funding to get
22 it up, we can run a big business.

1 MR. HALE: Because, again, this is something I
2 think every one of us has a flagship business school at
3 our main universities. And why reinvent the wheel?

4 MS. HENRIQUES: Right. We'd be happy to do
5 whatever we can do.

6 MR. HALE: Okay. And then the last question
7 is with the certification, is that the process that's
8 going -- is it stuck at Muskogee or is it here at the
9 VA headquarters?

10 MS. HENRIQUES: It's my understanding that
11 it's done by the state. So, right now, it's at the
12 Utah VA. And what I don't know, which would be an
13 issue in terms of sort of replicating this, is if one
14 state certification will make every state able to just
15 take the program. That's something I just don't know,
16 and perhaps you all could help, because that would be a
17 stumbling block.

18 MR. HALE: And, again, I'll take this
19 information and I'll shoot it out to all my other state
20 directors, and we can find an answer for that pretty
21 quickly.

22 MS. HENRIQUES: Great! That would be

1 terrific.

2 MR. JEPPSON: So, if I could make a quick
3 comment about this, I think it was actually Jim Wilfong
4 in the initial report, in his section. He really
5 pushed for how do we leverage the GI bill for startup
6 capital. So there was an initial idea out there about
7 how do we actually get the equity out of that for a guy
8 starting a business. This is a creative way to do it.

9 It doesn't serve everybody that's going to come out of
10 the service in a start-up.

11 If I'm a kid coming out of the service, and I
12 want to be a welder -- you know -- go home and be a
13 welder, this isn't the right thing. But this is a
14 unique way and a challenging way. And so when we
15 mention the concept to Pat, she really took hold of
16 this hard, and we appreciate it a great deal. It's
17 great partners like the University of Utah that will
18 help us, make us be successful.

19 In the military, we have a thing we call the
20 "force multiplier," and that's a force multiplier for
21 SBA here, and we really appreciate it, because this is
22 something that once we kind of break the code on this

1 thing, they can't be replicated in the other states.
2 And so, Secretary Hale, I appreciate your offer to take
3 it back to the state association of Veterans'
4 directors. This is something that we could really put
5 out there. You know. For that segment of the Veterans
6 who do have that start-up idea, it's a great way for
7 them to leverage that bill, because the GI Bill's a
8 great thing.

9 The best thing about the GI Bill is that
10 monthly stipend. And you know if you're a small
11 business owner, the hardest thing you do during
12 start-up phase is pay the power bill and put food on
13 the table. And this covers that. He gets that
14 mentorship not only from the professors at the
15 university, but those outside industries, sponsors and
16 mentors that support the Foundry.

17 I know in Utah you have some pretty
18 significant ones from overstocked science, et cetera.
19 So that's great. And I'll tell you, personally, I'm
20 grateful for the work you've done on this. Thank you.

21 MS. HENRIQUES: My pleasure. Thank you.

22 MR. WILFONG: Rhett, this is Jim Wilfong on

1 the phone.

2 MR. JEPPSON: Hey, Jim!

3 MS. HENRIQUES: Hi, Jim.

4 MR. WILFONG: How are you?

5 MR. JEPPSON: Good.

6 MR. WILFONG: I just would like to echo
7 everything you said, and I'd like to help if I can help
8 in that regard, with either Sec. Hale or with the
9 professor from Utah.

10 CHAIRMAN JOHNS: Thank you, Jim. Offer
11 accepted. Any other questions or comments? Yes, Joe?

12 AUDIENCE: Good morning. I'm Joe (inaudible)
13 with the task force. I was just going to say I think
14 this is an excellent program which you've described.
15 I'd like to get a copy of the slides and details about
16 it, so you can look at ways to replicate the same type
17 of program here in this area. I'm here in the D.C.
18 area.

19 MS. HENRIQUES: Well, since D.C. is home, I'm
20 happy to replicate it here.

21 AUDIENCE: Okay. Great!

22 MS. HENRIQUES: It snows a lot in Utah.

1 AUDIENCE: Great. I found two that would be
2 state approving agencies. If it's an institution that
3 already has a program that already offers structured
4 programs that are approved also by the VA, it's
5 generally not a problem to get it approved. So I'm
6 confident that you shouldn't have too many problems
7 with that.

8 MS. HENRIQUES: Well, thank you. I've been
9 told, sort of unofficially, we shouldn't have a
10 problem; but, I need it to be approved, quickly, if we
11 want to launch in January.

12 AUDIENCE: Well, then, one other comment I'd
13 like to make too, while we are trying to find programs
14 that are approved by the VA for veterans who are
15 eligible under the GI Bill, we still need to keep in
16 mind we have a number of veterans out here who are not
17 eligible under the GI Bill, who still need to be
18 afforded these opportunities. And so we've got to look
19 for ways to identify funding and help them get into the
20 pipeline too.

21 MS. HENRIQUES: There might be some sort of
22 scholarship fund, that once this gets going, that

1 private sector might be very interested in
2 participating with. I don't know at this point. We're
3 just focused on trying to get it launched.

4 MR. JEPPSON: But, Joe, I think that's a great
5 point, because we do. We have a lot of people who
6 aren't eligible. I mean I met with one fellow the
7 other day who retired just, I think, about six months
8 before the new GI Bill came in, and he couldn't
9 leverage that for him or his kids. And it's just the
10 nature of it. So I think that as we look at this as a
11 spiral development type, Spiral 2 will start to look at
12 what are the follow-ons. How do we get other Veterans
13 in there who don't have that? But in Spire 1, here, we
14 were looking at that initial leverage. I think we will
15 have our hands full.

16 Well, I don't think our hands full, but we
17 will have some challenges getting it through the state
18 approving process. But a good thing about it is -- as
19 we look at the state institutions that already have
20 approval for most of their courses should be able to.
21 You know. The universities have that co kind of --

22 MS. HENRIQUES: Right. And the business

1 school at the university does have a history of getting
2 the certificate departments.

3 MR. JEPPSON: But I think the other great
4 thing is that you actually walk out of the end of this
5 with something from the university. You know. As we
6 review a lot of resumes in agencies that the people are
7 proud of the certificates they got, whether it's from
8 the Kennedy School of Leadership, or whatever else.
9 This certificates actually do mean something, and it's
10 of value that he can put on his resume or she can put
11 on his resume, and actually, you know, have some
12 college work behind it.

13 CHAIRMAN JOHNS: Okay. Do you have questions,
14 Michelle?

15 MS. GARDNER-INCE: Has there been any thought
16 to partner with the CPAS or the Small Business
17 Development centers that are held at educational
18 institutions?

19 MS. HENRIQUES: At this point -- my job is to
20 protect the brand of the university. I have to say
21 that. So it's partnering, but it's probably partnering
22 down the road. It certainly wouldn't be from a

1 curriculum perspective, because the university wants to
2 develop their curriculum. But once we get into the
3 Foundry itself, we are going to be reaching out to all
4 of the existing partners, because there's absolutely no
5 reason to recreate the wheel. But I think that it will
6 be branded by the university.

7 CHAIRMAN JOHNS: Yeah. Just to add onto that,
8 because I think that's an excellent question, Michelle.
9 We're used to co-partnerships and co-sponsorships, and
10 everybody protecting their brand, but still coming
11 together. And we all know that this is a fabulous
12 curriculum, but the need for ongoing business
13 counseling and ongoing support is there and is going to
14 be there. And that's the way that we would see the SBA
15 playing an important role.

16 Actually, we have already talked to our local
17 office to ask them to deliver the content for the
18 government contracting, because they 're the experts in
19 that. And those kinds of things will go out to the
20 community to get the experts, subject matter experts.

21 CHAIRMAN JOHNS: A little more than one and a
22 half hours will probably be in --

1 MS. HENRIQUES: Yeah. I get that.

2 CHAIRMAN JOHNS: John Shoraka is going to
3 speak to us too about it.

4 MS. HENRIQUES: I got it.

5 CHAIRMAN JOHNS: so, one more question, then
6 we need to move the agenda.

7 AUDIENCE: It's just a suggestion. While
8 you're in town today --

9 CHAIRMAN JOHNS: State your name, please.

10 MR. WHITEMAN: I'm sorry. Rick Whiteman, the
11 Veterans of America Taskforce. We could hook you up
12 with Curtis Boyd over at VA, and he is the deputy
13 undersecretary for economic opportunities. And the
14 relationship with the state group agencies falls under
15 Curt, and he can help speed that rollout if you would.

16 MS. HENRIQUES: Wonderful. Thank you.

17 CHAIRMAN JOHNS: Thank you very much, Pat.

18 All right. Next we'll hear from our
19 colleague, John Shoraka, who's associate administrator
20 for the Office of Government Contracting and Business
21 Development at the SBA.

22 //

1 D. UPDATE BY THE OGC-BD

2 MR. SHORAKA: Thank you. Thanks, Marie, for
3 having me here. I thought I'd give an update on the
4 mentor-protégé program, and the plan. We've talked
5 about that last time we met at the last task force
6 meeting. I also thought I'd give a little bit of an
7 update on what we at the SBA are doing with regards to
8 our Service Disabled veteran-owned small business
9 contracting program and how we're working to bring some
10 clarity around that versus the work the VA does -- and
11 obviously was working closely with the VA as
12 well -- and then maybe a quick update on sort of where
13 we are looking at the numbers, et cetera, as we go into
14 the reporting period.

15 So with regard to the mentor-protégé program,
16 as you guys are aware, the 8A program that we
17 administer has a Mentor-protégé Program associated with
18 it. And that provides an opportunity for smaller
19 firms, smaller 8A firms to team up with a large 8A
20 company -- I mean a large company -- and pursue 8A
21 set-aside contracts. It gives an opportunity for the
22 mentorship relationship. Obviously, it's not just a

1 contracting opportunity. It's an opportunity for the
2 protégé, the small business to deliver or to receive
3 some sort of benefit from the larger firm.

4 You have the technical assistance benefit, be
5 it management skills, be it financial capability, et
6 cetera. Under the Small Business Jobs Act of 2010, as
7 many of you are aware, we were given the authority to
8 expand that out to our various other associated
9 economic categories, including the service to disabled
10 Veteran-owned small business program, as well as the
11 Women-owned Small Business Program and the Hub Zone
12 Program. We had been in the process of writing the
13 rule to do so.

14 In the interim, the National Defense
15 Authorization Act of 2013, which became effective in
16 January, expanded that authority to all small
17 businesses, so working with our office of general
18 counsel, working with OFBP and others. The agreement
19 was we would adjust the rule that was in process to
20 account for this expanded authority. We've been
21 through the process of working with our OGC, our Office
22 of General Counsel, amending the rule adding the

1 extended authority. And that rule is in the process of
2 clearing our building. But what will happen in the
3 next couple of weeks is that that rule will go out for
4 interagency clearance through OMB OIRA.

5 That will be a 90-day process. We will
6 incorporate agency comments, and then it will go out
7 for public comment. So I just wanted to sort of
8 provide an update on that, and add that this is
9 of-interest, particularly to this community, but also
10 to all of our various other associated, economic
11 communities, as well as now just small business in
12 general.

13 What we mentioned last time, obviously, is
14 when you expand this program from the 8A program, where
15 we have roughly 6,000 firms and roughly about 500
16 active mentor-protégé plans, when you expand that out
17 to all small businesses, you have a question of how we
18 implement this, what kind of resources would be
19 required to implement this. So, as the rule gets
20 written, as we receive comments from the community.

21 I would encourage you as this rule goes out,
22 to look for it on the Federal Register, we can

1 certainly make a notice to this community and make them
2 aware that it's out for public comment, because your
3 comments are important to us. How the rule is
4 implemented and how it's effectively implemented, both
5 on the ground and in the contracting community, as well
6 as with the service-disabled veteran-owned small
7 business firms themselves is important to us.

8 So if you see a provision that you like -- and
9 I always say this when I speak publicly -- small
10 businesses, I know, have the payroll to meet. I know
11 they're busy running their businesses, et cetera, but
12 it's important for us to get that feedback, because the
13 larger organizations are going to have the time to
14 comment. And so your input is important to us, not
15 only on the provisions that you like -- but, I should
16 say, not only on the provisions you don't like, because
17 a lot of people will tell us that -- but give us the
18 feedback on the provisions that you do like, because
19 oftentimes there's the other side of the fence, and
20 they'll say the exact opposite. So that helps us sort
21 of weigh the comments.

22 I think that's basically the update on the

1 Mentor-protégé Program. I don't know if there's any
2 questions right now on that before I get into sort of
3 the clarity that we're working on to bring around the
4 Service Disabled contracting vehicle. I don't know if
5 you want to open it up for questions?

6 CHAIRMAN JOHNS: Well, actually, John, if you
7 wouldn't mind going through --

8 MR. SHORAKA: The other material?

9 CHAIRMAN JOHNS: -- the other areas, and then
10 we'll answer questions. Thank you.

11 MR. SHORAKA: Okay. So we have from time to
12 time talked about the Service Disabled Veterans-owned
13 Small Business Contracting Program that the SBA
14 administers versus the program that the VA administers
15 for the VA contracts. Our program is the program
16 that's effectively the contracting vehicle for the rest
17 of the Federal Government. The VA has a certification
18 program for the contracts that they administer.

19 We have, over the last, probably, 6 to 12
20 months worked closely with the VA to make sure that we
21 share best practices, to make sure we share metrics and
22 methodology, systems, et cetera, so that not only

1 there's clarity within the service-disabled small
2 business community, but also among the contracting
3 officers, et cetera.

4 What we've done recently is we've been
5 working -- and I think I mentioned this last
6 time -- we've been working internally to develop a
7 course with regards to the Service Disabled
8 Veteran-owned Small Business Contracting Program. We
9 have some material on our GC Classroom, government
10 contracting classroom, but we're developing a new
11 course that's really geared towards sort of the clarity
12 between the programs. That course should be completed.

13 We're sort of halfway through, but it should be
14 completed in the next several weeks.

15 What I'd also encourage this group to do is to
16 please take a look at that. We're always looking for
17 feedback on the material that we have in GC Classroom.

18 I know I've heard several presentations today about
19 sort of learning about how to do work with the Federal
20 Government. There's extensive material on GC
21 Classrooms. It's [SBA.gov/
GCGovernmentContractingClassroom](http://SBA.gov/GCGovernmentContractingClassroom). There's pieces on

1 the 8A program in there. There's pieces on the
2 Women-owned Small Business Program in there. There is
3 introductory material on the Service Disabled Program
4 on there, and there is introductory material with
5 regards to just how to do business with the Federal
6 Government. So I'd encourage you to take a look at
7 that; but, more so, I would encourage you to take a
8 look at the new piece we put out there.

9 If there's comments that you have on further
10 clarifications that might be necessary, we certainly
11 encourage that. The last sort of piece I wanted to
12 touch on is -- and I will say that with regards to the
13 clarity, it's not just the material we're producing for
14 the website. We work. We have procurement center
15 representatives that sit at buying activities. We're
16 making sure that they share this information with the
17 contracting community through their channels.

18 They conduct a lot of training for contracting
19 officers, et cetera, and even the public. So we want
20 to make sure our procurement center representatives
21 that sit at buying activities all around the country
22 are also aware and provide this information, both to

1 the contracting community and to the public in general.

2 The last thing that I guess I sort of wanted
3 to point out, though, obviously, the
4 SmallBusinessDashboard.gov has information on where we
5 are with regard to our numbers. The numbers have not
6 been finalized, as you guys know. We go through a
7 process of data certification, data verification, and
8 that's the process that we're required to go under to
9 make sure there's integrity in those numbers. But, if
10 you look at Small Business Dashboard.gov, you'll see
11 that there has been some improvement over year over
12 year in the Service Disabled Veteran-owned Small
13 Business contracting numbers; but, our
14 numbers -- official numbers -- will be released later
15 in the spring or early in the summer.

16 So, having said that, I don't know if there's
17 any questions from anybody with regards to any of those
18 topics?

19 CHAIRMAN JOHNS: Thank you, John. Any
20 questions from task force members? And this is such an
21 area of great interest, I'll open it up for anyone in
22 the room -- public members who may have a question?

1 Rick, and then Joe?

2 MR. WEIDMAN: Yes. Before you get to the
3 process of actually publishing the proposed rule, then
4 I suggest that you hold some general discussions that
5 are open to the public for the Veteran's Community to
6 come in and talk concept with you. And if we can
7 develop something of a consensus on concepts, then we
8 won't be firing slogans past one another when the
9 things come out; because each side will understand or
10 each partner and stakeholder will start to understand
11 the perspective of the service disabled veteran
12 businesses and those agencies, SBA, et cetera. So I
13 would urge you to do that. I think it's a much better
14 way to do business, and it's certainly in line with the
15 President's very first Executive Order that he issued,
16 January 21, 2009, on open, transparent government and
17 participation by key stakeholders.

18 MR. SHORAKA: Sure. And I know he's here, but
19 I think that makes a lot of sense. That's a process we
20 used when we did the Small Business Jobs Act, and we
21 sort of did it to make sure that the community
22 understood what our perspective was, what sort of our

1 restrictions were with regards to how the law was
2 written, and basically what the needs of the community
3 was. So I think that makes sense.

4 MR. WEIDMAN: Thank you, Chairman.

5 CHAIRMAN JOHNS: Thank you.

6 MR. WYNN: Good morning. I just wanted to
7 follow-up. You had mentioned the Mentor-protégé
8 Program that was directed to be developed for Service
9 Disabled Vets out of the Jobs Act of 2010. That never
10 really got implemented. And now that the MBA in 2013
11 called for a program for all small businesses -- you
12 know -- waiting to develop one for all of them, I'm
13 just curious as to what was the big problem with what
14 was taken so long to do one for Service Disabled Vets
15 over three years. And, also, once this is developed is
16 there going to be a verification process for these
17 businesses, for SBA to determine that they're eligible?

18 MR. SHORAKA: Yes, thank you. So the
19 rulemaking process, obviously -- and I come from the
20 private sector, and having been on the other side
21 didn't quite appreciate the rulemaking process and the
22 time it takes to get the rules cleared and comments

1 received. But I should add the Small Business Jobs Act
2 had over 19 provisions, and so there were multiple
3 rules and provisions to be implemented. And so we
4 worked with our sister agencies and our various other
5 partners to move forward on the ones that we felt could
6 sort of be implemented quickly.

7 Some of them didn't require rules, et cetera.
8 Others did require rules, and we're actually on this
9 same track, because of the time it takes to write the
10 rule, clear it through our building, go through
11 interagency comments, which is a 90-day period -- so
12 that's three months right there -- taking those
13 comments and incorporating those comments, and then
14 going back out again for public comment another three
15 months. So it's a long process, and obviously there's
16 a resource question and how many rules can we address
17 at any one given point. And, so, one of the things
18 that we addressed early on was the set-asides under
19 multiple award contracts and federal supply schedules.

20 That was an opportunity to be able to have the
21 government meet its small business goals in a way that
22 hadn't been really formalized before. So that's one of

1 the things we moved forward on, but they're all sort of
2 on the same track. It is a long process. It's not to
3 say we're not anxious to get this done for the
4 community, because we've seen that the Mentor-protégé
5 Program and the rule writes that the Mentor-protégé
6 Program should be modeled after the 8A program; and,
7 we've seen that that can provide the great benefit to
8 the community.

9 So we're anxious to get that done. It is a
10 process, and we hope to work with the community as was
11 mentioned earlier to get the rule in place that's
12 beneficial to the community, but meets our requirements
13 as well. What I would add with regard to the
14 certification process, obviously -- and we always get
15 these questions -- there is the VA certification
16 process which is for contracts left by the VA. Our
17 program, which is Federal Government wide is a
18 self-certification process. The question
19 becomes -- and this is something that we'll work
20 through in the rulemaking process -- is how do we
21 approve those Mentor-protégé Programs. It's not that
22 we're going to certify that the firm is a Veteran-owned

1 Small Business. That's a self-certification process,
2 but we will have to implement a program similar to our
3 8A program where we look at the mentor protégé plan and
4 approve that plan on the basis of actual benefits going
5 from the mentor to the protégé. In other words, it's
6 not just to take advantage of Service Disabled
7 Veteran-owned Contracts, set aside contracts. It is
8 that there's a benefit flowing, and through that
9 benefit, obviously, there's some benefits that flow to
10 the mentor as well.

11 CHAIRMAN JOHNS: If I could add on to John's
12 response, Joe, it is a lengthy process. We're
13 frustrated by the length of time that it's taken, but
14 John has just added a new senior member to his team who
15 will be focusing on getting these mentor-protégé rules
16 up and implemented. So you'll be seeing a lot more
17 activity in the coming weeks and months. All right.
18 On the phone any questions for John Shoraka? Okay.
19 Thank you, John.

20 All right. Our last presentation will be from
21 Judge Christopher Holleman from our Office of Hearings
22 and Appeals at the SBA. So, welcome, Judge.

1 JUDGE HOLLEMAN: Thank you, Marie. You can
2 address me Chris. And our associate administrator
3 Delafort couldn't be here today, but I know she'd want
4 me to thank you for the leadership you've provided SBA
5 for the last few years, and our best wishes for your
6 future endeavors.

7 CHAIRMAN JOHNS: Thank you very much.

8 E. OFFICE OF HEARINGS AND APPEALS (OHA)

9 JUDGE HOLLEMAN: I am Christopher Holleman.
10 I'm an administrative judge at the Office of Hearings
11 and Appeals, Small Business Administration. I am here
12 to talk about the types of appeals that come before us
13 that would be applicable to Service Disabled
14 Veteran-owned Small Business concerns.

15 When an agency contracting officer creates an
16 SBVOSBC set-aside, the awardee has to be both small and
17 a service disabled veteran-owned business. The number
18 of kinds of appeals can come to us. First off, when an
19 agency CO issues a solicitation, he includes the NAICS
20 Code, the North American Industry Classification System
21 Code. That establishes the size standard which we set
22 at SBA. SBA establishes size standard based on the

1 number of employees or the company's revenues, and
2 these are set out in the Code of Federal Regulations.

3 Once a CEO assigns a NAICS Code to a
4 procurement, that determines the size standard, which
5 determines whether a business is small for that
6 procurement. A potential offeror may appeal that NAICS
7 Code to us at the Office of Hearings and Appeals within
8 10 days of the issuance of the solicitation, if he
9 feels that the Code is wrong and would set an incorrect
10 size standard for the procurement. They have to come
11 with us within 10 days.

12 We review that, and we review the solicitation
13 based on the statement of work, compare it to what the
14 description of the NAICS Code is in the NAICS Code
15 Manual and the arguments made, both by the agency and
16 the appellate, and issue a decision. We get those
17 decisions out prior to the date offers are due, and
18 that will determine whether the NAICS Code was correct
19 or not.

20 If we overturn the NAICS Code, then the agency
21 has to -- before the time offers are due, the agency
22 has to change the NAICS Code. Sometimes they then have

1 to reconsider how they're handling the procurement for
2 establishing the correct code.

3 Now, once that size standard is set, the
4 procurement proceeds, and eventually the agency
5 identifies an apparent offeror. There are two kinds of
6 issues, then, both your size and your SDVOSBC status
7 that can come up at that point. Once an apparent
8 successful offeror is identified, other firms may
9 choose to protest the firm's size. A challenge to the
10 awardee's size must be given to the agency contracting
11 officer within five business days.

12 That size can be protested by another offer,
13 or the agency contracting officer, the SBA or even a
14 large business, if there was only one, small business
15 involved in the procurement. Once that challenge goes
16 to the agency contracting officer, they have to refer
17 to the appropriate SBA area office, which will contract
18 the challenged firm, collect information from them and
19 render a size determination. They try to do that in 15
20 days; try to get the procurement moving.

21 That size determination is final, unless it's
22 appealed to us at the Office of Hearings and Appeals,

1 again a 15-day window to do that. We will then
2 adjudicate that appeal. In the case of SDVO SBC
3 procurements, there's also the question of whether the
4 apparent successful offeror is actually affirmed, owned
5 and controlled by a service disabled veteran. Those
6 protests can also be made by a challenge, based on the
7 status ownership and control.

8 That must be given to the agency contracting
9 officer within five business days of identifying the
10 apparent successful offeror. The agency contracting
11 officer forwards that protest to SBA. That's done here
12 at the office of Government Contracting. SBA again
13 will investigate the protest, issue a determination
14 within 15 days. That determination is final unless
15 it's appealed to us at the Office of Hearings and
16 Appeals within 10 business days of its being issued.

17 The important to remember is there are two
18 kinds of protest that can be brought against the
19 challenged firm. They have to be aware of following
20 through on both, of responding to the SBA on both
21 issues, if both issues are raised, and defending.
22 Conversely, if a protestor thinks both sides and your

1 SDVOSBC status are at issue, they have to file two
2 different protests. They may only want to bring a
3 protest on one issue; and, of course, that's their
4 prerogative.

5 What I am trying to get through is we have two
6 kinds of appeals. We handle them separately, and SBA
7 processes them differently and OHA will process them
8 separately if they were appealed to us.

9 I'll talk a little about some of our recent
10 cases that have come up. The 347 Construction Group
11 case this year we made it clear that we'll only better
12 train this kind of status protest if it's directed
13 against the procurement's apparent, successful offeror.

14 That's the only thing we have the authority to look at
15 in terms of SDVOSBC appeals. The 347 Construction
16 Group was excluded from an Air Force procurement,
17 because they weren't in the VA database.

18 We can't really address that issue. That's
19 more of a bid protest issue that they should have
20 taken, perhaps to the Government Accountability Office,
21 which has considered issues in the past concerning the
22 question of whether the VA database was properly used

1 in conducting a procurement. But that wasn't an issue
2 we could address; one, these protests must be specific.

3 You can't merely assert that the protested
4 concern is not eligible. You have to give us some
5 reasons. And in the Veterans contractor groups, a
6 protest was filed that merely said the company in
7 question wasn't eligible; didn't give any more
8 information than that. The Office of Government
9 Contracting properly dismissed it as insufficiently
10 specific. They appealed the tasks.

11 At that point, they were trying to submit some
12 more information, but it's a pretty standard, tentative
13 our law, that you can't cure a non-specific protest on
14 appeal. You have to have the information out there the
15 first time. So we upheld that dismissal. This was in
16 the Veteran's Contractor Group case.

17 The Reservices case we made it clear that the
18 VA eligibility determinations are only binding on the
19 VA procurements for the procurements that the SBA
20 oversees in our program. Whether the firm is in the VA
21 database or not doesn't determine how our eligibility
22 analysis is going to come out. We're going to examine

1 that. SBA will make its own eligibility determination
2 and OHA will review that without regard to whether
3 they're in the VA database. The question is how does
4 the firm come out on the substantive issues.

5 In the Reservices case, they were in the
6 database, but we found under our law the firm was not
7 actually controlled by the service disabled veteran.
8 We've been looking on these control issues. We've been
9 looking for the law we've developed under the 8A
10 program; and, in this case, the firm had two members of
11 the board of directors -- the veteran and somebody
12 else.

13 Under that kind of circumstances, what we call
14 "negative control" can emerge, the non-veteran could
15 block a quorum. It could block action on the board;
16 was in full control, and we upheld the determination
17 that the firm wasn't actually controlled by the service
18 disabled veteran.

19 A couple of years ago, also, we should mention
20 the construction engineering services case. We
21 clarified the situation regarding the joint
22 ventures -- SDVOSBC joint ventures. There have been

1 the requirement in the regulation that any SDVOSBC has
2 to be directly owned by the veteran. We had some cases
3 involving joint ventures of SDVOSBCs and other firms
4 where the joint venture as a separate entity wasn't
5 directly owned. The question was wasn't that really
6 eligible.

7 In the construction engineering services case,
8 we overturned an earlier decision that held they
9 weren't, and said that "No." As long as the SDVOSBC
10 member of the joint venture itself was fully eligible
11 and the joint venture met the program eligibility
12 requirements for such joint ventures that were laid out
13 in our Regs at 125.15, then the joint venture entity
14 was eligible and could proceed.

15 Just one more thing I'd like to mention, the
16 OHA website at SBA.gov/OHA, you've got questions and
17 answers from us on each type of appeal. We've got
18 links to our applicable regulations, both the
19 procedural and the program regulations, and you can
20 find and read our decisions. So that's available there
21 to the public right on our website. Do you have any
22 questions? I'd like to take them.

1 CHAIRMAN JOHNS: Let me start with the task
2 force members. Any questions at the table? Jim
3 Wilfong, any questions?

4 MR. WILFONG: No, Marie. Thank you.

5 CHAIRMAN JOHNS: Okay. Thank you.

6 MR. WEIDMAN: You mentioned that for some
7 appeals, telling people that they've got to go to GAO,
8 and so I guess my question is given the fact that GAO
9 has rendered decisions and VA told them to go bounce
10 off and ignored the GAO decisions. I guess my question
11 is two-fold. Number one: Does the agency have to
12 follow your decision from OHA -- are they legally bound
13 to do so? And, number two is what your suggestion is
14 about what we do when people absolutely disregard GAO
15 decisions, other than going to court? We can't take
16 them to court. It costs too much money to take them to
17 court every damn time; and, so, that's an open-ended
18 question that I hope you can answer. If you can't, I
19 understand.

20 JUDGE HOLLEMAN: Well, let me try to take it
21 on. As far as OHA decisions, once we have jurisdiction
22 over a matter, once we determine size, once we

1 determine the status of an DVOSBC and the context of
2 our program, yes. OHA decisions are final agency
3 decisions. They're law. They should be enforced.
4 Now, the question like the 347 case where the firm was
5 upset because they'd been excluded from an Air Force
6 procurement because they weren't on the VA database, I
7 haven't got jurisdiction to handle that.

8 That's not within OHA's jurisdiction, so we
9 had to dismiss the appeal. As far as what you do if a
10 GAO decision isn't followed, that's one of the real
11 conundrums of procurement law overall, and I'm afraid I
12 haven't got a really sound answer for that. I'm sure
13 if it says someone here with more depth of procurement
14 experience than I, they might have a suggestion. It's
15 a difficult thing, you know.

16 The GAO renders those decisions, and they've
17 been accepted as the authority on procurement law for a
18 long time, but there are those cases where an agency
19 chooses not to follow them. I haven't got a good
20 answer for that. I'm sorry.

21 MR. WEIDMAN: Had you ever heard of another
22 instance of an agency ignoring the GAO decision on

1 procurement question?

2 JUDGE HOLLEMAN: I have heard of it happening,
3 yes.

4 MR. WEIDMAN: Besides the one with the --

5 JUDGE HOLLEMAN: Yeah. I know what you're
6 referring to, but it does happen occasionally, yes.
7 You know. If you want to talk to the people at GAO, I
8 can introduce you to Ralph White, but I don't know if
9 that would help much.

10 MR. WEIDMAN: We mentioned talk time, but
11 thank you.

12 JUDGE HOLLEMAN: No. You have, because he's
13 the guy who handles their litigation, a very fine
14 gentleman whom I've sat on some panels with, and he
15 would be the first person I'd try to speak to, but
16 you've been there.

17 MR. WEIDMAN: Thank you, sir.

18 MR. WYNN: I have a quick question. Do you
19 know if there's been more appeals regarding status of
20 businesses other than service disabled vets? Are there
21 more for other small businesses versus service disabled
22 vets small businesses?

1 JUDGE HOLLEMAN: Well, we have a special
2 category of appeals for the Service Disabled
3 Veteran-owned Program. So we have a special category
4 of appeals for that. Most of our work is the size
5 work, dealing with the question of whether the firm is
6 small for the procurement. We've had that category of
7 appeal for a long time. We've also got status appeals
8 from a category of appeals we handle from the women's
9 program, women-owned small business concerns.

10 That just started going. We don't have many
11 cases yet of that. Then, of course, there's the whole
12 8A program where the question of 8A firms, whether the
13 firm is eligible to enter the program. And then if the
14 agency's decided to determine to suspend the firm,
15 those appeals are also handled by OHA.

16 That's another separate category of appeals.
17 That's a very active category of appeals and has been
18 since we started them in '89. At that point, I didn't
19 handle the appeals. I was the agency attorney who
20 litigated the appeals back then.

21 MR. WYNN: So are you saying you're getting a
22 lot on service disabled vets?

1 JUDGE HOLLEMAN: We are not getting a lot of
2 appeals right now. It's a pretty steady stream, but I
3 wouldn't say a lot.

4 MR. WYNN: And are most of them upheld or
5 overturned?

6 JUDGE HOLLEMAN: Generally speaking, because
7 the agency has such fine, upstanding people in the
8 Office of Government Contracts who're handling these
9 determinations at the initial stage, generally we
10 uphold. We uphold; not always. We do occasionally
11 find what we consider clear error of fact or law and
12 overturn and grant the appeal. Generally speaking, we
13 uphold, a majority of the time.

14 Marcy, would you -- Marcy Thomas, who spoke
15 earlier and was also a JAG Corps veteran herself, is
16 our staff attorney.

17 MS. THOMAS: I would agree, but it's important
18 to keep in mind the way they're presented to OHA is
19 sometimes a protestor protesting a service disabled
20 veteran-owned small business's eligibility, and they're
21 found to be a small business at the district office, or
22 Government Contracting, and then it comes out and we

1 affirm. But, sometimes, it's the business itself. So
2 whether we affirm, the outcome can be different when we
3 affirm. Does that make sense? I don't know if that
4 answers the question.

5 CHAIRMAN JOHNS: Thank you, Marcy. Okay. Any
6 other questions? All right. Thank you, Chris. I
7 appreciate your presentation.

8 DR. HOLLEMAN: Thank you.

9 SUBCOMMITTEE REPORTS

10 CHAIRMAN JOHNS: Okay. So we're doing a
11 little changing of the guard here. We're going to move
12 into our Subcommittee Reports. We have an hour left
13 and a lot to do, so I ask everyone to please be mindful
14 of that.

15 Rhett, I'm going to turn to you first on
16 training and counseling; Rhett, Ruth, and Jessica
17 sitting for Don Graves.

18 TRAINING, COUNSELING & OUTREACH FOR ACCESS TO CAPITAL

19 MR. JEPPSON: Okay. So I'll be really brief.
20 I've got two things before I turn it over to my
21 counterparts real quick here for their comments.

22 Brian, if you would pull your slide up, so

1 while Brian's pulling up his slide, I want to give you
2 two things. I want to talk to you about the Veteran's
3 Initiative that we have going on at SBA. We briefed
4 this, I think, the time before last or maybe two times
5 ago where Patrick Kelly from our Office to Access
6 Capital, who actually deserves much of the credit for
7 this, who's been a real driver for this.

8 And, I'll tell you what. When you talk about
9 a good partner within our agency, Cap Access has
10 certainly been that for us. If you just recall, we
11 have had discussions with our top 20 largest national
12 lenders and our top 10 largest lenders by region in our
13 10 regions. And we have received a commitment from all
14 of them to increase their veterans lending by five
15 percent, both in volume and in total dollars lent for
16 each of the next five years.

17 And, so, that will increase our total lending
18 over that period of time by about a half a billion
19 dollars to veterans, and that's just an SBA support of
20 lending. And so we're going to have an announcement
21 event down at Fort Bragg on the 1st with ourselves and
22 the Department of Defense, our partners there, and the

1 lending community. So just to call your attention to
2 that, I think this is the first of many steps it will
3 take to focus attention on access to capital.

4 You know; we've done a lot with the new
5 transition GPS program to do education and outreach to
6 our veterans with access to capital is critical. This
7 is one of the many steps we hope to take. You know.
8 We saw another one where we were actually trying to
9 leverage the GI Bill for certain -- there are other
10 ideas floating out there. And as we can pull them into
11 things that are meaningful and doable, we will as
12 quickly as possible, but it has our full and undivided
13 attention with the access to capital. And, again, a
14 lot of the credit goes to our folks up in cap access,
15 and especially Patrick Kelley for pushing hard on this
16 and being the spearhead on this effort.

17 So we encourage you, if you're going to be in
18 the Fort Bragg area, to come to that event. If not,
19 just watch for it and we'd like for those in the
20 veterans community to help make the community aware of
21 that. And, also, it will be with SBA's site and see
22 our lenders in the regions. And in our district I was

1 going to point veterans to those institutions that have
2 made that commitment for increased lending.

3 So, with that, I want to just talk real
4 quickly about Boots to Business, just a quick update on
5 the slide here, once Brian gets it up. So, not to
6 steal Brian's thunder, because we're going to brief
7 this slide, but we keep a running dashboard each month
8 of the number of installations we're at and the total
9 number of veterans that we're going to.

10 MR. JEPPSON: Now, I think it's important to
11 remember with Boots to Business it's in the President's
12 budget. It was in the President's budget last year.
13 It's in the President's budget this year. What we're
14 executing with are dollars that our administrator and
15 deputy administrator asked congress to reprogram, which
16 was a little bit of Jobs Act funding.

17 It wasn't much, but we're leveraging it to the
18 extent we can to execute Boots to Business to the
19 degree we can. But we won't be able to get to overseas
20 locations and we won't get a full rollout. In fact,
21 we'll get about 13% of what the demand is with what
22 we've got right now until we get full budget. But just

1 a couple of things about the appetite we're seeing for
2 the program. So, Brian?

3 MR. GOODROW: Okay. A few thoughts about this
4 is do you want the one in your computer, or do you want
5 to give the slide presentation?

6 MR. JEPPSON: Go ahead.

7 MR. GOODROW: Sure. I am Brian Goodrow. I
8 work in Field Operations over at SBA, but I work very
9 closely with the Office of Veterans Business
10 Development. And the Office of Field Operations
11 oversees the 68 district offices that, in conjunction
12 with the resource partners, are responsible for the
13 execution of Boots to Business, the coordination of
14 Boots to Business.

15 (Slide.)

16 MR. GOODROW: So the services told us that
17 they wanted Boots to Business rolled out to 151
18 military installations across the country. And so what
19 we've done so far from January 'til right now, we've
20 rolled out to 55 bases.

21 That's about 36%. The interesting part of
22 that is in January, February and March, we rolled it

1 out to 27 bases. In April we rolled it out. Just in
2 the month of April, we rolled it out to 28 bases.
3 Right? This month we expect it to go around about
4 another 30 bases, and we'll see a nice S-curve in this,
5 and at the end of this calendar year we'll be at 151
6 bases.

7 (Slide.)

8 MR. GOODROW: The number of courses by service
9 we see the Air Force and the Army out on the lead, and
10 they were a little bit behind, and the Marine Corps
11 here has fewer basis in fairness are just starting to
12 rollout their two-day Boots to Business. All right.
13 They Navy will catch up soon.

14 Number attendees total, so far, is 1232. 1232
15 troops and dependents have been trained on Boots to
16 Business since January. About 8% of those 1232 are
17 dependents. Interesting to see. Right? Some of them
18 will start their own businesses. Some of them will
19 support -- you know. It will be a family business for
20 the two of them.

21 MR. JEPPSON: Let me translate, just real
22 quick, for you Brian.

1 MR. GOODROW: Sure.

2 MR. JEPPSON: Dependents means spouses for the
3 majority, or close to that, spouses. So if you want to
4 talk about the female piece real quick?

5 MR. GOODROW: Sure. And the female piece out
6 of the 1232, we saw 25%. 25% are female. That's
7 significant, because service wide, DoD wide or in the
8 armed forces, about 15% of the armed forces are
9 females. So we see a representation of Boots to
10 Business for females. Now, we'll see how those numbers
11 play out very early on, but we'll see how those numbers
12 play out over time.

13 (Slide.)

14 MR. JEPPSON: So the total number of females
15 participating class is 25%, or it was 26% on the first,
16 or somewhere between 25 to 26% right now. Eight
17 percent of the female population coming through is
18 spouses, we believe; and, so, it still means that
19 females are over indexing over the males by about three
20 percent. So, you know, still early on and we'll look
21 at that.

22 Just if I could, Brian, one other thing. So

1 during the first three months, that's a soft -- I won't
2 call it a soft rollout. We're laying the foundation
3 for full execution. We had about 550 people go through
4 during the first three months -- last month about 700.

5 So you see it really starting to pickup here.
6 Unfortunately, so our demand is going up and our
7 resources are down, so we're desperately seeking every
8 way we can to be as economical in our rollout as we
9 can.

10 (Slide.)

11 MR. GOODROW: Okay. So I talked to you about
12 these slides here. Up here, you see the projected 2936
13 across the board. That's what the services, the
14 branches told us. When they told us when we expected
15 the rollouts, that's how we saw the year working out.
16 What you saw for quarter one, it was 27; but, I already
17 told you that quarter two was already up, just for
18 quarter two was at 28. And we expected to see it,
19 then. And, you know, as we continued on in this
20 calendar year, we'll see the numbers go down, but the
21 overall number to be met.

22 (Slide.)

1 MR. GOODROW: I talked to you about forces of
2 service, and the gender on the bottom left is tough to
3 see, but what I wanted to touch on right here is
4 percent by rank. And we talked about the eight percent
5 is spouses, but if you look at O1 to O3 and lump that
6 together with E1 to E5, we considered those two groups
7 as non-career military. And then we looked at career
8 military as O4 and above, and maybe E6 and above with
9 the warrants.

10 We see that those two groups are within a few
11 percentage points, if you lump those together, a few
12 percentage points as being representative of Boots to
13 Business. So we have a nice even mix of who's
14 attending Boots to Business career and non-career
15 transitioning service members.

16 The last thing is the eight-week total
17 attendees. And we have for this fiscal year about 80
18 folks go into the eight-week course. The last
19 eight-week course just finished up last week, and next
20 eight-week course starts up next week. And we're
21 probably going to see about 70 folks just in that
22 course. It's going to be split into two classes,

1 again, and we'll see about 70 people. So we're going
2 to see an acceleration in attendance in that eight-week
3 Boots to Business course.

4 MR. JEPPSON: Thanks, Brian. I'll just wanted
5 to mention about the eight-week course. So because of
6 the way the funding is we don't have really any funding
7 really written out, all I'm able to do is offer the
8 course heel to toe. So we do have a waiting list, and
9 we'll have a hundred sign-up and then a percentage of
10 that will actually start the course. And so we're only
11 doing it heel to toe.

12 We could probably pull them off, sequentially,
13 once we get ready. But our goal here, what our
14 estimation is, is about a third of the Boots to
15 Business people that go through the course, if a third
16 will be enrolled in the eight-week online course, and
17 then we have a percentage we think will graduate from
18 that.

19 I will tell you the eight-week online course
20 is about 10 hours per week, 10 to 15 hours. So it's
21 between 80 and 120 hours actually working on that
22 business plan, so, anyways. I'm sorry. Marie?

1 CHAIRMAN JOHNS: No. I just wanted to add
2 that we had a hearing earlier this week before Sen.
3 Landrieu who chairs the oversight committee in the
4 Senate for our agency. And it was to recognize the
5 25th anniversary of the Act that actually created our
6 women's business centers and expanded access to credit
7 for women.

8 In that testimony, I made a couple of points
9 that I think are relevant for this morning, and that is
10 since the Iraq and Afghanistan wars, we've had over
11 280,000 women serving. And so women are serving in the
12 military in unprecedented numbers right now, and then
13 if you also relay that to the fact that women-owned
14 small businesses are outpacing business starts in
15 general -- small business starts in general -- as far
16 as SBA programs.

17 If you extrapolate all those different
18 factors, I think it's going to continue. It's likely
19 to continue that women will be well-represented in
20 Boots to Business, because they're starting businesses
21 at a higher rate. More women are serving in the
22 military and if you also further delineate by women of

1 color, they're starting businesses at a faster rate
2 than even women -- the general population of women. So
3 just a couple of facts I think are relevant to this.

4 MR. JEPPSON: If I could, at the risk of
5 drawing this out, but interesting enough about the
6 spouse piece is that when we look at that we see a lot
7 of the spouses who are augmenting that family income
8 and things that way. So I mean it's significant
9 factor, and we're going to have to adjust accordingly
10 our Boots to Business Program.

11 CHAIRMAN JOHNS: All right. Is that it from
12 the training committee?

13 MR. JEPPSON: I'm sorry. Just to Ruth real
14 quick?

15 MS. SAMARDICK: Yes, I'm going to be very
16 brief. Actually, I was very fascinated, also, by the
17 women veteran's numbers and kind of connecting some
18 dots of some things we've spoken about when we were in
19 a forum in Chicago last week on women veterans. And it
20 seems to me that if we got these female veterans who
21 were over-represented in this entrepreneurship, we've
22 also identified through these groups, focus groups that

1 we've talked to of female veterans, that childcare is
2 one of the great challenges for women veterans entering
3 employment.

4 So I don't know if the franchising bunch has
5 some childcare franchising opportunities, but that
6 would be a tremendous thing for us to help women
7 veterans perhaps start their own childcare businesses
8 and expand the availability of childcare for female
9 veterans.

10 AUDIENCE: Yeah. So the military spouse,
11 right now, that's a little bit outside of your scope in
12 view of limited resources that we have. But, yes, I
13 agree.

14 CHAIRMAN JOHNS: Yeah. No. I'm just saying
15 in your list of participating franchisors, you know, if
16 you could recruit a childcare franchisee, that would be
17 a tremendous addition to your very large group that are
18 already offering those franchise opportunities for
19 veterans.

20 MS. SAMARDICK: So I'd like to speak just a
21 little bit about the DoL implementation of the
22 three-day employment workshop in the top GPS. As Dr.

1 Kelly mentioned, we've worked very closely with DoD, VA
2 and other federal partners in implementing the
3 transition GPS program. The Department of Labor is
4 very honored and takes very seriously our
5 responsibility, which is three days of employment
6 workshop for all separating service members as required
7 by the VOW Act.

8 We did a major redo of our curriculum last
9 year. It needed updating; it needed to be more
10 relevant to today's labor market, to today's ways of
11 looking for jobs, and also to the methods used by
12 today's veterans of the social media and everything
13 like that. So we went through a change of curriculum.

14 We piloted it. It didn't do so in the pilot. We took
15 it back to the drawing board. We scaled it down. We
16 made it really focus on the mechanics of finding the
17 jobs, because that's what the pilot told us; that it
18 was too lofty and they really wanted the nuts and
19 bolts, how do I find a job and how do I keep it.

20 So the new employment curriculum consists of
21 seven main sections. It's got "Changed
22 Management" -- you know -- help them identify their

1 transferable skills, their values for work and their
2 preferences for work. They work, as Dr. Kelly said, on
3 individual transition plans, and this is a building
4 instrument that they're going to be building throughout
5 the five-day transition GPS program.

6 The second section is "Career Exploration and
7 Validation." It teaches them how to research and how
8 to use the resources that are available, including the
9 Department of Labor's online tools, "My Next Move for
10 Veterans," and ONET, which is an occupational search
11 engine.

12 The third section is "Building an Effective
13 Job Search Tool." So they learn how to do the social
14 networking, the social media, the networking. One of
15 the new things that we had to train them on was how to
16 use these keyword searches that have become the way,
17 now that everything's electronic. So the keyword
18 searches, so that they would get what they were looking
19 for, and also put those keywords into the resume.

20 "How To Build an Effective Resume" was the
21 next section; a special section on "Federal Hiring,"
22 we're working with OPM for developing actually an

1 online module that will really go into depth on this.
2 But when you're talking about keywords in searching for
3 a job with the federal hiring model, it kind of looks
4 for their keywords in their job announcements. And be
5 sure you feed them back to them many times, so the
6 unique characteristics of finding, applying for and
7 interviewing and obtaining federal jobs.

8 The sixth section is "Interview Skills." We
9 have mock interviews. We evaluate those interviews;
10 and, finally, the post interview analysis, you know, so
11 there's some reflection, how did that interview go.
12 Should I have done something better? What have I
13 learned from my next interview; and, should the
14 interview come to a job offer, how to negotiate a job
15 offer.

16 So, in 2012, we gave over 4500 of these
17 workshops, both domestically in the United States and
18 outside of the continent at military installations to
19 over 160,000 separating service members and spouses.
20 In 2013 we're planning to do over 5700 of them. They
21 are all done in accordance with the VOW Act by contract
22 facilitators.

1 We used to use state staff that are funded
2 through our Jobs for Veterans state grant program, and
3 found that some of them weren't great facilitators. So
4 the use of the contracting vehicle is much more agile
5 and we can deal with any changes that we need, both in
6 the presentation of the material and also in individual
7 problems with facilitators, very quickly enough, have
8 been very helpful. So this year we expect to provide
9 the workshop to over 200,000 separating service members
10 and spouses, and over a million people will be going
11 through our TAP employment workshop over the next five
12 years.

13 CHAIRMAN JOHNS: Thank you, Ruth. All right.
14 Any questions for the subcommittee? All right. Let's
15 move on to Andrew. Welcome.

16 MR. GUDGER: How are you?

17 CHAIRMAN JOHNS: Yes, Jessica?

18 MS. MILANO: Oh, no. Sorry. Not a question.

19 I was just going to mention briefly the work we were
20 doing. I'm sorry. This is Jessica Milano, Department
21 of the Treasury. The work we were doing through our
22 state credit initiative just for access to capital, we

1 have previously mentioned this at meetings in the past
2 and it's part of the task force report. But we have an
3 upcoming event in June with all of the state leaders
4 involved in this credit initiative.

5 The program -- if you're not familiar with
6 it -- is very flexible. It gives states support to
7 small business development including veteran small
8 business development. If you remember, "Access To
9 Capital Economic Development Programs," the program has
10 successfully supported new or private lending, or
11 investment of over 1.5 billion since its inception.
12 And I just wanted to mention this event that's coming
13 up in June.

14 CHAIRMAN JOHNS: June, where, please?

15 MS. MILANO: June 3rd to 4th. I'm not sure
16 where the event is. I'll have to check on that for
17 you. But I just wanted to mention that we'll be
18 mentioning again the use of this program to support
19 Veterans' Access To Capital in the states. And if
20 anybody has any questions, you can follow-up with me on
21 this.

22 CHAIRMAN JOHNS: Thank you. Welcome, Andre.

1 MR. GUDGER: Thank you. I guess it's my turn.

2 CHAIRMAN JOHNS: It is, you, Sec. Hale. Sec.
3 Eiland is here also.

4 FEDERAL PROCUREMENT & CONTRACTING PROGRAMS

5 MR. GUDGER: So it's been good to work on
6 federal procurement and contracting programs. I have
7 the whole team here. On the other end is Sec. Hale and
8 Tony Eiland, and the VA side.

9 CHAIRMAN JOHNS: Michelle.

10 MR. GUDGER: Oh, there you go, to my left. We
11 took this task force and tried to move beyond just some
12 recommendations of things we'd like to accomplish to
13 talking about some of the things we're actually doing.
14 And we kind of organized around a few areas. And one
15 of the areas we highlighted was training.

16 That's been a big focus of mind, and so kind
17 of the focus of this group here. And we've all been
18 doing a lot of round training. And DoD, we started
19 last year required training for our level 1
20 certifications for our program managers. Right? So we
21 need to expand that. So by October 1, we're also
22 expanding it to the contracting officers level 1

1 certification to get full small business training with
2 the specific module, therefore, veteran contracting,
3 kind of making them aware of the avenues to give the
4 veterans, and even make the aware of how to deal with a
5 lot of companies that they interface with daily.

6 So that's in place now and fully implementing
7 KO side of it by end of this fiscal year. The VA has
8 renewed and reinvigorated its partnership with the
9 PTAPs in DoD, which is also going to be a big help.
10 And a part of this renewal and reinvigoration of our
11 relationship together is a set of standardized
12 training.

13 When we have people out, no matter what region
14 the PTAPs are located, that they will all speak the
15 same language, be well-trained, and be able to point
16 companies in the right direction. And that's been an
17 area of focus, and I think we're going to see a lot of
18 good results out of that, because the PTAPs will
19 essentially become veteran counselors at the end of
20 this training when we're fully done getting them
21 up-to-speed.

22 The GSA, I think, is doing something extremely

1 great, and Tony's been leading the effort, but their
2 standardized web training that they've been focused on,
3 particular this new module they're working on, Section
4 7, which is going to be online version, which will
5 train contracting officers on a veteran procurement.

6 And I think that's a quantum leap in the right
7 direction, because it's going to help us get
8 standardized training from the GSA's perspective. It's
9 going to be available to all, and in the past, we
10 haven't really developed training that everybody could
11 come together on to be certified and speak the same
12 language and know the change of the law or regulation.

13 This will allow us to do that, and Tony's going to
14 expand on that later. He has a lot more to say about
15 that.

16 And GSA and DoD together -- we have this joint
17 training request that was going out to our acquisition
18 community, particularly our contracting officers, where
19 we are encouraging in this time -- where there's a
20 budget draw-down and we are not spending as much money
21 as we had in prior years to use the existing multiple
22 award contract -- multiple award schedules that GSA has

1 in place for small business for veterans. And, so,
2 Tony's been a big proponent of that, and he's leading a
3 lot of discussions there, so that we can look at how to
4 use existing contracts.

5 Let's not create new ones, and this is the way
6 to get the small businesses faster, because in the time
7 where we have a draw-down, new contracts are not likely
8 to happen; or, they tend to go large when they do
9 happen. So this is a way, an avenue, to train the work
10 forces. There are other options; to make them aware of
11 those options; work with what we already have in place.

12 And that's going pretty well.

13 The second area that we focused on was
14 acquisition planning. New Mexico's doing a great job.

15 Sec. Hale has done a phenomenal job there, where they
16 now have in place a five percent contract incentive;
17 and it's a combination of being a veteran and being a
18 local business as the incentive increases, and it's
19 used as an evaluation factor in selecting these
20 successful offers. And there are other states who are
21 jumping on board with that, and he's been on a
22 campaign. He's collecting some of the statements who

1 are doing it now, and he'll also talk more about that
2 shortly.

3 And the VA in this area has included, much
4 like we have in defense -- last year we rolled out our
5 peer reviews where our Small Business directors were
6 participating in the peer reviews and ensured that we
7 actively reviewed acquisition strategies, making sure
8 what can we set aside for small businesses, making sure
9 all the rule tool and other regulations apply. The VA
10 has expanded that model and they're doing that within
11 the IPT, integrated product team, which is very similar
12 to what we do on our peer reviews and acquisition
13 strategies.

14 So that's also going extremely well. And
15 another area of focus has been with contract bundling.

16 So I'm now the senior advisor on the chief sourcing
17 board at DoD. Because I'm going to make sure in the
18 area of some places where there's consolidation
19 happening, that I know consolidation can be efficient
20 in some cases, I want to make sure it's done best as we
21 can the right way. And, as a result of that, I'll give
22 you a good example.

1 The Air Force has a big -- you know. They're
2 the six largest module furniture buyer in the country,
3 and it was a place with all large business. And now
4 that will go 100% all small business, and it was just a
5 different way of looking at how we could procure for
6 goods and services that we always procure for. And
7 I've also worked closely with DLA to standardize
8 national stock numbers, and set over 100 of them aside
9 just for disabled veteran competition. So they are in
10 the middle of rolling that out. And, as a part of
11 contract, one of the things I wanted to do is I realize
12 that's a lot of prime contract work.

13 So, I want to look at what we can do on the
14 subcontract side. And, specific to veteran-associated
15 subcontracting, I've asked GSA to put together a myth
16 buster sheet and some training that we could get the
17 industry so that they know what's in regulation and how
18 to contract for veterans, and not make assumptions that
19 will have averse effect.

20 I think that's necessary, because we've done a
21 lot on the prime contract side. We've leaned forward.

22 We've taken a lead role there, and I'm looking to

1 industry to kind of follow that. So one way of
2 organizing that is through this training. And so
3 Tony's looking into that, so we've made the request to
4 that part of our recommendation. And, as a result of
5 that, GSA now has a course they developed that also
6 focused on how not to become debarred for Veteran
7 companies. All right?

8 I think that's a huge corned beef in the right
9 direction is that there's been a lot of pressure from a
10 lot of people in industry and on the Hill of making
11 sure we're doing the right things and have all the
12 checks and balances in place. And the GSA's done a
13 great job developing the course on teaching companies
14 how to be debar proof, and Tony will also talk more
15 about that.

16 And then, finally, one of the action items
17 that I have is we do a lot of contracting with the
18 veteran community throughout Army Corps and ANAVCAC.
19 And we took a look on reducing the amount of bid bombs
20 required last year, and we made some improvements
21 there. But I want to expand that. We're looking into
22 it and working with the attorneys to see if it's

1 possible, but at certain levels of work completion,
2 we're going to see if we can have portions of the bid
3 bombs released so that they can then use that to do
4 more work.

5 And that's the recommendation that I got from
6 the last meeting, and it's something that we took as an
7 action item and that we're working and looking through.

8 And with that being said, I'd like to turn it over to
9 my team members down on the end for them to make any
10 final additions.

11 CHAIRMAN JOHNS: All right. So we'll start
12 with Sec. Hale and then Tony Eiland.

13 MR. HALE: Sec. Hale from New Mexico, again
14 representing the National Association of State
15 Directors of Veterans Administrations. The states are
16 making a big push to make their own contracting
17 practices more veteran friendly. In 2009 there were
18 only, I think, 12 states that had veteran friendly
19 regulations in place. I believe we're up to 23. It
20 almost coincides very closely with the same legislation
21 for transportability of certifications, those states
22 that are making those efforts were attacking it on a

1 very broad front to focus on the veterans.

2 The National Association of Veteran Businesses
3 has a very good website that posts what states are
4 doing; and, again, for those of us who are engaging
5 with our legislatures, we are very happy to share the
6 legislation that we've pushed through and passed to
7 other states. And, again, for the organizations here
8 representing veterans across the nation, that's your
9 key asset to try to help is to have your Vietnam
10 Veterans of America, VFW, American Legion, have your
11 state counterparts go to your legislative directors and
12 help try and push those pieces of legislation.

13 The time is right. People are listening; but,
14 as you read through some of the articles, there are
15 some, again, hold-out states, so to speak. And it's
16 usually the same issues. Some of our strongest
17 opposition came from some of the unions, understandably
18 so, because profit margins in many areas are pretty
19 small. So when you start talking about a veteran run
20 business having a five percent foot up, that's
21 significant. But there are issues that legislators
22 were finding across the country are willing to sit down

1 and talk about; and, again, they're pushing through in
2 increasing numbers. Again, 23 states right now, and I
3 know there are a number of states where those bills are
4 up in the legislature this year.

5 CHAIRMAN JOHNS: Thank you, Secretary.

6 MR. EILAND: Tony Eiland, GSA. We are doing
7 our best work with the team to expand training. That's
8 been our focus, making sure that you have access to the
9 best and most current training possible. One of the
10 things that we've been doing currently is we've created
11 a doing business with GSA series, which, if you really
12 stopped and looked at it, it translates into doing
13 business with the Federal Government, but it's with a
14 GSA slant.

15 Therefore, if you know how to do business with
16 GSA, chances are you'd have to do business with the
17 entire Federal Government. We have already added in as
18 Andre put it in, I'm proud of that course, too. It's
19 really taking all the myths and the confusion out of
20 disbarment and making sure you understand it's not as
21 complicated as you think. There are rules and policies
22 to be aware of. If you do not step across that gray

1 line, you're safe; but, people accidentally go across
2 the line daily and don't even realize they're doing it.

3 We want to try to educate them to prevent that
4 from happening or at least insulate them so they do
5 have to readjust and make sure they go back within the
6 bounds of the law. We have also expanded a course only
7 for contracting officers at this moment to teach them
8 how to properly service Disabled Veteran Small
9 Business. We do it quarterly for all the contracting
10 community all across GSA, and we are looking at it
11 under, say, we're going to expand it too all the
12 Federal Government to every contracting officer.

13 They either use it as a GSA schedule, or even
14 dozen that would try to find a way to cooperate,
15 assist, and just give it to them, every one. The last
16 class we did, I think, we had like 150 to 200
17 contracting officers that were focused on doing
18 business with service disabled veteran small businesses
19 across the entire United States. I teach that class,
20 along with our senior policy advisor, and we're going
21 to keep doing it at least once a quarter.

22 I am also expanding the class for service

1 disabled veterans. We're flipping the class toward
2 teaching you how to best talk to the contracting
3 officers as the project managers and leads to make sure
4 you're asking the right questions. And you know how
5 they get the right information back, so that they tell
6 you something you can verify it yourself. Am I going
7 down the right path? Am I making a mistake? If not,
8 we can help you self-correct.

9 We also are going to open up a little more
10 avenue to teach you how to use IDIQs, BPAs, things that
11 you might already be on these contracting vehicles that
12 people are taking for granted right now. Or, they have
13 been brought under subcontracting plans that are not
14 properly being used. We want to enforce and hold this
15 accountable. They're supposed to be using those, and
16 that's something we are doing with our teammates here.

17 It's going to be very successful for us. I have a lot
18 of faith.

19 Now, this is also on the public building
20 service as well as FAS, so we're talking schedules and
21 we're talking federal buildings. We're talking
22 facilities maintenance. So we're doing it on both

1 sides of the house. The construction is covered as
2 well as any of the services. The myth busting has
3 already been finished. All I've got to do now is just
4 do a little refining. It will be current, probably, in
5 the next 30 days or less, and we'll be teaching that.

6 The last item, mentor-protégé, we have talked
7 about. I have sat down with the DoD deputy program
8 manager, and we've been looking to making sure our
9 roles cross so that we have the most friendly
10 environment for our mentor-protégé programs that walk
11 hand in hand and cooperate. We are also working that
12 very closely with SBA to make sure they see what roles
13 we're doing so everything is completely transparent,
14 and that our Veteran and service disabled veteran
15 community have the best chance of success at multiple
16 agencies.

17 Thank you.

18 CHAIRMAN JOHNS: Thank you, Tony. Michelle,
19 did you have anything you wanted to add from VA?

20 MS. GARDNER-INCE: I did, just a few words on
21 behalf of my boss, Ton Leney, the director at VA, and
22 give you a little bit of an update on the main program

1 that supports our socio-economic goals at the VA.

2 Verification: As you probably know, we
3 awarded some \$3.8 Billion of set aside last year
4 exceeding the goal of 34%. We were at 35%. We award
5 about 19% of our contract dollars to FDVOB and 21% to
6 VOSEs. In support of that in my 16-month period here
7 at VA, the boss has challenged me to make verifications
8 much more Vet friendly and to reduce application time.

9 And one of the things he said is you can't go out and
10 speak or talk to anybody until you get there.

11 So I'm happy to report to you today that for
12 the first time in the history of the verification
13 program, we have zero applications that are outside of
14 regulatory compliance, which is 60 days. We are
15 currently at 78% approval. We are averaging 38 days to
16 completion after a complete application. What that
17 means is once a veteran has submitted all of their
18 appropriate documents -- and we give them 30 days to do
19 that -- we complete the application 30 days after that.

20 A couple of the other things that we have done
21 is we are giving priority processing. We say Vet
22 first, but not Vet only. We are giving priority

1 processing to women and Hub Zone firms. Also, I want
2 to mention that we have implemented, starting the 1st
3 of May, a predetermination program. And, what that
4 means is when an applicant comes in, initially, if they
5 fall within the criteria of six different areas, which
6 are considered minor documentation changes, they are
7 given the opportunity to change those particular items
8 and correct those findings prior to going to a final
9 determination. And, what we have found is that of the
10 people who opt in, because they have an option, they
11 don't have to participate in the pre-determination
12 findings program. We are approving about 77% of those
13 who opt in the appropriate program.

14 Last, but not least, I talked to Secretary
15 Hale before we started today, and he said that he spoke
16 to me about site visits, verification site visits. And
17 one of the things the firms call it, an audit, onsite
18 audit. We are focusing, because of our new program,
19 "Simplified Reverification," which basically takes
20 seven days from the time you apply, if you've been part
21 of our program verified under 111.275, then we ask you
22 to answer five questions, certifying there's been no

1 material changes to your structure and we verify you.

2 If you have been verified under that
3 particular program, we are site visiting a higher
4 number of those firms, because we are saying we have
5 not seen your document for some two years, so we are
6 randomly selecting a higher number of those particular
7 firms to site visit. I think that's about it, and I'm
8 glad to have the opportunity to be here today.

9 CHAIRMAN JOHNS: Thank you, Michelle, for your
10 report. All right. Any questions? We have time for
11 one question if there is a burning one for this
12 subcommittee.

13 Okay. Moving on to Matt, "Coordination of
14 Federal Support." Davy Leghorn, welcome, from the
15 American Legion, and Jim Wilfong is on the phone.

16 COORDINATION OF FEDERAL SUPPORT

17 MR. BLUM: Thank you, Marie. I think actually
18 a lot of our issues were touched upon, which is a good
19 thing. And the last several years I've been on the
20 task force, one of my key efforts has been to work with
21 OIRA and working in both administrative and regulatory
22 opportunities. And I know there was some discussion

1 during today's meeting with respect to the length of
2 time that it takes for these regulations to move
3 through the process.

4 CHAIRMAN JOHNS: Yes. Do speak on that.

5 MR. BLUM: Yes. Historically, with respect to
6 small business rules, but also others, and I'll give
7 the example of acquisition where the Federal
8 Acquisition Regulatory Council isn't really the program
9 expert on the substance of the rulemaking. We
10 oftentimes will have sequential efforts where the
11 program expert -- in this case SBA -- will issue its
12 rulemaking first, and then the FAR Council will adopt
13 that in the FAR and also add on clauses, other
14 provisions that may not be addressed by SBA, but, as we
15 know, that can take a long time.

16 There were a couple, I think, good examples of
17 trying to be more parallel in our processing. One was
18 with respect to the 1331 rule that John had mentioned
19 where the FAR Council actually went out and created the
20 basic framework for using set-asides to the order level
21 which gave GSA an opportunity to begin implementing
22 this on the schedules and others as well. We are

1 looking at other opportunities for doing that more.

2 A baby step in that direction, actually, that
3 may have impact here, is on the section of the National
4 Defense Authorization Act dealing with removing the
5 caps on the set-asides for women-owned small
6 businesses. And, as Marie mentioned, that impacts this
7 community as well. Vividly, a simpler provision in
8 terms of its details than the set-aside requirements in
9 1331; but, nonetheless, SBA issued its rule.

10 You will see a FAR change coming up
11 momentarily, and agencies have also issued deviations,
12 I think, that GSA just put out some guidance in that
13 regard so that people can begin taking advantage of
14 them.

15 CHAIRMAN JOHNS: It's in effect now with our
16 publication. Correct?

17 MR. BLUM: Yes, yes, yes.

18 CHAIRMAN JOHNS: So that's really big news, if
19 I could just highlighted that for a moment the NDAA.
20 The 6-1/2 mil for manufacturing; the \$4 Million cap for
21 other contracts; those ceilings are lifted, and now
22 women-owned companies can take advantage of any federal

1 contract. We've published ours earlier this week.

2 MR. BLUM: Right. And agencies are
3 issuing -- have been encouraged to issue deviations.
4 That will enable them to take immediate advantage, and
5 the FAR will then follow-up, but this will be within
6 weeks, not months or years. The second area in
7 addition to parallel processing is the early input Rick
8 made mention of earlier.

9 Sometimes that can be tricky when you're
10 dealing with an issue that's in its formative stage
11 where there hasn't been a lot of thinking, and so
12 there's a lot of guessing and gambling. In the
13 instance -- example that you were given with respect to
14 the certification requirements, obviously, there is a
15 lot of wealth of knowledge and experience. And I
16 believe that you will see that VA -- if they haven't
17 already -- will be issuing a notice that doesn't then
18 presume the changes, but asks for that input.

19 I believe that Tom, when he testified,
20 actually spoke to that. And, again, we want to do more
21 of that in getting that input, having more of these
22 listening towards the SBA did at the beginning of the

1 implementation of the Jobs Act. And the third avenue
2 that we continue to look for and really, this is where
3 we reach out to you to give us any sort of input or
4 ideas that you have, is the look back process that the
5 President actually included in an Executive Order two
6 years ago.

7 This, frankly, is how our Quick Pay initiative
8 got started, because DoD in looking at its regulations,
9 found it odd that the encouragement of Quick Pay was
10 really only for one segment of the small business
11 communities, because these were the SDBs; and, as you
12 know, the subsequent story, we have expanded that
13 policy at the prime and the subcontract level.

14 So with all of those three areas combined, I'm
15 hoping -- although it always takes time to write a
16 shift -- that as we move forward with our regulatory
17 actions that we can reduce that timeframe from the
18 time -- if it's congress acting, or the time with
19 either your help or within the administration -- we
20 identify an area for either regulatory action or other
21 policymaking that we can get them implemented in a
22 faster way.

1 CHAIRMAN JOHNS: Thank you.

2 MR. BLUM: Let me turn to Jim Wilfong on the
3 phone. Again, I think a couple of issues that we were
4 talking about as we looked back at our annual report, a
5 number of the priorities that Jim helped to identify
6 for the taskforce I think are being touched on. But,
7 Jim, do you want to make additional comments?

8 MR. WILFONG: Well, yeah. Just quickly. I'm
9 really happy with the work that Rhett has been doing on
10 the GI Bill and ways to help young veterans, especially
11 who have startup capital. And the program he's working
12 with with the University of Utah, I hope that Sec. Hale
13 can really help him make it happen in a lot of state
14 universities. I think that will help a lot.

15 I know that OMB and your office has been
16 working on subcontracting regulations, and there are
17 some important things that we talked about that I think
18 are happening. I love what Andrew Gudger and Tony
19 Eiland and others had been working on. I think that's
20 making real progress, and we are seeing it -- "we,"
21 being my company. And it just seemed some of that
22 progress in the places that we are working, especially

1 in the whole small business area, Vet-Force has taken
2 the position that if small business does well,
3 veteran-owned small business will do well.

4 And so increasing the competition for small
5 business contracting has been really a good thing, and
6 I'm also really pleased to hear about the trade
7 certification. And we understand how difficult to
8 getting the states to go along with laws that will help
9 veterans who come home with the wealth of experience
10 and knowledge to be able to not have to go back to step
11 1 in being certified to work in those areas and maybe
12 start small businesses.

13 So having been on the task force for 2-1/2
14 years, I see the movement and I'm really pleased by it.

15 And the movement that some of the people that I
16 represented have identified; and, in closing, I would
17 just like to say "Thank you very much for your service,
18 Marie." You've done a terrific job as being the leader
19 of this group, and I know from the veteran's community
20 that we really have appreciated what you've done, so.

21 CHAIRMAN JOHNS: Thank you very much, Jim, and
22 I can only do as much as the great team that I've been

1 a part of. So it's been such a privilege to work with
2 all of you, but I appreciate your comments.

3 MR. WILFONG: Thank you.

4 CHAIRMAN JOHNS: Davy, did you want to add
5 anything --

6 MR. LEGHORN: Yes.

7 CHAIRMAN JOHNS: -- from the Legion?

8 MR. LEGHORN: Thank you. This is Davy
9 Leghorn. I'm from the American Legion, and I just want
10 to update you folks on some of the new things that
11 we're undertaking at the Legion with regards to the
12 small business community. One of the first things is
13 we're showcasing the Boots to Business program at our
14 national conventions in late August, and we're going to
15 have a women's focus this year.

16 So we're going to be gearing it towards that.

17 We're still working out the logistics right now. The
18 other thing that we've been working on is through our
19 MOU with the USDA. We've gotten involved with trying
20 to increase that agency's set-asides for meeting their
21 small business goals for SCVOSBs. But on the other
22 side of it is we've also signed on to help on that

1 account reach, and right now, the agriculture industry
2 is in a deficit of one million farmers. And one of
3 their programs is trying to get veterans to get into
4 farming.

5 So they're public or non-profit program.
6 We've been really going out there, meeting with people,
7 and trying to get veterans into programs that will make
8 them successful farmers. And the other thing that I
9 want to talk about is our focus on the private sector.

10 We've been working with multiple, large business, to
11 try to develop and grow their supply of diversity
12 programs to include service-disabled, veteran-owned
13 small businesses, and veteran-owned small businesses,
14 so to really make them integral parts of their supply
15 diversity program.

16 The other thing that I want to touch on is, I
17 think, Mr. Wilfong wanted me to talk about some of the
18 legislation that's happening. This is by no means an
19 endorsement, but we just feel like it's good to make
20 these things -- well, to just pretty much inform you
21 guys as to what's happening. So there's S.495, S.430,
22 S.6, and H.R. 179. These are some bills out there to

1 definitely look at. And I did little fact sheets, and
2 I'll just run through them real quick.

3 S.430 is the Veterans Small Business
4 Opportunity and Protection Act of 2013, and it's really
5 simple, a 10-year award of SCVOSBO status to surviving
6 spouse if a veteran dies of a service-connected
7 disability; three years award of SCVOSB status to
8 surviving spouse, if veteran dies not due to
9 service-connected disability; 10-year award of SDVOSB
10 status to surviving spouse if death of service member
11 was in line of duty.

12 And, moving on, we have S.495, and with Senate
13 Bills, they're really long, so I'll just divide them
14 into sections. Section 5: "Expand contracting goals
15 and preference of VA to include small businesses is
16 100% owned, but conditionally controlled." Section 6
17 and Section 7 is actually the same as 430, so I won't
18 go into them.

19 Section 8 is "Community property special
20 rule," which requires the Secretary of the VA to
21 conduct case-by-case analysis of ownership in community
22 property states. Section S6 is "The Reauthorization of

1 the Hughes Act," or it will be called the "Putting Our
2 Veterans Back To Work Act Of 2013." Section 2013 is
3 Veteran employees or the number of veterans of
4 employees will be a factor in awarding federal
5 contracts. Section 302 is the debarment of contractors
6 for non-compliance with USERA; and, lastly, we had H.R.
7 179, which is the "Franchise Education for Veterans
8 Act," which will allow Veterans to use the GI Bill to
9 pursue training in getting into franchises. And that's
10 it.

11 CHAIRMAN JOHNS: All right. Thank you very
12 much, Davy. So we started the meeting eight minutes
13 late. So we are going to go until 12z;08. We'll have
14 a hard stop then. So, next we have our time for public
15 comment. I don't see Mr. Goldschmitt here, but I do
16 see Barbara Ashe.

17 So, Barbara, if you would, please come to the
18 podium. But, if I could ask you to please truncate
19 your comments so that we can have ample time for any
20 remaining questions.

21 MS. ASHE: Absolutely.

22 CHAIRMAN JOHNS: Thank you very much. Good to

1 see you and welcome.

2 REMARKS & PUBLIC COMMENT

3 MS. ASHE: Good to see you. Well, thank you.

4 This will be, I guess, for the record. I'm Barbara
5 Ashe and I am the national director of the Veteran
6 Institute for Procurement, and founder as well of the
7 program VIP. In my day job, many of you know me as
8 Barbara Ashe, the executive vice president, the
9 Montgomery County Chamber of Commerce, the job that
10 pays my salaries. So I thank our generous board and
11 leadership at the chamber for allowing me to be here
12 today as well.

13 For some of you, it will be an update. I had
14 the privilege of addressing the task force a year and a
15 half ago about the Veteran Institute for Procurement.
16 I see Tony down there, who's actually been an
17 instructor there as well. The VIP program was founded
18 in 2009. It's a national program that trains
19 Veteran-owned businesses that sell to Federal
20 Government. And what we've heard about here today is a
21 lot of training. What is unique about this training,
22 what is different, is that we train businesses -- not

1 individuals.

2 And that's really what's slipping through the
3 cracks, quite frankly, in terms of our funding, at the
4 local level, the state level, and it appears at the
5 federal level as well. So listening to you all talk
6 about 45,000, which is great, because someone has to
7 plant those seeds. You know. Because that's where it
8 all begins, Boots to Business. That's where the rubber
9 hits the road. I'm thinking, oh, my goodness! Right?

10 In 2009, the program was local. It's now national.
11 We have 296 companies that have graduated through the
12 VIP program. They come from 24 different states. They
13 work with over 100 federal agencies.

14 You'll be happy to know that three of your
15 award winners on the T4 were VIP graduates -- three of
16 your seven. Isn't that exciting? I don't think
17 anybody's here from NIH. They just had a big recompute
18 on the NITAAC award, one of the 10 SBDOSBOs were VIP
19 graduate. So I tell you this because this program is
20 working. It's been around since 2009, and I mention
21 it's national. Out of that we go back. We are very
22 big on metrics.

1 I serve as a volunteer, so it better work.
2 I'm going to go save whales or something; but, what
3 really got me charged up, and I know many of you here
4 was that I was shocked to learn that here we were in
5 2007 and 2008, and we had never met our services data
6 that are in Small Business school. Record defense
7 spending, record government spending, if we're going to
8 hit it, we're going to hit it then.

9 So we looked at why, because certainly there's
10 enough out there, and we know there's enough capacity.

11 But we were really told that there wasn't enough
12 training. And the operations controls compliance piece
13 in the government contract space, that certainly the
14 knew how to do the work, whether it be manufacturing,
15 the service-based, but did not understand once you get
16 10 employees and are on your third contract in seven
17 states, or in theatre.

18 How do you manage controls, operations and
19 compliance, legal? And then how do you control your
20 rates, because now you have more GNA? So this program
21 focuses on the things that is not focused on really in
22 academia and in government, which is really how do you

1 run your company. So we graduate companies and we do
2 not graduate individuals. So we're really what's after
3 the EBV program, the Boots to Business, what's
4 happening at your great location in Utah. It's very
5 exciting.

6 So I'm concerned that, you know, we've made
7 these great investments, because we know they're
8 investments. We know that we have not only
9 responsibility, but it's an investment in our future.
10 And what we're going to do is have all these seeds. So
11 many are going to come through, start their business,
12 have a few employees, and then they're going to get
13 into trouble. Because that's where every step of the
14 way it's complicated. So the VIP graduates that we
15 have on average have been in business 6-1/2 years, and
16 have fewer than 10 employees.

17 We go back one year later and we ask them did
18 it work, quite frankly? You know. Why are we doing
19 this? So one year later we asked them, and our first
20 121 graduates -- now, keep in mind the statistic I gave
21 you. They only had fewer than 10 employees. 121
22 earliest graduates added over 1500 jobs last year.

1 We're not focused on the capacity.

2 If I have six employees, five employees, and I
3 go to VA, Army, to GSA, that past performance I want to
4 add VIP to get into the program. You have to be in
5 business two years, have three full-time employees, and
6 have experience working on a government contract, and
7 you have to be a veteran-owned business.

8 If I have that, I actually can compete for
9 work at just about any agency. You can have a serious
10 conversation with me. I have past performance. I have
11 infrastructure. I can also double in size overnight,
12 which is the good news and the bad news. So if you
13 don't have a good foundation, you cannot grow. So
14 we're really what's next. And so I am here today, Ms.
15 Johns, to encourage the task force again to look at
16 this program as a partnership, as I mentioned our
17 veterans work with over 100 agencies, are actually
18 creating wins for the Small Business Office helping it
19 meet its mission as well as it has to do with growing
20 our workforce. And we went back and surveyed our
21 graduates as well and asked them what percentage of
22 your workforce are veterans. Over 55%.

1 We also asked them is there something you
2 learned that changed the way you do business. 80% said
3 they changed the way they did business. So I can't
4 even measure how many jobs we saved. How many business
5 do you know that make one mistake, as it was mentioned
6 here. You know. The rules are changing. You don't
7 know what you don't know, and end up losing at this
8 point a lot of times their capital is tied up in your
9 own personal capital in their loans. So they go down;
10 they go down hard, and they're taking veterans with
11 them. So I encourage the task force.

12 I look forward to working with the education
13 committee. You've got a great team. I know all of
14 you, and I'd like to see whether or not the task force
15 would entertain being a partner. Right now, VIP is
16 100% funded by the people I know, which are my board
17 members at the Montgomery County Chamber of Commerce.
18 Mind you, it's a national program in 24 states, 300
19 companies have gone through. I have a class in October
20 and it's privately funded by small business owners
21 mostly in Montgomery County.

22 The National Center, I will say, is in the

1 Bolger Center, which is a federal facility. So just
2 about every dime I spend goes back to the U.S. Postal
3 Service, actually, the Bolger Center. So it's kind of
4 a funny thing, but I need help. We used to do it three
5 times a year, have 150 graduates. I can only fund
6 raise enough for 50 graduates a year, and I already
7 have 70 wanting to come in in October.

8 I get my referral from Vet-Force. PTAPs send
9 me their folks' score. State directors, you name it.
10 It's word of mouth, and that's how we don't spend a
11 dime on marketing because it's really pretty viable.
12 But I can use some help, and we really need to make
13 this a public/private partnership, and so I look
14 forward to working with the task force.

15 I'm talking fast, but we wanted to be
16 sensitive to everyone's time.

17 CHAIRMAN JOHNS: Sure. We appreciate that
18 very much. If anyone would want to follow-up with you,
19 how should they do that, Barbara?

20 MS. ASHE: They can certainly reach me at
21 National VIP.org, and that's how you can get to all the
22 information I shared today. And I have a fast fact

1 sheet that I'd be happy to share with the task force,
2 that kind of buttons this all up as well. So, anybody
3 have more information? Thank you.

4 CHAIRMAN JOHNS: All right. Thank you very
5 much.

6 MS. ASHE: Okay. Great!

7 CHAIRMAN JOHNS: Yes, a question for her?

8 AUDIENCE: Well, not so much for Barbara, but
9 more for the committee in general. I'm a veteran and
10 I'm an entrepreneur, and I talk to veterans all the
11 time and I mentor different veterans. And one of the
12 big problems -- and, Andre, maybe you can be a help
13 with this -- our veterans are getting out and they're
14 going through education or other programs, and they're
15 losing their clearances. And I can't hire them.

16 I can't hire them for the jobs, because
17 they've got to have clearances, because I work DoD or
18 IC contracts, the ones I'm talking about right now. I
19 talked to Marie yesterday. He just went through some
20 IT training. He's got his bachelors. He graduated top
21 of his class. He doesn't have a clearance. I can't
22 put him on the contract. And, so, my point is you've

1 already cleared these guys and gals. Right? And so
2 letting their clearances lapse -- while they're going
3 through education programs -- just kills or hurts their
4 ability to get employed. So that's one of the things
5 I'd like to see change.

6 CHAIRMAN JOHNS: All right. Well, that is a
7 good issue to raise. So thank you for mentioning that
8 Lisa.

9 CLOSING COMMENTS/QUESTIONS

10 CHAIRMAN JOHNS: Any questions on the phone?
11 Okay. Thank you. Any questions or comments in the
12 room?

13 MR. EILAND: I know I just have one little
14 nugget. The last class that we did, when I finished,
15 there were two service disabled veterans that had never
16 met each other before, and they were both looking at an
17 opportunity. When we finished noodling it, they came
18 back to see me in GSA. One could do half the work; the
19 other could do the other half of the work, and they
20 formed a joint venture. So it's amazing the things
21 that go on. They didn't even know each other, because
22 the class they met had plug there.

1 CHAIRMAN JOHNS: That's a good plug. Joe?

2 MR. WYNN: Joe Wynn, again. First of all,
3 Mrs. Johns, I want to thank you for your leadership and
4 coordination on this task force. As you know, I
5 attended many of your sessions and I appreciate it.

6 CHAIRMAN JOHNS: And our relationship has
7 improved over the years --

8 MR. WYNN: Yes, ma'am.

9 (Laughter.)

10 CHAIRMAN JOHNS: -- I'm delighted to say.

11 MR. WYNN: I'd also like to ask what is the
12 future of this Interagency Task Force. You know. Does
13 it see itself continuing on for any type of -- any
14 certain period of time. And, I'm also concerned, you
15 know. We advocated, many of us, through VSOs,
16 advocated for legislation that called for the SBA at
17 Veteran's Advisory Committee to be made permanent.
18 This was before the Interagency Task Force came into
19 existence.

20 So that committee still exists, but now we are
21 getting calls from members of the committee and members
22 of the community. The task force has not been meeting.

1 You know. If it's legally in law that it's supposed
2 to exist, how can you -- SBA -- disband it? Or, what's
3 the future of both?

4 MR. JEPPSON: Okay. Let me just take that
5 one, because first off, it hasn't been disbanded and
6 they can meet. However, sequestration hit all of us.
7 We all reverted to travel dollars back in 2010 -- took
8 a cut -- and we were under a CR for the first year. So
9 they can still meet. They can meet by phone or other
10 means and things. They just don't have to come
11 together.

12 Now, the statute says if they meet together in
13 public, they're going to do it in the SBA office, et
14 cetera, et cetera. But it's still a functioning unit.

15 I know some members really want to travel together,
16 but the funding to do that has just not been in place
17 for this calendar year.

18 CHAIRMAN JOHNS: Now, if I could add onto
19 that, Joe, it's such a tough time for us right now. In
20 fact, we have another very important advisory by the
21 Council on Underserved Communities, that I stood up and
22 it's been a very important advisory group to us,

1 because we talked about so many of these issues,
2 including veterans; how to make sure that we're getting
3 capital and training, and all the other resources of
4 the SBA to business owners who need it the most.

5 I had my heart set on having a final,
6 in-person meeting with that group and just couldn't do
7 it. The dollars just weren't there. So we're having
8 our meeting actually, in a couple of weeks,
9 telephonically, and we've just all got to get more
10 comfortable with doing it that way, because the fact of
11 the matter is we can't even employees who need to
12 travel in order to actually do their jobs don't have
13 the money to do that.

14 So we're having to make some very hard
15 decisions; and, so, I hope that you will -- advisory
16 committee will convene by telephone. It's not the
17 perfect environment. It's always best to be in person,
18 but you can still get a lot of work done and keep the
19 information flowing and the feedback chain going, if
20 people have conference calls. So I would urge you to
21 do that.

22 AUDIENCE: We could hold a video conference.

1 We're set up to video conference.

2 MR. WEIDMAN: I have some comments, if I may.

3 The first is that you go on the record that the
4 glowing report about TAP, speaking for Vietnam Veterans
5 of America, we do not have the same confidence. There
6 was no VSO input at all in that process; no military
7 service organization either.

8 What little we knew about it we only knew at
9 the end where they allowed senior leadership one person
10 from each of the major veteran service organizations to
11 go to one TAP class, and only through indirectly means
12 were we able to get a copy of their curriculum. And so
13 it was done the wrong way. It was done without state
14 involvement, and that's for the record and for the
15 future.

16 For what's happened here in the last three
17 years, the reason why people have come around is
18 they've gotten to know you. And the way in which
19 you've run this task force with essentially gathering
20 us all in, and your big 10 philosophy, if you will, has
21 worked well. It's made reports better, both the
22 interim report and the discussion better.

1 And I just want to say that you're an
2 extraordinary public servant and pleased and proud to
3 have the opportunity to work with you. And if we could
4 get everybody in government, no matter what party, to
5 operate the way in which you have, it would be a far
6 different situation out there. So I just rise to
7 salute you.

8 (Applause.)

9 CHAIRMAN JOHNS: Thank you. Again, I blush,
10 and your comments are more generous than I deserve. I
11 continue to give full credit to this great team of
12 people, because we, as you all know -- particularly
13 you, Joe -- others who've been here from the very
14 beginning. We've started this from basically a blank
15 sheet of paper. We have the executive order and that
16 was it, but we made great decisions on people to join
17 this task force and they have worked hard. We worked
18 well together, and we also had a credibility barrier to
19 cross. And that's what I'm proudest of is that I think
20 we have done that. And you know that this group is
21 working hard, and we didn't fully answer Joe's
22 question. The task force will continue.

1 We're so grateful to have Rhett in his
2 leadership role here at the SBA. He will assume the
3 chair of the committee. I'm sure the leadership will
4 determine whether he will continue in that role or
5 whether the new deputy will step into the role. But,
6 regardless, you will have the full weight of Rhett's
7 office, the support of these committee members. And
8 the objective is to continue in a seamless fashion, and
9 that definitely will happen.

10 So, and I thank you all, who have come to
11 these meetings religiously and have given your input.
12 That's how we get better, is when we hear from the
13 public, when we hear feedback for our ideas, what we
14 put out there. The ideas, I hope you've seen them
15 reflected in the reports to the President, and we're
16 all in this together; and what more important work do
17 we have than to support our veterans.

18 Those of you who have given so much to our
19 country, we owe you our very best when you come home,
20 because when we do it right, you start great businesses
21 and you continue to serve, because you're employing
22 people. You're strengthening the economy, and that's

1 good for all of us. And so I applaud you for what
2 you're doing and you deserve our very best support
3 going forward.

4 So, thank you very much. And on that note, I
5 think I'm going to quit while I'm ahead and say thanks
6 everyone for being here and for a great meeting.

7 (The meeting was adjourned at 12:12 p.m.)

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