

U.S. SMALL BUSINESS ADMINISTRATION  
INTERAGENCY TASK FORCE ON VETERANS SMALL BUSINESS  
DEVELOPMENT

PUBLIC MEETING

Eisenhower Conference Room, 2nd Floor  
U.S. Small Business Administration  
409 3rd Street, SW  
Washington, D.C. 20416

9:00 a.m.  
Friday, September 23, 2011

Attendees

MARIE JOHNS, Chair  
Deputy Administrator  
Small Business Administration

MATTHEW BLUM  
Office of Management and Budget

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

ELIZABETH O'HERRIN  
Student Veterans of America

LINDA OLIVER, Acting Director  
Small Business Programs  
Department of Defense

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

JAMES WILFONG, VET-Force  
Veterans Enterprise Task Force

DAN DELLINGER  
American Legion

DONALD GRAVES, Deputy Assistant Secretary  
U.S. Department of The Treasury

BETH TORRES  
Veterans Administration

JOSEPH D. MULLINS  
Department of Labor

| <u>AGENDA ITEM:</u>  | <u>PAGE:</u> |
|--|--------------|
| I. Opening Remarks from Task Force Chair   | 4            |
| Recent Administration Veterans Announcements<br>Donald Graves, Deputy Assistant Secretary<br>U.S. Department of The Treasury | 9            |
| II. Tony Cara, President<br>Disabled Veterans Assistance Foundation<br>New DVAF-SBA Partnership                              | 13           |
| III. Subcommittee Reports  | 15           |
| <u>Access to Capital</u>   | 15           |
| Chair: Bill Elmore, SBA<br>Members: Dan Dellinger, American Legion<br>Don Graves, Treasury                                   |              |
| <u>Federal Contracting</u>   | 22           |
| Co-Chairs: JiYoung Park (GSA)<br>Linda Oliver (DoD)  |              |
| <u>Increase Integrity of Certifications</u>  | 37           |
| Representing the Chair: Elizabeth Torres   |              |
| <u>Reducing Administrative Burdens</u>   | 43           |
| Chair: Matthew Blum, OMB   |              |
| <u>Training and Counseling</u>   | 52           |
| Co-Chairs: Joe Mullins, DOL<br>Elizabeth O'Herrin<br>Student Veterans of America   |              |
| <u>Improving Federal Support</u>   | 59           |
| Chair: Jim Wilfong, VET-Force  |              |
| IV. Public Comment   | 69           |
| Barbara Ashe, President<br>Montgomery County Chamber of Commerce<br>Community (Veteran Institute for Procurement)            |              |
| Erik Wishneff<br>Veterans Capital Investments  |              |
| Beth Solomon<br>International Franchise Association  |              |
| James Mingey<br>NEOF, SDVOSB   |              |
| V. Closing Comments/Questions  | 117          |

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

(9:06 a.m.)

Opening Remarks from Task Force Chair

MS. JOHNS: We're expecting a couple more of our Task Force members but I want to get started because we are always very conscious of your time and want to be respectful of it and I know one of our Task Force members in particular is here but has to be somewhere else very shortly, so we want to make sure that we hear from Don Graves from Treasury. We're delighted that he's here.

So good morning, everyone, and welcome, very happy to see you after a year's work, some familiar faces in the room, and it is good to see you again.

As you know, we're in the final stages of preparing the Task Force first report to the President and I want to thank the Task Force members in particular for your hard work in getting us to this point. We've had a lot of discussions over the last several months and reducing those to paper and putting the format together for a very good report to President Obama has been a lot of hard work and these Task Force members have been tremendous in their contribution to that.

1           The purpose of today's meeting is to make sure  
2 that we're going over all of the reports from our various  
3 subcommittees and, of course, we always appreciate your  
4 input and I'd like to, before we get started on that  
5 important part of the agenda which is actually the bulk of  
6 what we're here for, I'd like to make a few quick  
7 announcements regarding some recent highlights from the  
8 Administration and we think that these are going to have a  
9 particular impact on our Veterans Small Business  
10 community.

11           First, just last week, the SBA formalized its  
12 relationship with the Disabled Veterans Assistance  
13 Foundation (DVAFF) and DVAFF will act as a micro-loan  
14 intermediary for the SBA.

15           One of the challenges that we know veteran  
16 business owners face is access to capital and particularly  
17 in the low dollar loan category and so entrepreneurs who  
18 often need loans of \$50,000 or less to get their  
19 businesses started have been saying to us we need more  
20 capacity in that area. So we're very pleased that we have  
21 made a loan to our first veteran-focused micro-loan  
22 intermediary DVAFF and we're going to be hearing from Tony

1 Cara just a bit later on the agenda to talk about DVAF and  
2 their work. So we're delighted that they're part of our  
3 network now.

4           Second. Earlier this week in Cleveland, the  
5 agency's Administration Karen Mills joined Vice President  
6 Biden to announce an important initiative, another Access  
7 to Capital Initiative, a commitment from 13 large  
8 financial institutions to commit \$20 billion additional  
9 capacity for small business lending between now and the  
10 year 2013.

11           So this is going to be accomplished through a  
12 combination of conventional, small business lending, SBA  
13 lending, as well as commitment to one of our newer loan  
14 efforts, community advantage, and so at least \$8 billion  
15 of the fund is going to be dedicated to underserved  
16 markets which includes veterans. So we're very excited  
17 about that, as well.

18           The Obama Administration is also -- we're  
19 excited about the President's recent announcement about a  
20 reverse boot camp for existing service members and this is  
21 going to, we think, be a real positive step forward in  
22 terms of preparing more of our veterans for

1 entrepreneurship when they return home.

2           Just as the military requires intensive boot  
3 camp training to prepare for active duty, we want to make  
4 sure that there is just as intensive effort on the return  
5 trip, in other words, a reverse boot camp to prepare them  
6 for success when they return to civilian life and so more  
7 to come on that but we're very excited about our role in  
8 the reverse boot camp initiative.

9           I just want to say just a few words about the  
10 American Jobs Act, of course, the President announced just  
11 a couple of weeks ago. As he said in his announcement,  
12 the President is very intent on jobs, that's Priority  
13 Number 1, and particularly on making sure that our  
14 veterans are put back to work and to that end, there are  
15 two specific credits in the American Jobs Act that relate  
16 to veterans.

17           The Returning Heroes Tax Credit is a credit up  
18 to \$5,600 for hiring an unemployed veteran, a business who  
19 hires an unemployed veteran, and the Wounded Warriors Tax  
20 Credit is a tax credit for up to \$9,600 for hiring a  
21 service disabled veteran.

22           So those are all very important initiatives for

1 our small business community. As we've been traveling  
2 around and getting input from small businesses about their  
3 reaction to the American Jobs Act, it has been quite  
4 positive and so we're looking forward to very good results  
5 there.

6           It's hard to believe that the Task Force has  
7 been working for just about a year now and you will hear  
8 from our subcommittees, as I mentioned, about the  
9 recommendations that they have been working on to include  
10 in the report to President Obama that will be due around  
11 mid October.

12           We've had such creative ideas come from the Task  
13 Force members, many of them sparked by your important  
14 input from our public participants, and our goal is to  
15 evaluate these recommendations, make sure that we build on  
16 them and prepare the strongest report to President Obama  
17 but one thing I want to emphasize and that is, we have a  
18 number of great ideas but we want to make sure that  
19 everything that goes into the report is a recommendation  
20 that is fully actionable and has a set of action steps  
21 associated with it. This is not going to be a pie in the  
22 sky report but rather a report that is an actionable one

1 and so, as a result, we will be looking at the  
2 subcommittee recommendations and there will be some  
3 further vetting that we'll have to do to ensure that we  
4 meet that objective of a fully actionable set of  
5 recommendations to President Obama.

6 So with that, again, I welcome you and before we  
7 proceed with the agenda, Tony Cara will be our first  
8 presenter. We're so happy that he's with us this morning.

9 I know that Don Graves from Department of  
10 Treasury is going to have to leave us before too long. So  
11 I wanted to ask if you wanted to share anything before you  
12 had to take your leave.

13 Recent Administration Veterans Announcements

14 MR. GRAVES: Sure. Thank you very much, Marie.

15 It's great to be here. I apologize to my fellow Task  
16 Force members and to the folks who made it here that I'm  
17 going to have to leave a little bit early.

18 Earl Peek, who occasionally sits in for me on  
19 the Task Force meetings, will be here in just a little  
20 bit.

21 But I did want to just mention a few things on  
22 the Treasury side. We continue to work on a couple of the

1 efforts focused on small business access to credit and  
2 capital, including our state small business credit  
3 initiative. We have already approved more than 40 states  
4 and territories that are receiving funds already. We are  
5 working with those states to make sure that they are doing  
6 an adequate job of providing the type of support, the type  
7 of outreach to veteran-owned businesses that I think we  
8 all believe is crucial for those businesses to get access  
9 to capital.

10           In addition, the Small Business Lending Fund,  
11 the program that provides capital investments directly to  
12 banks all across the country, community banks, those  
13 dollars are flowing. Many of the banks have already  
14 closed on those investments. In fact, we've already  
15 provided more than \$2.4 billion worth of investments in  
16 banks.

17           We're in the process of working with all those  
18 institutions that have received investments to make sure  
19 that veteran-owned and service-disabled veteran-owned  
20 businesses are at the top of the list of firms that are  
21 receiving those loans.

22           In addition, we're working directly with

1 regulators. We know that there are some regulatory  
2 headwinds facing many of these banks. There are some  
3 constraints around the provision of lending of loans to  
4 small businesses, particularly to veteran-owned  
5 businesses. So we're working with the regulators to make  
6 sure that the regulators are acting in a way that we can  
7 ensure that banks are continuing to lend to veteran-owned  
8 businesses.

9           Switching hats a little bit, I also serve as the  
10 Executive Director of the President's Jobs Council at the  
11 White House and there is no other priority for the  
12 President or for the entire Administration next to jobs.

13           We have to make sure that we find ways to  
14 increase the number of jobs in the short term, that we  
15 stimulate long-term competitiveness for all of our  
16 businesses, and clearly veteran-owned businesses are a  
17 high priority.

18           As Marie mentioned, the President had those two  
19 initiatives in the American Jobs Act. I think it's  
20 important to recognize that those two tax credits will go  
21 to any small business that hires veterans. We all know  
22 that veteran-owned businesses do a much higher percentage

1 of veteran hiring than do other businesses.

2           So I think it's important to realize that these  
3 tax credits will actually be used by veteran-owned  
4 businesses in substantial numbers. So I'm really excited  
5 about that and the potential that it has for growing  
6 veteran-owned businesses.

7           The final thing that I'll mention is that our  
8 Jobs Council also has several efforts that are focused on  
9 growing businesses. Part of that is through our Small  
10 Business Working Group. We're doing a number of different  
11 efforts to look at ways that the Jobs Council, both the  
12 Administration and the private sector, can lead efforts  
13 that will help grow small businesses.

14           In addition, we have, as part of our Innovation  
15 Working Group, we're focused on veteran hiring issues. We  
16 have an effort, at least an initial effort, that's  
17 piloting with the airlines. We know that the airlines are  
18 a prime opportunity to recruit and hire veterans who are  
19 coming from all of our services to take jobs, high-paying  
20 jobs, high-skilled jobs at those airlines.

21           There's going to be an announcement about that  
22 initiative soon, but to back on to that or add back on to

1 the back end of that is a veteran business hiring  
2 component. You can't just focus on the hiring of  
3 veterans. You have to also focus on the utilization of  
4 veteran-owned small businesses. So we will be working with  
5 the airlines, in particular, to find ways that we can make  
6 sure that they are utilizing veteran-owned small  
7 businesses, as well.

8 So thank you for that, and I apologize that I'll  
9 have to leave a little early.

10 MS. JOHNS: All right. Well, thanks for being  
11 here and thank you for sharing that very good information.

12 So first on the agenda, Tony Cara is here from  
13 Disabled Veterans Assistance Foundation.

14 As I mentioned, we're very excited to welcome  
15 you as one of our newest micro-loan intermediaries and  
16 particularly with your focus on lending to veteran-owned  
17 companies.

18 So, welcome, Tony.

19 II. New DVAF-SBA Partnership

20 MR. CARA: Thank you, Marie, and it's a pleasure  
21 to be here on behalf of the Disabled Veterans Assistance  
22 Foundation, an organization that was brought together to

1 support service-disabled veteran entrepreneurs in business  
2 and to put together a pool that they can come to when they  
3 have a federal contract that have had difficulty going to  
4 their loan banks or banking that they've been doing  
5 business with and not being able to get funds so that they  
6 can get through the contract or if they get on a job.

7           We know that our veterans are very skillful.  
8 They have a lot of drive and determination. They come  
9 back from the service of country and they've come back  
10 into this economy in which they find themselves without  
11 employment and so they become self-employed, as we know,  
12 and then they have the difficulties of financial capital,  
13 you know, the inability to access that, to get through the  
14 work that they've been given the opportunity to do.

15           So that's how DVAF came about. About two years  
16 ago was the idea. We capitalized the company, became a  
17 501(c)(3), and we have done 18 loans and a couple of  
18 grants, and we are pleased to be moving forward with a  
19 potential partnership with SBA to provide more capital,  
20 and I think that the veterans tell the story best and we  
21 have a little video, it's very short, and it's the  
22 veterans themselves speaking about the need and what

1 little we have done for them and some people who are  
2 involved with our efforts.

3 So thank you very much and enjoy.

4 MS. JOHNS: Thank you.

5 (Video played.)

6 (Applause.)

7 MS. JOHNS: Thank you, Tony. Now are there any  
8 questions? We have a couple minutes if there are any  
9 questions from the public for Tony about this fine  
10 organization.

11 (No response.)

12 MS. JOHNS: All right. I think that video  
13 probably told it all. So we're proud to have DVAF as part  
14 of our Micro-Loan Intermediary Network.

15 All right. So now we are ready for the reports  
16 from our subcommittees, our hard-working subcommittees.  
17 I'll turn first to my colleague here at the SBA, Bill  
18 Elmore, who chairs the Access to Capital Subcommittee,  
19 along with the fine support from Dan Dellinger and Earl  
20 Peek from Treasury, who hopefully will join us.

21

22

//

1                                    III. Subcommittee Reports

2                                    Access to Capital

3                    MR. ELMORE: Thank you. Thank you, Marie. Can  
4 you hear me okay?

5                    We've been working very hard on a number of the  
6 initiatives that you see in the Draft Report, but I think  
7 there's more to that story that I kind of wanted to share  
8 with you a little bit and I think that DVAF story, Marie,  
9 is one of the best examples.

10                   As a guy who works inside SBA, I've been a fan  
11 of the Micro-Loan Program for a long time and I thought  
12 that we hadn't done as robust a job as we could into the  
13 veterans community with that program and I think DVAF  
14 really marks a couple of firsts and I want to give kudos  
15 not to me but really to others in the Administration  
16 because we're breaking some new ground with this new  
17 initiative with this foundation.

18                   It's arguably, at least to my knowledge, the  
19 first national micro-lender SBA's ever had and that's a  
20 first for the agency and the other is it's focused on  
21 veterans. So while all of our micro-lenders loan to  
22 veterans, this is one that's focused specifically on

1 veterans and, to my knowledge, that's the first, as well,  
2 and I hope it's the first of more to come, but I wanted to  
3 say thank you publicly to Marie and the leadership,  
4 especially in our Capital Access Office, because they're  
5 the ones that really worked this agreement with this  
6 foundation to put this in motion and I'm glad to have been  
7 a part of that.

8           Now I also wanted to touch on a couple of other  
9 things which I think sort of context how we're approaching  
10 the Access to Capital recommendations. One is, as an  
11 agency, we guarantee and provide somewhere in the range of  
12 \$1 to \$1.3 billion a year in primarily loan guarantees to  
13 veterans but the total portfolio of veteran small loans  
14 with SBA approximates \$11 billion. So obviously there's  
15 loans made every year and I wanted people to kind of  
16 understand what we're talking about here when we're  
17 talking about impacting our financing programs.

18           We've had a lot of very interesting discussions  
19 and, I think, come up with some good recommendations  
20 through my subcommittee on the Task Force, but there's  
21 been more than just the recommendations we've provided and  
22 this really goes back to the Administration, as well.

1           There are a lot of initiatives underway and I'll  
2 just tick off some that I've been privy to be part of.  
3 The National Security Council, the National Economic  
4 Council, the Jobs Council, the Joining Forces Initiative,  
5 the reverse boot camps. All of those I've been asked to  
6 participate in and provide input in around veteran  
7 entrepreneurship and especially access to capital, and  
8 without having laid the groundwork through this  
9 interagency task force, Marie, I don't think I would have  
10 had the substantive recommendations and ideas that were  
11 not just from inside SBA but from our other federal  
12 partners and from our private partners, including the  
13 American Legion and Student Veterans and others.

14           So we've really played a role that has sort of  
15 grown beyond just what this interagency task force is  
16 recommending and I think it's important for people to  
17 understand that.

18           Now there are some good ideas in here. There  
19 are specific ones. I won't just read from the slides to  
20 you. We are talking about enhancements and improvements  
21 to Patriot Express. What we do know is that Patriot  
22 Express has worked but it can be improved and I think,

1 perhaps more importantly, it can be better marketed to the  
2 lending community.

3 I think the work that Treasury's doing about  
4 engaging the banks about lending to veterans is going to  
5 open up their eyes not just to what Treasury does through  
6 their programs but Patriot Express.

7 So I think we have a big job in a marketing  
8 arena and that's one of our primary recommendations, is  
9 how do we get out to, for example, the military-related  
10 credit unions, many of which are SBA-approved lenders but  
11 they really don't participate much in the SBA loan  
12 programs. So how do we sort of extend this opportunity  
13 for access to capital and credit out more broadly to  
14 veterans and really to the military community? So that's  
15 one of our primary recommendations, is a range of  
16 enhancements around Patriot Express that includes really  
17 the marketing side.

18 The second is Micro-Loans and we just touched on  
19 that, so I won't get into detail, but we know we can do  
20 better.

21 Third is, and I'm trying to make sure I follow  
22 my notes here, increasing surety bonding. I'm pleased to

1 tell you that there is right now support for increasing  
2 the level of bonding that we provide to veterans through  
3 our Surety Bonding Programs and for those who have been in  
4 the business a long time, like I have, you know that's a  
5 big challenge.

6           SBA's been at that \$2 million level for a number  
7 of years and now that the door is opening to how do we  
8 increase that and also how do we do a better job of  
9 marketing that, those are probably the three primary areas  
10 that we focused on.

11           There are some other ideas in here that are sort  
12 of esoterically related to access to capital that are now  
13 being moved into other parts of the Task Force for more  
14 deliberation and inclusion in the final report, including,  
15 you know, revisions potentially to the GI Bill and how  
16 that supports small business development, start-up and  
17 ownership, and also changes to the Unemployment Insurance  
18 Compensation Program available to service members after  
19 they discharge, called UCX.

20           We know there's an enormous outlay of resources  
21 that goes into paying on unemployment insurance and we  
22 know that historically in the past, veterans have been

1 allowed to start businesses while they collected UCX and  
2 precursors to UCX.

3           So one of the recommendations that we've worked  
4 on but now we've handed off to another subcommittee for  
5 further work is that. Can we apply UCX and allow veterans  
6 who collect unemployment insurance, especially recently-  
7 discharged veterans, to hook up with SBA or other business  
8 counseling and try to start their business while they  
9 collect their unemployment?

10           It's a simple idea. It's been done before. It  
11 was done in the aftermath of World War II for that  
12 generation of veterans and we're hopeful that that  
13 recommendation will make it to the final cut. So I think  
14 in a broad sense, those are the things that we've  
15 developed thus far and I'm pretty excited about most of  
16 what we've done.

17           MS. JOHNS: Okay. Very good. All right. Thank  
18 you very much, Bill.

19           Any questions for the Access to Capital  
20 Subcommittee from Task Force members?

21           (No response.)

22           MS. JOHNS: Okay. Thank you. All right.

1 JiYoung Park and Linda Oliver, good morning.

2 Federal Contracting

3 MS. PARK: Good morning. Good morning,  
4 everyone. You know, I'll walk through the first couple  
5 recommendations and hand it over to Linda Oliver.

6 I'm JiYoung Park with the General Services  
7 Administration's Small Business Utilization Office. So  
8 pleased to report on this discrete and actionable  
9 recommendations that we've been working on. There are  
10 five that we want to share with you and, you know, we hope  
11 that, as I said, that they are discrete and actionable and  
12 that will help move the needle in the area of veteran  
13 contracting.

14 So there are five recommendations and I'll just  
15 talk through the first three and then hand it over to  
16 Linda Oliver.

17 I will say that, in particular, over the last  
18 few months, we've been in the year-end, the fiscal year-  
19 end contracting crunch and so many of what we've been  
20 learning through this task force effort has really been  
21 going hand in hand in implementing on-the-ground literally  
22 these past couple months to make sure that, as we close

1 out this fiscal year, that we're doing everything we can  
2 to increase the service-disabled veteran-owned small  
3 business achievements and so, you know, the first  
4 recommendation I want to talk about is on the screen, is  
5 really putting together a market research tool that can  
6 help the acquisition community understand what resources  
7 are available to find veteran-owned businesses to do  
8 business with, also to understand the acquisition tools  
9 that are available in the set-aside and the sole source  
10 authority, as well as to understand the certification  
11 rules out there, those that apply to our agencies and  
12 those that are specific to the Department of Veterans  
13 Affairs, for example.

14           So what we have been learning in this process is  
15 that there are many misconceptions out there in the  
16 acquisition community. Some are not even aware of the  
17 set-aside tool that's available, some are much more  
18 familiar, for example, with the 8(a) set-aside because it  
19 has been in place longer. It is certified by the SBA and  
20 so there's at least among my agency at GSA more of an  
21 understanding of the 8(a) program than the SDBOC set-aside  
22 program and so we've taken that on as a large internal

1 education opportunity and we think that this market  
2 research tool that we've helped put together can really  
3 help not only GSA but also across the acquisition  
4 community and other agencies and so we've already seen  
5 that tool that we've put together help increase education,  
6 answer some of the questions out there, and address some  
7 of the misconceptions out there among the acquisition  
8 community.

9           Next. This is really about just tracking the  
10 veteran-owned small business achievements. We can do that  
11 in the system that exists in the federal procurement  
12 database system, the official record of all contracts  
13 awarded, and while it's not a specific statutory goal, it  
14 is something that agencies can easily track to better  
15 understand what are the dollars that are going to not only  
16 those firms that are owned by service-disabled veterans  
17 but also more generally those that are owned by veterans.

18           So we've begun to track that internally within  
19 our agency and this is something that we are recommending  
20 that government-wide agencies track, you know, as we know  
21 what gets measured gets done, so a way to increase  
22 visibility and accountability in that area.

1           Third. We are increasing our collaboration with  
2 the veteran service organizations. I see many, you know,  
3 represented here today, but the point here really is we  
4 are, as I mentioned, doing a lot of internal education  
5 among the acquisition community, those who are making  
6 buying decisions.

7           We also need continued collaboration and support  
8 from the veteran service organizations to help get the  
9 word out about upcoming procurements. You know, the more  
10 that veteran firms are responding to sources sought  
11 notices and requests for information and this is not  
12 anything new, many of you know this, but we really are  
13 again and again seeing that barrier even within our own  
14 agency of why we can't set things aside. Well, because  
15 we're not getting the response from the business community  
16 that we need to be able to demonstrate that projects  
17 should be set aside for service-disabled veteran firms.  
18 So we really are looking for a continued partnership in  
19 that area.

20           So with that, I'll hand it over to Linda to talk  
21 about the relationship.

22           MS. OLIVER: Thank you. Now I have a soft

1 voice, so you have to tell me if you can't hear me.

2           The last two topics that JiYoung and I wanted to  
3 talk to you about both involve asking you for something.  
4 You know, this is supposed to be, the purpose of this  
5 meeting is to get your input and be right now or later  
6 about are we heading in the right direction and what do we  
7 need from you in order to be more effective.

8           So the fourth topic that we wanted to -- which  
9 we need, from which we need input is to put together a  
10 video which would be useful at conferences, that sort of  
11 thing, and what I really need from you is what is it in  
12 your experience, what do veterans and service-disabled  
13 veterans particularly need to know about.

14           I mean, we can put together a video, but we'd so  
15 much prefer to have be one that was of some value and so  
16 anything you can tell me today or tell us today or if you  
17 will send us e-mails, and I'll give you the e-mail  
18 address, at least some you can use, in just a moment, we'd  
19 really like to have that information because knowing what  
20 you need is really a more important problem than what  
21 we're going to put together a video of some sort.

22           MS. JOHNS: Did you want to get that input now?

1 MS. OLIVER: We could. What is it?

2 MS. JOHNS: If any members of the public would  
3 like to offer a comment now, I think we can take a few  
4 minutes to solicit those. If anyone would care to make a  
5 suggestion?

6 MR. STERLING: Jeff Sterling from the Army G1  
7 and one of the tasks that I'm working on is exactly --  
8 it's actually for me it's a Lean Sigma Project and I was  
9 just this last week, just yesterday, I was down at Ft.  
10 Bragg and looking at their Transition Center. They're  
11 doing great things there. That would be a great start if  
12 you want to make a video, is going down there, and I could  
13 give you the point of contact. His name is Bill McMillan,  
14 and I've been talking with him and working with him on my  
15 project.

16 As an example, things that they're doing, they  
17 actually have a -- now they're calling it an incubator.  
18 They're working with the disabled soldiers as they're  
19 transitioning out. They're doing things, building  
20 computers and have donations and what it is is they're  
21 giving them a skill set before they venture -- you know,  
22 they're building computers and there's a waiting list.

1 They market it. The word is getting out, soldiers love  
2 it. By putting together a computer, now they're getting  
3 into a surety programming and now they're eventually going  
4 to venture into graphics designs, you know, for gaming,  
5 and I was just down there, like I said, yesterday and I  
6 was talking to the couple of soldiers and one of them said  
7 I want to start my own business.

8           So what they're doing is getting that skill set.  
9 Then the next step is what is the mechanics, what do I  
10 actually need to do to work with it. Now there's N.C.  
11 State that is working very closely with the Transition  
12 Center at Ft. Bragg and so that would be a great start, to  
13 reach down there and talk to them. Like I said, I spent  
14 two days with them and talking about the skill sets and I  
15 even would talk to a couple people from the State of North  
16 Carolina and they were very anxious. You know, they're  
17 being self-interest in that. They recognize it and they  
18 want to capture the business of veterans and capture it  
19 and keep veterans employed because they want that economic  
20 activity in North Carolina.

21           So they're looking at vocational training as a  
22 gateway to be an entrepreneur. So it's very robust and

1 maybe it's just fortuitous that I was down there and  
2 looking at my project and you're asking that question.  
3 That would be a great, great place to start.

4 MS. JOHNS: Okay. Thank you.

5 MS. ASHE: I'll be presenting later on, but I  
6 was going to ask Bill if this is the good opportunity to  
7 just present the Veteran Institute Procurement since it's  
8 about winning federal procurements or would you rather I -  
9 -

10 MS. JOHNS: Well, since you're on the agenda for  
11 later, --

12 MS. ASHE: It directly addresses -- that's all.

13 MS. JOHNS: Okay. All right. No. Linda will  
14 be here at that time, but we'll look forward to hearing  
15 from you.

16 MS. ASHE: Okay. Thank you.

17 MS. JOHNS: Anyone else who's not on the agenda  
18 who wants to address this specific question now?

19 MR. COTTON: I'll throw a recommendation out  
20 there.

21 MS. JOHNS: Your name, please?

22 MR. COTTON: My name's Walter Cotton with the

1 American Legion's Small Business Task Force and a couple  
2 of other things.

3           But one of the things that is intangible  
4 consideration is to ensure that the video starts with an  
5 effort towards reshaping the paradigm that the veteran or  
6 prospective veteran business owner may be operating from  
7 because a lot of them hear the horror stories of disabled  
8 veterans that, you know, tried to start a small business,  
9 you know, ran into the engine that is federal contracting  
10 and just gave up.

11           So adding at the outset of this video that  
12 paradigm shifting message that produces the better  
13 believable dream about contracting with the Federal  
14 Government and the reality of the opportunities that are  
15 available might be a helpful suggestion or piece of  
16 advice.

17           MS. JOHNS: Okay. Thank you. Okay. So we'll  
18 go on.

19           MS. OLIVER: On to the last of our five  
20 initiatives, the Department of Defense looked at service  
21 to disabled veteran-owned small businesses, where they  
22 were and what they did, about three or four years ago. It

1 was a discouraging report, didn't make us happy, didn't  
2 make anybody very happy because what we found was there  
3 weren't enough service-disabled veteran-owned small  
4 businesses selling what we buy. That was sort of  
5 mathematically impossible for us to get up to three  
6 percent.

7           We think that there has been enough development  
8 in these small businesses now that we need to take another  
9 look at it and so this is sort of an under -- you have to  
10 have one organization to contract with and that's going to  
11 be my office at the Department of Defense, but Marie and  
12 JiYoung and I all talked about this and we decided we  
13 should try and approach this study government-wide as  
14 opposed to particularly to the Department of Defense. So  
15 that's what we're going to do.

16           We have scraped together the money to have the  
17 study done. We have found what we believe is an  
18 absolutely unbiased knowledgeable contractor which is RAND  
19 which is a federally-funded research and development  
20 center. We are this close to having the whole thing  
21 wrapped up in terms of, yes, they will do the study. Yes,  
22 we have the money.

1           You can see from the slide that there are some  
2 holes, however. RAND, with the help of our office, can do  
3 the analysis of what the Department of Defense is buying  
4 right down to the product service because it makes those.

5       We can do an analysis of the companies that we're doing  
6 business with that are veteran-owned and service-disabled  
7 veteran-owned, but we need really to do more than that.

8           We need to figure out where the problems are  
9 because understand it's more than a supply and demand  
10 problem. I'm sure of that. If we can better understand  
11 the problems, we should be able to attack those problems  
12 and that's really what we propose with this fifth  
13 initiative.

14           Here, though, is particularly a place where we  
15 need your help. RAND tells us that if we're going to have  
16 -- if we're going to get the maximum usefulness out of  
17 this product, we have to find veterans and service-  
18 disabled veterans who will speak candidly with RAND. So  
19 that is a particular area where we need help. We've  
20 gathered a bunch of people who say they would like to --  
21 they would take the time to discuss the problems with  
22 RAND. We've been to two different veteran conferences and

1 some of you may have talked to some of us to gather names,  
2 but it isn't as many as we need. We want to continue to  
3 work with veteran organizations to have them to have the  
4 veterans, and especially the service-disabled veteran  
5 organizations, talk to RAND.

6           So if you will -- I want to give you two e-mail  
7 addresses for the Department of Defense that we can funnel  
8 to RAND and if you sent your e-mail address or your  
9 contact information to anybody on this committee, they  
10 would get it to us, but the person in the Department of  
11 Defense who is the contracting officer representative,  
12 will be the contracting officer representative on this  
13 matter is a man named Paul Simkins. His address is paul,  
14 P-a-u-l, .s-i-m-k-i-n-s@osd, for the Office of Secretary  
15 of Defense, .mil.

16           MS. O'HERRIN: Can you repeat his name?

17           MS. OLIVER: Yes, I will. It's Paul Simkins,  
18 P-a-u-l.S-i-m-k-i-n-s@O-S-D.mil.

19           If you are willing -- and my address is Linda,  
20 L-i-n-d-a- .oliver, O-l-i-v-e-r, @osd.mil. In other word,  
21 the convention for us is first name dot last name  
22 @osd.mil.

1           RAND will, I promise you and I've worked with  
2 these people a lot of times, they will maintain your  
3 anonymity. We need to have you be as candid with us as  
4 you comfortably can and I think that's my two things.

5           Questions?

6           MS. JOHNS: Okay. Thank you, Linda. And thank  
7 you, JiYoung.

8           Yes, sir? I'm sorry. Good morning. Welcome.

9           MR. WEIDMAN: Good morning, Ms. Johns. Linda,  
10 I'd just like to point out that the Advocate's Office for  
11 Small Business has done several excellent studies and  
12 belies the contention that there is not the organizational  
13 capacity within the veteran-owned and service-disabled  
14 veteran-owned business community to meet many of the  
15 procurement needs of DoD or any other Federal Government.

16           The impediments mostly have to do with folks not  
17 being open to it and it has to do with both the large  
18 contractors of DoD and the various services not enforcing  
19 the three percent subcontracting rule right across the  
20 board in such places as at Ft. Monmouth which is now  
21 moving to Edgewood Arsenal.

22           The OSDBU people wouldn't even meet with the

1 service-disabled vets because they were too busy doing the  
2 restructuring and moving to Edgewood but as soon as that's  
3 done, they said they would meet with the service-disabled  
4 vets. Well, who the heck wants to meet with them after  
5 all the work has moved?

6           So it is -- and we had brought it to the  
7 attention of Ms. Pinson repeatedly and nothing was done  
8 about it. The military is one of the few places within  
9 our government where if the uniforms say by God you will,  
10 then it will happen. The Marines are better than any of  
11 the other services when it comes to the Transition  
12 Assistance Program and why is that? It's because the  
13 Commandant said by God you will and put it in the officer  
14 efficiency reports of the commanders.

15           So everybody gets it and they test the young  
16 people about whether or not they got the material and  
17 absorbed it and assimilated it and that needs to happen  
18 right across the board and the same thing was true when it  
19 comes to meeting the three percent and three percent goals  
20 right across the board.

21           Incidentally, the Advocate Study that I referred  
22 to should be a base document for RAND or anybody else

1 studying this because it showed that there were more than  
2 21 million veteran-owned businesses in this country in a  
3 full range of SIC codes right across the board. So with  
4 the exception of aircraft carriers, our guys make about  
5 everything one can imagine.

6           So I would encourage you to consult with the  
7 Advocate's Office and not just that study but to reach out  
8 to them because they have more experience than anyone else  
9 in the Federal Government about studying the  
10 organizational capacity of service-disabled and veteran-  
11 owned businesses.

12           Thank you.

13           MS. JOHNS: Thank you. We'll surely do that.

14           MS. OLIVER: Thank you.

15           MS. JOHNS: All right. Again, thank you,  
16 JiYoung, and thank you, Linda.

17           Okay. Moving on to our subcommittee regarding  
18 our certification process, Tom Leney unfortunately had a  
19 conflict today but we're delighted that Beth Torres is  
20 here from VA.

21

22

//

1                   Increase Integrity of Certifications

2                   MS. TORRES: Good morning. I have a couple  
3 things to add to what is there.

4                   Right now it says that the proposal obviously  
5 here requires legislation to change the verification to  
6 being government-wide. VA is trying to be very proactive  
7 about that. We're refining our process for the  
8 verification currently and we are getting ready to launch  
9 an entirely new VIP database that's built on a whole new  
10 platform and that is due to launch on October 3rd.

11                  And additionally, I wanted to bring up Bill  
12 S.633 that unanimously passed the Senate yesterday and is  
13 now referred to the House Small Business Committee and  
14 that, in essence, is the government-wide verification  
15 bill.

16                  Now VA agrees in principle that VA should be the  
17 executive agency but we do believe that all agencies do  
18 need to pay their fair share of the costs that would be  
19 incurred and as part of this we would have to be  
20 establishing interagency agreements on both how to  
21 negotiate the payment as well as the process protocols.

22                  The bill also includes provisions that CCR and

1 VIP must be linked and this is something that we have been  
2 thinking about and trying to get done for some time. So  
3 we definitely support that and those are the big things  
4 that we have.

5 MS. JOHNS: All right. Any questions?

6 MR. WEIDMAN: I should have identified myself  
7 earlier. Rick Weidman, Vietnam Veterans of America,  
8 Chairman of the Veterans Entrepreneurship Task Force.

9 We met with Senator Snowe's staff yesterday  
10 afternoon. They did not consult anybody in the veterans  
11 community on that bill and we had set up that meeting  
12 specifically to talk about this legislation that we had  
13 heard about and felt a little blind-sided because that  
14 thing passed on Wednesday night late on unanimous consent  
15 and so we met with Mr. Graves, senior counsel, till well  
16 into the evening. That bill is not going to go anywhere  
17 for a variety of reasons.

18 Among other things, it modifies and throws out  
19 surviving spouses and the spouses of a 100 percent  
20 permanently and totally disabled vets. That's just for  
21 starters. Secondly is we would, on behalf of VET-Force  
22 and VVA, I will say that it is not going swimmingly in

1 terms of the verification process.

2           One example of that is Scott Deniston, who is  
3 the original director of CBE, it took him two years to the  
4 day to get certified as a veteran-owned business. This is  
5 not a process that is working well. It is bureaucratic  
6 nightmare run amok and of the 2,300 that have -- they have  
7 refused to verify, our guess is about 2,100 of them are  
8 legitimate service-disabled veterans and for the picayune  
9 reasons they have not been verified.

10           As an example, limited liability corporations  
11 are being turned down. Most states you have to have three  
12 people in the board of directors. So if Ms. Johns is the  
13 owner of the business and both Linda and I work for her,  
14 she puts us on the board in order to get the three,  
15 obviously she's got a 100 percent of the stock. If we  
16 vote against her, she fires us. She is in control of the  
17 business, but CBE is turning people down.

18           What we need here is several things. Number 1  
19 is, and we've tried to talk to Tom about it, we've tried  
20 to talk to Scott Gould, Deputy Secretary. We've tried to  
21 John Gingrich and I've talked directly to the Secretary.  
22 The Secretary told me two weeks ago at breakfast that he

1 recognizes that this process has gone too far.

2           In all of this, in a year and a half, you  
3 haven't caught one crook. You haven't caught one crook  
4 and that I know of. There's one person in Missouri but  
5 that was another SDVOB who blew the whistle on them and I  
6 saw a news item yesterday where there's somebody who  
7 settled with NASA but other than that, the contention of  
8 the IG that three out of four veteran contracts are going  
9 to non-veterans, we believe, is utter nonsense.

10           What you have done is knocked a lot of  
11 legitimately service-disabled veteran-owned businesses out  
12 of business, all the way from Detroit, which is where 47  
13 veterans worked for Trilicorp Corporation is now out of  
14 business and they're reorganizing in Florida but Detroit,  
15 which desperately needs jobs, those service-disabled vets  
16 are out of luck.

17           So it is not fulfilling the congressional intent  
18 and is not fulfilling the intent of the veteran community  
19 when we ask for help to do away with rent-a-vets and  
20 hopefully Tom Leney and others will start to bring some  
21 sanity back into this process and some alacrity.

22           Let me give you another example about why this

1 isn't working and why it should not be in its current form  
2 extended government-wide.

3 I would refer to the case of a woman who is a  
4 former Marine officer who's on the Executive Committee of  
5 VET-Force and she had been verified before and they  
6 decided not to verify her because she has irrevocable  
7 trust for her two children who have significant disability  
8 problems, learning disability problems. It's irrevocable  
9 trust.

10 The regulations allow for that. In case of her  
11 death, when it would cease to be a service-disabled  
12 veteran-owned business, all the assets go to them and she  
13 needs to do that to protect those children who are, while  
14 chronologically old, are still immature and cannot take  
15 care of themselves and they rejected her because of that.

16 They said she wasn't in control of the business and she  
17 has brought it to the attention of Tom Leney. She has  
18 brought it to the attention of Chuck Southern, etcetera,  
19 etcetera, and despite that, they tell her she can reapply  
20 in six months.

21 In six months, Lisa is going to be out of  
22 business. She has an ongoing successful business that's

1 been in existence for 15 years. This is the kind of thing  
2 that needs to get straightened out before VA can run  
3 around trumpeting that this thing is working and working  
4 well because it is not working well in fulfilling its  
5 purposes which is protecting the legitimate service-  
6 disabled veteran-owned businesses and so before this  
7 committee makes any recommendations, I would strongly urge  
8 you to take everything with a grain of salt, Number 1,  
9 and, Number 2, we can talk further about this but suffice  
10 it to say that we're convinced at this point that Mr.  
11 Graves is going to move to correct problems with the  
12 Senate legislation and do it in a more sensible fashion,  
13 Number 1. Number 2 is to provide the resources  
14 to make sure that VA can do it right and that's only when  
15 they get the process straightened out because it is not  
16 straightened out from our point of view from the data of  
17 the veterans business community nor of the major veterans  
18 service organizations at this time.

19 I want to get that on the record before people  
20 proceed on the assumption that it's working well because  
21 it's not working well.

22 Thank you.

1 MS. JOHNS: Thank you. All right. Moving on,  
2 Matthew, welcome.

3 Reducing Administrative Burdens

4 MR. BLUM: Thank you. I'm going to do the  
5 second recommendation first.

6 MS. JOHNS: As you like.

7 MR. BLUM: That one deals with -- talked about  
8 the opportunities that Executive Order 13563 provides.  
9 This Executive Order required agencies to consider how  
10 best to promote retrospective analyses of their  
11 regulations, looking for opportunities for rules that may  
12 be obsolete, unnecessary, unjustified, burdensome,  
13 counterproductive, or just simply opportunities where a  
14 rule may accomplish some benefit but there was a much  
15 greater benefit that could be achieved, and I don't want  
16 to underscore that -- can't emphasize that enough.

17 Six or eight months ago, when Linda Oliver  
18 called me, she mentioned that the Department of Defense  
19 was looking at their implementation of the Prompt Payment  
20 Act and had noticed that their rules with respect to  
21 accelerated payments for small businesses only focused on  
22 small disadvantaged businesses and while it's important

1 for DBs to be able to get accelerated payments, there was  
2 no -- nobody could think of any reason why this shouldn't  
3 be expanded to all small businesses.

4           And you know the rest of the story. DoD did act  
5 in terms of changing its regulations and that got the  
6 entire community thinking, including the Director of OMB  
7 and many others, and last week we issued guidance that  
8 will be used as the basis for all agencies, to the maximum  
9 extend practicable, pushing accelerated payments for small  
10 businesses with a goal of 15 days which can be a very  
11 significant improvement and also very important in these  
12 economic times.

13           And in that regard, we know with respect to the  
14 Jobs Act, there are a number of regulatory changes that  
15 will be coming down the pike, not just for service-  
16 disabled veteran-owned small businesses and veteran-owned  
17 small businesses but all of them that certainly can  
18 benefit this community, and I think the fact that we have  
19 this task force and we have great good representatives  
20 from folks that are very focused on these issues gives us  
21 an opportunity as these rules are coming out to make sure  
22 that your input is being considered and we're at the part

1 of the process where we're having some very significant  
2 rules coming out, both in terms of set-asides and  
3 subcontracting, to name just two.

4           And the set-asides, in particular, as you know,  
5 the Jobs Act made clarification that doing set-asides at  
6 the order level would be authorized and this includes the  
7 GSA Schedules and use of partial set-asides but we think  
8 there's also opportunities, even at the contract level, to  
9 clarify some of our existing rules in terms of how set-  
10 asides are used and all of these are opportunities, as  
11 these rules are proposed, to make sure that your input is  
12 considered in a timely manner.

13           Much of this is included in the retrospective  
14 plan that the Federal Acquisition Regulatory Council  
15 issued, but I would note that there are other plans, for  
16 example, SBA's retrospective plan, that made a commitment  
17 to look at the implications of potentially developing and  
18 implementing a single certification process for common  
19 information collected amongst your programs that I think  
20 is going to be very important for this community to be  
21 watching and for all small businesses.

22           So I think in the coming months that you will

1 see a number of -- since this group will be reaching out  
2 to you for some specific input as we move forward.

3           The other recommendation that we have been  
4 focusing on, as you know, is essentially finding ways to  
5 improve veterans' access to federal information on  
6 entrepreneurship resources. When we have talked in the  
7 past, we've talked in the concept of setting up a single  
8 portal or a first stop or a one stop.

9           There are actually two very important  
10 developments that I think that promise to help veterans  
11 and other small businesses to gain access to resources  
12 that have occurred since the last time we have convened.  
13 One was the announcement that the President made as part  
14 of his discussion of the American Jobs Act and involves  
15 the creation of a new portal that's going to be known as  
16 Business USA that will be designed to get input from the  
17 user community, basic information about veterans'  
18 businesses and the types of assistance that you are  
19 seeking, so that you can, when you're looking and going  
20 through federal resources on the Web, be able to do  
21 customized interactions and receiving the information that  
22 you want in the format you want it.

1           The second initiative is, which was announced  
2 this summer, is the dot gov reform which was designed to  
3 ensure that the public is accessing the content that is  
4 accurate and up-to-date, written in plain language and  
5 doesn't duplicate other content.

6           On this one, we have started an effort to work  
7 with some of our OBDBUs and small business directors to  
8 bring, if you will, a greater common look and feel to the  
9 websites that the various OSDBU offices match. There's  
10 lots of good information but we also know that there's  
11 some very basic information that small businesses  
12 regularly seek out from every agency, whether it's annual  
13 forecasting of contracting opportunities, information on  
14 mentor protégée programs and there's been an increased  
15 interest in that with respect to -- as a result of the  
16 Jobs Act, and just basic information about doing business  
17 with the agency.

18           We are looking to working towards issuing some  
19 guidance to the CAOs and CIOs and our OSDBUs to help in  
20 facilitating this greater common look and feel amongst  
21 those websites.

22           Before I conclude, with your permission, Marie,

1 I would like to yield five minutes of my time to a  
2 colleague of my, Dominick Sale, who is with OMB's E-Gov  
3 and IT Office and is leading efforts, one of these efforts  
4 that I just mentioned in terms of how we're going to  
5 improve the use of technology and how that might  
6 facilitate the benefits for small business.

7 MS. JOHNS: Welcome. Please go to the mike.

8 MR. SALE: Thank you for your time, Madam Chair.

9 I think Matthew laid it out pretty well. We have -- the  
10 President has announced and there's going to be this  
11 capability to better serve businesses, called Business  
12 USA. It'll be an online capability.

13 We're looking at a launch, an initial launch  
14 some time within the next 90-day period, once the  
15 announcement is made publicly. So part of what we're  
16 doing now in our early efforts, and I'm going to kind of  
17 parse my words because I don't want to over-commit here,  
18 but we do have -- I have Pat Kirwin here from the  
19 Department of Commerce who heads our Customer Segmentation  
20 Team.

21 So one of the ideas, the approach we're going to  
22 take to avoid boiling the ocean at the beginning within

1 the first 90 days is going to be establishing a set of  
2 customer segment profiles to kind of narrow the scope of  
3 the information we're going to push out to the public.

4           So I heard, you know, Matthew and I are in  
5 adjoining offices. There's a lot of synergies going on  
6 right now, a lot of efforts to improve interactions with  
7 small businesses, with the veterans. We have identified  
8 this internally as somewhere where we have a lot of  
9 overlap. So we've been in discussions about creating a  
10 veteran small business profile that would be particularly  
11 targeted toward small business and the veteran-owned small  
12 businesses or people or veterans wanting to start small  
13 businesses.

14           So I don't want to commit to having established  
15 this at this point. I can't commit. The President may be  
16 able to commit to this but it's not my role. But Matthew  
17 and I will continue to discuss with Pat and the greater  
18 team as an interagency task force we have at this point  
19 about the possibility of establishing this as one of our  
20 early profiles.

21           Nonetheless, regardless of whether we establish  
22 an early profile just targeted to veteran-owned

1 businesses, there will be a capability that targets small  
2 businesses in general that will inevitably positively  
3 impact veteran-owned and veteran entrepreneurs.

4           So regardless of whether we start with that  
5 specific profile or implement it later on, veteran-owned  
6 businesses, we feel very strongly will benefit from this  
7 Business USA platform.

8           So are there any questions?

9           MR. BLUM: Can I just mention what Dominick was  
10 talking about in terms of the platform? We plan to,  
11 within the next two to three weeks, set up a focus group  
12 and will be reaching out to organizations that you all  
13 represent in order to get input and feedback and I'm  
14 hoping that Pat and Dominick will both be able to  
15 participate as we start this customer segmentation because  
16 it's very similar to what we were talking about earlier  
17 with Linda.

18           You know, it's easy for us to, you know, kind of  
19 in our ivory tower try to think this up. It's going to be  
20 a much more productive exercise and dialogue if we're able  
21 to get your input as to what information do you need that  
22 you have the most trouble finding and what websites do you

1 find most helpful and why and which websites would you  
2 like to see improve? What is the information that you  
3 need the most?

4           So we will be working with Dan to make sure that  
5 through this site we can get information out for this  
6 focus group.

7           MS. JOHNS: Very well. Thank you, Matthew.  
8 Thank you, Dominick.

9           And if anyone would like to make your wishes  
10 known now to be a part of this feedback process, please  
11 indicate so we can make sure that Matthew and Dominick  
12 have that information.

13           MR. SALE: Thank you for your time.

14           MS. JOHNS: Thank you. Thank you very much,  
15 Matthew.

16           All right. Moving on, our Training and  
17 Counseling Subcommittee. Welcome, Joe Mullins, to your  
18 first Interagency Task Force meeting. We're glad to have  
19 you representing the Department of Labor and, of course,  
20 Elizabeth O'Herrin. Proceed as you like to. Elizabeth,  
21 you're going first.

22

//

1                                    Training and Counseling

2                    MS. O'HERRIN: All right. Good morning,  
3 everyone. I'm going to speak to one component of our  
4 recommendations and then Joe's going to tackle the other  
5 part of it.

6                    So over the course of the past year, our  
7 subcommittee has conducted upwards of 25, I'm going to  
8 call them, interviews but really they're lengthy  
9 conversations with a wide variety of stakeholders, mainly  
10 veterans small business owners, both service-connected  
11 disabled small business owners and veteran business  
12 owners.

13                   We've also talked with, you know, directors of  
14 PTACs, directors of veteran business outreach centers. So  
15 we really talked to a wide variety of people who are  
16 dealing with training, mentorship, counseling, issues  
17 within veteran small business ownership, and there's a  
18 common thread through all of it and that is there is no  
19 standardized training, standardized help that veterans can  
20 go to when they're trying to move from an idea to a small  
21 business.

22                   They go all over the place and it's largely

1 through word of mouth and so ultimately, you know, what we  
2 landed on is there needs to be a community-based  
3 public/private resource that's standardized and so that's  
4 kind of the big gold mine recommendation that our  
5 subcommittee came up with.

6 I don't think that's incredibly profound but I do think  
7 it's very necessary and it's not happening right now.

8 I think there's a number of ways, you know, we  
9 can kind of go about addressing this problem. Many of us  
10 are familiar with the EBV Program, Entrepreneurship Boot  
11 Camp for Veterans, which is very successful and has -- I  
12 only heard positive things from veterans who have both  
13 gone through it and who want to go through it, but in  
14 reality it reaches a limited number of veterans and their  
15 service-connected disabled veterans. So there's a pool of  
16 people that we're missing with this program, a very large  
17 pool.

18 So the issue that we're struggling with is how  
19 do we take this great private sector model and scale it up  
20 to reach hundreds of thousands of other veterans or how do  
21 we take other best practices out there that we haven't  
22 discovered yet and scale those up, as well?

1           I think there are a number of ways that we can  
2 do this. We can work with scaling up the EBV Program. We  
3 can create a competitive grant process that will help  
4 stimulate local efforts which is what veterans need. What  
5 veterans do not need is another one stop shop website.  
6 What they need is personal assistance, I believe, within  
7 their communities and I think another way we can go about  
8 addressing that is establishing potentially regional  
9 coordinators that can help bring together some of these  
10 resources in a way that makes sense to veterans and help  
11 them kind of distil some of the mysteries surrounding all  
12 the things that are associated with starting up a small  
13 business.

14           I think we can also look at more innovative ways  
15 of tapping into active military branches and Guard and  
16 Reserve. The best way to make a successful veteran is to  
17 start while they're still in the military. So I think  
18 that's another option that we are looking at.

19           So I guess, you know, in sum, it really goes  
20 back to community-based outreach and the resources are out  
21 there. You know, we have small business development  
22 centers, all of the SBA resource partners, but what we

1 need to do is make them more standardized, bring them up  
2 to date a bit more, and get the word out to veterans.

3 MS. JOHNS: Okay. Thank you, Elizabeth.

4 MR. MULLINS: Good morning. Thank you for  
5 allowing me to speak today on behalf of DOL Vets. My name  
6 is Joe Mullins.

7 So I want to talk a little bit about the second  
8 recommendation we have which is the redesign of TAP and I  
9 think a lot of you are familiar with this program.

10 MS. JOHNS: Can everyone hear?

11 MR. MULLINS: Sorry about that. So I want to  
12 talk about the redesign of TAP which I think a lot of you  
13 are familiar with at this time and I'll give you a quick  
14 update of where we are with that as well as how it affects  
15 this task force.

16 First and foremost, TAP redesign is well  
17 underway. The curriculum will be released by Veterans Day  
18 of this year and then there will be some form of phased  
19 implementation throughout the field.

20 That said, our two-and-a-half-day workshop that  
21 we conduct through the DOL portion of TAP should be much  
22 more up-to-date and relevant. There is, and I'm happy to

1 say this, especially in this task force, there is an  
2 entrepreneurial track that you can participate in that  
3 allows the individual service member who is transitioning  
4 to get an introduction to owning their own business and  
5 then from there they would get points of contact where  
6 they can contact SBA and other resources that are  
7 available to them.

8           The big thing we're looking at is, as we  
9 implement it, we're going to start at a few installations  
10 of all the services and then we're going to gradually  
11 phase it into all the installations and continue to refine  
12 it to make sure it's the best product we can provide in  
13 today's job market and with today's current economic  
14 conditions.

15           That's all I have. If there's any questions, be  
16 happy to take them.

17           MS. JOHNS: Okay. Thank you, Joe. Any  
18 questions, comments? Mr. Weidman?

19           MR. WEIDMAN: Just one question.

20           MS. JOHNS: To the mike, please.

21           MR. WEIDMAN: Yes, ma'am.

22           MS. JOHNS: Thank you.

1           MR. WEIDMAN: It was supposed to be rolled out  
2 by Veterans Day. Is that deadline going to be met or do  
3 you know?

4           MR. MULLINS: Well, the curriculum's going to be  
5 rolled out by Veterans Day.

6           MR. WEIDMAN: Okay.

7           MR. MULLINS: Then we have to do the phased  
8 implementation with DoD and so we can't just push it out  
9 there. There's still a train the trainer aspect of it and  
10 ensuring the instructors are aware and fully trained on  
11 the new topics.

12           MR. WEIDMAN: May I ask you one additional  
13 question and that is, it was very catch-as-catch-can in  
14 the past. Initially, when the TAP Program was started, it  
15 came out of the veterans service organization community  
16 initially, the impetus.

17           The VSOs were significantly involved and over  
18 time that waned and is there a component to get all of the  
19 veteran service organizations and veteran organizations,  
20 ranging from the American Legion to Student Veterans of  
21 America, involved where they have personnel who can  
22 participate?

1           MR. MULLINS: I do not know that exact answer  
2 right now, Rick. I can get that for you and be happy to  
3 speak to you offline off that.

4           MR. WEIDMAN: If you'd be so kind.

5           MR. MULLINS: Absolutely. What I do want to  
6 emphasize, though, is, you know, we are still committed  
7 and will be having a stakeholder meeting here in the near  
8 future to provide more detailed updates on the initiatives  
9 programs going on inside of Vets, specifically TAP, as one  
10 of the main topics, obviously.

11          MR. WEIDMAN: Great. If our folks know and  
12 there's somebody that they can link up with, link the  
13 individual veteran up in their hometown or on the campus  
14 that they're going to, makes all the difference in the  
15 world as to whether that individual is going to really be  
16 able to take advantage of all those services because  
17 there's somebody who's experienced at helping them access  
18 it and things that they might forget or they just don't  
19 know how to pierce the bureaucracy.

20          MR. MULLINS: Right. Agreed. We definitely  
21 agree. I mean, the VSOs have always been a huge asset to  
22 us for local outreach. So we want to definitely continue

1 that, especially with TAP and small business  
2 opportunities.

3 MR. WEIDMAN: And the good news is we don't cost  
4 you any money.

5 MR. MULLINS: Exactly. We like that. Thank  
6 you.

7 MS. JOHNS: Any other questions?

8 (No response.)

9 MS. JOHNS: Okay. Thank you, Joe. Thank you,  
10 Elizabeth.

11 And last but certainly not least, Jim Wilfong  
12 will report on the Improving Federal Support Subcommittee.

13 Improving Federal Support

14 MR. WILFONG: Yes. Thank you, Madam Chair.  
15 Thank you.

16 As some of you may remember, we kind of saw  
17 ourselves as being in the position to recommend things  
18 that might get forgotten that we thought were important  
19 across the wide spectrum of working group interests and we  
20 started out with a dozen to 15 pages of recommendations  
21 which we have narrowed down because obviously some of  
22 these recommendations were picked up by the various

1 committees and other organizations across Washington that  
2 are currently working on things and we didn't want to be  
3 terribly redundant on this.

4           We had a very big interest in education and  
5 Elizabeth and her group are doing a really good job and we  
6 have been especially supportive of not only the boot camp  
7 which we think is a very good project and has worked very  
8 well but we have been very supportive of the idea that it  
9 really needs to be broad-based so that it can be scaled to  
10 include a lot of folks.

11           One thing that I might just comment on, on this  
12 type of education because for those who might discount a  
13 45-hour course, complete with technical assistance and so  
14 forth, what the Kauffman Foundation found out through  
15 teaching these courses across the United States is that  
16 after a business had taken this course, five years after  
17 they had taken it, 87 percent of them were still in  
18 business. That is a really big number versus 40 percent  
19 that don't take it.

20           So I might add that 77 percent of that 87  
21 percent were operating profitably. So it's a very  
22 important thing to get it out there, even if you think,

1 well, what can 45 hours be worth and having a community  
2 base that was music to my ears. So thank you, Elizabeth,  
3 and thank you to that working group.

4           The other couple of areas that we have really  
5 also been very interested in has been subcontracting goals  
6 and I understand that there is a working group at very  
7 high levels with OSDBUGs from across the Federal Government  
8 working with the White House on contracting issues,  
9 including subcontracting goals, and so we are going to  
10 watch with interest there because there are some things  
11 that we think could happen with subcontracting goals that  
12 we propose that might be important and they may be taking  
13 that up and so I've been assured that we'll be kept in the  
14 loop.

15           Certification of military skills, however, is  
16 something that worries me a little bit, although I think  
17 something is going on over at the Department of Labor, I'm  
18 not exactly sure, but we do think that that's an important  
19 thing for those veterans who leave the military service  
20 having been electricians in the Navy or plumbers in the  
21 Navy, that there be some recognition of those skills.

22           Now I understand that the states all have

1 different views on how this should be done and so that  
2 that complicates this a great deal and so, believe me,  
3 having been a state legislature, I know how complicated  
4 that could become, but I think it is important for the  
5 Federal Government to at least bring some recognition that  
6 would be recognized by all of the 50 states and  
7 territories, that would provide some recognition and not  
8 just say your five years of being an electrician in the  
9 Navy doesn't count for anything. That's crazy.

10 I know we've been working with VSOs around  
11 Washington. They've been actively involved in this  
12 working group and we know the American Legion, that this  
13 is a very important issue for them, and so if that's not  
14 being done, we are going to pick that up and try to work  
15 with that again, even though we might not have it here  
16 today, but we are interested, the Department of Labor is  
17 in fact doing something significant on that.

18 Now, having said all that, we picked up  
19 something that we didn't start out with but we think is  
20 very important which is to research and direct policy  
21 efforts around current veteran macro economic issues with  
22 analysis of veteran unemployment.

1           I listened to the CEO of the Gallop Poll the  
2 other day and they are doing really some indepth polling.  
3 They're interviewing something like 350,000 people a day  
4 every day across the United States and around the world  
5 and one of the things that they found, which I think is  
6 significant and particularly significant for any American  
7 but particularly important to veterans, and that is for  
8 the first time since they've been doing this type of  
9 polling which has been over decades, they found a new way  
10 Americans are defining the American dream and it's not  
11 around having a house and it's not around being able to  
12 raise a family and so forth. It is having an identity  
13 that is attached to their work, to a job, and that if they  
14 don't have this, that it is a major psychological  
15 impediment to going forward.

16           And so the whole issue of unemployment with  
17 veterans, I think, is a very, very important issue and we  
18 need to look into this and our working group intends to do  
19 this, even though we've come kind of late not to the idea  
20 of unemployment but into looking at this research because  
21 25 percent of 17-to-24-year-old vets are unemployed and it  
22 may even be higher by some estimates and 30 percent of

1 Guard and Reserve.

2           So that's unacceptable, absolutely unacceptable  
3 in our view and I think the view of most Americans that  
4 that is unacceptable and so we want to get some hard  
5 numbers on this, take a look at it in terms of the broad  
6 economics of it and so that's one of the recommendations  
7 that we're working on still.

8           The second recommendation that we have is a  
9 recommendation we feel very strongly about, which is the  
10 GI Bill benefits as a property right. We are owners of  
11 property in this country. Our economic system is a system  
12 of property rights. It is what Thomas Jefferson said was  
13 part of what made a virtuous citizen which was that they  
14 were self-reliant property owners and so, you know, in  
15 every case we understand this is a property right. This  
16 should be a property right for veterans and they should be  
17 able to use it for education or they should be able to use  
18 it to develop a business because many young veterans  
19 especially do not have the equity that older people might  
20 have.

21           They haven't been earning lots of money and so  
22 if they're 25 years old and they want to start a business,

1 they may not have much of a bank account, Number 1, and,  
2 Number 2, when it comes to going for a loan, they don't  
3 have any equity to pledge as collateral and so going back  
4 to that Navy plumber or electrician, if they wanted to do  
5 that, maybe they take this base level of skills with them  
6 from the Federal Government that is given to them for  
7 their work and they go to a technical school and they  
8 still have some money left over having gone to that  
9 technical school and they could use it to buy tools and  
10 supplies and maybe a new truck, so that they could in fact  
11 start this business.

12           So we think it's very important, very, very  
13 important to look at this as a property right but a  
14 property right that goes away if they don't use it. So  
15 it's not an unfunded liability. It's one that goes away.

16           And so we have a series of things that we think  
17 we have to do in order to make this workable. One is we  
18 have to take a look at what is the value of the GI Bill as  
19 it presently stands, what's the value of it, so that we  
20 can decide how much money should be allocated and then  
21 begin to draft a program proposal and implementation plan,  
22 do all of the work that you would normally associate with

1 putting together such a program. So that's our second  
2 one.

3 Our third one goes back to the issue of jobs  
4 once again and finding ways for veterans, not only veteran  
5 small business owners, although we think they'll be people  
6 who will rush to try and implement this, but we are  
7 interested in all small businesses taking an active  
8 interest in trying to find ways to employ veterans and, if  
9 they do that, to give them some advantage if they in fact  
10 hire 35 percent of their workforce as veterans and so we  
11 thought there were maybe a couple of ways to do that.

12 One is to treat them more or less like a HUBZone  
13 in terms of some of the benefits. So if they employ these  
14 35 percent as a baseline and/or more, then they might,  
15 when it comes to federal contracting, be treated with the  
16 same respect that a HUBZone is and, in addition to those,  
17 for those who do not do federal contracting, then we would  
18 have something that is, hearing Don Graves this morning  
19 talk about credits, they're already starting on this whole  
20 idea of providing credits for employing vets and so we  
21 would take a look at what they're doing, see if there's  
22 something that we could do to enhance that but we think

1 that maybe having a tax credit for hiring vets is a very  
2 good way to do it, as well.

3           But one way or another, we need to figure out  
4 how to get veterans back to work and we need to figure out  
5 how to get veterans to start small businesses. They can  
6 be the center -- they can provider the leadership. They  
7 have the skills and they have whatever it is that, you  
8 know, encouraged them to join the military service in the  
9 first place. They have that and they have been  
10 historically very, very important people for developing  
11 American communities right from the beginning.

12           So, then finally, Bill Elmore touched on it a  
13 little bit, that we would pick up the responsibility to  
14 look at using unemployment benefits or UCX authority with  
15 the idea, and this is not a new idea, this goes back to,  
16 you know, the GI Bill in 1944, which allowed those who  
17 were involved in self-employment, as long as they weren't  
18 making over a certain amount, they could use their  
19 unemployment compensation benefits to help them for the  
20 first year of starting their business.

21           And so we really like this idea and we think  
22 it's an idea that will help the Department of Defense

1 which is already spending about \$800 million in  
2 unemployment compensation which has been charged back to  
3 them by the Department of Treasury and which may exceed  
4 more than a billion, some say as much as a billion two,  
5 and so why not, instead of having a young vet who wants to  
6 start a business but doesn't have any money, and could  
7 collect unemployment benefits, why not have them start  
8 this business and have that cash flow help them to get  
9 through some of the most difficult times to begin the  
10 business which, in many cases, with self-employment, it  
11 might be six months to a year and so we think this is a  
12 very good idea and we are going to take on this  
13 responsibility and look after it.

14           So those are the things that we're interested  
15 in. We'll continue to keep our eyes open. If there's  
16 opportunity to do other things that will help veterans to  
17 become small business owners that hasn't been touched on  
18 by other members of the task force, we stand ready to do  
19 it.

20           Thank you.

21           MS. JOHNS: Thank you, Jim. Any comments or  
22 questions for Jim Wilfong and his subcommittee? Thank

1 you, Mr. Weidman. Okay. Thank you, Jim.

2 All right. So now we're at the point for Public  
3 Comment. So as I call your name, you're invited to the  
4 podium and we ask that everyone keep their comments to  
5 about three minutes, please, to make sure we have ample  
6 time to get everyone in.

7 First, I recognize Barbara Ashe who's President  
8 of the Montgomery County Chamber Community Foundation and  
9 the Veteran Institute for Procurement.

10 Welcome, Barbara.

11 Public Comment

12 MS. ASHE: Thank you so much. It's really an  
13 honor to be here and to share with you the Veteran  
14 Institute for Procurement which is the nation's only  
15 nonprofit focused on helping veteran small businesses and  
16 service-disabled veteran businesses win federal  
17 procurements and that's why I was so excited.

18 This speaks directly to obviously the Office of  
19 Small Business Directors and really talking about a  
20 capacity that's already there. We talk about, you know,  
21 starting a business and putting investments in boot camps.  
22 VIP, on average, the businesses have been in business six

1 years and have 10 employees. So we help scale those  
2 employers. So we focus on the employer and not the  
3 employee.

4           It's a three-day very intense training program  
5 with 27 hours and 28 instructors and since the program was  
6 founded in 2009, we have 200 graduates from 20 different  
7 states and we'll be welcoming a class in in a few weeks  
8 and we have veterans from as far away as Hawaii and  
9 Alaska. So this program is working.

10           We surveyed our graduates that were over a year  
11 ago. We feel it takes about a year to be successful in  
12 the federal procurement space. It takes time to do your  
13 business development and those companies, our earliest  
14 graduates, 30 companies added 570 jobs in one year, and  
15 then we asked what percentage of growth did you experience  
16 after your first year of taking the VIP class. On  
17 average, they grew 50 percent after one year.

18           Most importantly, I think, is how many  
19 businesses we might have saved. So we asked a third  
20 question. Was there something you learned in the class  
21 that was impactful to how you do your business in terms of  
22 operations and 85 percent said yes and I will share with

1 you that, as you know, it's a very, very highly-regulated  
2 process. You know, you have to have a certain amount of  
3 intestinal fortitude to be a government contractor and  
4 it's a moving target. The rules change, the regulations  
5 change, the audits change, the requirements change.

6           As you grow, you get into different rule  
7 segments, human resource management. It becomes you have  
8 to be more competitive. So it's not something that you  
9 can go into in one year or two years and think that you're  
10 going to be successful with what you know today three  
11 years from now.

12           So we have actually, I think, saved quite a few  
13 companies and I can think of one in particular. I was  
14 sitting with the gentleman in the class and he didn't look  
15 so good and I was concerned that he might have been having  
16 a health emergency and he said, no, I'm fine, but it  
17 didn't look good and so I said, you know, are you sure?  
18 He said, no, I just need to talk to that instructor when  
19 we're done.

20           It turned out that he had won a contract on  
21 price and he didn't think he should have won it on price  
22 and what he didn't know was that he had never put

1 employees in California on a contract and, as many of you  
2 know, California has very, very aggressive human, you  
3 know, benefits for capital for their employees and he did  
4 not calculate California rates and so he would have lost  
5 money on every hour he billed.

6           So our instructor actually sat with him till  
7 about 2 in the morning and was able to get that contract  
8 down to cost. He had 16 employees at that time. He now  
9 has a little over 300. So I don't know how you measure  
10 that but we do know that there is a lot of capacity out  
11 there in the small business community. We do have --  
12 right now, I have PTACs sending me, you know, where do  
13 they go after they've really graduated from how PTAC or a  
14 score, an SBDC can help them.

15           So what VIP does is really help the veteran  
16 business owner scale and focus on their operations,  
17 controls, intellectual proprietary teaming arrangements,  
18 you know, understanding what they're getting into, what  
19 questions to ask. So what I really need at this point, I  
20 have a waiting list that is over a hundred companies right  
21 now that I can't even get in. I have a waiting list for  
22 this upcoming class.

1           What the 200 companies recognize that have gone  
2 through VIP are in the IT and the services industry. It  
3 is very similar in terms of how you go about capture, how  
4 you do controls, internal accounting, indirect rates.  
5 However, I have over a hundred companies that have been  
6 waiting since 2009 to get into what we are trying to  
7 launch is VIP construction and VIP manufacturing. That  
8 would be a different curriculum, how you would go about  
9 doing your pricing and your controls once again would be  
10 different, your network would be different.

11           We also bring in the customer. Many of you,  
12 Tony has presented. I have a lot of mentor protégées  
13 sending me their protégées as well as I have, as I  
14 mentioned, the PTACs around the country. But I would like  
15 to see us focus in on VIP construction. We know that  
16 industry was impacted tremendously in the last few years.

17       That's an industry that veterans are uniquely qualified  
18 to quickly take those positions and so it just really  
19 breaks my heart that we can't launch VIP construction and  
20 manufacturing. That's another area that I think you'd be  
21 surprised how many veterans have manufacturing businesses.

22           This is really a job creator. We look at the

1 veteran as the employer, not the employee, and we give  
2 them the ability to scale from perhaps 15 employees, 20  
3 employees, 30 employees, to 200. So we actually take the  
4 model of a major prime and we scale it down because that's  
5 basically what they have to do. When they go in to talk  
6 to a prime or to talk to a contracting officer, they  
7 really have to have those skills. They have to have those  
8 kind of operations and that's not something they're  
9 getting from the mentor protégée and that's how we do.

10           We take the processes and bring it down to a  
11 small employer, so that they can actually -- they have to  
12 be, you know, small Lockheed Martins, quite frankly, or  
13 small Northrop Grummans and that's how they have to  
14 operate. They have to go through the same types of  
15 security clearances.

16           So I'm very excited about the program. I think  
17 we could do much more. I could use your help in  
18 identifying the best pathway forward to find a Federal  
19 Government partner, whether it be SBA, VA, Department of  
20 Labor, Department of Defense. I could use a partner so we  
21 can continue the program and also to expand it to other  
22 industries.

1                   And I thank you. Any questions?

2                   MS. JOHNS: Well, thank you. One question I had  
3 was -- yes, thank you for your great work. How does  
4 someone -- it sounds like you have -- you're over-  
5 subscribed, but do people just contact you? Is there a  
6 fee for this service? How does that work?

7                   MS. ASHE: It is 100 percent paid for by the  
8 foundation. The only cost -- we pay for their three  
9 nights at the Bolger Center as well as their instruction  
10 and their meals and they have to pay for their  
11 transportation to the Bolger Center which is about 15  
12 miles from here. So how they have been -- we have no  
13 budget for marketing but how it has worked is I've been  
14 working with many of the OSDBU directors and word of mouth  
15 has been how we have, you know, really gotten all our  
16 applicants. It's [nationalvip.org](http://nationalvip.org). They go online and we  
17 do have four requirements.

18                   You have to be in business a minimum of two  
19 years. We're not going to teach you how to start a  
20 business. We're dealing with capacity that's already  
21 there. We already have programs for how to start a  
22 business. You have to have a minimum of three full-time

1 employees, not 1099s, three employees, because I'm going  
2 to teach you how to manage those employees and how to hire  
3 and how to, you know, keep you out of trouble. So you  
4 don't know that unless you already have employees. And  
5 then the other requirement is that you have to be veteran-  
6 owned. They're hundred percent veteran-owned as well as  
7 you have to be under \$25 million in annual revenue or  
8 fewer than 200 employees and you have to have some  
9 experience on a government contract, either as a sub or as  
10 a prime, because we're going to start much further along  
11 in the conversation.

12           We're going to get you from that one or two  
13 contract to being able to do business with perhaps  
14 multiple agencies or going deeper within an agency.

15           MS. JOHNS: Very well.

16           MR. ELMORE: Barbara, could you touch on sort of  
17 the diversity, not just the race and gender but also the  
18 SBA and other kinds of program participation you have?

19           MS. ASHE: Absolutely. I think many of you  
20 realize that, you know, 20 percent, for example, of our  
21 graduates are women-owned, almost 80 percent are service-  
22 disabled but we do not have that requirement, almost 60

1 percent are 8-A, and 10 percent are HUBZone. So you can  
2 be women-owned, service-disabled, you know, and a HUBZone,  
3 that's 8-A, and as you know, veteran business, small  
4 business owners are the most naturally-diverse out there  
5 and so we have all of it. So the only requirement we have  
6 is that they're veteran-owned but really 73 percent are  
7 service-disabled and 20 percent are women-owned.

8 MS. JOHNS: Any other questions?

9 MS. PARK: Thank you for that information. I  
10 know you're already talking with Tony Island, who's our  
11 mentor protégée manager, but, you know, GSA, as you know,  
12 has a very large construction business. So we'd love to  
13 talk with you about kind of that next step you're looking  
14 into to build out that construction workshop.

15 MS. ASHE: Jack Beecher with the Corps of  
16 Engineers, as well, has helped me out. I've got a  
17 commitment from Jack and from Clarke Construction to help  
18 me with the curriculum. I just don't have the money and  
19 with manufacturing, I'm talking to L3 which is one of the  
20 larger manufacturers out there, is a prime, and trying to  
21 identify partners, as well, to develop the curriculum and  
22 so we're ready to go, if we had the resources, and the

1 program works and so it just, like I said, breaks my heart  
2 that we can't serve all the needs and it's really a job  
3 creator because, as we know, veteran businesses -- as a  
4 matter of fact, we surveyed our 200 graduates.

5           We asked them if they -- because I wanted a real  
6 number as to do -- you know, we say veterans to tend to  
7 hire veterans but, you know, what is that percentage? So  
8 I went to our 200 graduates and I asked them what  
9 percentage of your workforce are veterans? Over 55  
10 percent. What came back was actually another bit of  
11 information. I didn't ask them how many were service-  
12 disabled and they said let me tell you not only do I have  
13 55 percent veteran but I have, you know, so many that have  
14 these types of issues and I'm looking to hire more but  
15 what was probably most profound was that some of them --  
16 because these are businesses that are already established.  
17 They could have 70 employees, 50, a 125, and the business  
18 owners actually didn't know their percentages. So their e-  
19 mail came back saying I don't know, let me check with HR,  
20 get back to you.

21           So the next e-mail was we're only at 55 percent,  
22 we can do better, and I put my HR department on notice

1 that we're going to, you know, increase that by 10  
2 percent. So I don't know how much we're tapping in but  
3 they really appreciated the fact, now that they know  
4 and/or it came back saying we're only at 30 percent, we  
5 can do better. So we're tracking that and they really  
6 have seemed to appreciate that now they have a point in  
7 time, as well.

8 MS. JOHNS: I think we have one more question,  
9 Dan. Oh, okay. Very well. Well, thank you very much and  
10 thank you for all the great work that you're doing.

11 MS. ASHE: Well, thank you.

12 MS. JOHNS: We're going to go a little bit out  
13 of order, if I may. I know Jim Mingey had a comment that  
14 you would like to make and my colleague Patrick Kelly is  
15 in the room. I want to make sure that you offer your  
16 comment while Patrick is with us.

17 So, Jim, if you would come next, please.

18 MR. MINGEY: Thank you, Madam Chairman. It's  
19 good to speak to all you today.

20 It strikes me as you've done a lot of work here  
21 over the last year. I've been at most of the meetings  
22 making the same comment that I usually do and I'm going to

1 advocate today for something for capital access.

2 I want to praise everything everybody did here  
3 at first. I am very impressed with the recommendations,  
4 especially the recommendation to try and rework VA  
5 benefits to allow a service person to make an investment  
6 in a business. I think it's a terrific idea and it's one  
7 that will really help the country if you can get it  
8 implemented. I realize it's very complicated.

9 I'm more about what's now and what I didn't hear  
10 any recommendation about tax incentive and capital access  
11 which disappoints me. I think that doing outreach to  
12 banks is fine but this Patriot Express Program has been in  
13 place for four years and a lot of outreach has been done.  
14 They need incentives.

15 I think that the New Markets Tax Credit is a  
16 perfect example, especially for young veterans who want to  
17 get into business, for loans that are below a \$150,000. I  
18 think a program that will just simply allow that, and I  
19 don't believe it costs any money, could generate as much  
20 as 500 small businesses next year, and I say this to this  
21 committee, I don't know how much it knows about what's  
22 going on in the marketplace right now, but I got the

1 privilege to attend a Treasury meeting last week where one  
2 of your senior capital access people, person, a person by  
3 the name of Steve Smits, who very intense, I guess, and  
4 supportive of small business, basically was talking about  
5 all the collaboration that SBA is doing with Treasury and  
6 how they are collaborating to get all of their programs to  
7 use New Market Tax Credit to leverage the benefit of all  
8 these programs.

9           So it strikes me as odd that this committee  
10 can't make a recommendation to support New Markets Tax  
11 Credits on the only veteran loan program we have and I  
12 encourage you to consider at least putting in there.  
13 I'll, of course, know when you issue your report whether  
14 it happened or not. I would think it would be both  
15 impractical and it would be something that would be not  
16 equitable, if you would.

17           So with that, and the urgency of this is it can  
18 be done right now. This is an administrative rule within  
19 inside SBA. Patriot Express are eligible for these New  
20 Markets. The reason it can't happen is because you can't  
21 allow what's called a CDE to purchase the loans. It's  
22 been done before in here. It just hasn't been done for

1 Patriot Express. So I again urge you to make that  
2 recommendation.

3 MR. ELMORE: Can you repeat that last point,  
4 Jim? Allow what to purchase?

5 MR. MINGEY: The SBA agency has done pilot  
6 programs already on New Markets Tax Credits and if you  
7 have a lender, one of your lenders who wants to make these  
8 loans, they have to put the loans in a community  
9 development entity. To be eligible to get New Markets Tax  
10 Credits, you have to have a community development entity.

11 So that entity either has to make those loans or  
12 buy those loans and under your current rules, you don't  
13 allow anybody to sell these loans to CDEs, except in the  
14 pilot program, and it technically is possible. You've  
15 already done it before. We're talking about \$15 billion  
16 worth of resource. Annually, they give out \$3 to \$3.5  
17 billion of these tax credits that are worth 20 cents on  
18 the dollar, you know.

19 I appreciate that you want to let veterans use  
20 their unemployment benefits to try and get into business  
21 but at the end of that year they still have to walk into  
22 the bank. They still have to get their equity from

1 somewhere and these New Markets Tax Credits are perfect to  
2 come up with 15 to 20 percent. That's not to say that --  
3 you still have to underwrite the loan, you still have to  
4 have -- the veteran has to have some skin in the game, but  
5 this allows you to allow a bank to do this.

6           Now I am personally aware of several major banks  
7 that want to do exactly this. The other thing I'd like to  
8 laud the SBA for is they're creating a new type of lender  
9 in the CDFI industry which is why they were collaborating  
10 and participating over this meeting.

11           I am personally aware of several large CDFIs  
12 that want to lend to veterans. They want to use that  
13 program, the Patriot Express Program, to lend to veterans.  
14 They have the most expertise in New Markets in the  
15 country. These organizations in your state, Coastal  
16 Enterprises, is one of those that I refer to. They are  
17 one of the most competent and best community builder in  
18 the world or in the United States and they welcome the  
19 opportunity to do this.

20           So I'll get off my high horse on that, but, you  
21 know, I really request that, prior to the 15th, you  
22 really take a look at this and talk to your senior people

1 who are already talking to Treasury and say do we want to  
2 make this recommendation or not because if you don't,  
3 then, you know, we'll have to go in a different direction  
4 to try and make it happen, but you folks have the ability  
5 to make this very positive recommendation.

6           Now I'd like to close with one thing here. I  
7 got the opportunity last week to address the counselors at  
8 VA, the VRE counselors, the Voc-Rehab and Employment  
9 Counselors, who are now under great pressure to go through  
10 and promote what is called their Track 3 which is self-  
11 employment and these folks are required to look at a  
12 business proposal, a veterans proposal, and help guide  
13 them to whether it be, you know, a mentored program  
14 through Score or through EBV or whatever it is, but at the  
15 end of the day, they all asked the question, where does  
16 the money come from to fund it because their job is to say  
17 is this feasible? Should I allow the government to give a  
18 grant to this service-disabled veteran to help them get  
19 their business in place?

20           Now I bring this up because with New Markets Tax  
21 Credits, they can -- if they can get that equity, it'll  
22 make much more -- many more of these self-employment

1 initiatives feasible and help these -- there's a thousand  
2 counselors out here who are trying to help the most  
3 deserving of our veterans who are all 20 to 30 percent and  
4 higher disabled, who are choosing to go into self-  
5 employment, and I've tried to work with some of these  
6 folks who, at the end of the day, they try their hearts  
7 out to put something feasible together but they cannot get  
8 the capital access. These New Markets are a way to  
9 immediately do at least 500 loans next year and create  
10 over a thousand jobs right now and that's what the  
11 Administration says they want to do. I'm saying do it.

12           And so any questions on New Markets, I'd be  
13 happy to answer here, anywhere, any day, and I again thank  
14 you for your work. I think you guys have some great  
15 recommendations here to help the veteran.

16           MS. JOHNS: Well, thank you for your  
17 participation throughout the process, the comments that  
18 you've made, and the feedback that you've provided has  
19 been very important in the work of the task force.

20           MR. MINGEY: Thank you.

21           MS. JOHNS: Thank you. All right. Next, Erik  
22 Wishneff from Veterans Capital Investments. Welcome,

1 Erik.

2 MR. WISHNEFF: First, I just want to say thank  
3 you for letting me to speak before you. I'm actually  
4 going to talk about actually the same topic that was just  
5 discussed. I came to talk about the New Markets Tax  
6 Credit Program but I may take just a little bit different  
7 angle than was just discussed, all of which was very good  
8 points.

9 You know, as was mentioned, the New Markets Tax  
10 Credit Program has already been allocated \$3.5 billion of  
11 funding for this upcoming fiscal year. So it's an  
12 existing program with funding in place. You know, it's a  
13 program that I believe can address at least three of the  
14 six issues that the task force has identified as  
15 priorities.

16 First, as was just mentioned, it's a great tool  
17 to provide access to capital. Second, it can be a tool to  
18 improve or provide new training opportunities, counseling  
19 services for veterans, and, third, there can be other  
20 improvements to help improve small veteran business  
21 development by the Federal Government.

22 Again, just to kind of recap for those of you, I

1 don't know who's familiar with the New Markets Program,  
2 just to give a quick overview, it was created in 2000.  
3 It's designed to essentially encourage private investment  
4 in low-income communities, communities that high  
5 unemployment, poverty, blight, and the overarching goal  
6 behind the program is community impact and economic  
7 development.

8           These tax credits are available to investors who  
9 will then, in exchange, put equity into projects, into  
10 businesses, that they can use to help grow. Projects,  
11 there's a whole variety of projects that are out there  
12 that have utilized these programs, everything ranging from  
13 small businesses, manufacturing facilities, medical  
14 facilities, training facilities, you name it, schools,  
15 affordable housing. They've all benefited from this  
16 program.

17           You know, as was mentioned, the CDA5 Fund within  
18 the Treasury Department is who administers the program.  
19 It is very competitive. The CDEs, Community Development  
20 Entities, will apply for an allocation and then they in  
21 turn have to go out and find projects or businesses in  
22 which to put that allocation to work.

1           You know, according to the New Markets Tax  
2 Credit Coalition, over 500,000 jobs have been either  
3 preserved or created just from the use of this program  
4 since its inception. For every dollar of federal  
5 investment, \$12 of additional private investment is  
6 leveraged, you know, making a very, very efficient  
7 program. That can't be overstated, you know, given all  
8 the budget constraints that are facing us right now.

9           So what I would be asking for or what we're here  
10 to ask for is that we think it would be a great  
11 recommendation from the task force to highlight this tool  
12 as an effective way to assist veterans and veteran  
13 businesses.

14           Again, it's something that's fully actionable  
15 right now. I know that was mentioned earlier. This is  
16 something that can be done right now. There is funding  
17 available. Unfortunately, to the best of our knowledge,  
18 no New Markets allocation has ever gone to a CDE that is  
19 focused on veterans, veteran small businesses. However,  
20 there's again a substantial overlap between the New  
21 Markets Program and the goals of the task force and  
22 there's also precedent with the New Markets Program for

1 addressing specific issues.

2           For example, there was a specific identification  
3 of an issue that there was a problem getting capital in  
4 rural areas, so they had a rural set-aside for this  
5 program. More recently, there's been a set-aside or an  
6 emphasis on healthy foods financing initiatives. So there  
7 is a precedent with this program that's been used as a  
8 tool to address specific issues.

9           MR. ELMORE: Can I ask you a question, if you  
10 don't mind me interrupting?

11           MR. WISHNEFF: Sure.

12           MR. ELMORE: We've heard this from sort of two  
13 perspectives, Jim's idea of tying it to an SBA loan  
14 product. It sounds to me like your idea is more broadly-  
15 based and I guess I'd appreciate your insight because I'm  
16 working with Treasury but I have not had this discussion  
17 with them, about is there something in CDFI at this point  
18 that precludes veteran participation or is it more an  
19 issue of ensuring that veteran participation is recognized  
20 and targeted more broadly in the program and then again  
21 the third piece would be how we might tie it to SBA which  
22 is a whole different issue but more broadly how do we get

1 veterans, if they're not included now, into this \$3.5  
2 billion initiative?

3 MR. WISHNEFF: Yeah. There's no preclusion but  
4 there just -- I mean, to my knowledge, there hasn't been a  
5 focus on it. You know, again, this has been a tool that's  
6 been used to address specific issues. That's why it makes  
7 so much sense to kind of mesh them. When they say there's  
8 been an identified issue, they say, okay, this is a great  
9 tool, it has a history of success, so let's use it to  
10 address this issue that we've identified and that's, you  
11 know, what we think can happen here.

12 And so, you know, again, kind of our -- what we  
13 would ask for is that, you know, again, there's been no  
14 community development entities that have had a focus on  
15 veteran and veteran small businesses. So we would -- what  
16 we would say as a possible recommendation is including  
17 that, saying that you can either target it, have it as one  
18 area of, you know, we'll look favorably upon CDEs that do  
19 that or a specific requirement. That has been done, as  
20 well, a set-aside, so much percent of this money much go  
21 to CDEs that target veteran projects.

22 Full disclosure. My group, Veteran Capital

1 Investment, has submitted a New Markets application for  
2 this year, for this year's round of funding. We're not  
3 here to advocate on our application. We're here to  
4 advocate on making the CDA5 Fund aware of this tool or  
5 what this task force is working on and how they might be  
6 able to help.

7           You know, we specifically just in our  
8 application have identified 13 projects across seven  
9 states that we feel could really, you know, do some good.

10    Just for example, we have an energy efficient lighting  
11 and electrical manufacturing facility owned by a service-  
12 disabled veteran looking to -- it's small. He's looking  
13 to scale it up. He's anticipating he would create 500  
14 full-time jobs that would target specifically  
15 disadvantaged veterans, all new employees at the  
16 manufacturing facility would be provided on-the-job  
17 training, and he would also include support services  
18 onsite, such as financial counseling and other things, for  
19 his employees.

20           So that's just an example, one of 13 we've  
21 identified in a very short period of time, and there  
22 certainly other veteran-focused both projects and CDEs,

1 community development entities, out there that are looking  
2 to do these types of projects.

3           So again, you know, this is no new cost to the  
4 government, very, you know, efficient program, no  
5 additional funding required, and so, you know, I think  
6 that this really makes a lot of sense and I'm happy to  
7 answer any questions both today and any time in the  
8 future.

9           MS JOHNS: Okay. Thank you very much for being  
10 here. Are there any questions from the task force or from  
11 the audience? Yes, Jim?

12           MR. MINGEY: The statement that there's nothing  
13 -- this is your question, Bill. The statement there's no  
14 -- nothing precluding using SBA programs is true, except  
15 for the Patriot Express Program, and there's not a  
16 preclusion by the Department of Treasury under the CDA5  
17 Program to the New Markets Program. It is an  
18 administrative block at SBA.

19           So a recommendation in your report would be to  
20 take that away so that veterans on a smaller scale, the  
21 projects that -- I agree with everything he said, but the  
22 projects he's talking about, the scale of them are large

1 projects. They're not for the individual entrepreneur who  
2 is another market that New Markets can also address.

3 MS. JOHNS: Thank you.

4 MR. ELMORE: Thank you.

5 MS. JOHNS: Okay. Beth Solomon, International  
6 Franchise Association. Welcome, Beth.

7 MS. SOLOMON: Thank you. Good morning, and  
8 thank you.

9 My name is Beth Solomon. I'm Vice President of  
10 Strategic Initiatives and Industry Relations for the  
11 International Franchise Association. I'm glad to see Ms.  
12 Johns here, her long service in the district and so forth  
13 and the SBA, so thank you for what you're doing and thanks  
14 to all of you.

15 We're here because, since 1991, the  
16 International Franchise Association has had a program  
17 called VET-FRAN and it was started after the Gulf War by  
18 one of our chairmen to assist with the transition process  
19 and the purpose of VET-FRAN was to recruit veterans as  
20 franchisees. These are small business owners.

21 As you know, franchising is a model in which you  
22 have a lot of entrepreneurs who are small business owners

1 but under the umbrella of a large network of small  
2 business owners gathered under a brand. So we like to say  
3 sometimes it's a small business in a box and in this  
4 sense, it's a business that has been planned out every  
5 step of the way. It has a lot of structure to it. It  
6 demands execution, operational excellence. You probably  
7 know where I'm going with this. All these things work  
8 very well with veterans and we have a lot of them in our  
9 industry. We have a lot of leaders of our industry who  
10 are veterans themselves.

11           A little bit about the IFA. We have 1,200  
12 member companies. Franchising is responsible for 18  
13 million jobs in this country, \$2.1 trillion in economic  
14 impact, and we operate through about 900,000  
15 establishments.

16           Since 1991, we've gotten 400 of our members  
17 involved, so there are 400 companies that are involve with  
18 this. Our counting of this has not been great but we do  
19 know of over 2,100 veteran franchisees, that is, veterans  
20 who've become business owners through this program. We  
21 recently commissioned a study done by  
22 PricewaterhouseCoopers that used Census data and its

1 estimate is that there are 66,000 veteran franchise owners  
2 in this country. So it works.

3           What we've done recently, due to the needs of  
4 the nation, is to redevelop, revision this program to  
5 respond to the needs of veterans now and that is, there  
6 are many people coming back and service-disabled people  
7 and their families and so forth who may not be ready to  
8 own a franchise business right away but we want to create  
9 a career path so that they can come in to the industry and  
10 many of our companies, the UPS Store, Marriott, Hilton,  
11 Intercontinental Hotels, many, many restaurants, as you  
12 know, they have programs in the companies to put people on  
13 a path to ownership once they're there and that's what  
14 we'd like to offer in a bigger way to returning veterans.

15           We're working with the Joining Forces Initiative  
16 on the specific target. It's likely to be in the  
17 neighborhood of 75,000 jobs by the end of 2013, that kind  
18 of thing. It's not public yet but I just want to give you  
19 a sense of the scale of this.

20           We also have -- and the fact that -- I mean, the  
21 main reason we're here is to let you know we're here and  
22 hopefully find the partnerships that really make this

1 happen and I see Joe Mullins here and we've been in touch  
2 and like to work with you.

3           We just introduced a bill in Congress and this  
4 may be of interest in terms of your recommendations. H.R.  
5 288, and you see an ad, I think, passed around, was just  
6 introduced, reintroduced, I should say. It's to help  
7 Veterans-Owned Franchises Act and it gives a tax credit to  
8 veterans toward their start-up costs and what this does,  
9 there are many good measures that have been proposed, the  
10 hiring credits and so forth, but what this does is move  
11 that into ownership.

12           We want to encourage small business ownership.  
13 That's not the only thing we want to do but, as you've  
14 heard today, that is very powerful because we want to help  
15 veterans who are leaders in our services become leaders in  
16 our economy and as you mentioned, they do hire other  
17 veterans. They hire people. They create jobs. We want  
18 to turn them into leaders in our civilian economy and  
19 franchising is a great way to do that.

20           We're very encouraged by the comments here today  
21 about more flexible uses of the GI Bill. There's lots of  
22 training that goes on. We have been involved with the

1 Entrepreneurship Boot Camp Program that started at  
2 Syracuse and our leaders participate in that and we fit  
3 into just options in terms of entrepreneurship and our  
4 motto is in franchising, you're in business for yourself  
5 but not by yourself.

6           So part of what we're doing with our relaunch of  
7 VET-FRAN is to build in those training and mentoring  
8 programs to help veterans access the resources that they  
9 need to do this.

10           As you have heard many times today and we're  
11 very happy to hear what Jim Wilfong had to said but credit  
12 access is a huge issue. It's a huge issue for franchising  
13 and we've been working on this intensively for about a  
14 year now; that is, working with banks and, by the way,  
15 some of our partners in that effort, and we call it our  
16 credit access campaign, some of them are very enthusiastic  
17 about this. It's names you would recognize, both SBA  
18 lenders and non-SBA lenders, who would like to play a part  
19 in this. I think what they need are the structures and  
20 the ways in and the partners.

21           So credit access is also one of the areas that  
22 we understand, I think, and realize the challenges on and

1 are doing a variety of things in terms of education,  
2 technical assistance; that is, how do you become credit  
3 ready, how do you become bank? All of these are  
4 challenges that come up right away if you're going to be a  
5 small business owner.

6           And then just going back to the beginning of the  
7 meeting, a few things were said about regulations,  
8 regulators, financial regulators, I should say, and we  
9 agree and I don't know if this can work into your  
10 recommendations, but we agree that the regulatory regime  
11 that has been developed in the wake of the financial  
12 crisis has particularly severely impacted community banks,  
13 banks that have traditionally been small business lenders,  
14 and we're really asking the FDIC and we've worked with Don  
15 Graves on this and have continued to really asking for  
16 that to be taken a look at and I think at the SBA, you  
17 have a powerful voice to make that voice heard; that is,  
18 making sure that these regulations are not stifling our  
19 ability to create jobs and get the economy moving again.

20           So we appreciate the attention to that from  
21 Treasury and to the extent that you can carry that  
22 message, and, finally, speaking to the Small Business

1 Lending Fund, which Don referred to, it was \$30 billion  
2 authorized to be a program to get money into community  
3 banks, get money into small business lending.

4           But after all this time, since the Act was  
5 passed only 2.4 billion of the 30 billion has made its way  
6 out of the program and Treasury, we've been talking with  
7 Treasury about this, and the fact of the matter is there  
8 are problems, there are hang-ups, there's red tape, and  
9 there's a taint, a TARP taint that has prevented some  
10 banks from getting involved with that, and as you look  
11 over the panoply of what's available in terms of resources  
12 and so forth and also knowing what has worked at the SBA  
13 in terms of the expanded loan guarantees and the things  
14 directed at vets and just in small business lending in  
15 general, the SBA programs that have worked, we've  
16 suggested that that \$30 billion, and it is minus the 2.4,  
17 that is set to expire on September 27th, next week, that  
18 that should be repurposed and perhaps that can be  
19 considered among your recommendations, trying to get the  
20 capital to the entrepreneurs.

21           I passed out my card. We're here to contribute  
22 and we appreciate the opportunity to speak with you this

1 morning and we'd like to follow up with anyone who would  
2 find it useful to do that.

3 Thank you.

4 MR. ELMORE: Beth, thank you. A little history  
5 which I seem to have too much of sometimes. I actually  
6 worked with the two gentlemen back in 1991-92 that started  
7 the VET-FRAN Program originally and then we did some  
8 collaboration with AIF back when you relaunched here in, I  
9 think it was, 2002.

10 MS. SOLOMON: That's right. After 9/11.

11 MR. ELMORE: But kind of waned. So I'm open to  
12 this, and I think so far I have not gotten any really good  
13 feedback on an idea how we can impact better access to  
14 capital, you know. I had a misunderstanding of the tax  
15 credit. I thought it was the tax credit to the  
16 franchisors. I didn't realize it was a tax credit to the  
17 franchisees.

18 But I'm -- you know, we did include franchising  
19 in Patriot Express as one of the things that can be done  
20 but I'm open to some real input on how we can do something  
21 better, you know. We did a pilot about eight years ago  
22 where we allowed the reduced cost of the franchise

1 purchase to be used as equity for purpose of an SBA loan  
2 with the Chamber of Commerce in Maryland, but we never got  
3 any outcomes from that. So that was sort of the one try  
4 we took at it.

5           So if you want to follow up to me, I'm more than  
6 open to sit down with you or if you have some very  
7 specific recommendations on how we can enhance access to  
8 capital, support small franchise, and I say small because  
9 not all of them meet that definition, you know that like I  
10 do, I'm certainly open to that.

11           MS. SOLOMON: Wonderful. We will follow up with  
12 you and know your good reputation in our industry.

13           I will say on the tax credit, we did change it.  
14 It used to be both for the franchisor and the veteran but  
15 given the current environment, we took out the franchisor  
16 piece, so it's a 25 percent credit against start-up costs  
17 up to a certain amount for a prospective veteran  
18 franchisee.

19           MR. ELMORE: Okay. Good. Thank you.

20           MS. JOHNS: Any other questions?

21           (No response.)

22           MS. JOHNS: Thank you for being here, Beth.

1 MS. SOLOMON: Thank you very much.

2 MS. JOHNS: And if we could get our hands on  
3 that \$27.6 billion, I promise you the SBA would put it to  
4 good use.

5 MS. SOLOMON: Very good. We're behind you.

6 MS. JOHNS: Paul Curtis from CURTROOM Companies.

7 (No response.)

8 MS. JOHNS: Okay. I don't see Paul here. Okay.  
9 Last call. Any other commenters? Come right up. Mr.  
10 Cotton, I see you in the back.

11 MR. WEIDMAN: Ms. Johns, first of all, I want to  
12 thank you for all of your hard work and that of your  
13 colleagues on the task force.

14 Because of other business, Bob Hesser, retired  
15 senior master chief, was not able to be here today and so  
16 he asked to send his best to you and I told him that I  
17 would ask you to do a moment to silence for the absence of  
18 the senior master chiefs, but he is helping a small  
19 business.

20 MR. ELMORE: I think we had a silent moment  
21 without him here.

22 MR. WEIDMAN: I can't wait till the senior

1 master chief gets ahold of you.

2 MR. ELMORE: I know.

3 MR. WEIDMAN: The other thing I wanted to talk  
4 about is some recommendations having to do with capital  
5 and having to do with business development assistance but  
6 before I do that is to place some context.

7 I think you all know that 40 percent of our  
8 forces today come from towns of 25,000 or less and what  
9 that means is that when people return home, they'll have  
10 menial jobs or they're going to have to be self-employed  
11 or start a micro business. It's as simple as that. Many  
12 of them do want to go back because that's where their  
13 support network is, that's where their families are, and a  
14 much higher proportion are married, so it's not like us  
15 old guys where the attitude was if we'd wanted you to have  
16 a wife and family, we'd have issued you one.

17 It's very different in the military today and  
18 the force itself is very different. What that means is  
19 entrepreneurial and small business development is more  
20 important than ever if in fact we are to assist these  
21 young people coming home. There are two things that I  
22 would ask your leave for and I will supply them to you,

1 Madam Chair.

2           One is testimony that was delivered yesterday by  
3 Joe Wynn, Washington representative for the National  
4 Association of Black Veterans, at the Congressional Black  
5 Caucus Foundation Legislative Weekend and specifically on  
6 entrepreneurialship among veterans of color and particular  
7 problems that have developed and it's a lot of information  
8 that we have developed over the years as a consequence of  
9 work VVA, NAV-VETS and VET-FORCE, and I think you'll find  
10 it enlightening. There were members of Congress who were  
11 approaching Joe afterwards. They ran out of copies of his  
12 testimony and I think you'll find it to be extremely  
13 useful because the work of this task force needs to not  
14 only reach out to veterans and disabled veterans but to  
15 all segments of our community and make sure that we reach  
16 everyone.

17           And as was noted before, we are the true rainbow  
18 coalition. We're men, we're women, we're black, we're  
19 Asian American, we're Native American, we're Latino,  
20 etcetera. We look like America and therefore it's one of  
21 the reasons why people say how come you guys get in a  
22 fight with HUBZones or with 8-As and we say we don't get

1 in a fight with them. They sometimes get in a fight with  
2 us but for us, it'd be fighting against ourselves because  
3 we have people who are in HUBZones, we have people, many  
4 of our folks are women vets, many of our folks are African  
5 American or Latino or Asian American or etcetera. So  
6 that's one thing.

7           The second thing has to do with Ted Daywalt,  
8 who's disabled vet who is the President and CEO of  
9 vetjobs.com.

10           MS. JOHNS: Actually, Mr. Weidman, may I comment  
11 on your first point?

12           MR. WEIDMAN: Yes, ma'am.

13           MS. JOHNS: The high incidence of veterans,  
14 military personnel who are from rural areas.

15           MR. WEIDMAN: Yes, ma'am.

16           MS. JOHNS: Just want to assure you that the SBA  
17 is very aware of that fact and that we're working in close  
18 partnership with our federal sister agencies to strengthen  
19 our outreach to rural areas in entrepreneurial  
20 development. In particular, we have a memorandum of  
21 understanding with the Department of Agriculture as well  
22 as we just signed an MOU with the Delta Regional Authority

1 to connect our training and entrepreneurial development  
2 resources, all of our --

3 MR. WEIDMAN: Cool.

4 MS. JOHNS: -- programs, link them as closely as  
5 we can with those partners, in order to create a seamless  
6 network on the ground for veterans and others who need our  
7 services in rural areas, and we'll be looking to grow  
8 those partnerships in the near future.

9 MR. WEIDMAN: That's great. The other thing I  
10 wanted to know was Ted Daywalt, who is retired Navy  
11 captain and the CEO of vetjobs.com, which in our view is  
12 probably the best -- is the best of the military job  
13 boards, it's not just our opinion, it's the opinion of  
14 *Business Week* and *Forbes* and others who have singled him  
15 out, and Ted has done a lot of work with National Guard  
16 Bureau and has been working with the Family Support Units.

17 What we have figured out now is working with the  
18 BLS figures and others from DoD is you can track what  
19 unemployment is going to be in veterans under 30 based on  
20 which brigade is coming home of the National Guard and  
21 Reserve. Let me say that again. You can track where it's  
22 going to go up based on which Guard and Reserve units are

1 using it, so that we knew that in August, beginning in  
2 August and through September, that the unemployment rate  
3 among veterans, young veterans was going to shoot up in  
4 Iowa, so worked with Ted and with the National Guard in  
5 the state of Iowa to start getting ready for it and, sure  
6 enough, as that brigade was pulled back from Afghanistan,  
7 unemployment went up, and so it is a delineation and an  
8 understanding that we need to have much more cooperation  
9 between SBA and the National Guard Bureau and between the  
10 gentleman who heads that up who is very open to private  
11 sector things and to different ways of doing things and we  
12 can get you kind of how to get in touch with the general.

13           But we think it's important that this particular  
14 -- your recommendations take into account the Guard and  
15 Reserve because that is where the real help is needed when  
16 it comes to unemployment and particularly so many of those  
17 National Guard units come from rural areas. We don't know  
18 why it is but we can tell you that it is, is that the  
19 Reserve units tend to be in larger urban areas, and the  
20 National Guard units tend to be in the towns of 25,000 and  
21 less.

22           I have no idea why that is. Historically, I

1 imagine there is a historical reason. Bill remembers when  
2 the National Guard was formed in 1902, so he's going to  
3 enlighten us as to why that is.

4 MR. ELMORE: No. I just wanted to make a point,  
5 that Marie is going to get pulled out for an emergency  
6 meeting in about four minutes, so if you've got a point  
7 you really want to make to her, in addition to this, to go  
8 ahead and get that on the record.

9 MR. WEIDMAN: I have two things. One is on  
10 capital. In the year 2000 under then Administrator Aida  
11 Alvarez, I had the privilege of serving on the big  
12 advisory committee to SBA and at the last meeting under  
13 Aida, a recommendations was passed for changing the  
14 regulations for under-utilized populations to amend it and  
15 add veterans, veterans and disabled veterans and disabled  
16 persons.

17 It's very hard for disabled vets, for any vets  
18 but particularly for disabled vets to get credit from a  
19 bank and the reason is that you cannot garnishee your  
20 compensation. In other words, the more you're disabled  
21 the larger the percentage of your income comes from  
22 service-connected compensation, the less they can

1 garnishee if something goes wrong with the loan, and it's  
2 a huge impediment and there's no reason, for something  
3 that doesn't cost anything to the SBA, that you and  
4 Administrator Mills can take and add to that group of  
5 under-utilized population, under-capitalized.

6           The second thing has to do with the  
7 recommendation that we encourage you to make having to do  
8 with the restructuring of VA. A number of veterans groups  
9 and most recently the independent budget of the veterans  
10 service organizations which is produced and given to the  
11 Congress every year, it's more than 25 years old now, that  
12 is produced by the VFW and Paralyzed Veterans of America,  
13 AMVETS, and what did I leave out?

14           MR. ELMORE: PVA.

15           MR. WEIDMAN: And it's endorsed by more than 25  
16 other organizations, took the step of recommending that  
17 there be a fourth section of VA, an economic opportunity  
18 administration, that we needed to get education and voc-  
19 rehab and entrepreneurial development out from under the  
20 Veterans Benefits Administration and away from the  
21 compensation and pension mindset, away from the gimme  
22 mindset, and toward how do we foster independence in folks

1 and help them make their own way.

2           What they did to head that off, what the  
3 Secretary did is he divided the Veterans Benefits  
4 Administration under Secretary Allison Hickey in two and  
5 on one side is headed up by Deputy Under Secretary Michael  
6 Carderelli and that's the Benefits. He's the Deputy Under  
7 Secretary for Benefits, and there's a Deputy Under  
8 Secretary for Economic Opportunity. It remains to be seen  
9 whether Curtis Coy is going to receive the kind of support  
10 and staffing that is necessary to move forward.

11           What you cannot do at VA is do the bad cop and  
12 good cop at the same time. You cannot be a teacher-mentor  
13 and be a police person and the Center for Veterans  
14 Enterprise name has been changed to the Center for Veteran  
15 Verification and Evaluation and so we need that other task  
16 put under the Economic Opportunity Administration at VA  
17 that works cooperatively with the various agencies, with  
18 the PTACs, with the Department of Labor and certainly with  
19 SBA and the Small Business Development Centers that is  
20 focused on how do we assist in educating people.

21           And so because it's in the same area as the  
22 Education Service and because it's in the same areas Voc-

1 Rehab, it makes all the sense in the world but this  
2 somewhere, somehow that organizational capacity must be  
3 developed that cooperates with, as I say, Department of  
4 Labor, with SBA, with Department of Commerce, etcetera,  
5 and this recommendations out of this group will go a long  
6 way towards making that happen.

7 I want to thank you very much for your patience  
8 and for allowing me to speak this morning, and I want to  
9 thank you for all of your work and all of your leadership,  
10 Ms. Johns.

11 MS. JOHNS: Thank you for being here and being  
12 such a faithful participant in the process.

13 Mr. Cotton?

14 MR. COTTON: Yes.

15 MR. ELMORE: Can I ask Rick one question? Just  
16 send me an e-mail with two sentences that tells me that  
17 and exactly what steps you would like us to take. Thank  
18 you.

19 MS. JOHNS: Yes, sir.

20 MR. COTTON: I have a very quick question.  
21 Walter cotton again with the American Legion's Small  
22 Business Task Force and two parts.

1           One is relative to something that Ms. Park  
2 suggested earlier about the GSA as an organization  
3 becoming smarter on service-disabled veteran-owned small  
4 business utilization within the agency and one of the  
5 initiatives that I'm working on with a stellar team that  
6 includes a gentleman by the name of Dan Gil, who actually  
7 wrote the only small business training program over at DAU  
8 that other federal agencies gravitate over to, and another  
9 alliance member that you may know, Norma Lemquick, to  
10 create a solution that will take that content set and make  
11 it e-distributable so that it can create a learning at the  
12 point of need opportunity for agencies like the GSA that's  
13 looking to increase its contracting organizations'  
14 knowledge base in the area of small business training and  
15 this is an important --

16           MS. JOHNS: That's a tool that's available?

17           MR. COTTON: That's a tool that's available and  
18 we'd like to meet with your office to talk to you about it  
19 and I was going to send your assistant an e-mail on that  
20 particular issue. So we want to see what we can do about  
21 including in the recommendation that we are using our best  
22 available training resources to train against this small

1 business competency need because, unlike the conventional  
2 wisdom, it's a relatively elusive knowledge base that's  
3 only today coming into vogue.

4           Then the final component, and I'd like to direct  
5 this to our friends who are going through the debate over  
6 certification versus verification and the like, moving  
7 forward, when we set these committee --

8           MS. JOHNS: Mr. Cotton, please, before you go  
9 into that part of your question, I want to apologize to  
10 you and everyone, my colleagues at the table, I have to  
11 step away. I feel the heat from over here. So I have to  
12 leave for a meeting that just came up of critical nature,  
13 but thank you to everyone for being here. Thank you for  
14 the good discussion that we've had today and particular  
15 thanks to the task force for all of the hard work and we  
16 will look forward to having a report for you to peruse in  
17 the next three weeks or so.

18           So thank you again and we'll be in touch with  
19 scheduling our next meeting.

20           MR. COTTON: But the last component on that for  
21 Mr. Wilfong is when they set these committees up, what we  
22 want to do is take a lead from our judicial system, you

1 know, the jury of your peers. We want to make sure that  
2 the participants in these committees are representative of  
3 the constituents that they are serving so that that unique  
4 field level knowledge base can be added into the  
5 information process and we don't have to go reaching  
6 through layers to get the seminal information that we need  
7 to make good recommendations and from the adding to this  
8 effort, the Hippocratic Oath, right, first do no harm, we  
9 want to look at things like this certification and  
10 verification process and recognize if it's creating harm,  
11 let's stop it, let's get it right, before we reintroduce  
12 it because right now, there's some confusion that is out  
13 there in the broader set of agencies that believe that  
14 they have to default to the verification program.

15 Oh, yes, there's confusion out there. Trust me.  
16 What we want to do is we want to make sure that we don't  
17 send unclear, undirected messages that harm the veteran  
18 small business owners that are trying to get on their  
19 feet. So that was the only two recommendations I wanted  
20 to make.

21 MR. ELMORE: Thank you, Walter. So I apologize  
22 for the deputy having to get pulled out but sometimes you

1 don't control your own agenda when you work for the  
2 Federal Government.

3 Are there any other comments? Rick, and then  
4 we'll go to Jeff and close there.

5 MR. WEIDMAN: Just a technical thing. The  
6 February minutes are not on the Web, the February minutes  
7 are not on the Web and if they could be put on the Web,  
8 Number 1, and, Number 2, if the minutes for this meeting  
9 can be posted in a more timely way that would be terrific.  
10 There are a lot of folks who are looking at what's  
11 happening here and care a great deal about what you all  
12 are having to say. Thank you.

13 MR. ELMORE: We will try to accelerate getting  
14 them up this time. You know, with the reporter, we'll  
15 have the explicit ones.

16 Yes, Mr. Sterling?

17 MR. STERLING: My name is Jeff Sterling, RBG1,  
18 and from my military experience, I'm going to be bold, be  
19 brief, and be gone.

20 What I want to offer is just my unique  
21 expertise. A lot of talk has been going on about making  
22 the property right of the GI Bill. I believe I have

1 probably the unique experience of actually tackling that  
2 task and it takes a lot of work, it takes a lot of time,  
3 but the path has been blazed and this go-around will be  
4 more successful, and so I just want to share that. So my  
5 expertise is available and I want to volunteer my time for  
6 that.

7           Number 2, another talk about UCX, being in the  
8 Army, G1 staff, I am part of that and I want to say that  
9 is a major, major problem for the Army, the Army  
10 recognizes that for the unemployment. So that when you're  
11 talking about adding on more individuals who may not have  
12 been on UCX and you're bringing them on, I can say right  
13 now the Army -- there will be some issues on that.

14           So again, I want to volunteer my time and help  
15 you work through these issues to come up with a viable  
16 solution because I am about capital and access to capital.  
17 So there are solutions that I want to offer my time.

18           Also on training, again I am on a program, as I  
19 mentioned earlier, about working on those issues about  
20 training. A lot of talk about, all right, setting up a  
21 business but you have to have that, especially for those  
22 combat arms guys. You know, great, soft skills, I've

1 heard it all. I'm a field artillery officer. I  
2 understand that, but when it comes down to the bottom line  
3 is what are those skills, those hard skills, those  
4 applicable to the civilian workforce? I for one think  
5 it's -- for many soldiers, it would be through vocational  
6 training.

7 So again, I've been studying that. I've been  
8 working on a project on that side, so I have some insight.

9 So I just want to offer my unique experiences on UCX, on  
10 GI Bill, and training. So thank you.

11 Closing Comments/Questions

12 MR. ELMORE: I'll be a little bold here since my  
13 boss stepped out of the room. I might mention to you,  
14 Jeff, and I would maybe throw this to Beth, as well, I  
15 think what you just heard is an offer that perhaps the  
16 gentlemen you work for and all the work that's going on  
17 now with the sort of re-engineering of the boot camp, the  
18 whole initiative between VA and DoD, he's DoD, you're VA,  
19 it might not be harmful to have Jeff provide some input  
20 through you to your boss on some of the issues that I know  
21 we're talking about on that task force, as well.

22 Okay. With that, we'll close and thank you all

1 for being here and thank you to all the task force  
2 members, as well, for your good work and for being here  
3 today.

4 Thank you.

5 (Whereupon, at 11:35 a.m., the meeting was  
6 adjourned.)

7 \* \* \* \* \*

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22