

SMALL BUSINESS ADMINISTRATION
INTERAGENCY TASK FORCE ON VETERANS SMALL BUSINESS DEVELOPMENT

PUBLIC MEETING

Friday, December 7, 2012

9:00 a.m.

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

Diversified Reporting Services, Inc.
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MEMBERS PRESENT:

Marie C. Johns, Chairman, Small Business Development
Rhett Jeppson, Small Business Administration
Timothy Hale, Secretary, Department of Veterans Services
(by telephone)

Brian Goodrow, Business Development Specialist, Small
Business Administration

Ruth Samardicic, Director of National Programs of the
Veterans Employment and Training, Department of Labor

Jiyoung Park, Associate Administrator, Office of Small
Business Utilization, Government Services Administration

Linda Oliver, Acting Director, Small Business Programs,
U.S. Department of Defense

Donald Graves, Jr., Deputy Assistant Secretary, U.S.
Department of the Treasury

James Wilfong, Veterans Force
Matthew Blum, Office of Management & Budget

Theresa R. Sena, Department of Commerce

Mark Adams, American Legion

Philip Romanelli, Department of Commerce

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

ALSO PRESENT:

C. Ford Heard, Associate Deputy Assistant Secretary,
Office of Policy, Systems and Oversight

Joe Wynn, National Association Black Veterans, Member of
the Vet Force

Robert Hesser, Vice Chair, Veterans Entrepreneurship
Task Force, Vet-Force

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

2 CHAIRMAN JOHNS: Good morning, everyone. Open the
3 meeting. Sorry we're starting a few minutes late, but as I
4 was remarking Tony Eiland, it was raining at our last task
5 source meeting, and so we've got a bit of weather challenge
6 right now. We'll see all of our task force members arrive
7 shortly.

8 So as we should, appropriately, given it is a
9 significant date in our history, December 7th, let the record
10 reflect that we begin the meeting with a moment of silence
11 for all who served at Pearl Harbor on that day. And so let's
12 observe a moment of silence, and then we will officially
13 begin the meeting.

14 OPENING REMARKS FROM TASK FORCE CHAIR

15 CHAIRMAN JOHNS: Thank you. So, again, welcome
16 everyone. I'm Marie Johns, Chair of the Interagency Task
17 Force on Veterans Small Business Development and I welcome
18 you all. I'm going to ask that we acknowledge member -- our
19 secretary. Secretary, are you on the phone? We're expecting
20 Secretary Hale to join us. Do we know if he's there? Okay.

21 The secretary is on the phone and he just needs to be
22 connected.

1 MR. HALE: Good morning.

2 CHAIRMAN JOHNS: Good morning. We are just
3 starting the taskforce meeting. Secretary Hale?

4 MR. HALE: I'm on.

5 CHAIRMAN JOHNS: Okay. Good morning. Sorry for
6 that technical problem.

7 MR. HALE: No problem.

8 CHAIRMAN JOHNS: So welcome to everyone. We have
9 most of our members around the table. We have you on the
10 phone and we welcome everyone. I want to start by welcoming
11 Mark Adams who is attending the first meeting -- his first
12 meeting -- on our task force, representing the American
13 Legion. Mark is a retired naval officer and an entrepreneur,
14 and we are very happy to have you with us.

15 MR. ADAMS: Thanks, Marie. Very glad to be here.

16 CHAIRMAN JOHNS: Thank you. We also want to
17 welcome Theresa Sena and Philip Romanelli. I see Philip. Is
18 Theresa here as well?

19 MR. ROMANELLI: She's on her way. Momentarily,
20 she'll be here.

21 CHAIRMAN JOHNS: Okay. All right. Great. Our
22 colleagues for the Department of Commerce were joining us

1 this morning to learn from the work of the task force and how
2 Commerce can be more involved with supporting veterans and
3 entrepreneur development. So welcome, and we're glad that
4 you're here.

5 MR. ADAMS: Thank you.

6 CHAIRMAN JOHNS: I would ask that our
7 representative from the Department of Labor please introduce
8 yourself.

9 MS. SAMARDICIC: Yes. My name is Ruth Samardicic.
10 I'm the Director of National Programs of the Veterans
11 Employment and Training, Department of Labor.

12 CHAIRMAN JOHNS: Great. Thank you for coming. And
13 I'd like to recognize Ford Heard, who is here representing
14 the Veterans Administration today, and Linda Oliver is at the
15 table. Lovely to see here again, representing the Department
16 of Defense.

17 Let's see. Everyone else: Matthew Blum is here.
18 Jiyong Park will join us. Tony Eiland is here. In the
19 meantime, Jim Wilfong, and Don Graves from Treasury. So,
20 again, welcome everyone. I want to start by bringing
21 attention to the task force second report, and thank all of
22 the task force members for your hard work in that report.

1 And I also want to recognize my colleague, Jessica
2 Milano, who is our office of policy at the SBA, who really
3 spent significant amount of time and really managed the pen
4 for the report. And her great work, I want to duly note. So
5 thank you, Jessica. And this is her first task force
6 meeting, and so we're glad you're able to see the group in
7 action.

8 Rhett Jeppson, who leads our office of veterans
9 business development, will be taking us through the task
10 force report in a little bit more detail later on the agenda.

11 One of the highlights of the task force this year has been
12 working with the Interagency Veterans Employment Initiative
13 to develop and redesign a military transition program that's
14 called "Transition GPS."

15 And the SBA has played a key role as part of that
16 effort in developing our entrepreneurship track for
17 transitioned GPS that we called "Operation Roots to Business"
18 from service to startup. And that program has been building
19 on the work that we've been doing for several years with
20 Syracuse University where we've had a very robust and well
21 received curriculum on entrepreneurship training for
22 veterans, including for women veterans, and in particular for

1 wounded veterans.

2 And so we're very excited about Boots to Business
3 and it's been very well received, and we're looking forward
4 to expanding the program to more sites. Boots to Business
5 includes four phases: An exposure to entrepreneurship as a
6 potential career path; an in-person training course that
7 includes an interactive, classroom based learning;
8 feasibility analysis around a business plan; and then if
9 service person continues to show interest after having
10 completed those three steps, then the person would want an
11 intensive, eight-week on-line course of the fundamentals of
12 small business ownership.

13 Last fall, we successfully piloted Boots to
14 Business at four Marine Corps bases, four Navy bases, two Air
15 Force and various Army installations; and, by 2013, the end
16 of 2013, the program will be made available to all 250,000
17 transitioning veterans each year, fulfilling a priority
18 recommendation in the report that will offer veteran
19 entrepreneurship training nationally. In the past year we've
20 also worked hard to streamline our programs and cut paperwork
21 for veteran small businesses through initiatives such as
22 Business USA will have an update on Business USA later on in

1 the agenda, and through a recently announced Quick Apps for
2 surety bonds.

3 A number of small businesses are in the
4 construction trades. They often need bonding, and so we have
5 improved our surety bond product to make sure it's more
6 easily available and easier to use for business owners, and
7 certainly including veteran owned businesses. While we made
8 good strides, we know that there's still much more work to
9 do, and what we're going to talk about later today is some of
10 the priority areas for the task force in fiscal year 2013 to
11 make sure we have a good process in place. And we'll be
12 hearing from each of our committees in that regard to hear
13 our chair's views on what the areas of focus should be for
14 2013 and how we'll work together to accomplish those
15 objectives.

16 So, with that, I also want to welcome the members
17 of the public who are here with us in the room, as well as
18 those who joined by phone; and, as always, we'll make time
19 available later in the meeting for public comment, because
20 that's very important for our process, and we're always eager
21 to hear our thoughts and comments on the work we're doing and
22 we will be happy to take those comments later in the

1 afternoon in today's agenda.

2 So, with that, I turn it over to Rhett Jeppson,
3 who's our associate administrator for veterans business
4 development, and we'll move forward with the agenda.

5 REVIEW OF INTERAGENCY TASK FORCE REPORT

6 MR. JEPPSON: Okay. Thank you, Marie. I
7 appreciate that. I appreciate your leadership on this
8 committee. Let me, just before I jump into the report here,
9 and I've got a couple of slides I'd like to run through with
10 you, talk a little bit about the product of this year's
11 report.

12 As Marie mentioned Jessica Milano -- many kudos to
13 her for the great work she did, but also to fellow chairman.

14 I know that you're busy with a lot on your plate, especially
15 as we start to work at this at the end of the year. I know
16 how busy it is, so I appreciate your time and your effort
17 getting this input into the report here. And I hope that it
18 shows through the report the good work and attendance we
19 have.

20 You know. As we look at the first report that came
21 out, the one that I was not part of, there were some really
22 good ideas, some clear thinking and some out of the box

1 thinking about how we might be able to improve conditions for
2 veteran entrepreneurs. In this report we've tried to capture
3 some of the progress we've made; but, also in those areas
4 define areas where we might be able to put a priority of
5 effort over the course of the next year, and then include
6 some new ideas.

7 So I'd just like to run through the report really,
8 just a couple of highlights, and then we have a couple of
9 briefs here that will actually go into some details on areas
10 within the report and actually kind of give you some
11 statistics and some of the feel for the work that's going on
12 that may not just be -- come through and some of the bullets
13 we might give you, but give you a sense of all the effort
14 that's going into it.

15 Specifically, in the Boots to Business pilot, some
16 of the things being done at DOL, who is our partner on the
17 DoD-VA task force, and we would've had a good relationship
18 with them. And, then, later, with Business USA, because
19 Dennis has another obligation, but will join us later to show
20 where we are at with the business USA portal as we relaunch
21 that. So next slide, please?

22 (Slide.)

1 MR. JEPPSON: So if you may want to readjust, we've
2 got a couple of slides for the next couple of presentations.
3 So let me come over here and I'll try to project. Maybe this
4 microphone will pick up a little bit here. So, just to recap
5 of the task force here, the task force has been in existence
6 a little over two years now, and this is the second report.

7 It's unique in that it's got seven agencies working
8 on the task force, coming together to look at the process of
9 supporting veteran entrepreneurs in the entire Federal
10 Government, trying to bring that synergy and alignment, and
11 make sure we have the pieces that happen in each of the
12 agencies in concert; and, where we can, leverage the veterans
13 programs in one agency for the whole of government
14 synergistically with the agency.

15 (Slide.)

16 MR. JEPPSON: Again, we have the working groups and
17 we have community or BSL representative staff within those
18 working groups to help us formulate the plan's policy and
19 direction to support veteran entrepreneurship. In the 2011
20 report we made 18 key recommendations in four key areas: An
21 increase in growth; improving and expanding counseling and
22 training; reducing barriers, and then other priority

1 recommendations.

2 So I'd like to talk a little bit about what we've
3 done in each of these groups here and give you a couple of
4 concrete samples of what's captured in the report, and then
5 as we move forward over the course of the day here we'll talk
6 about priorities of effort for the next year. Next slide,
7 please.

8 (Slide.)

9 MR. JEPPSON: Okay. Increased opportunities for
10 growth; and we talked a little bit about the lending we do
11 through SBA programs. Just last year, there was about \$2.1
12 Billion in SBA loans to veterans, 118 million of that was
13 done through the patron express loans. Just so you know, the
14 average loan value for the 2.1, which is primarily a 7A loan,
15 was about 150,000 at that firm, and then about 85,000 was the
16 average loan amount in the Patriot Express loan.

17 Additionally, we introduced the new Quick Deck
18 Surety Bond, which makes it easier for the veteran who
19 requires a surety bond as part of his contracting to get that
20 surety bond. And then in conjunction with GCBD, we've
21 launched the GC classroom. It's online tools to help the
22 veterans and contracting officers become more navigate the

1 waters of federal clearance, which we all know sometimes is
2 difficult or unique as compared to the civilian sector. Next
3 slide.

4 (Slide.)

5 MR. JEPPSON: Okay. In the case of improving
6 training and counseling here, we'll go into this quite a bit
7 with the Boots to Business. And we have a slide deck here
8 that will actually go through the pilot program. Just to set
9 a little context, as part of the Department of Defense and VA
10 Employment Initiative Task Force, we have been a participant
11 in that and the redesigned tab, which they call "Transition
12 GPS," and the GPS stands for Goal Plan Succeed.

13 We have a segment of that, which we offer to the
14 veteran who is transitioning, focused on business ownership
15 or self-employment. There's about 250,000 service members,
16 which will go through this each year. Our estimate is about
17 15 percent of that cohort will attend Boots to Business, and
18 we're starting to see some of those numbers bear out in Boots
19 to Business model. We think we're not too far off the mark
20 here as we start to look at the total aggregate.

21 We conducted pilots with the Army-Navy and Air
22 Force. We conducted a two-day pilot, which has a feasibility

1 curriculum analysis. The Marine Corps is a little different
2 in their approach to how they're implementing the new
3 transition GPS. They are trying to put it all into a week,
4 or the other services are taking a week plus. And so
5 implemented a 90-minute program with them. It will change a
6 little more as they have discussions with the other
7 stakeholders in how they redesign their transition program.
8 So it's still flexing a little bit with the Marine Corps.
9 And we'll actually give you the numbers and some of the
10 feedback there.

11 And then, finally, the Business USA, the one-stop
12 portal, and Dennis will give us a detailed brief on where
13 they're at and the future plans for Business USA. Next
14 slide.

15 (Slide.)

16 MR. JEPPSON: Okay. Reducing barriers to growth,
17 again, a very important area and topic for us here, one that
18 we have a lot of work planned in the course of the next year,
19 but the government contracting classroom, again, an area
20 where working closely with GCBD out of SBA, we've done some
21 work for education of the veterans and the contracting
22 officers. The Small Business maximum practices, done in

1 conjunction with DoD and then the partner with the VA, areas
2 where we've done outreach and tried to reach and make it
3 easier for the veteran who desires to contract with the
4 Federal Government to be able to do so. Next slide.

5 (Slide.)

6 MR. JEPPSON: Okay. So with that, I'll turn it
7 over to Brian Goodrow, and we'll go into kind of a review of
8 where we're at on the Boots to Business today and look at the
9 numbers through the pilot. Just a little more context is
10 that we have done the pilots. We did the four with the
11 Marine Corps, and then we did four with the Navy, two with
12 the Air Force, and one with the Army.

13 We now have -- and it's actually due back to us
14 today -- from the services, the roll out plan, installation
15 by installation on when they would like to start Boots to
16 Business. We'll then have a dialog with the services as to
17 what's supportable. They're going to give us their rathers,
18 their preferences today, installation by installation. We
19 know that some of the services are ready to go with a two-
20 day, beginning at the first of the year, and then over the
21 course of the next six months, cover all of their
22 installations.

1 Some of the services, for example the Army, will
2 start in March, and then probably take a little slower
3 approach. The services have had to implement some statutory
4 requirements under the Vow Act, which DOL is intimately
5 familiar with, which has been a tough row to hoe for them,
6 because it has a very tight timeline requirements for them
7 for a new requirement plan. So we kind of follow and trail
8 with that a little bit. So some of the services are actually
9 able to bring it online a little bit after than the others.
10 It's just because of the complex nature or size of their
11 force and the resourcing that they have in places to do that.

12 So it's not that the services are dragging their
13 feet, it's just a matter of getting the right pieces in place
14 to conduct that training. And, so, we're in support of that
15 and we stand ready to support them. So, Brian, if you want
16 to run through what we had on Boots to Business to date, and
17 I may actually jump back on this one, because we this one's
18 pretty deep, so.

19 MR. GOODROW: Absolutely. Good morning, Ms. Johns.

20 CHAIRMAN JOHNS: Good morning.

21 OVERVIEW OF B2B PILOT

22 MR. GOODROW: So Boots to Business program, the

1 purpose of the Boots to Business program is to expose our
2 transitioning service members to entrepreneurship and to
3 connect them with the resources that are out there to help
4 them to know what the resources are along their journey to be
5 entrepreneurs, and to help them determine whether they want
6 to be entrepreneurs or not, whether that is the right career
7 path for them.

8 So we did these Boots to Business pilots, and we
9 did the two-day pilots for the Army, Navy and Air Force, and
10 the Marines being the Marines. And they wanted to do that
11 for the 90-minute program, so we accommodated the Marines.
12 The training is being delivered by Syracuse University at
13 some locations, and we've transitioned to our resource
14 partners delivering the training to our transitioning service
15 members. And we've done it -- we've trained about 750
16 service members already in those pilots, and they've been
17 positively received. The service members really like that,
18 and we think it's going to create a buzz on the basis, and
19 we'll see the popularity of our program increase as we move
20 forward.

21 One of the great takeaways that we've had is that
22 the service members agree that the level of confidence, like

1 they have these transition skills where they can be
2 entrepreneurs and they can be successful. So we've seen that
3 out of the surveys, and we've also seen a lot of the service
4 members contact their resource partners after the Boots to
5 Business training, which is another positive indicator that
6 they're going to move forward and be entrepreneurs.

7 (Slide.)

8 MR. GOODROW: So this is the slide that shows you
9 the bases, the Army, Navy and Air Force bases that we've done
10 the Boots to Business, the Boots to Business today and the
11 number of students. In all of the Army, Navy and Air Force,
12 we've hit all those branches. The next slide, one of the
13 future slides, will show you the Marine Corps bases, but
14 these are the results that we've seen in these locations, the
15 number of students that have gone through and the instruction
16 quality.

17 Now, I don't want to point out that the columns
18 with instruction quality -- if you could stay on that last
19 slide, please -- yeah. The instruction quality and the
20 increased confidence, those are the strongly agreed
21 responses -- not just the agreed responses, but those are the
22 strongest, the highest levels. And we put that there so that

1 you can see the overwhelming, positive response from the
2 service members who attend this.

3 I also want to point out that we have a nice mix in
4 the room of officer enlisted; and, important in
5 entrepreneurship is family buy-in often. Right? So we've
6 opened this to spouses too, and we've seen a lot of spouses
7 attend the Boots to Business program.

8 Rhett, did you have something to add?

9 MR. JEPPSON: Yeah. I was just going to mention,
10 so just to strongly agree that if we include the agree on
11 there, and this is a DoD survey. So they gave a "Strongly
12 agree," "Agree," "Neutral," "Disagree," "strongly Disagree."

13 We're at 98 percent in the agree/strongly agree across the
14 board in all the factors we measure, so.

15 MR. GRAVES: Are spouses attending together, or are
16 the spouses attending on their own to set up businesses?

17 MR. GOODROW: Sure. What we've seen in most cases
18 is that the spouses are attending with the service member,
19 which is perfect.

20 MR. JEPPSON: Don, we've seen both. Like, for
21 example, when we took Marie, we went out to Walter Reed,
22 Bethesda/Walter Reed, husband and wife team there. We've

1 seen that, but we've also seen single spouses like in
2 Miramar -- not Miramar, but MCRD San Diego, where it was
3 actually the chief of staff of the base whose wife showed up
4 because she had a plan that she wanted to do. And I think
5 that's important that we've opened all these programs to the
6 spouses. This really, some cases, even though they be
7 transitioning, the spouses can come to this, if it's an
8 important second income for some of these families, who,
9 because of the nature of the deployments and where they go,
10 it provides a great opportunity for them.

11 CHAIRMAN JOHNS: And if I could just amplify one
12 point that Brian just made that I think is so important when
13 you talk about the diversity of attendees, and in addition to
14 spouses, we're also seeing people at different stages --
15 folks who are on active duty and who are maybe two, three
16 years to retirement are beginning to plan for their next
17 stage, as well as people who have already left active
18 service. So there's a very good mix for both perspectives,
19 timeframes, as well as including the broader family.

20 MR. JEPPSON: You know. One of the concerns we've
21 had going into this is we thought with the mix that we have
22 that you have abilities in all these courses isn't really

1 shown here. But we've had in every course that we've run,
2 we've had 05, 06's -- colonels and lieutenant colonels -- you
3 know, commanders or captains in the Navy, and we've had first
4 term enlistees. And so, you know, they used to run this
5 executive TAP.

6 There used to be an executive TAP just because we
7 figured, hey, the senior EAs. We thought, oh, are we going
8 to run into issues? And so I actually spoke to the
9 instructors who handled every one of these. And I said, "Is
10 this an issue?" And they said, "No, actually, it's been
11 really good. There's actually even been a little bit of
12 mentorship going on and things."

13 But a lot of the younger, enlisted, first term
14 enlisted guys that are coming out, they're actually going
15 back to run a family business, and a few of them have said,
16 "Hey. I've got this idea for a new start." I think one
17 actually had a business going and actually, I think, he tried
18 to hire Marie, actually; or, not hire Marie, but get Marie to
19 hire them to host an event for them. But we're seeing a lot
20 of the guys who are interested, because they know they're
21 going back to work in the family business, and they think
22 this is really applicable to them.

1 MR. HALE: Yeah. Rhett, Tim Hale here. And if I
2 could just make an interjection?

3 CHAIRMAN JOHNS: Of course.

4 MR. HALE: Yeah. Just to kind of focus in on how
5 important this is, I apologize for not being there today, but
6 one of the things that I'm doing over the next four days is
7 we have a battalion of National Guard members who are just
8 returning from a year-long deployment Egypt with the peace
9 keeping force, and these 400 members returning, we have 150
10 that we know currently have no jobs.

11 And I think the people that you're specifically
12 talking about right now, Rhett, we've got a large group of
13 E3s through E5s that are very, very much going to be going
14 back into their family businesses, because they have since
15 9/11, they've really spent most of their adult life in the
16 guard on active duty. And we're giving talks about Boots to
17 Business at their homecoming events over the next three days,
18 and it is very, very important.

19 All these things that are being offered right now
20 through the SBA programs are essential out here in the
21 homeland. So, thank you, again, for everything that's going
22 on, but there are faces behind every one of these programs

1 that are very, very important to.

2 MR. JEPPSON: Great. Thanks, Tim. If I could just
3 mention real quick on the Guard Reserve piece, the Guard
4 Reserve is a little bit different than the active duty
5 component here. So, for example, I'll demonstrate with the
6 Navy. The Navy doesn't mobilize a lot of units. The
7 individuals will actually go through their de-mob site with
8 the active duty component. They'll go through there, but
9 with the National Guard and the Air Guard, and even the
10 Marine Corps, they generally deployed as units and at
11 mobilization sites. And this is one of the things that's
12 great about the SBA structure.

13 And the way we have decided to implement this is
14 that because we're using the local resource partners. These
15 are the people in our Women's Business Centers, our Small
16 Business Development Centers, our district offices. There's
17 a local people close to those local units where they were
18 demobilized, where there's not a large military installation,
19 so we have local people who can go there and provide that
20 training, and especially in those cases where they go to
21 those Guard Reserve units that will actually be the same SBA
22 resource partner that they will go to, unlike if you go to

1 your Cab Course in, say, Jacksonville, Florida, but then you
2 move back home to San Diego. You're going to end up with a
3 different set.

4 So we have some real opportunity with the guard
5 reserve guys, and Tim makes a great point there about many of
6 these guys. This is multiple deployments, and so if they're
7 not going back to work in a family, in many cases they're
8 going to try and take that skill when they can't find a job.

9 MR. EILAND: Right. One thing I was noticing here.

10 I like what you have about the spouses, because maybe an
11 unattended benefit that's going to come from this, how many
12 spouses are married to other military members that might have
13 gotten out earlier. So, what you've done now is you've
14 opened up a door to allow them to also participate. So
15 you're getting even more veterans in. I think it's great.

16 MR. JEPPSON: Yes, sir?

17 MR. WILFONG: I have two questions. The first
18 question is, is the two-day course just a description of what
19 type of resources may be available to you? Is that it?

20 MR. GOODROW: The two-day course does include what
21 resources are available through our resource partners, but it
22 also talks about some nuts and bolts on entrepreneurship.

1 What it takes to be an entrepreneur, what qualities that they
2 might have that transition from being a service member over
3 entrepreneurship, but also they do a feasibility analysis in
4 that two days. So they work through some of the nuts and
5 bolts, and the instructors walk around with the students, and
6 they'll have their laptops out, or some of them will be
7 writing on paper. They'll be conducting a feasibility
8 analysis, and what we'll see is -- what they'll do is the
9 plan is they'll take that feasibility analysis and
10 incorporate it as part of that eight-week online course, if
11 they choose to do so.

12 MR. WILFONG: Oh, I see. So there's an eight-week
13 online course that you've got backing this up?

14 MR. GOODROW: Right. So when they finish this two-
15 day entrepreneurship introduction, they're given a bunch of
16 resources that they can go to. But they're also -- they've
17 also been told how important it is to develop a business
18 plan. So we've given them access to that through the eight-
19 week online course via Syracuse University.

20 MR. WILFONG: And does that cost them money?

21 CHAIRMAN JOHNS: If I could add to what Brian just
22 said, which is exactly right, the whole design of Boots to

1 Business was built around the notion of a progression that
2 there's exposure through the transition GPS; but, then, the
3 service person can go deeper at each level as their interest
4 is sharpened as far as starting a business. So the two-day
5 course is really quite comprehensive in that period of time,
6 so it gives them a pretty broad look; and then the eight-week
7 is very intensive and also connects the service person to the
8 broader resource partner network at the SBA.

9 MR. WILFONG: And, so, can they take a course? I
10 mean one of the things that we were looking at when we were
11 putting this together, and we really thought that it needed
12 to be able to be scaled, and that having them isolated either
13 with just vets or just with an online course was helpful, but
14 maybe not as helpful as it could be if they were taken out in
15 to the broader community and were able to plug into course
16 work that's out there at universities and community colleges
17 across the country and be able to have some funds available
18 to take the course -- to take a business planning course.

19 CHAIRMAN JOHNS: A strong part of the eight-week
20 experience is to connect the service person to SBA's resource
21 partner network. And so as you well know, most of our small
22 business development centers are located in universities.

1 MR. WILFONG: Yes.

2 CHAIRMAN JOHNS: Our women's business Centers, et
3 cetera, so that's part of the eight-week experience to
4 connect them to that broader network; not only of course
5 opportunity, these training opportunities, but also
6 communities of entrepreneurs, because that's important too.

7 MR. WILFONG: And those universities usually charge
8 anywhere between \$500 and 1,000 for an eight-week course.
9 Can that be paid for out of the GI Bill? Is that how it's
10 being paid for?

11 MR. JEPPSON: So this is 1.0. So this is the
12 first.

13 MR. WILFONG: I understand that, yes.

14 MR. JEPPSON: So what we provided is, yeah, it's
15 covered right now. So as we understand it, there's no
16 charge.

17 CHAIRMAN JOHNS: There's no charge for Boots to
18 Business.

19 MR. WILFONG: I understand.

20 MR. JEPPSON: So that is one pathway that's open to
21 them. We're looking at others that would be open to them.
22 Now, for entrepreneurship training at a university, it was

1 made as a recommendation also on the DoD VA task force. And
2 what came back, the determination from VA and GI Bill was
3 that it could be, but there's stipulations in that. There's
4 stipulations around the way the GI Bill money was being used,
5 and it was for a degree granting program. So as long as it's
6 used as part of a degree granting program, it can be.

7 So we're looking for some further refinement, and
8 that's part of this year's look is how do we leverage that GI
9 Bill with the business plan and a degree or certificate
10 program that they can be in school working on their business
11 plan as part of a type of accelerator. We're exploring all
12 those options in the details now on how we do that. So
13 that's the next step on how we enable them set conditions
14 after they have a business plan to be able to work on that
15 plan, do that requirement and get that training and
16 mentorship at the university level in connection with our
17 SBECs or other --

18 MR. WILFONG: Well, I'm not talking about a
19 credited course in a degree program. I'm talking about a
20 certificate program, where, at the end of it, eight weeks,
21 ten weeks, they come out with a business plan that they can
22 use. And that is community based so that they're able to be

1 part of a group and they're part of a group close to where
2 they live, and maybe own a business. And, especially, the
3 Guard and Reserve guys -- they may already own a business and
4 they need some help to refocus it after they've been
5 deployed, and they don't need to get a degree in this. They
6 need to have an opportunity to put together and think through
7 a business plan, and it would seem to me that that's easy
8 enough to do and cheap enough to do if we're going to scale
9 this.

10 MR. JEPPSON: Yeah. So you're talking specifically
11 about the use of the GI benefit that comes out?

12 MR. WILFONG: Well, the GI benefit or some other
13 fund is what I'm talking about.

14 MR. JEPPSON: So as I understand it right now
15 coming on the task force is they can use that for
16 entrepreneurship training; and, I'm not familiar enough with
17 all the details. I'm trying to get there, but --

18 AUDIENCE: Also they can use their benefits. I
19 worked with Chapter 31, and we do send veterans to a
20 community college for that certification. I worked with
21 Chapter 31 veterans benefits.

22 CHAIRMAN JOHNS: Okay. Great.

1 MR. WILFONG: Thank you.

2 AUDIENCE: But they can use that funding for that.

3 CHAIRMAN JOHNS: Thank you, Jacqueline, for adding
4 that. Jim, I think the answer to your question is tying on
5 to something that Rhett just said. What we need to do as a
6 taskforce is to make sure that we're itemizing all the
7 different questions that we need to answer and then link what
8 opportunities or resources are out there.

9 Because in addition to what Rhett's already
10 discussed, and Brian, we're also actively looking for new
11 partners, new universities, because there's money out there.

12 There's a keen interest in making sure that as a nation
13 we're providing opportunities for our veterans, and so we're
14 also doing that work.

15 In fact, Rhett and I recently met with a woman, Pat
16 Enrique, actually, who's at the University of Utah and she's
17 developing a new program specifically focused on veteran's
18 entrepreneurship at the university. They have resources in,
19 so we're connecting with them and we're looking you know,
20 scouring the land to look at all those different kinds of
21 opportunities so that we can get more to work with and have
22 the scale we know we must have.

1 MR. WILFONG: Well, that's great. I mean that's
2 exactly where I think it should go. I personally think we
3 should be doing it, going about this, because that's the way
4 you get the biggest bang for the buck. It's to get this
5 education out and plugged into a community where they're
6 going to live. So they're plugged into not only the SBA
7 service providers, but that's helpful. But the real help
8 comes being plugged into the business community and the
9 community at large so that they can actually develop real
10 business in those communities, so.

11 MR. JEPSON: Yeah. We're still working through
12 the nuts and bolts. We agree. As a matter of fact, I think
13 that we can even go beyond where you're at. We were given a
14 longer term than just a few weeks steroids, and so as we
15 begin that dialog, initially, we start with University of
16 Utah, just recently. They're in the top 10 entrepreneurship
17 schools in the nation. How do we do this? How do we make it
18 so that working on your business and pursuing that
19 certificate or in conjunction with the accelerators and the
20 incubators we have?

21 So if it's not ready for prime time, we've got to
22 work through the details. We've got to get over and make

1 sure we're working in concert with VA and that we've got all
2 the T's and I's dotted, and then we're going to run a pilot.

3 So we'll be over the course of this next year
4 coming back on that very topic, because that's really the
5 next step for us. So we'll be focused on implementation with
6 the services here. This goes down to what we give in to what
7 we talk about -- jumping ahead a little bit. It's great that
8 we've done all this outreach. We've done this training piece
9 with him now. Now, how do we set conditions in the
10 environment that they've got a business plan in hand that
11 helps amplify their increases, their success rate once they
12 get there?

13 MR. WILFONG: Yeah. Business plan will increase it
14 by doubling what you see. It has been the experience of
15 profit, so.

16 MR. JEPPSON: Thank you.

17 MR. GOODROW: Sure. I had one comment that kind of
18 was in the context of a few things that have been discussed.
19 Is that one of the benefits of how we're doing this Boots to
20 Business, this entrepreneurship training here? Is that we're
21 catching the service member earlier in that transition
22 process, which if there's problems or planning that's

1 required, we're able to catch them earlier and help them work
2 though that.

3 A credit might be one good example. We're
4 developing a business plan. We're not catching them a month
5 before or in some cases if it's two weeks before or on their
6 way out the door, we're catching them nine months out now, or
7 maybe even a year out; and, they have an opportunity again to
8 get themselves ready for that transition so then they can hit
9 the streets running at that transition point.

10 Thank you. And these are -- I promised you a slide
11 that talked about where we're doing the Marine Corps pilots.

12 Here it is. Quantico, Cherry Point, Pendleton, 29 Palms for
13 the Marine Corps; and the number of students who've gone
14 through is about 633. But with the other bases that we've
15 done in the Army, Navy and Air Force, it comes out to be
16 about 750.

17 MR. JEPPSON: Let me just make a couple of
18 distinctions on this too. So, okay. With the Marine Corps
19 it's been continuously going on. For two days we're one-off,
20 so this started in June, and these are the four locations
21 that we have continuously. So we've noticed a couple of
22 things when we went back there. One is it varies by

1 installation by how well that family readiness group markets
2 the Boots to Business.

3 In some cases where we have very proactive family
4 readiness people, who make all opportunities available, we
5 see an increase. The other thing is it's the mix in the
6 base. So if you look at Quantico, that's where they train
7 all the officers; and, so the majority are going to be senior
8 officers who leave there. And that's why you've seen about
9 12 percent there. When you see down here that Pendleton and
10 29 Palms, those are primarily troop bases or green bases
11 where we have younger enlisted guys. So you see much higher
12 numbers.

13 Most of the people in those posts we opt or the
14 higher education track is the votech track coming out of
15 there. So the numbers are a little lower than we would have
16 anticipated here, but the mix will depend on installation and
17 on the marketing that we do on post, so. Are there any
18 questions?

19 CHAIRMAN JOHNS: Any questions from task force
20 members -- additional questions? Any questions from the
21 public? Yes? Morning Joe. Just give your name.

22 AUDIENCE: Joe, Vet Force, just a quick question.

1 We're hearing a lot about the Boots to Business, and I was
2 just wondering I know it's being targeted to the service
3 members discharging under the new TAP roll-out, but when can
4 we see the agenda? It's a two-day format, I understand.
5 Right?

6 MR. JEPPSON: Sure.

7 AUDIENCE: So where could we see what's covered,
8 you know, in the two days? And then how are you measuring
9 success?

10 MR. JEPPSON: Okay. Happy to show it to you right
11 now. I mean as soon as we get done with the meeting here,
12 I'll give you a copy of the slide deck that they get. Now,
13 just so I can get by way forward on this thing, so what we've
14 done is a couple things in parallel. One was we conducted
15 the Boots to Business on post, and we actually took a set of
16 instructors with us and some folks from headquarters here.
17 We went out with the people in the building and conducted
18 that.

19 Also, simultaneously, we went to the cities that
20 have high concentrations of military installations close to
21 them. We went to San Diego. We're going down to
22 Fayetteville next week. We've been to San Antonio, Norfolk,

1 Seattle, so where we have big installations. We actually
2 took all the resource partners that are there, the people who
3 actually do the training and who actually are going on post
4 and been doing kind of ad hoc training, not the standardized
5 piece that we've agreed to do with DoD. And we've given this
6 curriculum to those people who instructed. It says, "Hey.
7 You guys have taught this a lot. Give us your feedback.
8 What pieces have we got in here? What are we missing?"

9 So we're taking that with the feedback we've got
10 from the pilots, which we collected in a series of surveys.
11 Happy to show you the surveys and the feedback we got off of
12 that. That instructor led feedback, coupled with that, we're
13 going to make changes to the curriculum and have a version
14 that will roll out with -- it will be very similar but with
15 some slight modifications. It will be the curriculum that we
16 kind of walk and use for the first six months of next year.

17 At the end of that course of six months, we'll
18 evaluate the curriculum as it's taught, and then make updates
19 in June to that curriculum. So we'll have a planned set of
20 updates as we learned, as we rolled this out, as we get kind
21 of -- not the ones and twosy comments, but the big muscle
22 feedback that tells us, hey.

1 We need more in government contracting and less on
2 government contracting, for example, or we need more on
3 business accounting type of things, and stuff like that. Or,
4 no. It was just focused more on the feedback to itself, so
5 we'll get that back, but we tried to do -- we came up with
6 the baseline. We've gone through a pilot process and then a
7 process with the folks who have used the instructors to get
8 feedback to use the curriculum that we'll start with here.
9 But after the meeting I'll give you a set of the slide deck
10 and I'll give you the feedback tools, and some of these
11 supplementals that we've discovered that we needed over the
12 course of the period.

13 For the BSOs, though, Mark actually went down, and
14 I think Adams went down from the Legion and reserved one. We
15 have a standing invitation. If the BSOs want to visit one of
16 these, we'll arrange for that. So just let us know when you
17 want to go see that.

18 AUDIENCE: Would you send out that curriculum
19 electronically to all the BSOs, please?

20 MR. JEPPSON: Absolutely.

21 AUDIENCE: Then after we get a chance to go over
22 it, then like to meet with you and/or to a site visit.

1 MR. JEPPSON: Yes, we could do that.

2 AUDIENCE: Do you have a 90-minute curricula also?

3 MR. GOODROW: One comment, if you have a comment,
4 you could come up so we get your question recorded. That
5 would be great.

6 AUDIENCE: So he also has a 90-minute?

7 MR. JEPPSON: We do. We do have that.

8 AUDIENCE: I want to make sure that the America GI
9 Bill will be something that's e-mailed and you will forward
10 it.

11 MR. JEPPSON: So on the curriculum, I can forward
12 you a syllabus of the curriculum. If you want the slides,
13 the actual curriculum that's about 17 mgs. So I'll give it
14 to you on thumb drive. We're trying to hang it out on the
15 web right now. So once we get that established in a secure
16 format, we'll pass you that link. That's easier said than
17 done to be honest, I mean, on that, so.

18 CHAIRMAN JOHNS: Come to the mic, if you have a
19 question.

20 MS. HAYNES: Again, Jacqueline Haynes from the VA.
21 I work with veterans with disabilities; and, I just have a
22 question. Is your program just focusing right now on

1 veterans who don't have disabilities? Are you with the
2 wounded warriors and working with the caregivers and
3 everything? Because we end up a lot of times veterans miss
4 this part when they're transitioning. Service members miss
5 this part of maybe the TAP briefing, and they end up with a
6 lot of concerns because their spouses, since their
7 disabilities are so severe and they can't work there, spouses
8 and the caregivers end up missing a lot of the briefings.

9 So are you actually reaching out to the caregivers
10 to make sure that they're informed of these briefings,
11 because you know at the VA we can't do anything unless a
12 veteran says we can share information. So are you making
13 sure that the caregivers are giving this information to the
14 wounded warrior transition unit?

15 CHAIRMAN JOHNS: Well, we want everyone who can
16 benefit from this information to know about it. So perhaps
17 he should talk with you about how to make sure that we're
18 connected with caregivers, but we don't want to exclude them.

19 Regarding Wounded Warriors, actually, one of SBA's signature
20 entrepreneurship veteran-related programs that was a
21 precursor to Boots to Business was focused on wounded
22 veterans that we developed in conjunction with Syracuse

1 University.

2 So we have been doing that work for a few years
3 now; and, actually, the class that I visited at Walter Reed
4 Bethesda Naval Hospital, there were Wounded Warriors
5 participating in the class. We're trying to cast the widest
6 net possible, and certainly know that Wounded Warriors are an
7 important constituency that we need to serve.

8 MS. HAYNES: And, one more question since I work
9 with the Office of Economic Opportunities, and trying to
10 blend all the veterans together -- not just looking at
11 veterans with disabilities -- when we have this information
12 with all the resources that we can share with the service
13 members were out of the military who come to the BSA, I want
14 to do self employment. And we're trying to find resources,
15 that we have sporadic information about where to go, but we
16 don't have the resources like you have with the Boots to
17 Business information.

18 Where can we find that information to share with
19 our Bill offices? Because we get a lot of self employment
20 plans that the VA, as a counselor, we look at them trying to
21 figure it out, trying to figure out who to send it to to make
22 sure it is --

1 CHAIRMAN JOHNS: No. I know. I understand. So
2 that's why you have a representative on this task force --
3 Tom Leney?

4 MS. HAYNES: And I'm meeting with --

5 CHAIRMAN JOHNS: Excuse me. That's why you have a
6 representative on the task force. Your department has a
7 representative here, so that's your primary connection; and,
8 certainly, we always advise people to go to the SBA website
9 as the fastest way to navigate through all the resources that
10 our agency provides. But, again, that's the purpose of the
11 task force to make sure that all of us who are around the
12 table are working together to share information among
13 ourselves, so we can better serve this constituency.

14 MR. HALE: Right. And I think -- Ms. Johns, Tim
15 Hale here -- from the National Association of State Directors
16 viewpoint that is we will be pushing this information out
17 through our different state offices also. Because, again, as
18 you so well put, everything we do, it's all a community
19 effort; and, those services officers, whether they're county
20 officers, land commission officers, we all have to work
21 together to try to push this word out through all those
22 different resources.

1 CHAIRMAN JOHNS: Okay. Thank you, Tim. Yes, Mark
2 Adams?

3 MR. ADAMS: Thank you, Marie. Mark Adams, American
4 Legion. I was fortunate enough to accept an invitation by
5 SBA to actually audit one of those Boots to Business programs
6 down at Kings Bay, Georgia. And, what I found is they're
7 incredibly useful in the two-day course for business
8 initiation, and the measures of success in some sense, and
9 that two-day course, were awareness, awareness and decision
10 pointing for taking the next step or not. And it seemed to
11 me that most of the students that met that success criteria
12 most definitely.

13 You know, the eight-week course as a follow on is
14 going to have a different level of success, and I know SBA is
15 working on that; but, most importantly, I think it gave me an
16 awareness as a representative of the Legion to take advantage
17 of what's going on and start building a communication model
18 into all the posts around the country. You know. We've got
19 2-1/2 million members of the Legion that are or have been
20 transitioned. And I want to get that information out to
21 them, because there's a lot of cross talk among veterans, so
22 we can expand that progression that Ms. Johns talked about.

1 Thank you.

2 MR. JEPPSON: Yeah. If I could just tell you on
3 what Mark said, one thing is when you look at the feasibility
4 piece in the first two days, success is just not those that
5 go on to courses. There's a component of the guys -- and I
6 know this from personal experience -- guys leaving the
7 service who think they want to go start a business and
8 they've got no business starting a business. They don't
9 realize the difficulties and some of the things that are
10 there. And, so, in some cases by injecting a little reality
11 for them, there's success. There is wealth for the service
12 members.

13 So we're setting the real estate expectations for
14 them of what's required. We don't hold back from the hard
15 work and the time that it takes, and the commitment it takes.
16 We also talk about the opportunity, but we want to paint a
17 picture of reality for that. So I think that that's where
18 the two-day is very, very useful.

19 AUDIENCE: There's been much talk about capital
20 formation and the way to do it, that it's legal, is it's been
21 authorized for 18 years that if the state wishes they can
22 take the unemployment insurance for UCA and give it to people

1 in a lump sum; in other words, for work they start on
2 capital, instead of week by week by week. There were six
3 dates that implemented them and I sent that list of six dates
4 to Rhett.

5 If, in fact, it was a trigger that if the state
6 doesn't want to do it, it happened as part of the transition,
7 the eight-week course that people are talking about. And
8 they have the solid plan that they could get a voucher and
9 get their entire eight weeks in a lump sum, which will solve
10 the capital problem. There's going to be significant
11 opposition on the hill that we're running into in terms of
12 converting the GI Bill into the education money into capital
13 for starting a small business.

14 So, this is something that can be done under
15 existing law now, and I urge you to link one with the other.

16 And, then, that says too the separating service member that
17 you're really serious, because you're helping provide the
18 wherewithal for them to actually do it. Thank you.

19 CHAIRMAN JOHNS: Thank you, Ray.

20 MR. JEPPSON: Rick, I did get those, and I will
21 look at them. We have had initial discussions and there was
22 some pretty significant pushback on that. But we think

1 there's some value in there, and so there's some background
2 work that we've got to do on that. That will be one of the
3 more difficult things we change, just the same as GI Bill for
4 startup. But I think that there may be some creative ways
5 that we'll explore over the next six months about how we used
6 those other things that are available out there to help the
7 veteran entrepreneurship, and it may become a little more
8 nuanced.

9 I think that there are ways that will satisfy the
10 critics out there -- not the critics, but those who would
11 oppose that. And if we put it in a way that does not put at
12 risk benefit or jeopardize what was intended in the bill,
13 I've shown to be mutually supporting along with the formation
14 of business startup. And so what we'll do is just come back
15 in the next taskforce meeting or two, and list some examples
16 of what we intend to pilot, trying to show where this makes
17 sense to use these existing federal benefits in the formation
18 of new business.

19 AUDIENCE: If I may, there's an additional resource
20 for paying for the training. It's going to be very hard in
21 this environment to get any new money. Under the Jobs for
22 Veterans Act of 2002, every service delivery area in the

1 country is supposed to be providing priority service to vets.
2 DOL doesn't do a damn thing to enforce it.

3 I have the latest figures. It's abysmal, right
4 across the country, and there are many SBAs. And I'm not
5 talking about tiny ones who have zero veterans. Well, that's
6 not exactly priority of service from our point of view, and
7 so they have dislocated worker funds, particularly for the
8 folks who wanted to make a military career, but because of
9 the draw-down are not going to be able to make the military
10 their career.

11 These are dislocated workers, almost by definition.
12 Therefore, either the state responds and provides the
13 dislocated worker retaining funds or, frankly, the Secretary
14 of Labor puts pressure on them by offering incentive money.
15 She has a great deal of incentive money that's never used for
16 vets and I could go into more detail on that, but these are
17 dislocated workers in every sense of the word, and we need
18 the cooperation from EDA that's been lacking in the past to
19 make this a reality.

20 CHAIRMAN JOHNS: Thank you, Rick. We will follow
21 up with our colleagues at the Department of Labor on this
22 issue and report back to the task force.

1 AUDIENCE: I will get you the status by SBA and
2 you'll see what we're talking about.

3 CHAIRMAN JOHNS: That would be helpful.

4 AUDIENCE: Thank you.

5 CHAIRMAN JOHNS: Thank you. Okay. So we're going
6 to move to -- it's a good segue, Ruth, to the Department of
7 Labor report. We welcome Ruth Samardicic here and will
8 updated us on a unified veteran employment portal. And,
9 welcome, and thank you for your report.

10 A UNIFIED VETERAN EMPLOYMENT PORTAL

11 MS. SAMARDICIC: Well, thank you very much. I'm
12 very excited. This is my first task force meeting, and
13 certainly every other interaction I've had with the SBA has
14 just been exciting, a lot of energy generated, and it
15 certainly is here in this task force. I'm very happy to be
16 here.

17 So I'm here to just kind of talk about the business
18 case for a unified veteran employment portal. What we find
19 if you've been veteran employment is just the good news is
20 everybody wants to help. The bad news is it can be
21 overwhelming to the veteran, and also to the employer who
22 says I really would like to hire some veterans. So this is

1 the situation.

2 You have a veteran or an employer who just doesn't
3 know where to go. They look to see where to go, and it's
4 almost too much. So it's not only ineffective, it's also
5 wasteful. So our proposed resolution would just have a
6 simplification of this unit force; corral all of the various
7 resources into a single portal so that you can go to that
8 portal and find a wide array of resources available for
9 veterans to find jobs. Slide, please.

10 (Slide.)

11 MS. SAMARDICIC: So this is kind of the environment
12 that we're looking at. A lot of sites, a lot of really good
13 sites. You see the national resource directory up there.
14 You see my next move for veterans. You see American job
15 centers. You see some of our initiatives, like the Gold Card
16 initiatives. You see USA Jobs, OPMs, Hire Our Heroes. So
17 with all of these resources, again, that's a lot of websites
18 that you're seeing right there. So you can cause confusion
19 to both the veteran and the employer trying to figure out is
20 this a new job listing.

21 Is this another one? Is this still from an
22 employer's perspective, is this the job listing that I had up

1 and had enough people seen this? And, also, there's a lot of
2 military specialty translators that could produce redundancy.

3 So we're just trying to streamline this whole thing for
4 veterans. Again, a lot of marvelous resources that we're
5 just trying to put into a single corral. So the concern is
6 that we have a very ineffective and wasteful system where
7 you've got a lot of duplication of efforts.

8 We think there could be a lot of savings from
9 inventorying all these efforts to avoid duplication, to have
10 a single, unified portal through which people could come and
11 find the wide array of really excellent resources available
12 for veterans. What we're looking to at the Department of
13 Labor is moving into this space and saying we can help. We
14 can bring everybody together and we can join forces and put
15 them under a single portal with all of our federal partners,
16 of course. Next slide.

17 (Slide.)

18 MS. SAMARDICIC: So what we'd like to do is
19 leverage the best in class, the platforms and electronic
20 tools across the Federal Government. E-benefits would
21 probably be the likely platform. It seems to be quite a
22 winner. We don't want to eliminate or take over any

1 platforms. We just want to leverage them all. A lot of job
2 listings out there, I think that can be a very confusing
3 because when you have these crawlers that go up and find jobs
4 off of various websites, you have a lot of duplication in
5 those job listings. So it's a lot of scrubbing to get those
6 to be unique job listings.

7 So it's a one-stop shop for both job listings and
8 also a wide array of resources: the military occupational
9 specialty crosswalks; employer guidance. We put our own
10 America's Heroes at work up there. Certainly, we would want
11 any links to Boots to Business, and just have be able to find
12 one site where they can look at a wide variety of employment
13 resources for veterans.

14 (Slide.)

15 MS. SAMARDICIC: This was a little more complex,
16 and I'm sure I can explain. But the idea is we'd have this
17 coordinating council of federal agencies that would be able
18 to assess what we're trying to do, give general direction and
19 help us identify all the various resources out there and all
20 of the IT resources that we would be able to take advantage
21 of. And, again, our main objective is to decrease or
22 eliminate the duplication of efforts, and also the time costs

1 related to searching for assistance for veteran employment.

2 (Slide.)

3 MS. SAMARDICIC: This would be the timeline from
4 when we started. I'm not sure -- the next 30 to 60 to 90
5 days. It's all very much in the conceptual stage, but first
6 we need to develop an information sharing governance board,
7 develop a random order of magnitude cost us to move and how
8 much this whole thing's going to start, and begin building
9 phase 1 of the platform with all of the existing communities
10 that are out there.

11 And then in the 60-day timeframe we'd have the
12 sharing governance board meeting and finalize the cost
13 estimate and the inventory exercise. In about three months
14 we'd hope to have the second meeting, and progress report to
15 the board on what we've identified, what's going to go up
16 there and where we will be able to get in the short run and
17 in the medium run.

18 We also looked for tool kits. I'm envisioning
19 there would be resources for employers, resources for
20 veterans, training resources, job fair resources so that
21 people can find out what's happening in my area, where can I
22 find assistance. And then within 120 days we're hoping to

1 actually start phase 2 development and have something out
2 there which we would hope would be highly useful. We'd need
3 to get some funding. We're hoping that GSA, our partners,
4 would help us with the development of such a site. And
5 that's about all I have on it. Again, this is a very new
6 idea. We're just kind of in the conceptual stage. We're
7 very excited. We think we can add a lot of value by offering
8 a single space from which people can access the wide array of
9 resources that are available out there.

10 CHAIRMAN JOHNS: Thank you, Ruth. I have a
11 question and open it up to other task force members. Have
12 you or your colleagues already taken into account input from
13 the customer, so to speak, the veteran's community and
14 employers as you're thinking through the design for this
15 portal? Where does that fit into the program?

16 MS. SAMARDICIC: We would certainly reach out to
17 the veterans service organizations to give us some
18 significant input on it, but we know anecdotally, because
19 we're out there doing TAP all the time. And we hear from the
20 transitioning service members. We don't know where to go.
21 There's just so much out there that we're drowning. So what
22 we're hoping to do is kind of reign that in a little bit and,

1 again, the good news is there's marvelous resources out
2 there. The bad news is it can be really hard to identify for
3 us transitioning service member or a veteran.

4 CHAIRMAN JOHNS: Any questions from task force
5 members?

6 MS. OLIVER: Linda Oliver from the Department of
7 Defense. Ruth, the council will help you bring together the
8 assets of parts of the --

9 MS. SAMARDICIC: It will help us with the
10 inventory. Yeah.

11 MS. OLIVER: Okay. Thank you.

12 MS. SAMARDICIC: Because I know, for example, Mr.
13 Hardhats is out there; and, employers really want to hire
14 veterans, but they're not going to list their job
15 opportunities overall just for veterans. They want to hire
16 veterans because they're a marvelous resource and they know
17 they can find some of the best talent in the world from the
18 military. So, you know, to make these job opportunities
19 available to all of our veterans and transitioning service
20 members, and oneportal would be just a fantastic
21 opportunity.

22 MS. OLIVER: Thank you.

1 CHAIRMAN JOHNS: Any other questions from task
2 force members?

3 MS. SENA: My name is Theresa Sena from the
4 Department of Commerce.

5 CHAIRMAN JOHNS: Oh. Hi, Theresa.

6 MS. SENA: Am I supposed to be sitting where you're
7 sitting?

8 CHAIRMAN JOHNS: Yes, you are.

9 MS. SENA: I have a question. So we're working on
10 connecting employers to veteran services and mostly working
11 with the private sector. And what we hear is there's just so
12 much noise, but what is going to be different about this
13 portal that it's not just going to be another resource where
14 people get overwhelmed. How are you going to consolidate and
15 then drive veterans and employers to this portal?

16 CHAIRMAN JOHNS: Well, again, we're out there a
17 lot. It's the Department of Labor and we have a lot of
18 contact with both employers and through TAP for service
19 members and who are one TAP delivery system. We have a lot
20 of contact with the veterans who are looking for jobs out in
21 the field. So directing them to the portal is probably the
22 easier part; and, of course, the whole idea is directing them

1 to one place instead of saying you can go here, here and
2 here. I think the challenge is going to be within that
3 portal having enough organization that getting through the
4 door and opening your eyes and looking around doesn't become
5 overwhelming, but that's an organizational challenge that I
6 think we can handle.

7 CHAIRMAN JOHNS: Okay. Thank you. Good luck.

8 MS. SENA: Thank you.

9 CHAIRMAN JOHNS: Theresa, since you're up --

10 (Laughter.)

11 CHAIRMAN JOHNS: Can you open the windows where one
12 can see. We're glad you're here.

13 MR. GRAVES: Ruth, just to clarify -- Don Graves
14 from the Department of the Treasury for those on the phone
15 and the Jobs Council. As it stands now the concept is this
16 portal will be used by government employers so that different
17 agencies around government, or is the plan to expand to
18 outside employers as well?

19 MS. SAMARDICIC: Oh, no. This is for all
20 employers, paragraph 7. We have USA Jobs, which would be one
21 of the things that we would corral that is a fantastic site,
22 obviously, for federal employment.

1 MR. GRAVES: I would just recommend that as you
2 think this through that in addition to our friends in the
3 Department of Commerce who spend a lot of time working with
4 businesses, there are a number of other agencies like the
5 Department of Treasury and that I think would provide a lot
6 of value as you think through the ways as the question Marie
7 asked of driving some of those employers to this site so that
8 you aren't contributing to the noise. And to the extent that
9 the jobs counsel -- that we can engage them to do this sort
10 of thing -- I offer that to you as well.

11 MS. SAMARDICIC: Terrific. We'd love that. Value
12 added, that's for certain.

13 MR. JEPPSON: So just to add a little clarity right
14 now, part of the idea is to come to a single portal versus --
15 I know like the Department of Army has -- the number I had
16 was 60. I don't know if that's right, but 60 different
17 employment sites out there. I think from our perspective we
18 like the idea of that, because if an employer wants to post,
19 if I owned a small business and we know veterans hire
20 veterans -- if I can post in one place and I know I get the
21 widest audience -- I think that's really what we're after
22 here.

1 MS. SAMARDICIC: That's certainly -- from the job
2 listings, that's certainly what we're after. You know, a
3 wide audience of veterans, a wide array of job opportunities
4 and unique listings of the job opportunities -- no
5 redundancy -- and actual job opportunities, so the current
6 also of the listing.

7 CHAIRMAN JOHNS: Yes, Mark?

8 MR. ADAMS: Ruth, from the BSO's point of view, it
9 may be rhetorical at this point. How can the BSO's, the
10 Legion, at least in my case, help the success of this process
11 and perhaps more specifically to this group how can the task
12 force be most actively involved from your point of view to
13 encourage success?

14 MS. SAMARDICIC: I'm not sure I can answer that at
15 this point. I know that we have a lot of contact with the
16 BSOs. We bring them in on a frequent basis just to consult
17 with the Veterans Employment Training Service. So I think,
18 you know, I'll put that up as an agenda item that we can
19 discuss how the BSOs can help us, both with push of veterans,
20 you know, and the pull of employers to the side.

21 MR. ADAMS: Indeed. And the task force?

22 MS. SAMARDICIC: And the task force, equally. You

1 know. There's a lot of resources here. So we'd certainly
2 bring them to the task force as well.

3 CHAIRMAN JOHNS: Sir, come to the microphone. As
4 you're coming, I thank you for that comment, because that was
5 the one I was going to make, and that is I noted there was no
6 timeframe. There's a time schematic on the presentation but
7 no dates assigned.

8 I'm sure I speak for all task force members in that
9 we would have a great sense of urgency about getting this
10 process underway because, as you so well characterize it,
11 it's something that we'd need. And we want to make sure that
12 we're getting this improved tool in the hands of veterans and
13 employers as quickly as we can. So you have tremendous
14 resources around the task force, and we want to work with
15 you. And we want to see how we can get this initiative
16 started as soon as possible and get to that 120 days so that
17 we have a new tool.

18 Certainly at the SBA we've done a lot of work with
19 streamlining. You'll hear about Business USA later. We've
20 done a lot of work with consolidating multiple online
21 interfaces into usable formats for customers, and so we have
22 a lot to bring. I know the jobs counsel would be a

1 tremendous resource, the Department of Commerce, et cetera,
2 and I urge you to engage the user community whether it's
3 employers or the veteran serving organizations who can
4 connect you to the veterans and the service people to get
5 engaged in our ideas as soon as possible so that we make sure
6 that whatever is being built is the right tool when we get to
7 the end of the line.

8 MS. SAMARDICIC: We'd certainly welcome the
9 assistance. Thank you.

10 CHAIRMAN JOHNS: So now we call for questions,
11 comments from members of the public. Come to the microphone
12 and introduce yourself.

13 MR. SALDANAS: Thank you. My name is Lupe Saldana.
14 I am a member of the American GI Forum and also a member of
15 the task force. I raise the question about the status of the
16 advisory committee that was established by Second War, I
17 believe, and it consisted of several agencies. And it
18 directed the co-leaders of this committee to be the DOL, VA,
19 and I believe OPM, since many of the meetings that initially
20 last year were held at the OPM.

21 It was a veterans committee to research and come up
22 with ideas and suggestions about employment of veterans, very

1 simply, and I attended several meetings. And the members of
2 this committee were the BSOs, representatives of all the BSOs
3 and other folks that were committee organizations that were
4 involved in employment for veterans and employment in
5 general. And, I'm just wondering -- as Mr. Adams suggested a
6 while ago -- how could BSOs help and assist in these efforts
7 and these initiatives of DOL, new initiatives? And whatever
8 happened to that committee?

9 Simply, that's my question. What is the status of
10 this committee that was, I think, serving pretty well with
11 coming out with ideas. Unfortunately, the last meeting I
12 attended, quite a while ago -- I think about a year ago -- it
13 wasn't well attended. I think there was only four or five
14 individuals. Was it dissolved? Or is it still existent?

15 MS. SAMARDICIC: Well, Lupe, first I want to
16 apologize.

17 CHAIRMAN JOHNS: Thank you for asking the question.

18 MS. SAMARDICIC: I was a little confused when you
19 talked about an advisory committee. I thought you were
20 talking about our advisory committee for veterans, employment
21 and training and employer outreach, but you're right. This
22 was developed by Executive Order, I believe.

1 MR. SALDANAS: Exactly.

2 MS. SAMARDICIC: And it was part of a veterans
3 employment initiative. And I honestly can't say that I'm
4 certain what happened to that group. So I will look into it,
5 and if you leave me your card, I will get back to you on it.

6 MR. SALDANAS: Yes, yes. Okay. Thank you.

7 MS. SAMARDICIC: Thank you.

8 CHAIRMAN JOHNS: Thank you, sir. Any other
9 questions from the public? Yes?

10 AUDIENCE: I just have one. You had mentioned e-
11 Benefits, and that is a portal that the VA and DoD is working
12 to get all active duty services members and VA registered on.
13 And I'm glad you mentioned that, because that would be one
14 good resource that we are using to get veterans connected to
15 their benefits; and, if we had a link on that, to guide them
16 to employers and for employment. That would help us a lot.
17 So maybe that would be a good consideration for you to think
18 about it.

19 MS. SAMARDICIC: Well, certainly, best in class.
20 You get to e-Benefits, and we're hoping to find a way to
21 leverage that.

22 AUDIENCE: Yeah. That would be great. That's just

1 a suggestion. That would be great. Thank you.

2 CHAIRMAN JOHNS: Any other questions from the
3 public? Good morning, Bob.

4 AUDIENCE: I've read all five last testimonies and
5 I compared it with a report.

6 CHAIRMAN JOHNS: Testimonies from?

7 AUDIENCE: Previous task force meetings, 5, and
8 have, while reading that, spent the last two days going
9 through all that stuff. I think 377 different things I can't
10 figure out. It's only 11. Okay. At the first meeting --

11 CHAIRMAN JOHNS: Forgive me, but are your comments
12 about the DoD report?

13 AUDIENCE: Oh. No. No, I'm sorry. The report
14 we're meeting here for. The meeting says the report was on
15 the report to the president.

16 CHAIRMAN JOHNS: Okay. No. We'll have public
17 comment later in the meeting.

18 AUDIENCE: Oh. Okay. Tell me when.

19 CHAIRMAN JOHNS: Okay. But I was asking for
20 questions about Ruth's report, specifically.

21 AUDIENCE: Oh. Veteran organizations don't know
22 anything about this. We have never seen these slides. We

1 have no input. I've already got three people here: VFW,
2 American Legion and Vet Force. We don't know what this is
3 about.

4 MS. SAMARDICIC: Well, as I said, it's a very
5 conceptual stuff. We're getting there.

6 CHAIRMAN JOHNS: All right. Last call for
7 questions on the Department of Labor's presentation. Okay.
8 Thank you very much. All right. So we're going to move now
9 to our committee reports; and, what I ask, first of all, I
10 want to echo Rhett's comments earlier in our meeting. My
11 thanks to each of you, knowing each of you and what a busy
12 plate you have.

13 I truly appreciate the commitment that you've had
14 to this task force and the work that you've done to
15 contribute to this second report to the president. I would
16 ask in your reports to the meeting this morning that you
17 briefly touch on key issues that were before your committee
18 over last year and your plans for 2013 considerations. So
19 with that, Rhett and Don -- access to capital.

20 SUBCOMMITTEE REPORTS

21 MR. JEPSON: Okay. Great. Can you hear me in the
22 back?

1 AUDIENCE: No.

2 CHAIRMAN JOHNS: I think they're telling you you
3 need the microphone.

4 ACCESS TO CAPITAL

5 MR. JEPPSON: Okay. All right. Thank you. So
6 just to dwell on that for a moment before I turn it over to
7 Don real quick, is we look at where we're at in the veterans
8 piece, and we know these issues stand alone. So whether we
9 do outreach or we do access to capital, they intertwine, but
10 they're not independent lines of operations. They're called
11 mutually supporting lines of operation here. And so as we
12 look at the outreach and the Boots to Business from the
13 transitioning veteran, we come to setting conditions for him
14 as he's gone through this training and outreach to be able to
15 execute a business plan.

16 We know that the single hardest part for a veteran
17 who's just transitioned who has a business plan, a veteran
18 who's been out of the service for a while and decides to
19 start a business, or a veteran who goes home and can't find a
20 job, the training in the outreach piece, we've got a good
21 start there, whether it's the Boots to Business or whether
22 it's going to an SBA resource partner, or one of the other

1 programs that's available locally from state and local piece.

2 But, the hard part is the access to capital.

3 Veterans right now, for the most part, compete just
4 like anyone else for access to capital. We have some
5 specialized products here within SBA. We have Patron Express
6 Loan, which is a good piece. We have the regular SBA loans,
7 which are great for a veteran, just like everyone else, and
8 they're available too. And we'll see that there's some
9 significant lending that's been done here; but, really, how
10 do we begin to set conditions? And this becomes the priority
11 of effort for us as we begin to look at it.

12 I like to think of it as the near fight and the
13 future fighter, the close end battle, the far battle. We've
14 got the education and the training piece. We look at Boots
15 to Business. We are in the middle of execution. We've got a
16 plan in place. We're putting the resources against it and
17 we're beginning to execute that. We will execute that, and
18 coming here to the extent that we have resources, as you
19 know, right now we have a new program and will be operating
20 under the continuing resolution here. And so the
21 administrator and deputy administrator support, we will pull
22 up resources.

1 We can flex -- I want to say execution of Boots to
2 Business, and we will continue to do that, even to the extent
3 that as we do get a budget, but that will happen. But how do
4 we set conditions in that far fight for the access to
5 capital? So in the coming year we're going to focus in three
6 areas that we can make recommendations. It's a bit premature
7 to say exactly what those recommendations are, but we've bent
8 them into three areas that we will look at.

9 The first is the public-private partnership out
10 there. There's a load of good will in the community here,
11 and the private sector, where we with government and the
12 private sector come together to increase awareness of the
13 need for veteran capital of new formation to establish funds,
14 to establish lender commitments and conduct activities to
15 support that. And so we'll focus on that, and we'll come out
16 with a roadmap here on the next few months on how we at the
17 SBA will begin to lead in that area.

18 The other two areas which we will focus on and then
19 go to the administrator with some recommendations, and then
20 forward as appropriate, is the regulatory or rulemaking, the
21 part where we can by decision affect the way we blend and
22 execute some of the SBA products to veterans, and also

1 legislatively, recommendations we can make to enhance SBA
2 lending opportunities for veterans that allow them to have
3 more access to capital and more easy for them to get their
4 particular venture financed. But I think, really, the
5 biggest room for growth where we're really going to make an
6 impact difference is back working closely with the private
7 sector.

8 I can give you an example of creative venture
9 that's just come out that SBA's been a part of, our
10 administrator's been involved with is in conjunction with Vet
11 Grant, they're both an SBA partnership. They established
12 what they called the Veterans Business Fund, and they've got
13 their first case going right now. If a veteran wants to buy
14 a franchise and he qualifies for the 7A loan, for example, if
15 the franchise in his fees are \$100,000, and he could qualify
16 for the SBA loan, which shows 70 percent, but he only has
17 10,000 in equity, where does he get that difference of
18 20,000?

19 Through the Vet Bus Fund, with an SBA approved
20 business plan, and with qualified franchise, he can then go
21 back through that fund and get the additional 20,000 he
22 needs, and then we'll subordinate their loan to the SBA loan,

1 loaning him that 20,000 in very generous terms. And this is
2 done through private equity. So there are these type of
3 venues out there that we will get to focus on and we can
4 leverage the private sector in partnership where we can help
5 enable the veterans. So it's these type of things that we
6 will look at to do.

7 Also, we'll look at how we might engage the private
8 lending community to stay being such as chambers of commerce.

9 Is it doing it in a unified way that we can help increase
10 the lending commitments to veterans, as we have increased and
11 done well on the outreach phase? We are focused on
12 increasing that access to capital in becoming board members.
13 We hope that we will give you concrete steps and actions that
14 we will take focus on to providing access to capital, but we
15 are still at the forming stages of what those actions will
16 look like coming up with the milestones and the steps we'll
17 take.

18 But that's really where our focus has to be for
19 what I would call the far fight, and I say the distant fight,
20 which is the fight that will happen within the next six
21 months as we start to get the new graduates of the Boots to
22 Business program here. So that's what I've got. Don?

1 MR. GRAVES: Thanks, Rhett. I'd just add a few
2 things specific to some of the programs we've been
3 implementing at the Treasury Department. As many of you
4 know, the Small Business Jobs Act that was passed in
5 September of 2010 included the Small Business Lending Fund
6 and the Small Business Credit Initiative, both of which are
7 fully up and running at this point.

8 We invested \$4 Billion in community banks and CDFI,
9 Community Development Financial Institution, and loan funds
10 across the country, more than 300 institutions. Those
11 institutions have deployed that capital to increase lending
12 above the lending that they had been doing prior to the
13 program by a total of \$6.7 Billion in just the first three-
14 quarters since we closed on those investments.

15 Part of what we've been doing, working with our
16 friends at the SBA and with other agencies across the
17 administration, is to talk with the banks who were
18 participating in the program, but also reaching out to
19 veteran communities across the country to ensure that folks
20 understand that these institutions have incentive for
21 lending. So, if you have problems going to another
22 institution, there are these 300 plus institutions that have

1 received this investment by the Federal Government.

2 They have an incentive to lend to small businesses,
3 because if they increase their lending to small businesses,
4 they can get their interest rate that they pay back to the
5 Federal Government down from five percent down to as low as
6 one percent. If they don't increase their lending, that
7 interest rate goes up to seven percent. The important reason
8 for focusing on outreach right now is because we are getting
9 to the point. We are getting within the next year, year and
10 a half, depending on when the institutions took down that
11 money. Their interest rate will get locked in.

12 So the whole point of the program was to get
13 dollars out to these banks, the very banks that do the lion's
14 share of lending to small businesses, and get them to lend as
15 quickly as possible so that we can supercharge the work that
16 we're doing coming out of the recession in the next two
17 years, basically. These institutions are going to do
18 everything in their power to get their lending up because
19 they want to get the interest rate that they paid to us down
20 as low as they can before it gets locked in; and after the
21 two years, that interest rate gets locked in.

22 So that's the small business lending fund. You can

1 go to the Treasury website to get more information about the
2 specific institutions that are participating. The State
3 Small Business Credit Initiative, we closed on our final
4 allocation of funds to municipalities in Wyoming. That was
5 the very last set of applicants. We were in every state and
6 every territory in the country: North Dakota, Wyoming and
7 Alaska; it's municipalities that have programs as opposed to
8 the rest of the states, which are being run by the states
9 themselves.

10 You can go to the Treasury website and find out
11 about those programs. There were a total of about 140 or so
12 different types of programs from capital access programs to
13 loan guarantee programs, venture capital programs. We've
14 already seen in just a very short amount of time \$250 Million
15 in new lending as the result of that program. Again, we are
16 focused heavily on outreach right now. In fact, we have our
17 relationship managers that are working with all the states.

18 And one of the commitments we've made to the task
19 force on an ongoing basis is to work with the states and with
20 the SBA as well as our federal partners to ensure that
21 veterans are participating in the programs, know about the
22 programs; that we're doing everything that we can with our

1 veteran organizations as well so they know about those
2 programs.

3 The CDFI fund, Community Development Financial
4 Institution fund, is continuing to do its outreach, has done
5 a lot of work with veteran organizations in the past. This
6 program is pretty clean and forward, because it focuses on
7 low and very low income communities; and, unfortunately for
8 us, we have too many veterans who are living often in dire
9 straits. So these institutions are focused specifically on
10 very low income communities, and we are going to continue to
11 do that through our outreach efforts with CDFIs and with
12 communities to focus on veterans.

13 Finally, this past year, a new piece of legislation
14 was passed and signed into law that I think actually could be
15 very beneficial to the veteran community. That's our Jobs
16 Act to jump start our business startups act. There's one
17 provision in the Jobs Act that I think is really important,
18 and could be, as the President says, the game changer for
19 many businesses that have not been able to get to private
20 equity to venture capital.

21 That's crowd funding. It allows for smaller
22 dollars to go in to be pooled together for investment into

1 small businesses. This will allow folks who don't have ready
2 access to Wall Street or to venture capitalists in Boston,
3 San Francisco or wherever you might be to utilize new
4 platforms that are being developed all across the country to
5 crowd dollars.

6 So you might have a veteran's organization that
7 pools together small dollar investments from veterans and by
8 other investors, to invest in veteran owned small businesses.
9 These are equity investments, particularly for those firms
10 that are facing what's known as the valley of death. This is
11 the type of money that you can't get from venture capitalists
12 into these environments.

13 So we're excited about all of those. We're going
14 to spend a lot of time as the SEC works on the rules related
15 to crowd funding, focusing on outreach to make sure that
16 folks throughout the country, but importantly in the middle
17 part of the country where folks, as I said, don't have access
18 to Wall Street often, so that they know that this is out
19 there, that there are platforms that are being developed and
20 they'll be able to utilize this private equity in ways that
21 they hadn't before.

22 CHAIRMAN JOHNS: Thank you. Questions from task

1 force members. Jim?

2 MR. WILFONG: Yes. I'm really glad to hear about
3 the last piece, because I think you remember that one of the
4 things our working group asked for was a report on the crowd
5 funding rules that were supposed to come out in November.
6 Are they not out?

7 MR. GRAVES: The SEC postponed or pushed back that
8 deadline. It looks like they'll be out in the early part of
9 next year, but we're actively asking them to work as
10 diligently as they can, because this is really important.

11 MR. WILFONG: Well, it's really important for
12 veterans, because, quite frankly, we don't need the young
13 veterans, especially, taking on more debt. You know. Plus
14 they don't have a lot of equity or collateral to pledge
15 against the debt so they don't qualify for longs. Also, I
16 don't think it's a good idea for entrepreneurs in general to
17 try to use operating lines of credit where equity should be
18 in place.

19 That does not work well. The SBA knows that all
20 too well, because a lot of folks use their operating lines of
21 credit and are supposed to be paid down once a year. If they
22 don't get paid down once a year, because they've been using

1 it as equity, and the idea of sweat equity for a veteran may
2 be non-existent, because the sweat equity of the veteran has
3 been placed into the country. They have been placing it in
4 the country over their career, or, if they'd been in for a
5 short period of time and especially enlisted. And I was an
6 enlisted person, so I'm quite sympathetic to the people who
7 were enlisted, because they don't have a lot of money. They
8 don't get paid a lot of money.

9 Maybe they've only put in a four-year hitch or an
10 eight-year hitch, and they don't have a lot of equity or
11 collateral to pledge to be able to get the funding to start.

12 And, so, I'm really happy to see about -- to know there's
13 going to be an opportunity maybe to form veteran-based, crowd
14 funding. I think that will help to democratize this whole
15 process a lot. And that's a really good thing.

16 The other thing that I would also suggest is that
17 we take a look at where the SBICs are being involved, the
18 Small Business Investment Corporations here, because for real
19 techy companies, especially, companies where there's a chance
20 for a lot of upside potential in growth, I think we've got to
21 take a look and see how much of the SBIC money has been
22 directed towards veterans. You know. The Patriot Express

1 Loans, those are nice, but it's debt, and young people don't
2 need more debt, usually. They need less.

3 And then the other thing that I would suggest --
4 that we have been suggesting from our committee for a while
5 is the idea that we work some sort of an arrangement with
6 banks. It seems to me that banks always get the bet side of
7 these deals, and when it comes to small business, especially;
8 and, that we work some sort of an arrangement where a young
9 veteran with a good business plan in hand and with maybe some
10 sweat equity is able to get a loan -- maybe it's through a
11 community development financial institution where they don't
12 have to pledge their house or their car, or their truck, or
13 whatever, in order to get this loan. I think that would be
14 very valuable to veterans, so, thank you.

15 MR. GRAVES: And thank you for those suggestions,
16 and the last one we will certainly follow-up on ways we can
17 better utilize the EFIs particularly for our young service
18 members. One thing that I wanted to pick up from your
19 comments, which I think is really important for us to
20 remember, in order for folks to have adequate access to
21 credit and capital, you also have to have a relatively good
22 credit history.

1 And that is coming out of the recession, it just
2 enhanced the problems that many of our service members and
3 veterans have been facing; and, it's something that we've
4 been working on, both in my office and also the office of
5 consumer policy at Treasury. We've worked with our
6 colleagues at the Consumer Financial Protection Bureau,
7 including Mrs. Petraeus and her team, finding ways that we
8 can do a better job of ensuring that our veterans and our
9 service members have the financial acceptability and the
10 financial literacy that they need so that they can actively
11 engage in our financial system and not be relegated to the
12 shadow banking system that too often is the only option and
13 opportunity for them.

14 CHAIRMAN JOHNS: Just to respond to two issues that
15 you raised, Jim, and to emphasize that from the SBA we have a
16 number of programs that are specifically focused on veterans,
17 but we also always want to make sure that people know that
18 everything that we do is also available to veterans. So on
19 the issue of the effect of the recession and the inability of
20 entrepreneurs to sometimes not be able to pass muster with
21 the commercial banks, that was one of the reasons we created
22 the Community Advantage Loan Program, specifically, to target

1 the \$350,000 and below range of capital need, which is where
2 the market gap still persists.

3 But, the other good thing about Community
4 Advantage -- and in addition we're working with our
5 colleagues at Treasury -- CDFI's for example, are now able to
6 take advantage of the SBA guarantee through the Community
7 Advantage loan. But the other aspect of the Community
8 Advantage loan I thought I should raise -- given this
9 discussion -- is that we don't credit score. You don't have
10 to have a particular credit score for Community Advantage;
11 but rather, working with these mission lenders, they're
12 looking at the other factors that are important to determine
13 whether a borrower can repay the loan, but not necessarily
14 saddling that person, if they've had some problems with the
15 recession or for other reasons, denying them the opportunity
16 to qualify for a community advantage loan.

17 So those are certainly available to veteran-owned
18 businesses. And you mentioned SBIC. Thank you for doing
19 that. We've actually now had our third record-breaking year
20 in terms of utilizing our SBIC authority. So we're very
21 focused on growing the SBIC program. And what I would
22 greatly appreciate is, particularly, Jim, your input mark.

1 And, Secretary Hale, your input on how we can better
2 publicize SBIC resources through veteran-owned businesses.

3 And I also make that offer to our other VSO leaders
4 in the room that Rhett and I talked about conducting a number
5 of outreach initiatives this year based on what we did
6 successfully through our urban-economic series that we held
7 last year to do some specific veterans focused forums, and we
8 want to use it as a way to build awareness, because I
9 maintained for many of our programs, veterans and otherwise,
10 part of what we're still challenged with is making sure that
11 people understand what we have, what resources are available,
12 and use them.

13 And so SBIC certainly falls in that category. And
14 we've created an impact fund for businesses -- excuse me --
15 investors who are specifically looking to invest in companies
16 who've committed to growing businesses in lower to moderate
17 income areas. And this may be another way to get veteran-
18 owned business's attention and get them more involved with
19 SBIC.

20 MR. GRAVES: As you contemplate that veteran series
21 life, the urban entrepreneur series, I would be happy to
22 commit the Job's Council to participate and work with you on

1 that.

2 CHAIRMAN JOHNS: Thank you. Any questions from the
3 public regarding Access to Capital report?

4 AUDIENCE: There are two things that have been
5 recommended in the past but never done. First is designating
6 veterans, particularly service-connected disabled veterans as
7 an undeserved community. The reason why the disabled vets
8 and the higher the disability rating the more difficult it is
9 for them to get a business loan. And the reason for that is
10 you can't garnishee compensation. It's the same problem that
11 folks have in the reserve territories with getting a loan,
12 because if they go belly up, you can't repossess the
13 structure where the business was going on, because it's in
14 the reserve territories.

15 Therefore, it's very problematic; and the second
16 thing is what's done before by Jim Sanders when he was
17 administrator in 1982. An administrator's order was put out
18 on our recommendation that no SBA guaranteed, and at that
19 time they also had direct loans. No disabled vet will be
20 turned down solely on the basis of collateral or equity. And
21 that made a tremendous difference, because if they had a good
22 credit history and they had a solid business plan, you could

1 move ahead whether they had the equity or not.

2 And that was particularly true of the younger, the
3 more recently separated, the less likely they were to have
4 that kind of equity. So there are two things that could be
5 done working with Treasury, underserved population were
6 service disabled vets and the other is ensuring that no
7 disabled vet loan shall be turned down solely for equity
8 and/or capital, or collateral. Thank you.

9 CHAIRMAN JOHNS: Thank you, Rick. And to your
10 first point, I wanted to clarify in SBA's definition of
11 "underserved" constituencies, veterans and service able
12 veterans are included.

13 MR. WILFONG: Just a quick point. Perhaps when you
14 get ready to publicize SBICs, maybe we could also publicize
15 crowd funding at the same time, because they're both equity
16 programs. And why not get both of them going? Okay. Maybe
17 our working group will take that on as a topic to work on and
18 find an effective way with working with the BSOs to come up
19 with a way to publicize that in the veterans' community.

20 CHAIRMAN JOHNS: Thank you. Thank you.

21 MR. WILFONG: You're welcome.

22 CHAIRMAN JOHNS: Okay. Seeing no other hands,

1 Jiyoung and Linda, Federal Contracting.

2 FEDERAL CONTRACTING

3 MS. OLIVER: Jiyoung and I have discussed this and
4 we're really going to give you an effective, high level view
5 of what we're doing, because we're not sure what we have to
6 say is as important as the other people are important to the
7 people here for the public meeting portion of it. A year ago
8 we said that Department of Defense would find the money to do
9 a study of barriers for service disabled, veteran-owned,
10 small businesses.

11 The study takes about that long. The study is
12 finished. I've been briefed on the results of it, and on
13 that obligation to do that, the obligation we took on to do
14 that, we'd be happy to have Rand come and brief the results
15 and answer questions about all of it. We had wonderful
16 cooperation from the veteran serving organizations, but I'd
17 propose Marie that we schedule it in the next committee
18 meeting or a task force meeting, or that we have a separate
19 meeting for the public meeting that anybody can come to and
20 hear the results of the study. And I think we can probably
21 work that out some way.

22 MS. PARK: Thanks, Linda. And, you know, in the

1 meantime, we of course have a policy across the agency as
2 well. That kind of analytics has been developed for future
3 recommendation and publication. And I think a lot of the
4 hard work that the agencies have been doing in this area have
5 been paying off, and we've seen that, really, in the numbers.

6 And as the report indicates, where government-wide
7 we achieved 2.5 percent for service able vets, in 2010 we
8 increased that to 2.65 in 2011. And I know the 2012 numbers
9 are not official, but the preliminary data show -- and you
10 can see this on the small business dashboard that's publicly
11 available today -- Federal Government achieves 2.98 percent,
12 so awfully close to that 3 percent goal.

13 Of course, it's not quite 3 percent, and those
14 numbers are still unofficial and being validated. But I
15 think, you know, those speak to the progress that is being
16 made. Of course, we'd still have work to do, but as of
17 today -- I just checked the numbers this morning. As of
18 today, we're at 3.4 percent for a series sample that's
19 contracting. And while we saw earlier in the fiscal year the
20 majority of funds had yet to be spent, I think these are
21 clear signs that we are moving in the right direction.

22 So, just a couple of things to recap what we did

1 this past fiscal year that we're going to continue to press
2 hard on and move forward on this fiscal year. You know, just
3 enhanced training efforts that are targeted and that are
4 coordinated across agencies. And I know GSA, we have done
5 some specific training, both for the acquisition, as well as
6 for small businesses that are for service able, veteran-owned
7 small businesses, specifically. You know, with specific
8 issues regarding certification or particular barriers that
9 are addressed in that kind of outreach that's in a very
10 targeted fashion.

11 Of course, our Mentor-Protégé Program -- and many
12 agencies have them as well, has been really targeted a
13 service able veteran of small businesses as well, and we've
14 seen some good results in terms of subcontracts one and prime
15 contracts one, as a result of assistance from mentors. We're
16 also very committed to increasing awareness among the buying
17 community across agencies.

18 The contracting vehicles that are specifically set
19 aside are dedicated to veteran-owned small businesses and
20 service single vets. And so GSA, of course, has our RGWACs
21 and a number of schedule holders. And we're continuing to
22 get out there, working with our customer agencies to make

1 sure they're aware of really how to get to vets and to meet
2 their requirements, and to achieve their SDBO contracting
3 goals in the process.

4 You know. Last but not least, as Marie mentioned,
5 the SBA resources certainly available to veteran firms in the
6 same way that small business procurement working group,
7 that's basically headed by OMB and the White House. Those
8 efforts, while across the board for small businesses, these
9 are helping with SDBOs contracting as well.

10 Initiatives like making sure that purchases under
11 the simple acquisition threshold are really hitting small
12 businesses, including service able vets, and initiatives like
13 making sure that the set aside schedules and other multiple
14 work contracts, that is really being taken seriously and that
15 we're seeing an increase in that across the board -- across
16 the agency.

17 So GSA certainly really helping to support those
18 efforts in the Department of Defense and other agencies as
19 well. So that's a brief report of what we've done and what
20 we'll continue to do. We're certainly looking to view back
21 from the task force and for members of the public of what
22 else we can be doing this fiscal year.

1 CHAIRMAN JOHNS: Thank you, Linda and Jiyoung.

2 Any questions from task force members? Secretary
3 Hale, anything from you?

4 MR. HALE: No, thank you very much. That's cleared
5 it up for me.

6 CHAIRMAN JOHNS: Thank you. Any questions or
7 comments from the public on federal contracting? Okay.
8 Thank you.

9 So the certification subcommittee, we are happy
10 that Ford Heard is with us from the Veterans Administration.
11 Tom Leney was unable to --

12 MR. HALE: Who's with you?

13 CHAIRMAN JOHNS: Ford Heard.

14 MR. HALE: Thank you.

15 INCREASE INTEGRITY OF CERTIFICATIONS

16 CHAIRMAN JOHNS: Tom Leney was not able to be
17 present today. So, Ford, with your permission I'd like to
18 use this time to seek comment from either task force members
19 or the public on the issue of certifications. As you and I
20 spoke before, this has been an issue that is of great
21 interest among our BSOs and task force members as well. I
22 don't want to deny you the opportunity to make a comment, but

1 I just appreciate you being here. Don't want to put you on
2 the spot.

3 MR. HEARD: Thank you, Marie.

4 CHAIRMAN JOHNS: Okay. So with that, members of
5 the public, are there any comments or issues related to
6 certification process?

7 MR. HALE: I have a question.

8 CHAIRMAN JOHNS: Yes, Secretary Hale?

9 MR. OGOZALEK: Am I on the air there?

10 CHAIRMAN JOHNS: Oh, I'm sorry. Who's speaking,
11 please?

12 MR. OGOZALEK: My name is Eugene Ogozalek. I am
13 the president of Willow Design, an architectural company. I
14 am a verified SBVLS firms in Scranton, Pennsylvania. We're
15 architects. I am a combat wounded U.S. Marine and disabled
16 veteran of Vietnam. I had a medical discharge as a result of
17 my penetrating head wounds and multiple wounds to my
18 extremities. I have a masters degree, Tulane University,
19 1974, courtesy of the VA Vocational Rehabilitation Program.

20 Questions for Mr. Leney, and I'm very disappointed
21 he's not there: TVE, guilty until proven innocent policy is
22 destroying bona fide SBVLS firms like mine and must be

1 changed. The SBVLS verification should not be removed every
2 year or two without reason. It is a destructive policy that
3 has caused me to borrow over \$150,000 in 2011, waiting seven
4 months for my reverification to be returned by Mr. Leney. I
5 have been verified only seven months in 2011 and as a result
6 did not get additional work from the VA because I was not
7 reverified.

8 A second question: Why were the names of the
9 SBVLSB owners removed by Mr. Leney from the VIP Vets website?
10 This prohibits the general public from knowing who claims the
11 SBVOSB individual or firm. Most of the architectural
12 companies claiming to be SBVLB companies are shell companies
13 run by non-professionals who brokered work to non-service
14 disabled firms. I have lots of examples that I sent to Mr.
15 Leney and he has never returned a single letter of mine in
16 over 12 months.

17 As an architect, we police our ranks at the state
18 level very well, and now by removing those names, you have
19 prevented us from doing so. The third question and final
20 question, real quick, has Mr. Leney done anything to see
21 those joint venture verifications? The timeframe for
22 approval of joint venture is 90 days. Yet, the solicitation

1 that I respond to to the VA is due in 30 days. At the
2 national convention in New Orleans in 2011 in August, my son
3 and I attended the session where Mr. Leney told me in person
4 that that was not his problem.

5 Well, I disagree. It's exactly his problem! He is
6 a dismissive, arrogant individual, and I'm disappointed he's
7 not here today. I've written four letters to the Secretary
8 about it and to my senator, and I'm going to write more
9 letters. I am not an isolated case. There are many, many
10 firms that are fed up with Mr. Leney mishandling of his
11 Center for Veterans Enterprise. I am disgraced what you did
12 to me. That's all I have.

13 CHAIRMAN JOHNS: Thank you, Mr. Ogozalek. Any
14 other questions, comments on the issue of certification?

15 MR. DOUGHERTY: Yes, yes. Thank you, Eugene.
16 You're absolutely not an isolated case. My name is Patrick
17 Doherty. My company is FSM Drawings, and it's very
18 disappointing that Mr. Leney is not available. But I'll
19 thank all of you for holding this public forum such as this
20 and I'll direct my comments to Mr. Heard.

21 MR. OGOZALEK: I just want to say thank you very
22 much. This is Eugene, again. I want to say thank you very

1 much for the opportunity to chime in on the phone. Thank you
2 very much. This has been a boiling point for me and I've
3 written a lot of letters, got some point from veterans
4 organizations such as Vietnam Veterans of America, Vets R Us,
5 and the American Legion, and so on, has responded to me. And
6 I really thank them for it. But to be able to get on the
7 phone here and to speak to a forum like this really is
8 terrific. Thank you very much.

9 We still have serious problems. You know. There
10 are a lot of bona fide firms that are working our tails off,
11 real small firms. I have six people. I thought my
12 certification's being taken away this year because I'm a
13 family business, because my wife and my son are directors and
14 they could outvote me was ridiculous, and that's why it was
15 taken away. And it took seven months to get it back. In the
16 meantime, I had to borrow money.

17 I thought I would lose my house. I really did.
18 And I got no response from Mr. Leney. None. On all the
19 issues that I sent to him on how to speed up joint venture
20 approvals and so forth, I'm sorry to take your time on this.
21 I just wanted to chime in one more time and just say thank
22 you very much for the opportunity, and I look forward to

1 speaking with folks.

2 I intend to speak at the Senate Committee on
3 Veterans Affairs in Congress and the House Committee on
4 Veterans Affairs in Congress about Mr. Leney's mismanagement,
5 by the way. Thank you.

6 CHAIRWOMAN JOHNS: Well, sir, we thank you for
7 taking the time to join us by phone and for your comments.
8 This is the purpose of this task force is to hear areas where
9 we need to improve, and we again thank you for participating.
10 We thank you for your feedback. We certainly do value it
11 and we will be like getting back in touch with you.

12 So, Mr. Dougherty, did you have a comment?

13 MR. DOUGHERTY: Yes, yes, I do. I'd like to
14 continue and, again, like Eugene, I went through the
15 volunteer voluntary process of submitting all my
16 documentation to the Veterans Administration and the SEB.
17 And back in -- I think it was -- end of 2008, I received my
18 certification February 23rd of 2009, congratulating me that I
19 was a founding member.

20 I'm just reading the letter now -- as a founding
21 member of a sort -- moment -- and all this BS that after
22 submitting almost a three-inch binder of documents to support

1 my claim, then I sent a veteran-owned business, which
2 included my retirement orders from the service and the VA
3 medical documents and all the business stuff -- all that.
4 And then my comments today are how can the CDE justify taking
5 over this, summarily discarding that verification, and then
6 saying, oh, you have to be reverified?

7 And, then, taking 440 days to certify my company,
8 again, and taking excuse after excuse after excuse and Mr.
9 Leney's office, they took 320 days to issue a denial letter.
10 And in the very beginning of the denial letter, they very
11 nicely verified -- thanked me for my services. They verified
12 that I was a service disabled veteran and that they told me
13 that they verified that with the VA, which actually isn't
14 very difficult to do.

15 The VA mails veterans now letters almost annually
16 that with our ratings on there and our periods of service,
17 and which I think is a waste of time doing it annually, but
18 anyhow, I'm going to close this, wrap this up. It shouldn't
19 have taken 320 days to do that; but, then, they rested on the
20 issues with my operating agreement, much like the speaker
21 just a minute ago, Eugene.

22 So against my attorney's advice, I had my operating

1 agreement changed to suit Mr. Leney's office. The issues
2 that the CDE had with my operating agreement, I'm a 75
3 percent owner of the company and I have a 25 percent member,
4 a very good friend of mine. And so it's standard LLC
5 agreement. I had it changed to suit the CDE that was 120
6 days ago, and they had 21 days to review that, and I'm not
7 going to tell you \$100,000 extended.

8 I'm \$50,000 extended on my line of credit. I heard
9 your earlier speakers talk about people running on lines of
10 credit. That's exactly what I'm doing. You know, the equity
11 is gone and we're on lines of credit; and, it's all because
12 the CDE is holding us ransom. That's my problem. The CDE is
13 holding veterans ransom to this damn certification process.

14 CHAIRMAN JOHNS: All right. Thank you both very
15 much for your input and I'm going to give you my e-mail:
16 Marie.Johns@SBA.gov. If you have further issues, we need to
17 move the agenda, but you may send your concerns to me and
18 I'll make sure they get to Mr. Leney and so that you can
19 ensure that you've had ample time to discuss your concerns.

20 MR. DOUGHERTY: Okay. Thank you.

21 CHAIRMAN JOHNS: Thank you very much.

22 MS. FORTNER: My name is Tracy Fortner. Can I

1 speak as well?

2 CHAIRMAN JOHNS: Yes you may. Ms. Fortner, what I
3 would ask is that you please make your comments as brief as
4 possible, because we are running tight on time, now.

5 MS. FORTNER: Okay. I represent Power
6 Engineering, a small disabled veteran owned business. And
7 then while with the CDE process, I echo Eugene and Patrick's
8 sentiments on many, many levels; but the thing that has been
9 the most frustrating for me is my job is to go out and
10 solicit business that we're ideally designed to do. In the
11 past two weeks I received three phone calls from contracting
12 officers who either informed me that yes, I was a little
13 experienced, or I was the most viable candidate; or, three, I
14 would have been awarded a contract, totally, well over
15 \$500,000 in contracts for the coming year that I will not get
16 because I'm stuck in CDE reverification process. It's
17 sickening. It's saddening.

18 We're a small company and we got the same
19 boilerplate letter saying, yes, we have recognized that your
20 company is in fact a small, disabled veteran, however we'd
21 like you to rewrite your operating agreement. We don't have
22 another 30 days to wait on another half a million dollars of

1 business. Thank you.

2 MR. JEPPSON: Ma'am, this is Rhett Jeppson from SBA
3 Veterans. Could I just ask you a quick follow-up to that?
4 On the three contracts that you were viable on, who were
5 those contract with? Which federal agency?

6 MS. FORTNER: The Veterans Administration?

7 MR. JEPPSON: All three with the VA, then?

8 MS. FORTNER: Yes.

9 MR. JEPPSON: Okay. Great.

10 CHAIRMAN JOHNS: Thank you, Ms. Fortner.

11 MS. FORTNER: And you see, though, the contract
12 officers want so bad to get these things fast-tracked, and
13 then have been told that the back track process ended
14 September 30th. And so they're going to have to go to a
15 higher bidder. In one case in particular it was \$43,000 more
16 than my low bid.

17 CHAIRMAN JOHNS: Thank you very much. All right.
18 We're going to need to move the agenda now. Any other
19 concerns about these issues? As I said, you may e-mail them
20 to me and we will make sure they are sent to Mr. Leney.

21 Hello, Matthew.

22 MR. BLUM: How are you?

1 CHAIRMAN JOHNS: And, Joe, we'll have time for
2 public comment at the end of the meeting. We just need to
3 get through the committee reports. Thank you.

4 REDUCING ADMINISTRATIVE BURDENS

5 MR. BLUM: Our committee is focused on
6 administrative burdens and from our many meetings previous to
7 this, we've focused on two angles. One is taking and
8 leveraging technology more effectively to reduce barriers to
9 entry and ease of access to information. Our big
10 accomplishment there, I think, is Business USA. Dennis is
11 here and we'll do a presentation later, so I will confer to
12 his great work to give us an update.

13 I do want to briefly mention one additional effort.

14 I don't know that it's been briefed before, and that's our
15 FPDC. It may be, actually, in the future meaning we can do
16 further discussion on this; but, just very briefly, the
17 presidential innovation fellows program, which brings
18 basically the greatest minds in the country to Washington to
19 look for ways we can make significant change, transformation.

20 Game changers on some of our biggest issues has put
21 a team of three of these fellows to look at how we can
22 approve the simplified acquisition procedures in federal

1 procurement. And the work that they have been doing over the
2 last several months focuses on developing a platform that can
3 help to build out on some of the technology that has been
4 used by Fed Bus Ops to make it significantly more efficient
5 for both small businesses and for contracting officers.

6 We know that, for example, Fed Bus Ops, instead of
7 watching help standardize web format, but it doesn't really
8 support vendor creation of electronic proposals directly in
9 response to a solicitation. It has done a lot to eliminate
10 transaction steps for contracting officers, but it doesn't do
11 anything to simplify the process for generating good
12 statements of work in consistent manners that make it easier
13 for small businesses to find this information.

14 The folks that are at the Presidential Innovation
15 Fellows are software experts that are working to create new
16 tech applications of technology to address these problems.
17 With SBA, actually, it's going to be issuing a Federal
18 Register Notice in the next several weeks to initiate a
19 pilot, and one thing I think that's particular interest is
20 the person who's developing or has been developing the
21 software is an expert on web design.

22 So that's going to be one of the key areas that we

1 start the pilot with since he personally had experienced
2 looking at other agency websites and knew that agencies were
3 spending hundreds of thousands of dollars if not millions in
4 some instances for things he thinks small businesses and new
5 entrants that are currently doing business with the
6 government could do for much less money.

7 So I think this is a very promising pilot, and it
8 can actually also can serve as a model for us to find how we
9 can do other innovative contracting ideas, which I think is
10 going to be especially helpful for small businesses and new
11 entrants to the person who was on the phone. A minute ago, I
12 talked about how they can do things for less. I think that's
13 one of our operating beliefs is if we can do more to outreach
14 these small businesses, we can find lots more opportunities
15 that will actually save taxpayers money at the same time.

16 With respect to the second area that we have been
17 focusing on, that's on reducing regulatory burden. As you
18 see from the report, we had summarized much of our progress
19 from fiscal '12, which includes as Jiyong talked about on
20 implementing the Jobs Act and facilitating greater use of
21 water set-asides. OMB's efforts on accelerating payments to
22 small businesses, both at the prime and subcontract level,

1 and improving our subtracting rules.

2 During physical '13, there will be a lot more work
3 on each of those areas, for example, an accelerated payment.

4 I know this group talked about while it's a good first step
5 that there's more to do in thinking through what are the most
6 effective ways to get payment accelerated, especially at the
7 subcontract level.

8 Look for us to be issuing a notice, for our counsel
9 to be issuing a notice, and in your future seeking some
10 public comment on what your ideas are on alternatives,
11 whether it ranges from use of evaluation factor for those
12 that our prime contractors that offer to accelerate payment
13 to small businesses, to the reinstatement of what's known as
14 the paid cost rule; where, essentially, prime contractors
15 don't get paid until they've paid their subcontractors.
16 There are challenges in all of these areas, but if we look at
17 the continuum and get input, I think it would help us in
18 figuring out the best path forward.

19 I would just also mention one last point and that,
20 Jim and I talked about, how we've been focusing more on
21 increasing work that we get to small businesses. How do we
22 simplify the acquisition threshold? And as many of you have

1 heard, Marie essentially started this conversation back last
2 spring with the White House long distance working group and
3 challenged all of the agencies and senior leadership to focus
4 on this. And I think this is a great example of when people
5 focus, we can make great progress.

6 I think in my 20 years I've been at OFPP, I don't
7 know that we've actually had really good data to actually
8 even know the amount of work going to the small business
9 community. We had been working on this, and it's got PP, but
10 the community, including SBA, DoD and others. And just this
11 week we've had some figures and we'll be featuring this with
12 folks. And when once you have information, you can do
13 analysis, and that gives you some sense of how you can make
14 improvement.

15 And I'll just offer one fact in this area that I
16 think is worth noting. We've noticed that there has been a
17 decline, and as Marie had originally noticed. But we noticed
18 a particular drop off between fiscal '10 and fiscal '11 from
19 66 percent to 63 percent. Now, again, we aren't certain
20 about this, but there's something that happened in that year
21 which is that's when the simplified acquisition threshold was
22 increased from \$100,000 to 150,000.

1 So when you talk about how you can manage what you
2 measure, by seeing this actual drop, you know, it suggests
3 that maybe as one step, if we spend more time in figuring out
4 and making sure that our internal controls are looking, are
5 we doing all that we can to make sure for those actions
6 between 100 and 150,000 that may have been going to large
7 businesses, are we looking to see that the Rule, too, is
8 being enforced and getting that work to small businesses.
9 That would be a great opportunity to maximize opportunities
10 for the community.

11 CHAIRMAN JOHNS: Thank you, Matthew.

12 Any questions of Matthew?

13 Thank you very much.

14 So, Ruth, we appreciate you being here and we know
15 that you are not the DOL member of the task force and we
16 appreciate your report.

17 MS. SAMARDICIC: Thank you for allowing me to be
18 here. It's a great group, given your great energy here, so.

19 CHAIRMAN JOHNS: Given your submission on the
20 website, I'll restate our desire to see that move forward as
21 quickly as possible, and we are at your disposal to assist in
22 whatever way we can.

1 TRAINING AND COUNSELING

2 MS. SAMARDICIC: Thank you so much. Thank you. If
3 I could, I'd like to address one of the recommendations where
4 we talk about educating the work force system on accessing
5 SBA tools for Intro inertia. We, through our Jobs for
6 Veterans State Vamp Program funds to positions of the state
7 level who are stationed in the America Job Center Network,
8 which used to be called the One Stop Career Centers, and we
9 fund disabled veteran outreach program specialists.

10 Their task is to work with veterans with barriers
11 to employment to help them identify employment opportunities.

12 And then we sponsor local veterans employment
13 representatives, whose job is to outreach to employer and
14 liaise with employers to identify employment opportunities,
15 but also to educate the work force system overall, which is
16 about 2900, almost 2900 one-stops or American Job Centers
17 nationwide.

18 So we have an opportunity with those levels, which
19 we call them, to work with the work force agents to really
20 educate them on the availability of the many great tools that
21 SBA has. And we're looking forward to working with you on
22 that.

1 CHAIRMAN JOHNS: Thank you. Any questions?

2 All right. Thank you. And, last but not least,
3 Jim?

4 IMPROVING FEDERAL SUPPORT

5 MR. WILFONG: Thanks. So the working group that I
6 chair can handle a number of different issues, and we are a
7 working group that is not an agency. We are the working
8 group that mostly made of entrepreneurs, as you might
9 imagine, from Vet-Force, Veterans Entrepreneurship Task
10 Force. And we have been working with other members of Vet-
11 Force and other VSOs, and other veterans who own small
12 businesses. So we are taking a totally different view.

13 I appreciate portals and I appreciate changes in
14 regulation and so forth that all of you have been focusing
15 on, and I think those are good things. But we really take a
16 look at this from where the rubber meets the road and what
17 are the issues that are there for a small business operator,
18 in general, and a small business veteran-owned business in
19 particular. So we're interested, as we've said before, about
20 debt versus equity. I'm really pleased to hear what is
21 happening at Treasury.

22 I will be interested to find out more about how we

1 handle the ability of the GI Bill or some other mechanism to
2 provide equity for startups, for veteran-owned businesses. I
3 am very interested in the whole area of small business
4 education, business planning education that's community
5 based, easy for small businesses and veterans to be able to
6 get access to and to be able to take. Because the three
7 years that I was a fellow at the Kauffman Foundation as an
8 entrepreneur in residence, one of the things that we learned
9 there was that you more than double opportunities for
10 businesses to be in business and to be successful and not go
11 out of business, and to be operating profitably, than is the
12 national average, just by taking a 12-week three and a half
13 hour a week course in business planning education.

14 So we're very interested in that. We didn't push
15 our certification -- not the certification dealing with the
16 VA that's a wholly different type of certification we're
17 interested in. We're interested in certifying work skills,
18 and we've been told that the Department of Labor is working
19 somewhere on that. And so we're interested to know what's
20 happening with the Department of Labor, because we don't
21 intend to leave that one still.

22 If somebody comes out of the service and is an

1 electrician or a medic, who then can't meet a paramedic
2 without going through all that there is to go through, that
3 to me is not only the service of the veteran, but it's a
4 disservice to the community. I'll tell you a quick story.
5 This summer is a tragic accident. A 13-year-old girl in a
6 lake that we border on my home town up in Maine got run over
7 by a boat and her leg was severed. And a friend of mine who
8 is a doctor and teaches at Harvard Medical School and is
9 retired was there trying to save this girl's life.

10 There was an ex-Navy Corpsman who just happened to
11 be there, who took charge and saved her life, and my friend,
12 the doctors aid, it was the most amazing thing. And to see
13 this young corpsman just took over and knew what to do, but
14 yet this young corpsman would not have an opportunity to be a
15 paramedic without jumping through a whole new set of hoops.
16 So we're interested in that.

17 We're also interested in the SBA acting as a prime,
18 which was given they were given that responsibility. It
19 still exists on the books, and we think it would help a lot
20 if they were to act as a prime and be able to set aside
21 contracts. And to be able to provide all the technical
22 assistance and capital access programs that they have.

1 We think that would be a single thing that would
2 really help all small business, including Veteran-owned small
3 business. We're also interested in metrics, so we have some
4 metrics ideas that we propose to Matthew at OMB, and we are
5 very interested in this whole crowd funding idea. So we have
6 a lot of different ideas that we're still working with. We
7 have a whole list of them that we haven't presented, and we
8 presented as a committee before the close of business last
9 Friday four ideas for the consideration.

10 Those ideas are included in this, and I'm sure they
11 can be made available to the committee if you wanted to see
12 them. So, thank you very much. Thanks very much for all of
13 your hard work, and we look forward to pushing this forward
14 and making what we do and continuing on the process that this
15 committee has worked so diligently to make happen, have
16 things that actually work out in the field, that actually
17 provide a benefit to small business and to veteran-owned
18 small business. So, thank you very much.

19 CHAIRMAN JOHNS: Thank you, Jim, very much.

20 Mr. Wynn, did you have a comment now that we've
21 concluded all the committee reports? Did you have a question
22 or comment related to the reports?

1 MR. WYNN: Yes, ma'am.

2 CHAIRMAN JOHNS: And just state your name for the
3 record.

4 MR. WYNN: Joe Wynn, National Association Black
5 Veterans, member of the Vet Force. Thank you for giving me
6 an opportunity to make a few comments, and I'll try to be
7 brief. Just a couple of things.

8 One, first, I wanted to go in the committee for a
9 well-written report, and I think it was very easy to follow,
10 particularly in light of what was reported from the previous
11 year and following it into this year. And there's been a lot
12 of discussion on the Boots To Business, a lot in the report
13 with regard to small business startups with veterans; but, it
14 was our view or the view of many of us that the task force
15 originally was convened to really try to look at overcoming
16 the barriers to federal contracting for veteran business
17 owners, how they increased the number of opportunities for
18 veteran business owners.

19 And, so, it just doesn't seem like there's been a
20 lot reported with regard to that. So, I hope that as this
21 committee is going to continue into this year that there's
22 going to be, you know, some closer looks at how we can

1 overcome and increase these opportunities for veterans who
2 are doing business in the federal procurement market place,
3 because that's where all of this really originated from.
4 This thing, too, with the certifications, I'm not going to
5 spend a lot of time on it. We've been talking about this for
6 several years and we had actually advocated and really
7 promoted the use of the VA to be the model for other federal
8 agencies in working with veteran business owners to do
9 business in the federal marketplace.

10 A couple of the areas within the report, one was to
11 look at how to overcome barriers and how to reduce
12 regulations that were hampering business, veteran businesses
13 from growing and expanding. This process is going on at the
14 VA. It is just totally overly burdensome, and it's
15 discriminatory to many veterans, legitimate veteran business
16 owners.

17 You have the same veteran business owner and some
18 of your agencies are reporting increased contracting for
19 service-disabled vets. You're reporting that your numbers
20 are above three percent. When you look at some of these
21 companies that you're reporting, it's some of the same
22 companies; that are being the denied the opportunity to do

1 business with the VA. Now, you can't have it both ways.

2 If this is a legitimate company doing business with
3 GSA and DoD, how come they can't do business with the VA?
4 There's an obvious problem there. So, and what I'm
5 disappointed with is that I really don't think this task
6 force took that on and really dealt with that issue in the
7 past two years. So, hopefully, going forward if this is
8 going to continue, you will really take a serious look at the
9 issues and problems that's going on with the certification,
10 because we were talking one time of trying to do it
11 government wide, and hopefully that won't be the model that
12 we use.

13 One other quick comment, too. We also were hoping
14 too that we can try to find some ways to replicate what has
15 been successful with some of the other small business
16 preference groups; and, even if it means necessarily changing
17 some of the legislation that brought them into play, and one
18 is we're continuing to talk about servicing the vet program,
19 being a procurement program and not a business development
20 program. Yet, we continue to want to grow the pool of people
21 and qualified business owners.

22 Well, why aren't we looking at a business

1 development piece for service able veterans so that we can
2 grow this pool? There's some specific regulatory features
3 within that 8A program, as we know, that allows contracting
4 officers that easily award contracts to 8A small businesses.

5 Why aren't we looking at some of that for service disabled
6 vets so we can increase that pool of businesses?

7 So I'll just end with that and, again, appreciate
8 the fact that all of you have continued to participate. I
9 also like the Treasury recommendations in the programs that
10 came out of the Small Business Act 2010, and the fact that
11 you're talking about doing outreach and awareness, because I
12 don't think a lot of small businesses are aware that the
13 banks have access to these kind of funds. So I appreciate
14 that as well. Thank you.

15 CHAIRMAN JOHNS: Thank you for your comments, as
16 always, Joe. And on the certification piece, I will tell you
17 I am disappointed that we didn't make more progress on that
18 issue over the last year. I take responsibility for that and
19 we are going to focus and get to a stronger place by the end
20 of this year, because we know it's an issue that's critically
21 important to the community, and we've got to tackle it.

22 So that work is under way. In fact, I had a

1 conversation with the deputy secretary at VA and more
2 discussion to continue for us to really get our arms around
3 this. That's one thing I wanted to mention. And the second
4 thing was on the service disabled veteran category. I wanted
5 to remind you that we do have one enhancement to that program
6 that's in progress, thanks to the President's signing the
7 Small Business Jobs Act.

8 And that's the Mentor-Protégé feature that's part
9 of the 8A program that's been so successful. We're going to
10 have a mentor-protégé element for the service disabled
11 veteran program as well as Hubs-owned and women-owned small
12 business. We're going to be bringing a mentor-protégé
13 element to all of our government contracting programs, and
14 that will be online this year. So I wanted to make sure that
15 you were aware of that.

16 MR. WYNN: Looking forward to it.

17 CHAIRMAN JOHNS: Okay. Thank you very much.

18 MR. JEPPSON: Marie, if I could just make one
19 comment?

20 CHAIRMAN JOHNS: Yes.

21 MR. JEPPSON: You know I'm on your side and I agree
22 with you on this, and there are significant issues, and we

1 need to move further faster, absolutely. But I think a
2 little credit's due or then some credit's due; and, in fact,
3 we've seen increases over the past three years in the amount
4 of veteran procurement dollars set aside for STOBBS. I think
5 there's a little credit due there that it's not regressed,
6 but it's still improving and we hope to see improvement in
7 the future. But there's more work to do there.

8 One of the challenges I'd have for the BSOs as well
9 to assist is absolutely it's incredible and it's an area
10 where we can affect with government contracting, but we do
11 about \$11 Billion a year in service-disabled businesses. The
12 veterans community, and that's who we represent here. You
13 know. It's all veteran small business owners. There's over
14 a Trillion Dollars in receipts a year, and so we want to be
15 focused here, but we want to be as inclusive as we can,
16 because there's a whole lot of guys who aren't going to do
17 any contracting with the Federal Government at all.

18 And, so, access to capital, and the same thing
19 affects them, that we've really got to focus on those guys.
20 You know. And consider that one in ten small business owners
21 in America is a veteran, is just a little bit less than that,
22 his needs. And that's a big pool that's outside the Fed.

1 For those service men and women, we owe them and there's a
2 lot that has to do with that that I think we want to be
3 focused on government contracting. But, on the broad aspect,
4 we need to be very considerate of those who will never
5 consider doing any business with federal government.

6 MR. WYNN: That's a good point too, because we did
7 realize that a lot of veterans who are not going to do
8 business in the Federal Government -- and we shared the fact
9 that SBA is taking leave on participating and offering
10 programs to veterans as well as to people in the community --
11 and for those who are interested in just learning how to do
12 business, also, we're getting a lot of questions about the
13 Patron Express Loan Program. I know its reference has been
14 used, but it's still not clear on the total effectiveness of
15 it. And so any and all -- the data you can provide us with
16 regard to that program would be appreciated.

17 CHAIRMAN JOHNS: any specific questions that you
18 have or you're hearing from your constituents about Patron
19 Express, please e-mail them so that we can get you specific
20 answers.

21 MR. WYNN: Okay. Okay.

22 CHAIRMAN JOHNS: All right. Thank you.

1 resources to the portal. Now, last year, when the report of
2 this committee came out, one of the recommendations was to
3 create a veteran's entrepreneurship portal. And the
4 Department of Defense and the Veteran's Administration were
5 taking the lead on that when they became aware of
6 BusinessUSA.

7 We decided this was a great opportunity for
8 collaboration, because BusinessUSA was working in earnest to
9 gather and pull into a single portal all of these types of
10 resources that would be relevant. So we worked very closely
11 with the subject matter experts across, about 12 different
12 federal agencies and departments to identify those topics and
13 questions that were most common to veteran-owned businesses
14 and veteran's entrepreneurs. And we created what you see
15 here, a new tile for veterans, right in the center of the
16 screen.

17 And if you go to the next slide, you see when you
18 click on that tile, there are a series of questions, and
19 these are the questions that are subject matter experts
20 identified as most commonly heard from across the
21 contingencies that they serve. And then the various
22 solutions to those identified business needs then show up.

1 So within this verbal box or portal, we have identified about
2 28 different programs or resources that are most commonly
3 heard.

4 Now, what you can't see on the screen; and,
5 unfortunately we didn't have the ability to do a live demo
6 today, is that there's a tile at the bottom where you can
7 kind of customize your results based on your need. So if you
8 click on that veterans tile, what you'll be able to do is
9 find an even broader pool of resources.

10 I think that jumps your results up to about 53 or
11 so different resources that are directly applicable to
12 veteran entrepreneurs and veteran owned businesses. And then
13 finally, if you use our overall search feature, which will
14 actually search everything that's resident on the site, so
15 that it would include news articles. It would include events
16 that are relevant to veterans. It would include regulations
17 that are either recently released or pending for comment.

18 That will jump your result site up to about almost
19 300 different results, and we're adding more and more tools
20 and resources to the site all the time. We see this is a
21 very dynamic portal. It's continuing to add new customer
22 service features and accoutrements all the time. One of the

1 things you see when you click on one of these programs and
2 you jump off to another site. So for example if you jump off
3 to hear about the Patriot Express loans, for example, on the
4 SBA site, there would be a top bar that would bring you back
5 to BusinessUSA, but also provide you with outlets to answered
6 questions.

7 So if you're not finding the resource you need, you
8 can answer a question right there on the website; or, if
9 there happens to be an operator or a representative
10 available, you could actually chat with them online and
11 hopefully start to get an answer your question right away.
12 And we're going to be continuing to add more and more of
13 these features; and, we really would like this task force,
14 and all of you in the public, to help us continue to
15 strengthen the site and make it even better. And we're
16 continuing to evolve the site all the time. And, in fact,
17 you see these little green icons off to the side where
18 there's a question mark, an exclamation point, a phone line.

19 That's where he can go to caller 800 number or chat
20 with the representative, or ask a question. Actually, just
21 overnight tonight, if you go to the site today, it will look
22 a little bit different than the screenshot I took last

1 evening. We've added another icon, which is a light bulb,
2 for you to share your feedback and ideas with us, things you
3 like about the site, things you don't like about the site, a
4 new idea about the feature or other program enhancement that
5 we can add to the site, we'd welcome hearing from you and we
6 can continue to build this out. And I'd be happy to answer
7 any questions that you all might have about this.

8 Before I do that, I wanted to answer one of the
9 questions that my colleague Theresa Sena asked earlier. How
10 do we keep the site from just becoming another portal,
11 another list of links to programs and resources that are
12 available from across the Federal Government? Well, it's
13 very, very challenging; and, we worked very, very hard to
14 refine these resources down in a way that makes them very
15 accessible to the people that are using the site.

16 For each one of these program resources, there are
17 about 80, individual tags that have come to me in that
18 resources. And there are things like applies to veteran-
19 owned business; applies to small businesses under a certain
20 size, applies to certain industries or certain geographic
21 regions. So for each of those codes, we kind of hard wire
22 that into the system. So when you're doing your searches,

1 you'll be able to pull them up.

2 And when you get that list of programs, you can
3 list a faceted navigation tool along the side to narrow down
4 your result sets to what is most relevant to you. And this
5 would be similar to the kind of thing you'd see, like on
6 Amazon.com, or Azapolis.com. So we're trying to bring those
7 private sector best practices into the government to make it
8 easier for you to find the resources that you need. But we
9 think we can do an even better job.

10 So what's on our development roadmap is the
11 creation of some type of a wizard or smart tool for each one
12 of those boxes that you saw on the previous screen. So
13 whether you're at the point of just growing your business or
14 at the point of wanting to begin exporting and diversifying
15 your markets, you can go through a tool that hope to create
16 where you'll answer a brief series of questions that will
17 allow you to get to a very targeted resource that will best
18 meet your need.

19 And, again, we're relying on that development of
20 that kind of overall tagging and schema in order to be able
21 to provide those types of enhancements and keep improving the
22 took, hopefully make it more and more relevant to veteran

1 entrepreneurs and small businesses. Happy to answer any
2 questions.

3 CHAIRMAN JOHNS: Thank you, Dennis. Any questions?

4 MR. ADAMS: Yes, sir. Does your site have
5 information about human resource issues, employment available
6 skill sets vis-à-vis someone trying to grow the business?

7 MR. ALVORD: It does, and that's actually an area
8 that we've identified for further development. As we started
9 this initiative, the initial memorandum gave us about 90 days
10 to get as many resources in as we could. So, obviously, we
11 know we haven't drained the ocean. We have a lot more work
12 to do, and we've led to build out additional, topical areas.

13 I will say we're leveraging very heavily some of the work
14 that's been done Federal Government wise. So, a few weeks
15 ago, the administration announced the creation of the
16 American Job Center portal. So we have a link, directly from
17 our site.

18 So if you search for job opportunities or training
19 opportunities, it will take you directly off to that American
20 Job Center portal, which may be something you want to look
21 for a synergy with a work and developing veterans job portal
22 as well. And, again, that same structure that's hanging and

1 search capability underlies any of the resources that we've
2 added. So those that are related to training opportunities
3 or job opportunities are tagged in a similar fashion.

4 So if you use the certain, you should be able to
5 begin discovering those. Over time, we could build out other
6 tiles or portals that will take you directly into those
7 resources. Thank you.

8 AUDIENCE: Commerce has said before you changed the
9 business, your sales work or one of your team members in
10 Detroit before you changed to BusinessUSA, and
11 VetSuccess.gov, we're linking through that. And I think that
12 you guys are linking back to us with the resources at the VA
13 for training and especially for self employment, because we
14 were working with your team in Detroit, CommerceConnect, to
15 help us get resources and stuff to help us figure out how to
16 do the self-employment development with our veterans that we
17 work with. Thank you.

18 MR. ALVORD: Yeah. I am so pleased to hear that.
19 And so --

20 AUDIENCE: And I could give you my business card
21 before I leave.

22 MR. ALVORD: That would be great, and I'll give you

1 mine as well. And I'll tell you that CongressConnect team
2 that works in Detroit, they're still part of BusinessUSA. We
3 folded them in and made them a part of this broader team.
4 And, just to give you a sense of order of magnitude, we were
5 implementing a similar initiative, just for them in the
6 Department of Commerce called CommerceConnect.

7 That effort included about 78 programs, products,
8 tools and resources. After the President's memo came out
9 last October and before we launched a website, we increased
10 those resources up to about 250 that involved, instead of
11 just Commerce Department and Commerce Bureau resources,
12 resources from about 10 different federal agents. Today,
13 we're working with about 12 different federal agencies and
14 departments, and we have included over 1200 different
15 programs, products and services just from them.

16 To give you a sense of where we're going from here,
17 we've identified about 24 departments and agencies within the
18 Federal Government that have business spacing programs and
19 content. We'd like to have all of them prior to BusinessUSA.

20 So we're just getting started, and look for more good things
21 to come.

22 CHAIRMAN JOHNS: All right. Thank you. Thank you

1 again, Dennis. It's a lot of good work. All right. We're
2 wrapping up the meaning. Last call for questions or
3 comments.

4 PUBLIC COMMENT

5 AUDIENCE: I just had a quick question. What would
6 be the difference of --

7 CHAIRMAN JOHNS: Yes, sir. If you could, give us
8 your name for the record.

9 AUDIENCE: Greg Stivito -- just a member out there.
10 What would be the difference of your website compared to,
11 say, Business Government USA?

12 MS. SAMARDICIC: I guess the primary focus of his
13 is for businesses and the resources businesses need to
14 succeed. The primary focus for us would be businesses
15 seeking employers, employees, and workers seeking jobs and
16 training to help them find those jobs. So there's some
17 overlap and a diagram; but, basically, I think we're serving
18 different populations.

19 AUDIENCE: Okay. Thank you.

20 CHAIRMAN JOHNS: Did I hear someone on the phone?

21 MR. STONE: My name is Hardy Stone. I publish Vet
22 Life, a national newspapers, solely to serve disabled

1 veteran-owned small business. I'd like to thank Ms. Johns
2 for arranging an interview last year, Mr. Jeppson, who just
3 finished an interview last month, and I'd like to thank Jay
4 Schneider for making this all possible that we could call in.
5 And I really admire Ford Heard for taking one for the chain.

6 Now, I've got a few questions here. The elephant
7 in the room in this case, the law suit that was passed in
8 Federal District Court on the 27th of November, wherein, the
9 judge ruled that the Veterans Administration did not have to
10 apply the Public 109.461, which directs the Veterans
11 Administration to contact to veterans first within their
12 procurement system. I'm wondering, since the Small Business
13 Administration is an enforcement agency, why SBA has not
14 taken a stand on this for service disabled, veteran-owned,
15 small business.

16 CHAIRMAN JOHNS: Mr. Stone, this is Marie Johns,
17 and Rhett's going to respond to your question, Rhett Jeppson.

18 MR. JEPSON: Right. That was a suit between some
19 of the complainants in the VA, and we don't get involved in
20 other agencies' legal matters on that. We had written a
21 letter expressing some of our concerns, but that was a matter
22 between the courts and another agency, and we don't get

1 involved at that level.

2 MR. STONE: Oh. I'm wondering why SBA does not get
3 involved at that level. Again, it's a federal representative
4 and there's a federal statute and it should be abided by. It
5 was passed in 2006 and it has been ignored.

6 MR. JEPPSON: Well, we have our opinions. The
7 judge -- and if I remember this correctly, and I don't want
8 to be summarizing. I'd be happy to turn it over to VA, but
9 he ruled that they were in compliance under the rules and the
10 way that the law was written at the time. And, so, we've
11 looked at that. We certainly have expressed some opinions
12 and some reservations, but that's between another agency and
13 the courts.

14 MR. STONE: The Government Accountability Office 22
15 times has found in favor of the plaintiff, being the service
16 disabled, veteran-owned, small business -- in favor of the
17 plaintiff -- for the VA's failure not to solicit to service
18 disabled, veterans-owned business first. Now, I'd like to
19 hear some response on that from Ford Heard, if I may.

20 MR. JEPPSON: Sure, Mr. Stone, and I think this
21 goes back to the VA implemented the intent of 109461 where
22 the agency saw this as a very unique precedent setting, set

1 aside authority for a small business, specifically, service-
2 able, veteran-owned, small business, and veteran-owned small,
3 and gave VA a unique authority for veteran-owned small
4 businesses. It actually established a hierarchy where they
5 were number 1 and number 2, and then other small business
6 programs, such as women-owned small business, SDBs, Hub zones
7 became the third hierarchy.

8 MR. HEARD: As we set up 109461, we recognized
9 government sources of supply, federal supply schedules,
10 national contracts, which are basically our strategic
11 contracts that are supporting huge commodities, such as
12 pharmaceuticals, medical, surgical products, subsistence for
13 our VA facilities. The order of priority established the set
14 aside for open market procurements to veteran-owned small
15 business, and this is where our courts are actually arguing
16 these cases today.

17 MR. STONE: Okay.

18 CHAIRMAN JOHNS: Mr. Stone, this is Marie Johns,
19 again. I'm sorry. I'm going to have to move to the next
20 individual who's waiting to speak, because we are at the end
21 of our agenda now.

22 MR. STONE: Okay. Thank you very much, Marie.

1 CHAIRMAN JOHNS: Thank you very much for your
2 service, your leadership, and for staying in touch with us.
3 And we look forward to you participating in the next meeting.

4 MR. STONE: Thank you very much.

5 CHAIRMAN JOHNS: Thank you. Mr. Hesser?

6 MR. HESSER: Good morning -- almost afternoon. I
7 will keep this very short. Rick and Joe and I have decided
8 we should write a letter to the President, as we always think
9 about the report. That would be the nice way to do this. I
10 think I'd like I have the committee to get in the transcript,
11 so in the future you might be able to deal with it. Like in
12 the first meeting we had a discussion. Vet Force brought it
13 up. American Legion brought it up. It was the fact that we
14 haven't had any concentration on enlarged businesses ensuring
15 that they complete their subcontracts, that they are meeting
16 their three percent procurement.

17 That's far more money than we get 50 percent of the
18 government money. So they're the ones who are getting a
19 large share. They're getting 97 percent of them. Remember?
20 Depending on how you look at it, there's a lot of money out
21 there that we're not getting. Ms. Park brought up the fact
22 and commented that that was true. She supported that, and

1 she said they'll be sure to include that in a recommendation.
2 So I haven't seen that in the recommendations, neither the
3 first report nor the second report. And I read this very
4 carefully. I don't see it anywhere in there.

5 There's one place where you did mention 17 large
6 companies, but that wasn't addressing the fact that we need
7 more government hammer to the contracting officers to make
8 sure that these people are giving three percent to service
9 disabled veterans. And, also, 106-50 has a veteran goal.
10 There's no percentage set, but the contractors and the
11 agencies are supposed to have veteran goals -- no percentage
12 set, but they're supposed to have that. It says very clearly
13 in 106-50 and 108 and 108-83. So it has changed, yes.

14 CHAIRMAN JOHNS: But, if I may, and Matthew,
15 Jiyoung and Linda may either correct me or supplement this,
16 but in the Small Business Jobs Act one of the provisions was
17 related to large companies who have subcontracting plans with
18 small companies, and ensuring that we move the so-called
19 baited switch, if there is a subcontracting plan, that that
20 large company is required to meet the tenants of that plan,
21 whether it relates to veteran small business, utilization,
22 women, et cetera.

1 And, so, for the first time there was teeth put in
2 the contracting process to require those large vendors
3 respect and stick to the small business subcontracting plan
4 that they won on the basis of which they won the contract.
5 If they fail to do so, that becomes part of bad performance
6 and they will be disciplined. And their performance will be
7 judged partly by their commitment to recognizing the small
8 business plan.

9 MR. HESSER: That's correct.

10 MS. PARK: And I'm happy to add to that. I, you
11 know, oversight of not including language of that in the
12 report, itself, but definitely be assured that we have been
13 aggressively working on that. We recognize that there's a
14 lot to be done with subcontracting; and, I'd be happy to
15 provide a presentation on the very specifics of it, but let
16 me give you some of the highlights of what we have been
17 doing.

18 One is that we have been assuring greater oversight
19 of compliance, partnering with the SBA and doing compliance
20 reviews on subcontracting to make sure that it's just not the
21 plans that are submitted, but that they are adhered to, and
22 that good faith efforts are in fact made to meet the

1 service-disabled-owned, small business subcontracting goal,
2 as well as the veteran-owned, small business subcontracting
3 goals, as you've noted are important as well, so, increased
4 compliance reviews.

5 We've also enhanced training for the acquisition
6 work force where we've put together a desk guide. We briefed
7 that out at one of the recent SBA meetings so there could be
8 government-wide adoption of that. And there's been recent
9 training by SBA as well on that front. And, you know. I
10 think there's more to be done in that, but I think there's
11 one that we need to do. But, right now, we are in the fiscal
12 year end review of the summary subcontract reports that were
13 due, as you know, at the end of October. And we are
14 aggressively pursuing all of those reports to make sure that
15 we are in compliance and that we are improving on our
16 achievement of goals.

17 In fact, next week we have our quarterly
18 acquisition steering committee where all the heads of
19 acquisition at GSA come together and discuss the important
20 issues that we really need to focus on. And I'll be
21 presiding on subcontracting our efforts to-date and what we
22 really need from the acquisition leadership to really make

1 sure that we're moving forward on this. And, as you know,
2 GSA does have responsibility for all the subcontracting
3 that's from the schedules program, which is significant, on
4 behalf of all the other agencies. So we do in fact take this
5 very seriously.

6 And I know there are enhanced efforts across other
7 agencies, as well, to afford all this. So I don't know that
8 there's anything that you would have from DoD, but we wanted
9 to give you an update for Tuesday.

10 MR. STONE: The subcontracting metric is working to
11 final goals. Now, the goals that are submitted have never
12 been met. I think this report ought to include suggestion to
13 the President that agencies that don't meet their goals
14 should be subject to a penalty of some sort.

15 MR. HESSER: Hardy, this is Bob. I've got to have
16 my time.

17 MR. STONE: All right. That's the most credible
18 thing.

19 MR. HESSER: Okay. Thank you. Let me have my
20 time.

21 MR. WILFONG: Do you mind if I just -- I'd just
22 answer to speak to this point, but we proposed a couple of

1 different things to add to it. One is making the small
2 business goal. Actually, we made it a recommendation in the
3 earlier report about making the small business goals part of
4 the PDOs, performance goals, and that has been done by
5 executive order starting at the Secretary level. So,
6 congratulations on that.

7 The other one is to negotiate a subcontracting plan
8 with goals and credit for achieving small business targets at
9 the subcontractor levels with financial penalties for not
10 reaching them. That's one. Two is to add or reduce profit
11 weight for managing the small business supply chain; and,
12 three is to change the large crime profit policy for meeting
13 small business goals. So if you make it so that it penalizes
14 them for not reaching it, financially penalize them or reward
15 them for reaching it that you might get their attention a
16 little better. And those are recommendations that I sent
17 last week -- those three.

18 MR. STONE: Thank you, sir. Sorry, Bob.

19 MR. HESSER: Yeah. But those are not in the
20 report. My point is, Marie, what you pointed out was true
21 for those contracts to have a subcontracting plan. I'm
22 talking about there's no rule that says you do not have a

1 subcontracting plan for every single contract that's over a
2 certain dollar value. That's supposed to be there. They're
3 not there.

4 The contracting officer is not doing it; and, no
5 one's making them do it because no one is enforcing it. Look
6 at them. Go back and see if it's true, when contract after
7 contract with the SBO, one after the other, boom, boom, boom,
8 boom, boom, and there's no subcontracts involved, but they're
9 awarded large contracts. Large business should have faith.
10 They should say how they're going to meet that three percent
11 goal.

12 I don't care about the 8As or the women-owned. I'm
13 talking about the service-disabled veterans. It's supposed
14 to be there. Their loss is very clear to me; no question
15 about it. 106-50, 108-83, and without being -- no matter
16 what they put in the President's Jobs Act -- all that said
17 was that if they have a subcontracting plan, which is a step
18 forward, they're supposed to do that. But you know that's
19 been in the FAR for years, years and years.

20 I've been around for a few, and I can remember when
21 I was still on active duty, so we're talking '82. So it's
22 been around a long time. There's a penalty for not meeting

1 the contracting plan, but always give that contracting
2 officer an out. If they feel they've tried hard, they can
3 excuse that contractor, the big guy. We've got to stop this.

4 I did want to get this into discussion.

5 MS. PARK: I think let's review that point about
6 contracts requiring subcontracting plans that don't, in fact,
7 have them. I'm unaware of that situation occurring, but I do
8 know there is comment out there that subcontracting plans
9 should be required at the order level when they are not, in
10 fact, when they're required at the schedule level, for
11 example.

12 So that's something that, you know, was discussed,
13 has been discussed. Right now -- you're right --
14 subcontracting plans are not required at the order level, so
15 that's something that would be a policy change. So if you're
16 seeing solicitations out there for orders on multiple work
17 contracts that don't require subcontracting -- and I'll let
18 you speak to this Matthew -- that's because there's --

19 MR. HESSER: I think you're missing one important
20 point. 106-50 says, "Three percent of all procurement
21 dollars." It doesn't say "Subcontract plan;" not
22 subcontracting plan. He says three percent. The acquisition

1 people chose to make it a subcontracting plan. I don't care
2 how they do it. Three percent of all procurement dollars --
3 there doesn't say in the announcement what you're talking
4 about.

5 That's GSA's responsibility. That's VA's
6 responsibility. That's agency level, executive branch
7 responsibility. That's three percent of all procurement
8 dollars. That's what it says. It doesn't say anything, you
9 know, it's doesn't specifically say private. So, you know;
10 but, it doesn't say that's how you have to get it done.

11 We don't care how you do that. We want this
12 discussed as thoroughly, as much, and it should be a very
13 strong thing in the next report. That is very, very
14 important, because if we don't stop this, they've now skated
15 since 1999. Look at the money we'd have out there in small
16 businesses.

17 MR. JEPPSON: If I could, I think you've got like
18 11 points you said earlier.

19 MR. HESSER: Well, I'm not going to cover them all.
20 I've no problem with that.

21 MR. JEPPSON: I know. So, just in the interest of
22 time, because we're at noon here and --

1 MR. HESSER: Well, you have 30 minutes.

2 MR. JEPPSON: To noon?

3 MR. HESSER: Yeah. It says 30 minutes on the
4 agenda. I went by the time. Okay. I'll cut this short.
5 Okay. The second meeting, the second task force agenda says
6 about surety bonding. Government surety bonding, again, in
7 the fourth meeting, I brought up -- and it was talked about
8 by the American Legion who were here, and I think the VFW and
9 American Legion -- performance bonding.

10 CHAIRMAN JOHNS: If I could, Bob, just if I may, on
11 the issue on the agenda of 30 minutes -- and perhaps I should
12 have been clearer about this -- what I did out of respect for
13 the public members was to include public comment at every
14 point during the meeting. So, actually, it has been more
15 than 30 minutes, as opposed to going through the entire
16 meeting, not involving the public and then waiting until the
17 very end.

18 MR. HESSER: Okay. I've been didn't talk to each
19 one of the people who talked either, so.

20 CHAIRMAN JOHNS: So I just wanted to make that
21 clear that --

22 MR. HESSER: If you don't want to give us the time,

1 that's all right.

2 CHAIRMAN JOHNS: There's no intention to cut you
3 off.

4 MR. HESSER: I'm not objecting to not getting the
5 time. I'll go as fast as I can.

6 CHAIRMAN JOHNS: But we'd like to invite you to
7 Rhett's office so we can go through each of your points and
8 have a --

9 MR. HESSER: But it won't be in the transcript.

10 CHAIRMAN JOHNS: clear discussion.

11 MR. HESSER: Marie, I want this in the transcript.

12 CHAIRMAN JOHNS: We will submit your document for
13 the record and it will be in the transcript.

14 MR. HESSER: Okay. Performance bonding was one.
15 The other one was 8.404 that's never been resolved. It's
16 still there. It's still a problem. It's still hurting the
17 small business, always will. 8.4 of the segment about GSA
18 schedules taking advantage over everybody else, third
19 paragraph. Okay. There are just a couple of comments.

20 CHAIRMAN JOHNS: But you have a document for that.
21 You have a document --

22 MR. HESSER: I do not. I don' work with -- I don't

1 have time to do that, but I will write up a document. I have
2 in the past. Okay. I just went through here and looked at
3 things. I'm more concerned about some of the words you used.
4 There are some things here to report, Marie, that I think
5 they're almost not true. The truth is about verification.
6 This report says verification, they've approved this.
7 They're planning on doing this, but the bottom line is I'm
8 one of the guys named on it.

9 My name's in this database for someone to call if
10 you need help. You can't -- some people. I actually had one
11 woman and one man who were crying. It's just unbelievable
12 emotions out there, and what I get. I get two or three phone
13 calls. I get two phone calls a day, average about six a
14 week, and I always call and talk to them a little bit. I
15 say, okay. I'll give you one hour. Give me a call. I talk
16 for an hour, hour and a half with them, try to march it
17 through whatever it has to. And it's either verification --
18 in many cases I tell them "Just don't go to the VA. It's not
19 going to be a law for a couple of years. Don't do it. If
20 you don't want to have any business with the VA, leave them
21 alone, because all you do is ruin your business."

22 But in here it's like, oh, he is doing wonderful

1 with the verification program. They've made progress in
2 2012. They've done this; they've done that. Marie, that's
3 not true. You heard it today. If I thought about it, I
4 probably should have had like 25 people call. They're out
5 there, and that's one subject. But I want to say right now,
6 that you know that I love this report.

7 I think it's very well done. It brought a great
8 deal about training in there. There's a tremendous amount of
9 investment funding. It's a very, very good report except for
10 two areas, and those areas are not true. They're just not
11 true, and I'd be more than willing to prove it. I'd want to
12 do it. And I get people who tell me this over and over and
13 over. I want this thing to be successful. And this report
14 goes out to people out in the field right now, they're not
15 going to believe it.

16 CLOSING COMMENTS

17 CHAIRMAN JOHNS: Well, Bob, you know we greatly
18 value your attendance. You've been loyal to this process and
19 we have relied on your comments or your feedback. We want
20 you to keep coming.

21 In no way is there anything intended in that report
22 to misrepresent or certainly not to be untrue. And I said in

1 response, I believe, to Joe Wynn's comment that I am
2 disappointed in the lack of progress that we've made in the
3 certification area, and my team will tell you that is number
4 one on my list of initiatives to address during the task
5 force work in the coming months. So you will see.

6 You will see that, and all I ask is you just
7 continue to give us your feedback, to let us know what you're
8 thinking, how we need to be -- what areas we need to take a
9 look at. And I commit to you that you will see improvement.

10 MR. HESSER: Thank you.

11 CHAIRMAN JOHNS: So if you have anything
12 additional, it doesn't have to be formal, but just something,
13 we will make sure that it gets in the record. And I
14 appreciate your patience with understanding our challenging
15 time today.

16 MR. HESSER: Well, thank you for a couple of
17 things. Thank you.

18 CHAIRMAN JOHNS: Okay. Secretary Hale and others
19 who are on the phone, thank you very much for participating.
20 Thanks, everyone, in the room, and what this is saying to me
21 is that I will get with Rhett and we will look at the
22 calendar so we can have another task force meeting within the

1 next four to six weeks. I think we have a number of issues
2 before us that we need to meet more quickly next time than we
3 have in the past. So thank you very much, everyone, and
4 happy holidays if I don't see you before the end of the year.

5 (Whereupon, at 12:13 p.m., the meeting was
6 concluded.)

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