INTERAGENCY TASK FORCE

ON VETERANS SMALL BUSINESS DEVELOPMENT

PUBLIC MEETING

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U.S. SMALL BUSINESS ADMINISTRATION

409 THIRD STREET, SW

WASHINGTON, DC 20416
MR. KRAMER:  Well, good morning, everybody.
Why don’t we get started.  Welcome everybody to this
meeting of the interagency task force on Veterans and
Small Business Development.

My name is Doug Kramer.  I am the new deputy administrator here at the Small Business Administration.
Before we get started, just a few reminders about today’s meeting.  We are creating a transcript.  Our friend, Jen, who is down here at the end of the table, is taking care of that.  So she has asked me to remind everybody of a couple of groundrules.

The first is if you’re in the room and you’re speaking, please make sure that the microphone in front of you is turned on.  You can press the little symbol that has a face to it and the red light will come on.  And for those that are participating by phone -- and we’ll take sort of a roll call here in a minute -- we’d ask you if you could identify yourself and spell your name the first time, but even thereafter identify yourself as you speak so that we can make sure we’re attributing the right comments to the right people, and I guess even the wrong comments to the right people.

So before we get started, why don’t I ask
everybody who’s here today to go around and just introduce themselves, identify where they’re from and then we’ll also do the same with the folks on the phone. So why don’t we start over here with GSA.

MS. JACKIEWICZ: Christie Jackiewicz, outreach program manager for OSDBU GSA.

MR. FERRARO: Good morning. I’m Eric Ferraro. I’m at GSA. I’m the Veterans representative to GSA.

MR. CHARLIP: I’m Ralph Charlip. I’m the deputy assistant secretary for Veterans Employment and Training Service at the Department of Labor.

MR. BALZANO: Oh, I -- there we go. Good morning. Captain Dick Balzano, Office of Small Business Programs, DOD.

MR. GALVIN: Good morning. I’m Jim Galvin, also with the Department of Defense Office of Small Business Programs, the deputy director there.

MS. CARSON: And, good morning, I’m Barb Carson, acting associate administrator for the Office of Veterans Business Development here at SBA.

MR. KRAMER: Okay. Then could I ask any members that are participating on the phone who would like to introduce themselves?

Okay, very good. Just to make sure to check, do we have anybody in attendance today from the Office of
Management and Budget?

(No response.)

MR. KRAMER: No one yet. And do we have anybody from the Department of Veterans Affairs? Someone from there had a conflict this morning and they were trying to find a replacement that they had something come up. So we’ll see if someone is able to make it from that office.

And then do we have someone who is in attendance from the Department of Treasury?

(No response.)

MR. KRAMER: Well, what I’d like to do here at the beginning is just make some general introductory remarks before we move on with today’s agenda. If you’ll indulge me for a few minutes to just do a little bit of a review.

So as I noted before, I’m new to the agency, but I’ve made an effort to get up to speed with the work of this task force, which is something that under the statute and the President’s Executive Order has been tasked to the Small Business Administration to administer.

From the day I got here at SBA, I have been impressed with the work that the administrator and the agency has done on behalf of assisting veterans and
veterans who are trying to get into the entrepreneurial and small business space. And I will say I didn’t know you were going to be sitting right here, Barb, so it’s difficult for me to be as effusive as I’d like to be.

But one of the most encouraging things in that process is to have worked with Barb Carson, who is just one of the best people that I’ve worked with at the agency, or really at any agency I’ve been at. She’s got good common sense, hard working, very smart, and understands the issues and the needs of veterans.

So I say that not just to make her happy, although that’s a nice benefit, but to have all of you know that if you do have questions or you do need a resource, Barb is not only available but very, very good. And so we want to encourage all of you to reach out and work with her as you need to.

What I’ve also seen is that as we look across the Federal Government, there are a number of very good initiatives going on in order to support veterans who are interested in or trying to open their own small business. And I’ve been impressed by the performance of those in a number of different areas. What is needed and what this task force really exists to do is to make sure that all those various activities are happening in harmony, in coordination so that we achieve efficiencies.
We often like to talk around here about the benefits of small businesses to the economy in general, the extent to which small businesses as opposed to larger businesses create more new jobs, the way that they create innovation, the way that they really become the backbone and the texture of a community.

But we exist because small businesses may not always happen on their own. They’re sort of less able to weather some of the obstacles that come up. They can’t afford to delay income for a couple of months while they go and deal with some obstacle that’s arisen in their path or some challenge or some sort of requirement.

And I think that is doubly true when it comes to our veterans who are often returning home with any number of challenges just in their lives and their readjustment to living a civilian life. And so when you combine that with the challenges of being an entrepreneur and the very narrow margin for error, that’s why this challenge is one that we understand very well and one that we take very seriously and we consider very important.

So coordination among different federal agencies becomes essential, because the last thing those veterans need to be doing is shopping around from different agencies or going one place then the other
because they can’t figure out exactly the right point of entry that they need to use to access government services or the right government opportunities, which puts the obligation on all of us to make sure that we come together and have an understanding of what each other is doing that we’ve harmonized our programs, that we’ve maximized what they can do so that we can be there providing the best services the first time to folks that need our help coming back from service and trying to transition into being an entrepreneur.

So what I’d like to do as we start on that journey is reset a little bit on where this group has been. And I will admit because my seat as deputy administrator sat vacant for a little while, although I think the programs at the different agencies have gone forward in most cases quite successfully, I think the work of this group needs a little bit of a kickstart. And that’s something I intend to do over the next couple of months. So I appreciate all of your efforts to help in that and maybe appreciate in advance. I appreciate you being here this morning and then look forward to your efforts to do that.

But as we reset and sort of introducing today, I’d like us to go back to, I think, the last best statement I’ve seen of sort of the joint understanding of
what we’re going to try and do. And that is the list of 18 recommendations that were found in the 2011 report that was put out from the IATF.

And so you’ll see them here on the board in the room, but just to run over them. And so I’m not going to comment too much on them today other than just sort of reset them, because I think part of what I’d like to do in the discussion today and in the work we do in the next couple of months coming out of this is to reevaluated these a bit. I think they provide a very good starting point.

But I think, you know, it is time for us to think about are these the right goals to set out there, are we making the progress we should be making on these goals, and are there new goals that we’ve now identified in the interim that we should put on a par with these. Because I would look in one of the upcoming fiscal reports -- or fiscal year reports that we hope to be wrapping up soon, that we might be able to restate some of these.

So the first bucket of these, as you’ll see, are ones that address increasing opportunities for growth. And this is really ones that fall a little bit more in the bailiwick of the sort of things that SBA does, but as well as other agencies. But it really is
about providing the resources to veterans to make sure
that they can open small businesses.

So the first one is to leverage new and
existing lending commitment as a vehicle to increase
access to capital for veteran and service disabled
veteran-owned businesses.

As some of you may know, SBA provides a lot of
our access to capital efforts through loan guarantees
that banks make. But that means that banks need to be
out there making loans to veterans and be encouraged to
do that. And so that’s something that we’re looking at
doing and we invite all of you to do as well, is to work
with those lending partners to make sure that they are
focused on this effort as well.

Recommendation two is to increase contracting
opportunities for veteran-owned businesses, specifically
through SBA’s Office of Surety Guarantees, to make sure
that for the complicated and at times what is viewed as
risky ventures that if there is a bond that is needed or
something to guarantee that effort, that our Office of
Surety Guarantee does what it can to help veterans.

Recommendation three, increase awareness,
access and utilization of microlines in the veteran-owned
small business community.

Four, develop government-wide tools and
information to support buying activities based on market research sources, industry statistics, supplier-based requirements and success stories. And that’s really just making sure that when we look at the procurement side of the Federal Government working with small businesses that there is a specific focus on making sure that we’re hitting exactly where veterans provide the best opportunity.

And recommendation five, maximize the impact of recent funding to increase small business lending by strengthening coordination between the Department of Treasury and our SBA offices out in the field, which are usually the face of our programs to veterans who are back in their communities. We have 68 different district and regional offices throughout the country that really provide the point of entry for a lot of folks who want to use programs.

So the second group, then, recommendations six through eight, deal with counseling and training programs. Recommendation six is to increase and augment entrepreneurship and technical assistance programs offered to veterans. These are a group of recommendations that I think impact a number of different agencies, all of whom do different sort of interfacing with veterans.
Recommendation seven is to improve information to existing service members and their spouses by revising the TAP program, the Transition Assistance Program, including information specifically on entrepreneurship and business ownership.

Recommendation eight is to ease navigation or create and leverage existing web portals to allow veterans to access entrepreneurship resources from across the government. The administration has been engaged in sort of creating a Business USA portal that brings together for all business purposes a number of different government resources, and specifically within that that seems to provide an opportunity for a veteran-specific outreach.

The next bucket gets specifically to the coordination and efficiency efforts that I talked about before. Recommendation nine being that we should find and reduce barriers that impede service disabled veteran-owned small businesses from contracting with the U.S. Government. If there was sort of a double need to remove obstacles for people trying to start a small business and veterans who are transitioning back to civilian life from doing that, it’s the triple need if you’re also service disabled because, again, you just don’t have the ability to wait to overcome those obstacles. And so we need to
make sure that we’re thinking ahead to remove those barriers.

Recommendation 10, reduce regulatory burdens by offering comment to agencies as they conduct their regulatory look back analysis under EEO 13-563. Again, obstacles are sort of the name of the game for me when it comes to people trying to start a small business. And when we as the government are the ones sort of putting the obstacle up there, an unnecessary regulation, that’s a -- that of all things is something we should avoid.

Recommendation 11, coordinate and centralize information on veteran and service disabled veteran owned small business contracting opportunities across the Federal Government.

Twelve, produce an agency-led assessment of veteran-owned and small business achievements and contracting goals to increase veteran-owned small business utilization and prime contracting.

To comment on that one briefly, one of the things I’ve found since I’ve been at SBA is that storytelling is a surprisingly powerful thing in this environment for all entrepreneurs. They all go through challenges. They all go through that dark night where they might have maxed out their credit card or had that come-to-sanity discussion with their spouse or children
or something. And so when they can hear stories of people who made it through that challenge and made it to the other side, those are very powerful

    When we can tell those stories to government agencies that are going to be dealing with those small businesses and say there will be some unique challenges of dealing with small businesses, but you have to wade through and see what you’ll get on the other side because that’s where some real great opportunities happen. But that’s a surprisingly powerful thing.

    Thirteen, increased collaboration on Federal contracting opportunities between the National Veterans Advocacy Groups and SBA’s Office of Veterans Business Development.

    Fourteen, develop a streamlined, efficient and clear certification process to be used by veteran and serviced disabled veteran-owned businesses in federal procurement.

    Fifteen, vest the GI Bill benefits as a property right, allowing veterans to use funds both for education and for small business creation, activities such as counseling and business financing. I know that that recommendation has been subject of some movement on The Hill and some discussion. We might talk about that a little bit today and see where people think that sits.
Recommendation 16, research and direct policy efforts around current veteran macroeconomic issues by conducting a more in-depth analysis of veteran unemployment and self-employment.

Recommendation 17, explore revisions to unemployment compensation for ex-service members to support small business creation.

And, finally, recommendation 18, examine the establishment of a new small business procurement initiative for firms whose total work force is comprised of at least 35 percent or more by veterans.

So that sets the scene as far as what some of the goals and objectives of this group were the last time that we came to some sort of agreement on that. I think we’re now in a position where, like I said, I will admit that because of this position being open, I think we’ve fallen back on some of the organizational benchmarks we should have hit. And that’s going to be a priority, I think, over the next couple of months. And I sort of welcome all your engagement on that.

I’ll talk more specifically about that at the end of the meeting when we talk about next steps and the do-outs. But the fact is that we need to work hard over the next couple of months to catch up with our reporting obligations. We have one report that is fairly close to
final and we’ll be pushing forward in the next week or
two. We have a couple of other reports that we will
start work on immediately thereafter and try to push
through soon so that we can catch up and make sure that
not only are we reporting on our progress, but we’re
setting the way forward on all of that.

I’d also note that sort of membership in this
group, specifically with regard to VSOs, which is not
where it should be, is something that I’m going to
specifically work on and invite you all to help make sure
that we’re doing that outreach and getting that
membership involved in this group, as well as making sure
that the organizations that aren’t here today are
sufficiently engaged the way we need to have them
engaged, and that all of you are getting the support that
you need at your agencies to make sure that we’re getting
the attention we need for this important interagency
effort.

So with that, why don’t I pause for a moment.

I know we’ve had, I think, at least one person join on
the phone and at least one additional person come in.
And so for purposes of the roll we took before, if we can
just sort of have you both identify yourselves.

MS. CRAVEN: On the phone, this is Darcella
Craven out of St. Louis with the Veterans Business
Regional Center, the VBOC in St. Louis.

MR. BLUM: And I’m Matthew Blum, associate administrator at the Office of Federal Procurement Policy and OMB.

MR. KRAMER: Great. Well, thanks to both of you. Most of the agenda today is going to be comprised of different reports out from the various subcommittees off of this organization, which, again, as I sort of mentioned at the top, hopefully feed into the canopy recommendations that we’ve made so we can talk a little bit about our progress, a little bit about whether or not we think we’re on the right path and what we might want to do with that.

So with that, why don’t I turn it over to the Training Counseling and Outreach to Capital -- I’m sorry, Outreach for Access to Capital Subcommittee for their report. And I think Barb’s going to be taking the lead on that.

MS. CARSON: Thank you. Yes, good morning. And I’m really glad that you have joined us. Thank you for your leadership, Deputy Administrator Kramer. Very grateful that you are here to help us get back to the business that is at hand.

And I wanted to recognize that with us in the audience we have members of our advisory committee on
Veteran Business Affairs, who held their meeting -- a really robust, meaningful meeting yesterday. And I would love to introduce all of you here to this body who makes recommendations to the administrator, Congress and the President on what we can be doing as an agency here for Veterans small business. I’d like you to meet these leaders and their communities, please, afterward.

And I also have members of our office and Amy Sanchez from the Senate Small Business Committee for Ranking Member Shaheen, as well as veteran business owners and our Office of Advocacy are here. Thank you very much for joining us.

I am going to cover some of the updates in training and counseling programs for veterans small business owners and military spouse owners, as well as access to capital, which as Mr. Kramer said is very important and it’s absolutely within our bailiwick to do. And Treasury has reported in the past on what they’ve done in this area, but I’ll cover it for us today, as well as contracting, disaster and some special events we have coming up.

One of the recommendations was specifically about transition for military members and what they could learn about entrepreneurship. As many of you know, we’ve been doing a more robust program since January of 2013,
Boots to Business. So far, 30,000 service members and spouses have completed the two-day program. About 10 to 20 percent of them choose to take the follow-on eight-week course, which can, if motivated, get them all the way to a business plan. It’s not a guarantee that they’ll get them done. Many find that they have more work to do on how feasible their idea is in the time frame that they will do that. We’re proud of that program and we’re at 165 military installations around the world, and with SBA employees as well as grantees from the Institute for Veterans and Military Families.

For Boots to Business Reboot, we have a great public partnership that I’m announcing today. It’s just been signed. And that is taking the curriculum that we have developed for Boots to Business, which is on installations available to anyone eligible for transition assistance. This brings it out into the community for those especially Reserve and Guard who may have missed an opportunity to get transition program that they are entitled to, or perhaps they’re from a different era veteran where this wasn’t even available at the time that they were in service. It’s also available to military spouses as well.

This partnership is with the Marcus Foundation, which is Bernie Marcus of Home Depot, First Data
Corporation and the Institute for Veterans and Military Families, along with SBA.

We will run it through our infrastructure that’s been really successful using the resource partners who are grantees of SBA in communities all across the United States. We’re doing a soft launch now to work out our process and procedure, but this is a one to two-day program. And the next two that will happen, we will announce this partnership, are in Boston and Washington, D.C. the week of November 2nd. So I’ll keep this group informed of that, and would appreciate it if through the right channels that you let people know this is available to them.

And under counseling and training for procurement and addressing some of the obstacles, some of them are just -- it’s complex. Getting to get into federal procurement and be successful at obtaining a contract is tough work. The program that we have granted to -- we’re in our second program here, is the Veterans Institute for Procurement at Montgomery County Chamber of Commerce Foundation. It sounds really local, but it’s not. This is where procurement decisions are made. This is the bubble, right here. And so that’s why this program is perfectly placed. We get great input from industry, fellow business owners, and we will have our
500th graduate in October.

Eight-five percent of the veteran business owners who finish this course say that they make significant changes to their business practices that help them increase their revenue or growth in number of employees. We’re very pleased with this and hope to continue it.

For access to capital, I’m going to run through a few slides. You’ve heard me over a few quarters be concerned, perhaps, about how lending was looking for veterans. This is the one demographic among all veteran -- among all borrowers that SBA has served that did not go up from 2009 to ’14. They were hit harder and ’15 has been a completely different story. So that’s what we’re going to look at today.

Before we do the deep dive on the great numbers, I’m going to tell you that veterans are just as diverse a population in the types of size loan they need, and also the sectors. So there is not a stereotypical veteran-owned business that just does one or two things. They are near or exactly just about within a few percentage points of what the rest of the lender -- excuse me, borrowers look like in the SBA portfolio.

Here’s the visual depiction of veterans who are losing their share of SBA guaranteed loans until we hit
2015. And we’re almost back to post -- or pre-recession time frame. But we’re going to hear from advocacy that perhaps we’re going to be a strong population that’s going to bear watching and we’re going to do even better than this year. We’ll hear more shortly on that.

And, finally, the amounts in dollars and units of how veterans did. The veteran lending or borrowers are on the bottom right chart. You can see as all borrowers above on the right, we’re going up, veterans were coming down.

Obviously we’re paying close attention to whether 2015 is an anomaly or hopefully it’s a trend. Too early to say. But we feel that the policies that we’ve got in place that I’ll go into a moment are going to keep us on the right track.

Finally, here’s a great -- this makes me very happy, this chart. It shows that the lending amounts are up 110 percent. We did a billion dollars in guaranteed loans just through quarter three this year. If we looked at the same time last year, it was at 537 million, an increase of 110 percent. That’s amazing.

When we look at how many units, we’ve gone up 48 percent. So that tells us that you can see the diversity alone there, we’re getting bigger dollar loans out to veteran-owned businesses, too.
What is coming for lending in fiscal ‘16? We will talk a little bit about that. We hope to continue some of the work that we’ve done in ‘15. It will, of course, depend on the budget and what comes forward. But we feel fairly strong and positive that we’ll be able to continue the policies. And those are fee relief for veterans and military spouses. And that’s an important thing to let you know so that you can pass on that information as well where appropriate, that military spouses are eligible to apply for the Veteran Advantage loan product with SBA.

What does that mean? It’s completely no up-front guarantee fee on all loans under the SBA Express Program under $350,000. And you can see up there that that would -- that serves a decent amount of veterans who sought loans with SBA support.

And above $350,000, up to $5.5 million, it’s half a fee. That is substantial. If you were a civilian and came to get an SBA-backed loan in a 7A program at $5 million, your fee would be $138,000. So it is almost $70,000 in savings for a veteran or military spouse who gets an SBA-backed loan at that dollar amount. It’s substantial.

And it also -- we think that fiscal ‘15, when we showed this much value across the entire 7A portfolio
above $350,000, that people found a reason to identify
themselves or military spouse. There’s -- this is honest
-- a significant savings.

So I do want to note that veterans helped make
a really important thing for SBA happen. On July 28th,
Public Law 11438 was signed into law. That made the fee
waiver for under $350,000 permanent. And that is big
news. So it is to the administrator’s discretion beyond
that to continue the $350,000 and above. And as I said,
we’ll see how budgets look in fiscal ’16.

We’re going back to contracting. I know it’s
outside of my -- okay. I do -- I did touch on -- there
were a couple other bullets that were in the front. And
one was about disaster. That is one of the four pillars
of SBA, and veterans do have a role there.

The Military Reservists Economy Injury Disaster
Loan is available, and it doesn’t get used much at all.
And as we look at the forced mixed changing from active
duty to more Reserve and Guard and deployments, although
they may not be well known among the public, are still
going to occur. I do want business owners to know that
if they have an essential employee that is mobilized,
they can get this loan. It’s a long-term, low-interest
loan to help with working capital up to -- immediately
upon notice of the deployment to 18 months after the
return, they’re available.

This can also be for the business owner who happens to be a sole proprietor dentist, for example, who’s a veteran guardsman and gets deployed. These are loans that can be life-saving for a business. And I do want to get that out.

Would you, sir, like me to talk about a few of the legislative items that are in play right now, or just wait?

MR. KRAMER: Well, is Joe going to do his presentation?

MS. CARSON: He is.

MR. KRAMER: Why don’t we get through all of this and then we can have -- does that make sense?

MS. CARSON: Absolutely.

MR. KRAMER: Why don’t we do that.

MR. SOBOTA: There we go. I had to learn how to do that trick yesterday. I didn’t have my glasses on. Okay. I guess everybody has the handouts. My name is Joe Sobota. I’m an assistant chief counsel with SBA’s Office of Advocacy. And I also have my colleague, Major Clark, is in the room as well, who handles procurement issues for us.

But today I have a short presentation, three slides only -- everybody will be happy to hear that --
that deals with data, not with procurement. And we’re
very excited to announce that just a few weeks ago,
August 18th, the U.S. Census Bureau released the first
new data that we have had on veteran-owned small business
in over four years. And this comes from what’s called
the Survey of Business Owners. It’s a major survey that
is our primary source of information about businesses,
and in particular veteran-owned businesses or businesses
owned by women and minorities as well.

It is a very, very important survey. And, of
course, it is done to the Census’ very high standards.

It went to 1.75 million business owners as evidenced by
their filing of Federal Business tax returns. So we know
that they’re all businesses. And the survey is based on
data year 2012.

And some people, I’m sure, when the word gets
out about this data will say, my goodness, isn’t that
awfully old? It’s already three years old. But that’s
factory fresh for Census. It’s as close -- this is done
every five years -- once every five years. And we --
this is the newest data that we’re ever going to have.

The data that comes out in this iteration of the SBO will
not be replaced, at least the full form of this survey,
for another five years. So, in fact, until three weeks
ago, we were working with 2007 data. So this is -- this
is very interesting, new stuff.

Now, I have a caveat here. This is preliminary data. And they basically have kind of deviated from their original plan in order to give us this preliminary data. In the 2007 iteration, there was a preliminary report, a whole year in front of the other report, but that fell victim to sequestration. And there was going to be no preliminary report this time and at the last minute they added one in. So this is very welcome.

The full report will come out in December. And that will have a huge amount of data that is not available to us now, including data on owners. This data is exclusively on businesses, the firms. Because the data is preliminary, there will be minor adjustments based on last time around adjustments, and the numbers were relatively small. We don’t really expect that to be a major factor. This is a pretty good indication of where we’re going.

The other caveat is that the question on veterans has changed a little bit. And this raises a data comparability issue if we want to do comparisons between 2007 and 2012 data. The actual language of the survey instrument is in that rather too long footnote that one of our attorneys wrote in order to keep us out of trouble. And it basically was done with great care.
I might add Advocacy, my office, had something to do with this because we had a series of roundtables in which we helped Census gather opinions from the community. We had VSOs, we had people from The Hill, we had other agencies there. We had a lot of folks that had a lot to say about this. And as a matter of fact, we had one whole roundtable devoted exclusively to the veterans question and how to reframe it in such a way as to be most useful to all the stakeholders.

And the change in the question was largely in order to give us information on members of Reserve components in the National Guard. And it was unclear whether we were getting any of those folks in the prior question, although I think probably we got most of them, but we just don’t know because they weren’t mentioned by name in the prior question.

For those of you that don’t know the definition of a veteran, the underlying statutory definition of a veteran is very simple. But it gets interpreted in different ways when we look at eligibility for programs and benefits in which there are a myriad of different requirements.

But basically a veteran according to the statute at 38 USC 101, the veteran is one who has had active duty service and has an other than dishonorable
discharge. And then after that, more bells and whistles get added on depending on what benefit we’re talking about.

So when a census simply asks, did you have -- were you a veteran, then folks self-identified to that in 2007. In 2012, it asked, did you ever have service in any or all of these, including specifically mentioned National Guard and Reserve. Now, we know that many of our Reservists and National Guard members have had active duty service, especially in the deployments after Gulf War II. And so we expect most of those are veterans within the traditional meaning.

However, we don’t know that right now for sure. And that’s our second caveat. There will be a question, we will have data on that very question in the December release. There’s a secondary veteran question that actually asks people to identify whether they had active duty service. And so when we match that up with the first question, we will know who are official veterans and who might have been Guard members who never were activated.

So with those caveats, let me just briefly go through some of the more interesting parts of these three slides. The data -- the three slides basically cut the data by three different ways, one by industry group, by
two digit NAICS code, one by demographics and one by
location -- by State location. And in back of these
charts, there are data tables that have the actual data
on all of these. And, again, with the understanding of
the data that’s comparison data is still subject to
review and revision.

Now, there are really two storylines. Doug is
absolutely right, the story is -- really can be very
compelling if we come up with, you know, why is this
important to people instead of just dealing with a lot of
numbers. And one of the things that we were struck by
when we looked at this data from the big picture is that
veterans have held their own -- appear to have held their
own over this five-year period despite some very imposing
headwinds. And one of those headwinds is that the number
of veterans has continued to its 40-year or so long-term
decline. And that’s a demographic phenomenon. It’s well
understood. And just to put a number on it, the number
of veterans in that period went down 7.3 percent at the
same time that the U.S. population age 18 and over went
up 5.5 percent.

So for veterans to have actually increased the
number of small businesses facing that headwind is an
encouraging sign. Now, again, I raise that specter of
the definitional change and I don’t think that that’s
what’s at play here. But we don’t know this for certain until December.

Now, that’s one headwind. The other headwind, of course, is the great recession. And we just had the worst recession since the Great Depression, and that was smack dab in the middle of this reporting period. So that was a headwind for everybody, and certainly for veterans.

We see that play out, by the way, in one of the major industry groups. The two largest industry groups for veterans have remained the same from 2007 to ’12, and that’s the professional services group and the construction group. Add those two together and they’re about 30 percent of all veteran-owned businesses in 2012.

In construction, that number went down from 15.5 percent in 2007 to only 13.2 percent, and we lost about 2.5 percent there. And that undoubtedly is due to the great recession.

Somebody yesterday when I made this presentation for the Advisory Committee pointed out that looking at the data table of the companies, the chart, that the drop in construction VOBs was actually 12 percent, about 45,000 businesses. And that’s true. So that’s a better way of putting the losses, perhaps, in that group. But as a percentage of the total pie, that
went down about 2.5 percent.

So that’s point one. Then if we move to the second slide, this is where it really gets interesting, I think. This depicts the percentage of all VOBs by various demographic groups. And there’s a bar there for both 2007 and for 2012. The -- there’s tremendous growth in virtually all of these groups, all of them. And the women-owned veteran businesses showed extraordinary growth from 5.0 percent to 15.1 percent.

Now, I personally just don’t believe that any of our caveats or any of the unanswered questions that we still have are going to move the needle very much on that particular number. So there’s something happening here and I’ll leave it to the program people to decide how to make that data work for them. But basically the veteran-owned business population is changing, and it’s changing fast. And at least in demographic terms, five years is fast.

And so this is really interesting information. And I think that’s the second part of this storyline. The first part really is that veterans have held their own against the headwinds, and the second part is the composition is changing and all of these groups are growing and they’re growing quickly.

Now, the third chart is a depiction by the
concentration of veteran-owned businesses by state. And
the darker colors are where the veteran-owned businesses
have larger percentages. And this is simply a way to
control for state populations. I used to -- one of the
first times that I testified on The Hill on this kind of
stuff, we always had the same five states go to the top
of the list in terms of veteran-owned businesses, just
because they were larger. California was always at the
top of the list because it’s the biggest state.

But this is kind of a more interesting way to
find out where your concentrations really are at. As I
-- by the way, as color indicates here, but if you look
at the data underlying here and go to the chart, you’ll
find California is right at the very bottom of the list
in terms of concentration. So you wouldn’t pick that up
if you were just looking at the raw numbers of
businesses.

The range -- the State -- in the United States,
the veterans comprise 9.2 percent of all businesses. But
the range from state to state varies from a high of 13.9
all the way down to 6.9. So there is a lot of variation
there. And that’s another data point that could be of
use to our program people to know where those
concentrations are.

MR. BLUM: Quick question. On this chart, do
you compare it to the percentage of veterans by state to
see if, like, California may be low overall but in
general they have less veterans than, you know, the other
states?

MR. SOBOTA: This chart does not do that, but
that would be easy to do. We have a lot of data on --

MR. BLUM: That would be helpful because there
may be a state that you’re -- you know, that you want to
focus on because there’s a high percentage of veterans.

MR. SOBOTA: That’s an excellent idea. And
I’ll make sure that that gets done in our upcoming -- a
great segue to a commercial.

MR. KRAMER: Actually, if I can throw something
in, too, real quick, Joe.

MR. SOBOTA: Sure.

Mr. KRAMER: Because that -- getting to one of
our recommendations, I could see that being very valuable
to our district offices. Because then we could go out
state by state and give them a sense of what their
performance has been. Because that’s incredibly valuable
data, to make sure that we’re delivering on those sorts
of efforts.

MR. SOBOTA: We have three tables here in the
package that have detailed State data, although there’s
going to be much, much more data and we’ll be able to
break down State data by industry, by demographics, by -- you could do that now. But we -- we’re going to put out a major new product when the final data comes out. And this is what it looked like last time around, 2007. This is about 100 pages long and it has a lot of different stuff. We basically put a lot of tables in there based on the number and type of inquiries. So your inquiry just put a table in our next edition here, and we thank you for that.

MR. BLUM: Can I get a by line?

MR. SOBOTA: Thank you for the input, because that really helps. A friend of mine that does small business programs at EX-IM Bank, our veteran programs there, asked a similar question in a meeting before we did this and we put a table in his based on his question. So it’s -- we’re always open to input from our stakeholders.

And we will be putting out this new product when we get the final data in, and the final data is scheduled for December. So it will be early next year when we’ll have it. There is a data quality review process, a peer review process, that we have to go through in order to publish our data. And what I’ve just handed out has not gone through that process. And that’s why that very cautious footnote says it’s an internal
document that basically it’s meant for a couple meetings, 
the meeting that we’re having here today and the meeting 
we had yesterday, so that you folks would have the 
benefit of this data before we go through the long, 
drawn-out procedure of making a larger project.

But with that, I’m happy to try to answer any 
questions anybody has.

MR. CARSON: May I give you not a question but 
gratitude? This came out and it took a lot of work for 
you to do this, Joe. And I’m very grateful for all the 
time and attention you’ve given to this community, not 
just for this study but in the past as well. Thank you, 
first.

And, second, can I be preliminarily excited as 
we talked about yesterday that women veterans group, 300 
percent in number of businesses. And although it’s still 
a small number, under 400,000, it shows us that we do -- 
we are doing the right things by partnering my office 
with women’s business opportunity to grow those training 
programs, our resources. We’re going to keep doing that.

Also, to put a fine point on what the numbers 
say so far on growth, even with the declining population, 
veteran business grew 3.8 percent. Small business 
overall grew about 2 percent. That is substantial. So 
it tells me a few things and the program manager that,
yes, veterans continue to be more entrepreneurial than
the civilian demographic if they were exactly the same
side by side, military service, they’re more likely to
start a business, and it looks like stay in business and
be good at it because their revenues are up, too.

So almost 1.5 trillion is what we show right
now. We were at 1.2 trillion last look in 2007. And
remember what he said about the great recession. This is
-- that’s amazing work. So thanks again, Joe.

And, oh, one more thing. I wanted to say that
this reinforces what we’re finding with Boots to
Business, that women who are service members overindex in
selecting that program to participate in it. So women
that tend to be even more entrepreneurial at this point,
I know it’s too soon to say, but it’s interesting data
that we’re following up on.

MR. SOBOTA: And let me add one other data
point, which actually is close to the point you brought
up that we -- I just happen to have off the top of my
head the number, percentage, of women-owned -- excuse me,
of female veterans, and then you can compare that to the
growth of businesses. But in 2007, women comprised 6.8
percent of all veterans, in 2007, according to a
different Census Bureau source.

In 2012, that had gone up to 7.6 percent. So
there was growth there, but not the kind of growth that we had in the businesses.

May I also say one other thing? I almost forgot to mention this because we’re dealing here with data that’s only collected once every five years. There’s a new project underway, also by Census, but with the support of the Kaufman Foundation that will have the same questionnaire with some additional questions, the same SBO survey instrument, that will go to employer firms only.

Now, they comprise a little less than 20 percent of all firms. And it will go to 200,000 employer firms, which is about half the sample that we get for here. But this -- the agreement that Kaufman and Census now have is to do this annually for data years 2014, ’15 and ’16, and then we’ll have the ’17 big census again.

Now, that’s really exciting because for this important group, the employers are about 20 percent or so of the total number of businesses. But they account for more than 90 percent of sales, and by definition all of the employment. So really important information. And we’ll be getting annual updates.

The original schedule called for data year 2014 data to become available in ‘16, and I’m not quite sure whether they’re on schedule yet on that. But this -- it
is happening. It is -- the funding stream has been
agreed upon. And so we will be able to update on a more
regular basis the employer data, which is the first time
we’ve ever been able to do that. So some of our data
won’t be quite as old as it will get. The non-employer
data will still be a once-every-five-year thing.

MR. KRAMER: Great. Well, let me -- let me --
I’m going to open this up here in a second. But let me
just give a -- I sort of failed at the top to sort of
frame the discussion a little bit just for everybody’s
awareness. I think a lot of you have the agenda, but
just to be clear. You’re up to now the Task Force’s
Efforts Have Been Put Into Three Different Sub-
Committees. The first one we just talked about was his
training, counseling and access to capital one. We’ll
talk in a little bit about government contracting
programs. And then at the end a little bit of
coordination of federal support.

So as we have this conversation about this
first part, the training, counseling and access to
capital, I want to sort of open it up to the floor to
sort of get a sense of either in response to anything
that Barb or Joe talked about, if you have questions or
comments on that, or more generally if you would like to
talk about anything that your agency is doing, anything
that your agency is considering just for awareness of
everyone else, or to sort of put anything else on the
table on these subjects so that we can have a bit of a
record of that and an idea of where we may be going with
our recommendations and efforts coming out of this
meeting in that area.

So with that, did you want to raise questions?

MR. GALVIN: Yes, thank you. Jim Galvin with
the Department of Defense. Joe, is your data -- does it
reflect service disabled veterans? Are you able to find
that population as well?

MR. SOBOTA: Yes. There is a question in the
survey instrument that directly asks that question. We
have no data in the preliminary data on that. But there
will be data in the final data. For Census Bureau
purposes, service-connected disability is a
characteristic of an owner, of an individual, not of the
business. So they have to go through an extra step to
once they identify those owners and their percentage of
business ownership, then we can identify the number of
firms that have more than 50 percent ownership by such
individuals.

That -- we have numbers for 2007, but I don’t
have numbers for 2012. Basically in 2007, about 8.3
percent of all the respondent veterans identified
themselves as having a service-connected disability.

Again, could I also -- since we have Defense representation here. One of the main reasons that we changed -- the Census changed the question in 2012 was to make it explicit to National Guard and Reserve members. We wanted to count -- we wanted to have a way to count them. And this -- this -- these discussions were all held right when the deployments and activations were pretty heavy.

And it was our friends at DOD, and the Office of the Assistant Secretary for Reserve Affairs in particular. In fact, Deputy Assistant Secretary John Winkler was a regular attendee at our meetings. The -- and he’s responsible for another question, a different question, that’s in the survey instrument.

It’s because of the efforts of folks in DOD, I think, largely that we will have this new information in the current iteration on Reserve and Guard members, whether or not they have had active duty service. We will have information on them.

We will also for the first time have a breakout on post-9/11 veterans. So we will be able to look at that very important group.

So there’s a lot of new stuff coming down here, and service disabled veteran data is coming in December,
MR. KRAMER: Also, as a public service announcement, I forgot to raise at the beginning, I don’t know if you noticed when you drove in or walked under the awning outside, but there’s a building being torn down and rebuilt next door. So we’ll have some interruptions from time to time with construction noise and there’s not much we can do about it. So far the pile driving that’s been going on the last couple days seems to not be going on. But being here on the ground floor, you may see or feel that. But don’t be -- don’t be concerned. That’s to be expected and something we’ve had to live with here for the past few weeks.

So any other comments generally about training, counseling or access to capital outreach that anyone wanted to raise at this point?

(No response.)

MR. KRAMER: In the absence, I will just sort of throw out looking forward from here, I think the numbers that we’ve talked about this morning are quite promising. I think that with the efforts that this group has talked about in the past with regard to the fee waivers that exist, and as Barb mentioned we expect will continue as long as budgetary provisions allow, that that has provided a very good opportunity. But the counseling
In addition to the reboot, I know that next month as well we’re hosting a women’s veterans -- it is mixed? No, it’s in November, I think, in Kansas City, doing a week-long session there, which I think has proved very helpful before and might deserve some of the credit for the numbers that we’re seeing. So that is something I think that we’ll continue to talk about as we go into the new year.

And then also as I alluded to at the top, one of the recommendations that this group had identified as early as 2011 with regard to using GI Bill benefits potentially for entrepreneurship and small business activities is now a proposal that is being discussed on The Hill. So that is something that I think this group could have some conversations about and talk about that as a potential option to take the opportunities for veterans and small businesses and see if that’s something that provides an advantage or a benefit to veterans that is something that we want to advocate for and work on.

So those are some of the things that I expect as we move forward in this area that we’ll do. We see good numbers, I think, is what we’re talking about today. But that’s by no means any reason to sort of rest on our laurels. I think we need to continue to challenge
ourselves to think about what the opportunities are, what
the needs are. And I think with what we’ve already done
and some of the additional opportunities that we’re
looking at in this training area and in the access to
capital, I think we will continue to show good promise
and hopefully continue to see these results.

So, anything else? Yeah?

MR. GALVIN: Again, Jim Galvin with DOD. Just
to -- on the subject of training and counseling, we’re
talking about outreach to veterans. Another population
that we want to train is our internal workforce. And we
have got together with SBA this summer. We had an off-
site training session for about 350 small business
professionals in both SBA and the Department of Defense.

And so by training our internal workforce and
helping them to be more aware of various programs and
outreach practices, we’re able to influence the veterans
that way indirectly.

MR. KRAMER: That’s great. Very good. Any
other comments that anybody wanted to share?

MS. CARSON: I did miss one, I apologize. On
outreach in general, National Veterans Small Business
Week, I did mention it in our last meeting in June, is
November 2nd through 6th. So, for example, yesterday I
met with OSD P&R to work with military spouses who are
interested in entrepreneurship and ensure that -- because they have a direct installation connection, that the invitation to attend VY is for veteran women and also military spouses will be in Kansas City, Kansas, in November. We still have spots in that.

And in January it will be in Charlotte, North Carolina. And that one is nearly booked. It’s very popular. But as we said, women veterans are -- they want this training. It’s free. All the person has to do is show up. They do have to pay their travel to get there, but then lodging and the entire curriculum is covered, as well as followup from people like DLA Piper providing legal guidance, and there’s marketing assistance and more.

Also, that week American Supplier Initiative, we will talk about Federal procurement in just a moment, but looking at supply chain on the corporate side where there’s even more opportunity than there is in the Federal Government, there are corporations that want to do business with veteran and military spouse-owned firms.

So you will hear from me in between our next two meetings on the Coalition for Veteran-Owned Business as other opportunities that we will be reaching out mostly through DOD to your current force. But if there is anyone else who is interested in hearing about that,
we’ve got a bunch of companies that -- the things that
we’re training them to do, they transfer really well to
the private sector. That was all. Thank you very much.

MR. KRAMER: And Barb raises a good point about
National Veterans Small Business Week in November. And
that is the exact sort of thing I think this group, we
can use this as a channel to sort of make sure that we
amplify that and its communication that’s going on across
the administration and in all the different places that
we reach.

So I think I’ll commit a little bit right now
to making sure that we’re using this as a communication
tool that when we set up the programs for that and what
we want to do, and if other agencies have efforts that
they’ll be undertaking that we can sort of combine all of
those and blast those out to make sure that we’re getting
as much amplification and focus on that week as we can.
So ...

Okay. Anything else on training, counseling or
access to capital?

(No response.)

MR. KRAMER: Thanks to Joe and to Barb for
their contributions on that. Let’s move on to the second
subcommittee here, and that is on Federal procurement and
contracting programs. And I think Ken Dodds from our
Office of General Counsel is going to do --

UNIDENTIFIED FEMALE: He’s on his way.

MR. KRAMER: He’s on his way. Okay. Well, why
don’t we -- why don’t we do that. All the various
agencies who -- obviously the people at this table play a
big role in making sure that we hit our procurement and
contracting goals with regard to veterans. So anyone who
wants to talk about experiences you’ve had or challenges
you’ve had, or just issues to raise for the group, maybe
we’ll open the floor to that right now.

MR. BALZANO: Good morning, sir. I’ll go first
for DOD. My only job today is to introduce my
replacement, sadly. And I will do that in a second. But
first I’d like to add to your comments earlier. It has
been a pleasure working with Ms. Carson and Ms. Wood.
They are true professionals. You both made me feel very
welcome, and on a personal note thank you very much.

With that said, I’d like to introduce my
replacement for this task force, which is an important
issue, but you’re being put in good hands. He’s not only
a veteran, he’s a West Point grad, he’s an Army retired
colonel, he’s a former helicopter pilot and he’s a Ph.D.
We are very lucky to have him. And I think you will find
the same.

So with that, I’d like to introduce Dr. James
Galvin from our office. He’s just started about a month and a half ago.

MR. GALVIN: A little more.

MR. BALZANO: A little more than that. So he is going to give the update for DOD today.

MR. GALVIN: Thank you, Dick. And we’re going to miss Captain Dick Balzano, who is a reservist, has been on active duty, and has small business experience. So he represents this broad community that we’ve been talking about.

I think some of the comments I can share with the group now and then fill in as we go. One of the things, I just want to express appreciation for SBA Director Maria Contreras Sweet, came over to the Pentagon in mid-June to announce that the Federal Government had met its small business goals, achieving -- it was 24.99 percent, I think. And that the Department of Defense got an A for the first time ever.

So, for me, it’s a challenge because I’ve got this high bar to walk into. So folks like Dick and Andre Gudger, who was our former director, really are to be commended for achieving that. And my colleague/boss, Kenyata Wesley, he couldn’t make it today. He’s actually out working with some folks in Atlanta to discuss some of the Corps of Engineers small business challenges. He and
I want to continue to move things forward.

So just to note the -- I mentioned about doing the training. Another area that we’re focusing on to develop our workforce is just to professionalize them. More so they’ve been out there scattered. We’ve been able to establish a separate defense group, a career field for small business professionals.

In the past it had been tucked under the contracting career field, and there is about 34,000 folks in that career field in the Department of Defense as civilians. And so we’re breaking out several hundred to be a smaller but more focused career field. And so that way we can bring in people not only from contracting but with other backgrounds like science and technology type folks. I was a program manager in a research development program earlier, and so it will help to diversify our workforce and then also give them career opportunities as well.

So that’s why we’ve initiated some more training and focusing on areas of challenges like subcontracting. So I’ll pause there and then interject more. And has arrived as well.

MR. KRAMER: Why don’t we continue if we’ve got a couple more and then we’ll come to Ken if folks want to make some other comments.
MR. FERRARO: Thanks. I’m Eric Ferraro. I’m at GSA. And I’ve been at GSA less than two months as well. And I’m not in the small business office. My primary role at GSA is in the integrated award environment as the assistant commissioner, which does dovetail nicely with this group because for those that are familiar with it, SAM and all the systems of doing business with the Federal Government, that’s my realm. And so when I volunteered and was selected at GSA to be the veteran rep at GSA, it kind of overlaps nicely. A couple of things. Jerome, of course, isn’t here today, the head of our small business office. But Christy is also from that office. But in general we met our goals last year, of course, at GSA, which was great. And, of course, I can’t take any credit for it because I’ve only been there two months and it’s really outside my area of expertise.

But as a spokesman today, we’re -- a couple of things that we’re doing that we’ve been very successful with at GSA in this area is a couple of our GWAC contracts and our OASIS contract, which is a new professional services contract, has been very successful in getting small business and veterans, in particular, through that contract vehicle.

We are also revamping our website for veterans
effective 1 October. So that will be good. And we also implemented what’s called a mapping tool to help identify opportunities for veteran-owned small business.

And tied to that is my primary role with the integrated award environment. We’re in the process of -- which is probably not news. It may or may not be known to this group. We’re taking our current system, SAM and FedBizOps in particular, and revamping those entirely and putting them into a new modernized infrastructure in the cloud. And what that’s going to do to help veterans, we’ll have the -- right now there are 10 different websites basically and you have different passwords and it’s a mess. And it really is a barrier to entry in my view for everybody doing business with the government.

We’ll have the capability in a new environment basically all the data will be in one giant pool, and I call it a data factory. But we’ll have the ability if you sign on as a business looking for opportunities, we’ll know based on your registration that you’re a veteran-owned business. And so we can then say, oh, if you want, we can just show you what we call FedBizOps today, the opportunities that are for veterans only, or set-asides for small business, or, oh, by the way, you also do business in these NAICS codes, we can narrow it down even further. And, oh, you’re in Virginia, we can
even narrow it down even further.

So instead of the 100,000 opportunities that they may have to sort through right now, 10 will come up that are most relevant to them. And so that’s something that’s a bigger GSA effort on behalf of the Federal Government, which I think will help veterans as well.

And I guess, Christy, did you have anything else you wanted to add? I’ll turn it over to you.

MS. JACKIEWICZ: I would say the only other thing that might be encouraging for you guys to know is that the administrator is initiating with OSDBU a wraparound program. And the program is designed to basically give the businesses a virtual coach. And that coach will be a one-year commitment by our OSDBU staff to help them walk through the contracting process, understand where the opportunities are, how to market themselves, and then any followup that they need through that. So that’s one of the things that I’m actually working on right now. And we hope to have that in place soon.

MR. KRAMER: Very good. Thanks. Ken, do you want to go ahead?

MR. DODDS: Sure. Thank you. Many of you already know this because we live goaling every day. And some of you have heard it before because you’ve been at
these meetings this week. But I’m just going to go over
the basics of goaling, you know, just in a very high
level way so that we can all, you know, be better
educated on how that works.

Right now we’re in the middle of trying to get
the FY ’16 goals set. And we’re using the same
methodology that we’ve used the last several years. We
take basically how your agency did in FY ’14, because
that’s the best data -- that’s certified data. That’s
the data we used to announce the scorecard back in June,
the results for ‘14.

In addition to how you did in ’14, we also look
at small business opportunity that you may have. And the
way we do that is we analyze each NAICS code. And we
look where the government averages in that NAICS code for
small business. And, you know, let’s say a particular
NAICS code the government averages 50 percent. We
compare that to how you do in that NAICS code as an
agency, and let’s say you’re at 25 percent, we -- at that
point we see -- there’s a 25 percent opportunity there
because, you know, generally speaking you’re below the
average and, you know, there should be some opportunity
for you there. We don’t add onto your goals the whole 25
percent jump. We do an incremental -- we expect you to
do a quarter jump up, you know, basically of that 25
percent gap.

When it’s all said and done, we add that to your FY ’14 numbers. So let’s say as an agency you were at 22 percent, after we’ve analyzed all of the NAICS codes, all the 1,100 NAICS codes and compared you against those, we may add 1 percent, 2 percent, 3 percent or so to your overall number for FY ’14. And then we take -- we ask you for your projections of ’15, because we’re in the middle of ’15. We’re not in the middle, we’re towards the end. But the data isn’t all entered yet. There’s still a lot of contracts to be awarded. So we ask agencies to give your projections. And then we take those two numbers and divide them by two, and that’s basically your proposed goal that we send you.

Obviously the goal every year by statute is 23 percent of the total dollars should go to small business. Agencies are different because they spend differently, they buy different things. Some are more small business friendly and some are less small business friendly.

You know, SBA traditionally does around 70 percent of their spend with small business. Department of Energy does about 5 percent, 6 percent. DOD is usually around 21, 22 percent. You know, Interior is around 50 percent.

So each agency has their different levels that
we’ve used to calculate their goal that we propose them, and then at the end we want that to add up to 23 percent. So then each agency also has -- we give them the same statutory goal for all the subgroups. You know, women-owned is 5 percent, SDB is 5 percent, HUBZone is 3 percent, service disabled veteran is 3 percent.

And that gets us to the scorecard. And I’ve given you all -- there’s like 10 slides. But basically the way we’ve been doing this for the last five or six years is on a school grading system, A, B, C, D, F. During the Bush Administration, it was a stoplight type system where it was red, green, yellow. When, you know, the Obama Administration came in, they changed that, they changed it to this new methodology and we’ve consistently used this throughout.

It basically -- I’ll break it down. We’re going to get to 100 percent. And the way we do that is 60 percent of your grade is based on your small business goal performance. Five percent is for HUBZone, 5 percent is for women owned, 5 percent for SDBO and 5 percent for SDB.

That gets us to 80 percent of your grade. Ten more -- 10 percent is based on subcontracting, because we also -- while we propose a goal for prime, we also propose a subcontracting goal for small business. That’s
10 percent of your grade. That gets us to 90.

The last 10 percent is what we call success factors. And that’s a series of initiatives, you know, basically rating how your agency does in terms of outreach, senior leadership, OSDBU organization, things like that. We do that in a peer review process where other OSDBUs rate -- are on a team and they rate how the other OSDBU has done, or the other agency has done in terms of these success factors that we have. And that’s the final 10 percent.

And we add that up and we come up with, you know, certain levels come up to A, B, C, D, you know, F. When we -- we do allow some extra credit. So if you exceed your goal, you do get some extra credit, but we don’t want you to only meet one goal and then get an A, because we do want you to focus on all the categories. So we give you up to 150 percent, I believe, for each category to get to your grade.

In FY ’14, we had -- for the second year in a row, we did very well in terms of small business. We -- 24.99, almost 25 percent. And we met SDB -- the goal. I think we met SDBO goal. Women-owned, we did not meet the 5 percent goal, but the last three years I think we’ve done better each year. So that’s trending upward.

The most difficult one that we’ve had trouble
meeting is HUBZone. HUBZone is a very difficult program. You can be eligible one day and if someone quits you’re not eligible any more. The locations are based on statute and economic data. And so one year you may be in the HUBZone and the next year you may not based on things that are outside of your control.

So those are some of the challenges that we have in the HUBZone program. We’re doing -- you know, we’re doing things to try to reach out to try to educate people about the HUBZone program, try to get people that -- companies that are ready and actually, you know, contract-ready, into the program so we can meet some of the needs, you know, of the agencies.

I’ve given you -- this is very detailed on how we calculate it. But I gave you the high level way we do it. And then I’ve also provided all the score cards for all the agencies as well as the government for FY ‘14.

So that in a nutshell is goaling. This year, there’s been -- there’s a big challenge because we included overseas contracts in the goals. Up until now, they have been excluded. It’s generally speaking around -- it’s around a 2 percent hit government-wide in terms of lowering our performance. It’s around 45 to 50 billion dollars overseas, and I think small business right now does around 4.5, 5 percent.
Now, we hope that by including them in the goals agencies will start doing more small business overseas, because right now the FAR excludes overseas from the coverage of part 19. So there’s no mandatory type set-asides overseas. There may be some changes that have to come from the FAR to help implement this overseas inclusion. But by including the goals, I think agencies already have the discretion to use small business programs overseas. Hopefully, the number will -- the performance will go up, you know, as we go forward.

But it puts -- it puts pressure on us all, not just the agencies that spend overseas, but the agencies that are domestic spenders also have to do very well because we, again, collectively have to get to that 23 percent goal.

So that’s what I have. I don’t know if there are any questions about what I’ve said or any comments. Sorry. I’m technologically challenged, unlike my neighbor here.

MR. DODDS: Because I got the briefing. Isn’t it worth mentioning, Ken, just very briefly, that in the NDAA there is some language that does potentially address how the scorecard process would work?

MR. DODDS: Yes. Is the NDAA -- is that passed and signed?
MR. BLUM: No.

MR. DODDS: Okay. But we think it’s going to be like what it’s --

MR. BLUM: I don’t know specifically, but it just might be worth -- for people just to be aware that there’s some concern or interest in providing some greater --

MR. DODDS: Right. And you probably know -- I’ve seen various versions and you probably know better than I. I think there’s a couple things that caught my attention. I mean, first of all, I think the executive branch should be able to do the scorecard the way they want to do it. It shouldn’t be in legislation. I mean, I think you should have that discretion to execute as the agency.

But obviously no one cares about my opinion. So they’re going to -- it looks like that’s going to happen. I think their concern -- one, I think they were -- some that I’ve seen increased subcontracting in importance as part of the scorecard. Right now we have it at 10 percent. You could argue it should be higher because, you know, there’s a lot of opportunity for small business. We usually do 30 to 40 percent small business subcontracting, you know, in terms of our reporting. And it is a good way for businesses to break in and do work
with the government.

The other thing is I think they were focused on is something called participation. There is a concern that, yes, you know, it’s like, great, you’re doing 25 percent, you’re exceeding the goal, that’s not good enough, now let’s change the goal to something called participation. So it’s not just that you’re spending a lot with small business. We want you to spread it around to more small businesses.

I think there’s maybe a concern about, you know, it’s indirect addressing strategic sourcing where a lot of these vehicles do meet the small business goals, the numbers don’t drop maybe for small business and they pledge for these strategic sourcing vehicle that they won’t go down in terms of numbers. But by definition, you’re going from many vendors maybe to just a handful of small businesses. So in the long run, that could be bad because those vendors who don’t get on that vehicle won’t be around, you know?

So we -- the scorecard may be changing based on this legislation, and we may have to figure out how we measure participation. You know, is it unique awards, is it number of offers. You know, we’ve talked about how we’re going to address it if we have to, but we haven’t made any kind of decisions on how that should be.
Is there anything I missed?

MR. BLUM: No, no. And I think just the important point, this is not in any way critical of Congress, but I think from your presentation you can see the scorecard has been a very important tool in SBA working effectively with agencies and helping us meet goals. And some people might arguably say like we said earlier with the headwinds, you might think that it would be the hardest time in the last couple years to meet goals where, in fact, we’ve met them. And that certainly is in part to some of the focus that the scorecard provides.

But as you also explained from years past, you have evolved in working with the agencies and the small business directors and OSDBUs and how you apply some of these percentages. And I think the importance of having the flexibility to be able to make adjustments based on, you know, what the environment is and what the agency’s experiences are is important. And I think that was the primary concern that the administration voiced in its communications back to the HASC and SASC.

MR. DODDS: Yeah. And we talked about this a little bit yesterday. I mean, there’s a million factors that go into us doing well, meeting these goals. It’s hard work while all the OSDBUs and the PCRs and SBA.
It’s also -- I think the White House Procurement Group, those things were very effective at the beginning.

MR. BLUM: Yes.

MR. DODDS: Those are always good when, you know, the political heads are actually talking about small business. And then I think the -- having small business goaling and SCS performance plans, that I think has been a good factor, not just procurement people but also the program people, the people with the money, having them even know that they have goals I think has been helpful as well.

MR. BLUM: Agreed.

MR. KRAMER: I just want to make one comment on this, too. And that is that, I mean, coming to SBA from some other Federal agencies where I worked with OSDBUs and saw the way that SBA works through that system to communicate those sorts of goals to managers across the administration is a powerful tool.

What I didn’t fully realize until I got here and started to interface to a greater extent with this system is the way that a lot of the largest -- even if they’re not small businesses -- government contractors have really taken on this understanding and can speak the language of goaling almost as well as government officials can. And especially when it comes to
subcontracting the way that they have taken on in a very
formal way the attempts to sort of identify small
businesses and incorporate them, because they know that
that is what is going to be expected of them.

So, A, it’s encouraging to see that that is
something that we’re not just sort of, you know, punching
into air, but that it is something that the contractors
were working with both large and small are taking as a
part of what they need to be doing. It’s sort of built
into the culture of all of that. But it also then speaks
to the power of the way that through the FAR or otherwise
we organized those goals and communicate the really
compounded impact that can have in the way that
contracting happens.

So as we see some changes in this area, as we
sort of accept the new challenge of including overseas
contracts into that and having been at USAID immediately
before this, that’s a conversation we were having with
SBA, you know, back then as part of that transition.

Seeing that, seeing other changes that are
being talked about, that might be a very rich subject for
this group to talk about and specifically to focus on,
you know, we’re always at SBA interested in all small
businesses, you know, increasing their opportunities, but
specifically with regard to veterans are there
opportunities that we could continue to exercise to make
sure that we’re hitting the goals that are out there and
identifying other data or goals as well that we might
want to talk about.

So that I see as an opportunity that we might
have over the next year as we go forward to have a
collection about that. Because it’s an incredibly
powerful tool that the government uses in order to help
in this area.

MR. GALVIN: Eric, it’s good to hear that GSA
is moving to that cloud environment. I’d be interested
in learning more about where the databases are going, you
know, when the terms of subcontracting it’s challenging
to look down below the first tier of subcontracting. And
as Captain Balzano mentioned, many of the veterans types
of organizations that want to work with DOD would prefer
to be a subcontractor, maybe perpetually, as opposed to
being a prime because of the challenges of compliance and
a lot of overhead. If they want to stay small in a nice,
they can subcontract to a prime or they want to be
acquired at some point if that’s in their business plan.

So the databases, though, for being able to
monitor and understand the subcontracting environment,
that’s something we’re very interested in. Looking
forward to seeing how that pans out.
MR. FERRARO: The -- it’s -- I don’t want to say foreign to this group, but I work closely with our government structure, the ACE, Awards Committee for E-Government, and we -- and DPAP and from OSD’s office, are familiar with it. But I can certainly -- we do -- I’m actually, as I said, we’re just starting down this path and I’m new to GSA. I actually spent the last 30 years in DOD or supporting DOD or on active duty. So I’m very familiar with DOD.

But I can, yeah, certainly set something up for this group or -- and I plan to. And that’s one of the reasons why GSA selected me to have this role as a GSA veteran, because it overlaps nicely with my primary role of getting the word out on rated award environments.

MR. GALVIN: And another area of subcontracting, DOD does about -- in FY ’14 $133 billion went through -- was subcontracted. And with several of the large prime contractors we have comprehensive subcontracting plans. That’s been a test program for a number of years and was re-established and through 2017. What we’ve found is that it was intended to enhance opportunities for small businesses. But as we looked at the data recently over the year, it has served the other purpose of making the corporate subcontracting management more efficient. And they have fewer people, it’s less
costly. So it can save money that way on contracts. However, what we found is that over time the number or the percent of dollars that are subcontracted to small business in general has actually declined. So, you know, obviously a large corporation would be like a Lockheed Martin and subcontract to thousands of firms, and what we found is that in general fewer small businesses are finding those subcontracting opportunities. And partly that’s -- the Government has a role in that as well because we approve their subcontracting goals. But that’s another area where, you know, if we can figure out a better way to do comprehensive subcontracting plans, it should raise the opportunity level for small businesses. And, of course, that would extend to veterans as well.

I have one other topic. I don’t want to steal -- and with Ken, when you mentioned the overseas. So we’re addressing that by looking at actually bringing on at least a person or two to help us manage the overseas spend. Because, as you said, it’s -- in the FAR, it’s not required. So we have buying commands overseas that don’t have to go through some of the small business-related activities that normally would occur here for domestic spending.

And so what we’re seeing is there’s about $23
billion in that overseas spend area right now if you go into FPDS. Of that, though, about $10 billion is foreign-owned and foreign-located firms. So our concern is that we would be having to be graded on expending funds that we may not have any choice as to how they’re utilized because they have to go to an overseas firm. And we’re -- we’re looking into that some more, whether it’s based on a status of forces agreement, that sort of thing.

But the other $13 billion that goes into the overseas spend, we would see as a legitimate part of the denominator, so to speak. And of that, about 10 percent goes to small business. So we are achieving some small business overseas, but it’s not at the higher level that we’d like to be at.

MR. DODDS: I think we, you know, agreed that we would work with you on continued exclusions for some things overseas based on, you know, the mission of DOD. And so we’re going to continue to work with you on that. And I just think that by including it, that 10 percent will go up. I don’t know how much, but I think eventually we will start doing, you know -- that’s how it usually works. You know, one thing comes first and then the other follows.

And I think so far, so good, I mean, in terms
of the way we’ve been able to get the proposed goals out
at least in September. We’re still trying -- hoping to
get these things set. The goal is always to get them
done by October. That’s obviously always a challenge and
we don’t always meet that. But so far I think we’ve been
working pretty well with DOD and the other agencies to
try to implement this.

MAJOR CLARK: Good morning.

MR. KRAMER: Major, can you make sure that you
identify yourself just for the transcript so she knows.

MAJOR CLARK: I am. I know. Major Clark, SBA
Office of Advocacy. A couple questions. The tests,
comprehensive study that’s been going on for about 10
years now, is that study available now for the public?
I’ve been attempting to try to get a copy of that study
to see exactly what has been happening with DOD in terms
of the comprehensive subcontracting plan.

MR. GALVIN: The General Accountability Office
is -- has a study that they’re doing. And so they’ve
received a lot of information from DOD. Their goal is to
have that published in November.

MAJOR CLARK: That’s the GAO study. But is
your study -- is your -- the study that you -- that
Congress asked you to -- that you asked Congress to do,
oh, I guess 10 years ago, is that study available to
understand better how small businesses can participate in
the subcontracting program?

MR. GALVIN: That study was never released
publicly. It wasn’t cleared for public release. But it
did go to the GAO as part of the input for their study.
So I think that’s where that information --

MAJOR CLARK: Will that study be available for
agencies to receive it, even though it’s not for public
release?

MR. GALVIN: At the moment, I don’t see it
being released outside of DOD. I’ll have to go back and
check to see if that’s a possibility.

MAJOR CLARK: So we have no way of really
gauging the positive or negative aspects of this
comprehensive process.

MR. GALVIN: One, probably I need to make sure
I know exactly which study you’re referring to. What I
understand that there was a DOD study that was never
released, and then another NDAA directed the GAO to do
the study. And so DOD provided GAO information. That’s
the extent of my knowledge on that.

Now, I was referring when I mentioned to
another study about the decline, that was something we
did internally in our office with DOD. Frankly, we had
an intern in over the summer and she did a great job of
looking at available data. And so we were able to
distill that down to essentially find that over the years
the percentage of dollars going to small -- or not
dollars, the percentage of dollars for all
subcontracting, the percentage going to small businesses
had been declined. And we -- what we see is that was
counter to the original and to enhance opportunities. So
that’s where we were looking at. CSP is a sort of
revision in order to bring that --

MAJOR CLARK: Was there analysis as to why the
decline occurred? I mean, we have talked with a lot of
large businesses, Lockheed -- you mentioned Lockheed --

MR. GALVIN: Mm-hmm.

MAJOR CLARK: They are actually doing a very
streamlining of their supply chain because of the various
regulations that are out there. And streamlining has
actually resulted in the exclusion of a lot of businesses
simply because they cannot meet the rigorous tests that’s
being -- some being imposed by regulatory framework, but
also some being imposed by the companies themselves.

And that’s why that other comprehensive plan
that we’re talking about becomes very critical in
understanding this mix that we’re doing. And part of a --
-- you know, Congress asked us two years ago to do a study
on the procurement process, and our office actually did
that study, published that study. And part of the shortcomings of that study was our inability to really look at contracting data from a subcontracting standpoint.

So that was primarily the reason for that type of inquiry.

MR. GALVIN: In terms of the why, I’ve heard some anecdotal reasons. I can’t say that there’s been a study that’s shown why. What we’re looking at over this past summer was just to see what the trends were. And it didn’t necessarily correlate with anything in the data specifically that we could look at. So it’s really -- like your discussions with the companies, we’ve heard anecdotally that small businesses have challenges complying with their cyber security requirements that the company itself may impose.

MAJOR CLARK: And kind of for the electronic requirements and other types of requirements.

MR. GALVIN: Right.

MAJOR CLARK: And that becomes really much -- that becomes very critical as we talk about training for service disabled vets and vets in terms of what types of training becomes necessary so that they can actually participate to a larger extent in the Federal procurement process. So, Chairman, that’s one point that has to be
looked at in terms of the recommendation that you talked about earlier in terms of training and so forth.

Mr. KRAMER: Okay. Thanks, Major. Any other questions or comments generally on this procurement and contracting subcommittee?

MS. CARSON: I have one for my colleague from VA. Tom Leney is not able to join us this morning. But if you were here in June, you do recall that we did ask for you to consider your agency’s participation in the National Veterans Small Business Engagement that will be cohosted with VA and SBA. It’s November 17 to 19 in Pittsburgh. It’s one of those things that could be helpful in your success factors, perhaps. It’s a matchmaking event for agencies. We feel it’s appropriate for members of this task force to be there with opportunities.

And SBA provides the infrastructure -- well, it’s not SBA this time. We have our own -- the same contract, though, that does a great job of building complex profiles for business owners and helps agencies make their opportunities very clear so that there’s a more meaningful match that happens. SBA will also be providing training sessions at that. And if you have -- if one of your agencies wishes to have a breakout specifically on something that will be helpful to veteran
business owners and how they could be more competitive, things you wish they knew, please get in touch with Tom’s staff or mine and let us know how we can be helpful in getting you more engaged there.

MR. KRAMER: Thanks, Barb. Other comments?

Yeah, how do we want to do that, Barb? We’ve got a specific agenda item for public comments at the end, but also -- I mean, I think it does make sense that if it’s on a specific subject, it probably makes more sense to do it now. Do we have -- is the microphone --


Thank you all for taking the time for coming today. My name is Maggie Bullard Marshall, and I work for a service disabled veteran owned small business called Aldevra.

I just wanted to bring up two items as it relates to the task force work. Number one is that the task force has as one of its goals to reduce barriers to service disabled veteran-owned small businesses. And so one of those barriers is with the VA and their failure to consider veteran-owned small businesses per statute.

And so I think it’s important that this committee knows that that issue is going before the Supreme Court. The Supreme Court has indeed agreed to hear the case on that this winter.

COURT REPORTER: Hold on, I need to get --
mR. KRAMER: Apologies for that. We just want
to make sure we get a good record of all of this.

MS. MARSHALL: Oh, no problem. So the first
issue was related to the issue of VA considering veteran
businesses first, going to the Supreme Court this next
session.

The second item is related to a protest that is
in front of GAO right now where the Army is failing to
consider small business set-asides for simplified
acquisition purchases in favor of FSS to large business.
I had a meeting yesterday and the SBA has been extremely
supportive and general counsel suggested that I make sure
others are aware of this protest and process because it’s
troubling not just as a service-disabled veteran-owned
small business company, but for all small businesses and
the impact that the outcome of the protest might have.

Related to Mr. Blum’s comment on the NDAA for
2016, one of the items in there is to change the
simplified acquisition purchase amounts to -- I believe
it’s $5,500 -- or $5,000 --

MR. BLUM: Five hundred thousand.

MS. MARSHALL: Five -- well, the low end is
going up to $5,500, I think, and then on the high end
$500,000. So I think it’s very important that this group
understand the SBA goaling would not include those micro-
purchases up to the new goal of $5,500. And that
secondly if we’re already not considering small
businesses for simplified acquisition purchases, raising
the threshold to $500,000, it’s going to get interesting.
So I just wanted to make sure that this task
force was aware of those important issues that are facing
veteran business owners and the barriers that we have
right now. Thank you.

MR. KRAMER: Very good. Thank you very much
for those. Those sort of practical experiences that very
much need to influence and inform what we all do.

Other comments, responses, questions? Matthew?

MR. BLUM: Yeah, if I can just clarify and,
Ken, also jump in if I’m stating this wrong. But I think
there are -- there were two different legislative
proposals that were submitted by the administration. One
was proposing to increase the simplified acquisition
threshold from the current $150,000 to $500,000. I think
that proposal actually included language that would have
raised the statutory set-aside requirements as well.

So I don’t think that was the proposal that you
were making reference to in terms of impact on small
business. There was a second proposal that would have
raised the micro-purchase threshold from $3,000 to
$10,000, which is -- that is very much focused on
recognizing that there are a lot of purchase card transactions that are occurring today, or that were not considered 20 years ago when this micro-purchase threshold was originally established, largely in the technology space where you have a lot of, like, web-type needs that could actually be acquired through a purchase card by the IT person in the agency that has the expertise up to $10,000 without going through the more complicated processes even for a simplified acquisition.

To your point with respect to small business participation, it would be very important that we make sure that those that have the cards are properly trained, hopefully using many of our existing vehicles, including the schedules that have many numbers of small business.

So you’re right that the way the law is written, there is an exemption from the Small Business Act, which was largely created in light of the fact that when you’re doing a purchase card you really want to minimize the number of the unique requirements for legal reasons. But we do have policies in place to encourage strong small business participation. So that’s a good point. We want to make sure that people aren’t confused about that, while at the same time, you know, being able to take advantage potentially of the opportunities that can be achieved in efficiency means through the purchase
MR. KRAMER: But I think it is a good point, if I understand this correctly, that getting the purchase card -- you now, setting that aside, but if we are doing the simplified acquisition ceiling from $125,000 up to $500,000 and we need to make sure that we’re taking all proper steps to make sure in goaling and otherwise that we’d be taking all of that into account, because that significantly increases the amount of activity you might see at that level and might lead us to sort of end up with distorted information about what we’re doing on our scorecard if we’re not accounting for that when that change happens. So we need to be -- keep an eye on that. And if that makes it through, make sure that we’re adapting to accommodate that.

MR. BLUM: Mm-hmm.

MR. KRAMER: I think we had another comment.

MR. WEIDMAN: Yeah, Rick Weidman, Vietnam Veterans of America and VET-Force.

Welcome to the fray, and I hope you’ve girded your loins because it’s going to be that. The life of this task force went out the door with Marie Johns. And basically it was -- and some of us have come to believe deliberately de-emphasized and dwindled. I mean, it was -- this is the way the world ends, this is the way the
world ends, not with a bang but a whimper.

And that’s also true of DOD. Under the former administration, veteran -- service-disabled veterans and veteran-owned businesses were pulled front and center during the last three years of the administration with strong support from the deputy and particularly from the deputy undersecretary for acquisition and technology. And they had an awards program to reward both those within the bureaucracy and large primes for work with seeking out and developing business with small and small- small disabled veteran business owners.

That has atrophied. It’s disappeared. And if you look across the government, you will see essentially -- and Major Clark would have the best perspective on this. It’s like a repeat of the second Clinton administration that moved towards bundling and putting the blocks to and freezing out virtually all small business, not just SDVOSBs and minority businesses.

There is no emphasis on it anymore at DOD. It’s just not there. Andre tries, but he doesn’t have any line authority whatsoever. And without being -- having that visible backup of those who have line authority, the DOD, it’s not going to happen.

Secondly, at VA, the trend is going in the other direction. Strategic sourcing sounds great, right?
Must be in the national interest, national defense.

Strategic sourcing at the VA means that they’re forcing the contract officers to buy off of their delegated authority schedule, which -- and they don’t care that it costs more. It does cost more. And the Aldevra case is an example. They paid 50 percent more for the cookware at the Michigan VA Medical Centers than they did before by buying it directly from a locally owned service disabled owned business.

But what did they get out of that? What does Jan Frye get out of that, the new whistleblower, which frankly we think is amusing, let’s put it that way, given the history of the last decade.

Forcing people onto that, they get the industrial finder’s fee, which ranges from a quarter of a percent to 1.8 percent. And basically what it does is take appropriated monies primarily for medical care, run it through the schedule, and then the appropriated money becomes the finder’s fee, or what they call the supply fund and we call the slush fund. They don’t report back to the appropriations committee what they do with that money. They’re not bound by any stretches what they do with that money. They can’t obviously -- but we believe they’ve done things such as pay bonuses, et cetera.

And -- but the key point is this: It
diminishes opportunity for service disabled veteran-owned businesses, particularly the smaller businesses. Should be buying locally when needed. And it’s -- we’re not going to have the explosive acquisition that we had during trying to wage two wars at once. But it will come back again because the enemy is not going anywhere. And it will become a crisis again. And DOD is likely to continue to be the largest contractor and subcontractor entity within the Federal Government.

August 17th, 1999, 106-50 was signed by the then president. And it took effect and became law. That is 16 years ago, plus. And in 16 years plus, it was very clear, it’s 3 percent. It doesn’t say goal. It says 3 percent of all contracts shall go to service-disabled veterans, and 3 percent of all subcontracts goes to service-disabled vets. And we don’t have -- in 16 and a half years, despite all of our technology, we still don’t have a system to accurately measure small business subcontracts and sub-subcontracts. That is not a failure of technology. That is a total failure of will. It’s wilful failure. And it’s something that bothers us a great deal. DOD is -- the reason why we’re concerned is that, we’re not picking on you, but you did make us
disabled vets. And so you have a vested interest, but
you’re also -- we believe it’s closer to two-thirds of
Federal acquisition is DOD or DOD-related. And when
y’all aren’t doing it, it ain’t happening in the main.

So we need a special emphasis back in DOD. We
need this task force to get active again and start to
have an impact and back up what Matt and OFPP office is
doing and translate that. And if we need to get to the
chief of staff and get him to do what Mr. Daley did when
he was chief of staff at the White House, because he went
around at Cabinet meetings and said, I want to know your
percentage, I want to know your percentage. And if it’s
wrong, he would check. So we need to do something to
restore integrity to the system.

Last but not least is at the request of Senator
Sanders, the undersecretary for acquisition and
technology four years ago, did a study of how much that
ostensibly was going to small business actually went to
small business over the previous five years, and found
that it was almost -- I think it was $1.2 trillion that
ostensibly went to SDVOBs or small business in general
did not. And it went through various guises of one of
the 16 major corporation defense contractors, contracting
with another or a subsidiary of one of the others.

And so the truthfulness and the integrity of
the reporting system is something that should concern us all, and particularly if I may suggest, Mr. Kramer, you at SBA. If people don’t trust the data that is coming in and you can’t trust the data that’s coming in, then all of your scoring systems and all your advocacy becomes naught because you can’t trust the results as being accurate.

So it’s really three of those things. One is include the veteran service organizations like the Legion, BBA, VFW, in ongoing planning. And the business organizations like VET-Force and a number of others and ask for our help. We actually can help you if you’re serious about wanting to get the goals. But without contact, that ain’t going to happen.

And it’s not going to happen, with all due respect to Barbara, she doesn’t have any line authority within the SBA once you get outside of her office. She’s in much the same position as the OSDBUs are in the agencies. We’ve got to get to the deputy commissioners, the deputy secretaries, and to the undersecretary for acquisition and technology to put the emphasis publicly -- and that’s the reason why the award sessions, ceremonies, once annually was useful because it focused people on what the priorities were.

And if you don’t have priority that’s visible
from the top over there, nothing is going to happen. If
the CNO doesn’t want you to do something and there’s not
an emphasis with him, it’s probably not going to happen
in the Navy, simple as that, no matter what the secretary
says.

So it’s got to get into the line authority.

And we stand ready to help you in any way we can, Mr.
Kramer. I would also urge that since apparently all of
the folks who were representing the VSOs on this task
force have expired, I would like to encourage you to call
all of them because apparently they -- at least one of
them wasn’t notified. And a personal call in addition to
a letter and a certificate thanking them for their
service, one and two, if you’d please let us know what
are you going to be doing about refilling those posts
with other individuals who have knowledge of business and
also have a constituency behind them from either veterans
business organizations or major veteran service
organizations.

I thank you very much for indulging me.

MR. KRAMER: No problem. Thank you, Rick. And
thanks for those comments. I’m going to at the end of
our discussion of subcommittees talk a little bit about
our next steps, at which time I’ll address most of your
concerns about where we go from here and what we’re doing
and the commitment we’re making to that.

I will also say, I’m aware that at least one organization that wasn’t properly notified of the expiration of their term on the task force, I do apologize for that and will follow up accordingly because I was made aware of that yesterday. So that was a mistake on our part and we’ll do our best to make sure that we sort of honor that mistake and do best by them. But I’ll get to the rest in a little bit.

But elsewhere on this, other response or comments on that?

MR. GALVIN: Yes. Mr. Weidman, thank you, sir, for your service. And my father-in-law is a Vietnam veteran and we talk quite often about his experiences. I’m also a service-disabled veteran classified by the VA. I appreciate the perspective that there’s a perception that the awards are not happening. And so that’s something I’m going to take back and look into.

I do know that they weren’t publicly announced. I mentioned we had a training -- internal training conference for many of our small business professionals this past summer. And we did recognize a number of people at that level coming from the director of the small business program to recognize those who contributed substantially to small business in general.
And I know our undersecretary Kendall is also committed to small business at large. He was with SBA Director Sweet when she came over to the Pentagon. They both gave remarks about the importance of small business to the Department of Defense. The -- you know, aspects of innovation, frankly cost-competitiveness, as you mentioned, that you can get by working with small businesses, their ability to be agile and adapt to the needs of the department and bring in those solutions that we don’t necessarily get from the big businesses.

So I’m with you on all of those sorts of things. In terms of de-emphasizing, again, Ken mentioned earlier the SCS evaluations. So at the executive level of the Department, all of the executives in the professional side -- I’m one myself -- in our evaluations, we have to address small businesses. And that’s proliferated throughout the Department, and I think the Federal Government as well.

So it will take a little while for some of those things. But the ripple effect, like you said, when a senior person emphasizes those, it gets through.

I do know that we’re also working on adjusting some of our awards. We had a discussion recently with Mr. Kendall’s deputy about -- we call them vanguard awards to have a formalized awards program to revamp that
as you suggested.

And those are some of the main points I wanted to make. Dick, is there anything else that --

MR. BALZANO: Yes.

MR. GALVIN: He has more history on this.

MR. BALZANO: I’ve been in the office for three years as the chief of staff. And every single month I prep a read ahead package for our boss, Mr. Wesley, and then Mr. Gudger. And Mr. Kendall, who runs a meeting every single month with the senior executives from all the services, focuses solely on small businesses. They have to come in to him and report to him directly where they stand on their goals, what they have done and what their plan is to accomplish those goals.

Not that I would know this, but what I was told is that has never been done in the history of DOD. And that is still going on today because I still prepare that each month with the staff for our boss.

We have still -- we’re still recognizing mentor protégé awards. We hosted a very large ceremony for that. And, thirdly, we -- we, the Small Business Office, have to participate in strategic acquisition reviews. I don’t know what the threshold is. I think it’s over $10 million. Anything we buy, they -- in order to purchase that, whether it’s a weapon system or supplies or
whatever, they have to -- DPAP has to team with us, review the package for how that is going to be done, and Small Business has to sign off on it because the strategy that they put forward has to include small business. Again, that was never done by our office before this. And those things are all still going on, sir.

MR. WEIDMAN: That had never been communicated. Just verbally, it’s never been communicated to the veteran service organizations. And many of us are pretty active. We get involved in this. My guess is -- I’m curious whether the advocacy office was informed?

No/yes?

MAJOR CLARK: No. But more -- more importantly -- Major Clark again. More importantly, the information would actually flow to Ken and his office as opposed to our office. So -- so, you know, even though we didn’t hear it, I’m sure that Ken’s office had been involved in that whole process.

MR. WEIDMAN: I appreciate the fact that your father-in-law is a Vietnam vet. You’re killing me, you’re killing me. But actually what bothers me these days is when I run into two-stars and three-stars who are younger than my oldest boy. That’s what kills me. And the fact that young women Ami’s age come up to me all the time and say, oh, my grandfather is a Vietnam vet. And
that one’s a real killer -- or great grandfather, and that has happened to me as well. So I --

MR. BALZANO: But you don’t look the age, sir. So don’t --

MR. WEIDMAN: I’m sorry?

MR. BALZANO: You don’t look that age. So you’re doing well.

MR. WEIDMAN: The process you’re talking about needs to be opened up. As we all know in this town, perception is reality. And if you’re doing good things, work with us to make them even more effective and communicating to The Hill and to the committee. Did the Committee know about -- where did she go? Ami, did the committees know about this activity at DOD?

MS. SANCHEZ: I can’t say, I mean, specifically whether staff was informed. I don’t know. Maybe. But I would like to say that this is exactly why this task force is so important. Senator Shaheen sent a letter to the President saying, you know, you executed this great executive order that, you know, fulfills our mandate that there be this task force with VSO. It has been an ongoing battle since 2008 to get this task force to this point where we can have this conversation.

I think the fact that you’re here and you’re saying this and we’re pointing this out and we’re having
this dialogue, I think it’s a real testament to the work
that you’ve done to get this task force to this point,
the work that Barb and the SBA has done, and to the work
of, you know, the federal agencies who’ve, you know,
showed up. You know, we had Department of Labor come in
and tell us all the things that they’re doing in their
various efforts.

So, you know, in some form or fashion we
probably were, you know, apprised of the ongoing efforts.
But in the last three years, I will say that we’ve seen
more activity than we’ve ever seen in the previous -- you
know, the previous 10 years. And so -- so, you know,
we’re -- I think we’re keen on seeing more of these
developments. We don’t want this to just be a flash in
the pan. You know, we want to see this actually move
into codified results, if you will, in terms of actual
procurement policy.

MR. WEIDMAN: Incidentally, just non-
participation of VA has been a problem in the last couple
of years in this task force, and I can assure you that
before the sun goes down tonight Sloane Gibson and Bob
McDonald will know that VA was AWOL. So any other backup
you need, we’re not short on temerity, sir.

MR. BALZANO: I appreciate that. Thank you.

MR. KRAMER: I want to make sure we move onto
the third subcommittee as well. I have one more issue in this government contracting that I want to raise really quickly just to flag the issue because I think it will be the source of some dialogue over the coming months. And that is with regard to one of the recommendations that we have from 2011 with regard to certification, because it’s the sort of thing that I’ve been here and looked at quite often. It’s a balance that we have to do with small businesses and specifically with regard to veteran-owned or service-disabled veteran businesses.

Because on the one hand obviously we want to make sure that when we are tracking the amount of contracts that are going to veterans and their small businesses that we get that right and we don’t end up with the subject of fraud or other people who improperly sort of step in and take advantage of those programs.

At the same time, a lot of these good intentions can get us in trouble. And I see a lot of our programs across SBA that in the attempt to prevent those sorts of problems create those unending obstacles on the front end and create those barriers to entry.

So I sort of welcome the conversation over the next several months and maybe up to a year for us to really think about what exactly is the problem and the risk in this area? What are all the various ways that we
could potentially look at the fraud that does exist and prevent it? And then to the extent that we do need to put on some sort of mandatory certification or want to put on some sort of mandatory certification on the front end, is that something that we can do effectively and efficiently so that there is not significant burden to someone who’s trying to get off the ground?

So I just flag that as an issue that I think is starting come more to the fore from the list of recommendations that I anticipate would be a very good opportunity across agencies to come up with a harmonized way for dealing with that.

Other questions or comments on the contracting space?

(No response.)

MR. KRAMER: Well, then let’s move on to the third subcommittee, which is the coordination of Federal support. And I’ll turn it over to OMB and let them sort of talk about anything they want to in this area and raise any issues that they see.

MR. BLUM: Thanks very much. And you had mentioned earlier Business USA, and Barb kindly shared in the draft report that will be coming out shortly some of the stats. And if I can just take a minute, I think it’s actually worth mentioning. I think as everybody knows,
Bus USA was launched in early 2012 to make it easier for all small businesses and exporters to access to Federal Government resource and to make it a one-stop shop rather than having to go to the many resources and websites that agencies are individually managing, including all of the members of the task force.

And just in the rearer -- I know the report that has been put together only goes through, I think progress in 2013. There had been 1.4 million visitors and over 70,000 individuals that subscribed to receive content and information. There was access to over 4,000 Federal, State and local resources. There were hundreds of success stories. And I just want to reinforce like Deputy Administrator Kramer said about the power of a success story. It is not only one probably one of our most powerful educational tools for the contracting community, but it also helps with program people that, you know, have a big influence in making decisions about which direction to go in to help contractor officers persuade program people about the good work that small businesses are doing.

So that’s very important. There were over 25,000 events that were advertised as well through this program. I think what’s very important in each of these initiatives that are identified in the report, we talk
about which agencies are participating as lead agencies. And on this one, Business USA, all of the participants are listed as a lead agency. Because I can tell you if it was just OMB, we wouldn’t have made anywhere near this progress. It’s really the work of all -- everybody working together, which is precisely the goal of this tool.

So, again, it’s only one of many initiatives, but I just want to put a plug in for that because I think it’s a very important component of how we bring resources together.

And I think as I’ve said in the past about this, especially to those that are here today, if you are using this tool and do have any sort of recommendations for things that you don’t see or ways in which it can be improved, by all means please make sure that you’re providing that sort of feedback.

I know that there is a specific engine in there that was designed specifically for veterans so that if you are a startup versus you want to grow your business or you want financial assistance or technical assistance, this tool is designed specifically to help get you to those resources, small businesses resources, that are available for vets. And when we’ve gone and played with it, it certainly seems very impressive.
The second area that we have -- were working on in this space, and it was mentioned a few moments ago, is on burden reduction. And there really are kind of two prongs to that. One is in making sure that the authorities that agencies have in the contracting space in particular are effective. The Jobs Act obviously gave us a very important roadmap in moving forward. And there are still a couple of important pieces that the FAR counsel is working on to finalize in the subcontracting space. And we’ve had, I think, a robust discussion this morning about the criticality of making sure that we strengthen authorities there, as well as the ability to use -- order set-asides on our large IDIQ contracts.

On the second piece, just as one observation, but I think it’s a good one. We’ve had a lot of discussion and deliberation about how to apply the reserve authority and, frankly, what does it mean. SBA helped rather substantially in that conversation when it finalized its implementation by explaining essentially that the Reserve gives agencies the ability to, if you will, limit what a small business has to -- just explain it can do in order to be qualified to get onto the contract. So if you have, you know, 10 functional areas, you can actually identify one for small businesses so that they can get onto the vehicle without being able to
-- without having to demonstrate working on all 10 areas.

And equally important at the back end, being able to limit and do a set-aside for one or more of the small businesses depending upon how they were selected. So if you have a functional area where there were two or three service-disabled veteran-owned small businesses, all of them would compete in a set-aside. But if there was only one that was able to do that work, the agency could select it and then at the back end an order could be made to just that one -- that one business.

I think this is an important point because we now -- I think with the women-owned small business authority, have the ability -- or agencies have the ability to enter into contracts that would only have one business in a set-aside. If you can’t find two or more. But this authority hasn’t existed at the back end. And so we don’t want people not, for example, using an IDIQ contract that’s otherwise appropriate, or if they are using that for other reasons not being able to take advantage of, say, you know, the service-disabled veteran-owned small business just because there was only one.

So I think that when this authority is finalized and we still have some public comment to obtain on that, I think this will be a good example of an
important tool that will be available to agencies that wasn’t in years past.

And then secondly, barrier reduction is very important to us. Deputy Administrator Kramer mentioned the President’s Executive Order 13-563 that requires all agencies to continually be doing retrospective reviews. We did a national dialogue on procurement a year ago that generated many ideas for how to reduce reporting burdens and also equally important to increase ways to get new entrants into the marketplace.

And there are several steps that we’ve taken on both of those fronts. One was mentioned a little while ago with increasing the SAT. Just to come back to the benefits of doing that, there’s a lot of small business activity between $150,000 and $500,000 that occurs. But those acquisitions are treated like much larger acquisitions, multi-million-dollar size.

So -- and, Jim, I think you had pointed out well that the compliance requirements can be really hard, especially on small businesses. So we thought that, you know, given that basis if we can increase the SAT to the $500,000 level, you can capture a significantly larger portion of activity that’s suitable that small businesses are actually already performing successfully and lower their transaction costs.
So that proposal, I don’t think, will be adopted this year, but we’re very much looking forward to re-engaging with our Congressional partners to explore ways and to see if we can get that one over the finish line. We really had waited a number of years because agencies always propose these types of increases in thresholds and we didn’t think we were ready. But we think there was a very strong case now to do that. So we will be continuing to advocate for that.

Another that came out was in the commercial items space. There’s always been a preference for buying commercial as opposed to noncommercial. And for small businesses that is especially important because the transaction costs go up when the government wants a customized solution that requires businesses to create separate production lines or, you know, prepare much more tailored proposals rather than relying upon a lot of their already suitable materials.

And one of the steps that we’re taking on the regulatory side is similar to what we do now for the Paperwork Reduction Act or for the -- explaining alternatives that were considered to reduce burden for small businesses. We’re going to have something in the preamble of our FAR rules that explains if something is applicable to acquisitions of commercial items, what the
specific rationale was that was made by the FAR counsel
or the OFPP administrator for doing that.

And that will also be put out in proposed rules
as well so that the public can have an opportunity to
comment, and in particular explain if there are burdens
that we’re not taking into consideration in balancing
that against, you know, the rationale otherwise used for
applying the particular requirement to commercial item
acquisitions.

And, also, out of the dialogue came a
recommendation that many small businesses made to revisit
agency’s use of minimum corporate experience
requirements, in particular with respect to the schedules
that as we mentioned is a very critical gateway for small
business activity. And we are working with our
colleagues at GSA.

This doesn’t mean that there aren’t very
legitimate reasons why you might have minimum
requirements for your contractors, large or small, but
just simply to make sure that it isn’t an automatic
assumption that you need, you know, two years of
experience when there may be many instances where it --
you may actually have the right to have good experience
even if you haven’t operated as an entity together.

But if it’s, for example, for professional
services and it’s a small number of very highly skilled small business entrepreneurs, veteran-owned small businesses and whatnot, you may not -- the two years may not be all that critical. It’s really getting the access to the expertise that you need.

So we are working with them to figure out how that -- some of those requirements can be made more flexible and make sure that they’re not barriers.

And, lastly, we’ve been working with GSA on some of their compliance requirements related to pricing. As you know, the schedules program uses, if you will, a horizontal pricing model where each individual contractor’s pricing is evaluated based on what they provide to their most favored customer pricing. There’s a commercial sales disclosure that’s made and then the contractors are required to identify when they give price reductions through the life of the contract.

And through GSA’s own analysis under the paperwork reduction act, that has -- it’s a very significant area of burden for all businesses. So they issued a proposed rule last year with some alternative ways to track pricing that would focus more on reporting prices paid to the government, by the government, rather than having to track every single price reduction provided to corporate customers.
A number of comments came in and concerns with respect to the burden associated with the alternative and how we, as the government, analyze that, which we are working through with GSA. But just another example of our look at existing burden and how it can be reduced.

And, lastly, I think I mentioned this at the last meeting, a particular interest area to our administrator -- OFPP administrator Rung, and that is on innovation. Every administrator always speaks to the importance of making sure that we’re driving innovation, we’re using innovative practices and we’re considering solutions from innovative companies.

The reason why I mention that for obvious reasons here is that in many, if not most instances, those companies are small businesses and too often there are entrants that are reluctant to enter into the Federal marketplace because of the complexity that you mentioned earlier. It just -- even if they have the whereas, they may not have the number of people or the resources to be able to understand how to navigate through the complexities of the Federal Market System.

And there are two steps that we are proposing in this space, and probably others to come. One is we propose to Congress an innovation set-aside pilot program that would essentially use the set-aside mechanism, but
instead of having to be a specific type of small
business, it would essentially be for small businesses
that have had -- that have not done business with the
government within the last five years.

I think there are multiple ways you can look at
a new entrant. But the idea is for those that
essentially have not been doing business with the
government and want to do work as a prime contractor, we
understand many want to come in as subcontractors, and
that’s great. But there are many that want to be a prime
contractor, get paid, have that direct relationship,
build business, and they may not be, for example,
qualified for the 8(a) program or they may not fit to a
mentor-protégé. So this would be -- we’d like to pilot
this as an additional new tool, an avenue, into the
Federal marketplace.

And I think we are -- the proposal that we
submitted with the NDAA through the Department of Defense
would have authorized about 25 pilots up to about 2
million -- is it 2 million or 5? I think it was $2
million. And we had done a fair amount of outreach to
small businesses in Silicon Valley that were giving us
typical examples of the sorts of activities that could be done in
that space.

And I’ve also been reaching out to the U.S.
Digital Strategy Team that was stood up to improve IT acquisitions that’s doing a lot of work with agencies and is very familiar with the sort of needs. So we think that if this authority were provided, it could be a great new way to get small businesses -- new small businesses into the Federal marketplace.

And, lastly, also in the innovation space, buyers clubs, or also referred to as innovation labs by -- I guess this is a catchier title. but this was recognizing that although we talked about innovation, we don’t generally provide clear pathways within agencies for how contracting officers and others that want to be innovative can actually do this.

So we know there’s a lot of flexibility in the FAR. And I think I’ll get smacked if one more contracting officers hears me remind them that they have the ability to take advantage of flexibilities that, you know, something isn’t written in the FAR, you can still do it as long as it’s not inconsistent with law or policy.

The problem is that having a blank slate, how do you teach to that; how do you get people to be, you know, innovative, and especially if they want to try and everybody else is very risk averse, you know, the environment that we often find ourselves in isn’t really
conducive to innovation.

So HHS, after some of its work and lessons learned from healthcare.gov, stood up a buyers club for this very reason and said, look, we need to be able to be much more agile in the way that we think about new strategies, and we need to send a message of being encouraging.

I believe if I’m -- USAID actually even has in their counsel’s office a deputy counsel for renovation, not just for acquisition, but I think also a great way to bring in our legal colleagues that have responsibilities obviously for, you know, making sure that we’re following the law and what not.

So in short, we will be issuing guidance coming up very shortly that’s going to ask each agency to make sure that they have some sort of buyers club innovation lab. It’s really not focused on telling agencies how to set this up because, really, to make it work you have to leave it to the agency and its own mission and its own -- its own culture. But it is saying that we think it’s very important that this avenue be there, that there be high-level endorsement of recognizing and encouraging those that want to be innovative to have ways in which they can share those ideas; they can share it with other agencies. We want to bring, you know, those good success
stories that come out of this together. As I mentioned at HHS, one of the first examples was -- and it’s not a new authority, but using kind of a two-phase down select where you don’t ask people for detailed proposals up front, but you get quickly down to the competitive range. And this was for some type of web development, if I remember correctly, and it was a set-aside, and there were small businesses.

But the challenge was that they wanted the small businesses -- or any of the competitors -- to demonstrate their ability to do this web development. It’s kind of an agile software development technique that they wanted to test. But they also recognized these small businesses needed some type of stipend in order to be able to, you know, do the prototyping. So they worked with their counsel’s office and provided this -- you know, this stipend. So the small businesses loved it because they didn’t have to write thousands of pages to, you know, kind of justify why they think they’re best. They were able to demonstrate it, and the end-users liked it because they could actually see real-time that whoever they were going to select as the awardee would actually have the ability to get the work done.

So a win-win, you know, for small businesses and the agencies. And these are the types of examples
that we think we can multiply exponentially if we get all agencies working on that.

So I know it’s not specifically identified in our plan, but it’s one of the things moving forward I think our office would love to put more emphasis in this space.

MR. KRAMER: Very good. Thank you very much for that. And since this subcommittee is really about the coordination of Federal support, this is probably the best time for me to start to hand out some homework and talk about where we go from here. I mean, I think some of the comments before that Rick made and others, about the status of this task force are accurate. And then the enforcement circumstances, as I mentioned, even though I think a lot of our programs in support of veteran small businesses have gone forward and shown some good success, in the absence of a deputy administrator here, our ability to push these things through has languished.

And I was talking to Jim at the beginning of the meeting. Part of that is just the way that the government works, and for those of you in the miliary, the miliary works. If you don’t have someone sitting in this seat, and, you know, line of command as the deputy administrator, it had to run an interagency process. But I’m here now working with Barb. This has my attention.
So we’re going to push through -- make up of a little bit of lost time over the next couple weeks.

So I’ll be very specific about what the expectations are. I appreciate you all going back getting working on this. If I can be of assistance pushing your organizations, making sure that you’re living up to that, I will communicate just independently to folks that we’re taking this on, and you all may need some help doing this, or some attention to these tests. But if you run into specific sort of needs, please let me know because that’s what I’m here to try and do.

So as far as the homework goes, I hate to use that too much with all the kids going back to school right now. It’s a topic of conversation at my house and seems to make the most sense to all of us. Within the next week, as I think all of you know, we have the FY 13 report that has been in circulation. We’ve received comments from some of you but not all of you. We intend to get that out by the end of this month. So your deadline to get any comments in that you have on, that is about a week from now. So let us know if you have any comments or thoughts about that.

All right. By two weeks from now, it is an obvious and significant program that the VSO seats on this task force are not currently occupied. So I would
like all of you -- I’d like everybody here in attendance whether you’re a member of the task force or not, and we will also put out publicly a call to get nominations to fill those seats. And we will move as quickly as we can to get them involved, because if we are going to over the next couple of months kickstart the operations here and push through a lot of things, we need to make sure that we have both informally and formally that VSO involvement.

Think creatively about this and then give us all the good ideas that you have. We want to make sure that we have, both in membership from government agencies and the VSOs, people who are engaged in this, knowledgeable about this and all of this, the people who will show up, will make good comments, will hold us to task and do all of that. So please -- in your own experiences working with VSOs, let us know. And those of you obviously who are here in the room and are interested in that, either yourselves or other people that you have run into in the community that are good for us to know, please submit those names to us, and we will move expeditiously to try to clear and get those organizations involved.

UNIDENTIFIED FEMALE: (Inaudible).

MR. KRAMER: How do we want to do that, Barb?
Who do we want to make the collector of that?

MS. CARSON: Our office will take that, if you do veterans@sba.gov, is the e-mail address. And, please, if you have signed in today, that would be helpful; if your e-mail address is here, we can be proactive in communicating with you as well.

MR. KRAMER: Okay. So that’s the one week and two week. Week three is FY ‘14. We’re working on the FY ‘14 report. We’re starting the draft of that. There have been calls for content that have gone out to agencies for you all to come back with information. If you have not yet responded to those, please start to compile that information and get that sent over to us.

Around the same times, we will have hit the end of FY ‘15. We will not move recklessly, but we will move deliberately but swiftly in trying to get these -- get caught up on these reports. And so once FY ‘15 is done, you might use that as an opportunity as well, as you are sort of collecting that ‘14 data to make sure that you’re ready in pretty short order to collect the ‘15 data; because we expect those data calls for the FY ‘15 report will go out shortly after the end of fiscal year. So sometime in October you’ll be seeing that as well.

And then, finally, over the next month or two, because I think this will be integrated into the
reporting that we do, but is also a good tether for our work generally, is that I’d like all of you to take some time with the original recommendations from the 2011 report that I talked about at the beginning. And I think a number of those have been either driven by events between now and then, by results, by what we’ve done, what we haven’t done. So I would expect that in one of those reports either for the ’14 or ’15, I would very much like to have a very deep discussion, talk with a lot of not only the members but also folks who have an interest in this area to make sure that we get those right and republish an updated list of those recommendations. So that will be a big task that we’ll be coming to you all with.

We meet quarterly, which means we’ll be trying to meet again sometime the first week of December. I would hope that by that time we are able to have a really robust discussion about those recommendations, consider anything new that people have proposed and then talk about our progress on the existing ones.

So by my count, that’s about five different things we’ll be working on between now and the next meeting at a minimum, and there will be other things that come out. But a couple of those we’d like your help with right away, because if we’re going to get the momentum we
need to have to get us back on track, we’ll need that.

So I appreciate those of you that are here.

We’ll be following up with those that aren’t here on that.

So let me also then just open the floor on this coordination of Federal support. I think most of our structure is to do the coordination of Federal support through this task force. But if there are other issues that any of you are working on in interagency ways that you want to bring to the table, I’d appreciate people raising those at this point. Yeah, go ahead.

MR. CHARLIP: I have a question about the organization task force. I’d like to suggest that we look at the subcommittee structure and align it with the work that’s been broken down. Because trying to match these committees, subcommittees, to the recommendation groups is a little bit difficult, and they’re not very well aligned. And it might change our structure a little bit, but we might find ourselves a little more productive as a result.

MR. KRAMER: That point is very well taken. I think that’s absolutely worth doing.

MR. CHARLIP: Secondly, since we’re a little bit crunched for time, I didn’t have a chance to explain what Labor has been doing in this space. And so if you
would be kind enough, I’ll send something to you in
writing, and you can just include it in the record.

MR. KRAMER: Absolutely. But if there is
anything you do want to highlight, we’d be happy to --

MR. CHARLIP: Well, we turned in our ’13 and
our ’14 and we’ve given you VSO names, and we’ll start
our ’15 questions tomorrow.

MR. KRAMER: I wasn’t going to call out model
students -- no, no, no.

MR. CHARLIP: Yeah. But our leadership -- but
our audience is here, and I want them to know that we are
very committed to this, and despite the stumbling through
the summer while we were trying to get our act together,
we’ve sort of -- I think we’ve put ourselves in a good
position.

And we do have a number of good things that
have been going on in the Department of Labor that really
are related to the small business space, particularly in
our employment and training service who really does some
really good things. So I think we’ll have a good report
for you. And that’s it.

MR. KRAMER: And we also do have some time on
the agenda, and I was trying to keep us on track so that
we could preserve as much of that as possible for public
comments. I knew that a few folks made comments when we
were in the middle of conversations. But for anybody else who has comments and wants to make them, we’re available for that as you’ve all discovered by now. It’s a little bit awkward. I do note that there are the two open seats over here; if folks want to move in that direction, you’re welcome to do that.

MR. CHARLIP: Can I just ask one more question? Minutes, how are minutes of this meeting going to be distributed, and when can we expect them?

MS. CARSON: You will have a transcript available online, and I can send the link to each member here. It will be available as soon as Jenn has had a chance to collect and revalidate that that was what was said. So it’s usually about two to three weeks before we have it posted on the site.

MS. SANCHEZ: This is Ami Sanchez, general counsel, Senate Small Business Committee Minority. I just have a couple of things. First of all, that subcommittee structure idea I think is fantastic. I know DSB has a lot of flexibility in how they organize and, you know, run the task force. So I think that’s a great recommendation.

On the VSO participation, I don’t know that the Advisory Committee for Veterans Business has a beneficial seat at the table, and I don’t -- I don’t know that that
was part of the statutory requirement that we, you know, sent to the President in the Small Business Act, or if it was in the executive order. But I think, you know, we’ve got such great depth of knowledge, I think having a formal seat at the table for somebody from the Advisory Committee would be fantastic. I know Barb’s done a great job of making sure we’re meeting at the same time. So I think that would be helpful, so they’re not, you know, hearing it during the meetings but in the planning stages.

I have just another question related to -- and this may be more appropriate for OMB, and I probably should have asked it during counseling, education, and training. But this goes to, you know, PTAC and, you know, the larger education-employment-career efforts that are happening, you know, across the Federal government; how are DOD and DOL specifically communicating about the SBAs? All the programs that are available, V-WISE, EBV, not just Boots to Business in that transition period, but the Veterans Business Outreach Centers, you know, SBA’s Office of Entrepreneurial Development Programs, Small Business Development Centers which work with PTAC, you know, the laundry list of resources available, you know, through the SBA to veterans that are coming through your doors and at the policy level what is kind of the plan
for how to get -- how to, you know, make sure that
there’s a coordinated strategy for when -- you know,
during National Veterans Small Business Week, there’s a
plan for how everyone receives and disseminates that
information? I don’t know if anyone can speak to that.

MS. CARSON: I can speak to some. Not all
members here, but we have had engagement across multiple
portfolios, and I think -- Ami, thank you for your
leadership and being here to address this, that it’s not
just procurement that we address here. And so we are
absolutely aware of the different portfolios that each of
you has.

So specifically the most deep coordination of
Federal support has been with DOD and Labor. We have
attended every different place where we’ve been welcomed,
and we’ve reached out to some where we still will
maintain -- we’ll keep trying. So in transition, for
example, in military spouses, also with working with the
Wounded Warriors and to make sure that Caregivers and
also those who are transitioning, who are awaiting for
the Medical Board, results know about entrepreneurship in
the program.

MS. SANCHEZ: Is that through the Office of
Warrior Care Policy?

MS. CARSON: Yes.
MS. SANCHEZ: Okay, okay.

MS. CARSON: Thank you. So we’ve just committed yesterday, for example, to do monthly webinars with MSEP, the Military Spouse Employment Program, and Labor came to that meeting yesterday as well.

MS. SANCHEZ: Okay.

MS. CARSON: So that’s one -- I think that’s our strongest right now, most robust exchange of information, where I am more aware now than I was six months ago about what Labor is doing, where we intersect, how we get it to the local level, informing our people and then acting on it. That is really happening with our three. I’m open to learning more about each of the other member agencies here, and how we can do the same thing.

MR. KRAMER: Thanks. Anything else, Ami?

MS. SANCHEZ: No.

MR. ZACCHEA: Yes. Mr. Kramer, my name is Mike Zacchea. By way of introduction, I’m a combat-wounded medically retired Marine lieutenant colonel. I am new to the Advisory Committee on Veterans Business Affairs. I run the Yukon Entrepreneurial Boot Camp for Veterans with Disabilities. I also started the Connecticut Veterans Chamber of Commerce. And I started another program in Connecticut that represents about half of the veterans in the workforce in Connecticut. So I’m very deeply -- and
I have my own business interests as well. So I’m very deeply involved in veterans business affairs in Connecticut.

I have three comments I’d like to offer. The first comment is that I want to express my concern about the Veteran Business Outreach Center that was shut down in Boston. In January, the SBA put out a request for proposal for Veteran Business Outreach Centers. The award was made in March. And the New England Veteran Business Resource Center that was run for a long time in Boston by a guy named Walter Weiss had its charter pulled and it was closed, I think, at the end of April.

So as of right now, the only program in New England that is doing anything to train veterans is my program. And there are no Federal monies at all for any physical presence for training veterans in starting businesses or as a resource. So I’m very, very concerned about that.

And I’m particularly concerned about what effect that’s going to have on veterans who are trying to get into contracting with Federal agencies in New England. There are more than one million Gulf War I and Gulf War II veterans who have now been cut off -- who have now had their access to those resources cut off.

The second thing that I want to talk about is
the announcement of the joint initiative called the Veterans Community Economic Initiative. Twenty-five cities have been designated for this roll out to help veterans get jobs or reintegrate into the economy. The first 25 cities, none of those cities are in New England. And I understand about having to prioritize resources, but, again, we are -- people who are making these decisions, who are allocating resources for veterans, have basically disenfranchised economically more than a million veterans living in New England.

And, you know, I don’t think that we can make an argument for not serving those veterans. Three of the six New England -- three of the six New England states have -- are among the worst unemployment rates for veterans in the country, in a region that has, you know, some of the best industrial and corporate presence in the country. So I think that we can do better by our veterans in the region.

And the third thing that I’d like to mention is I want to thank Mr. Weidman for mentioning or observing that the VA is not here. And I, too, will be mentioning to Undersecretary Linda Schwartz and to Undersecretary Mark Sullivan that they were conspicuous for their absence. Thank you.

MR. KRAMER: Thank you for those comments. And
as you know, we work hard to prioritize the resources
when we’re talking about the VBOCs and the other programs
that we run. I mean, you make a good case that when you
combine those two across each other, if there’s a concern
that the New England region is being underserved because
there clearly is a need there, it’s something we’ll look
at and make sure that we’re doing that the right way
across different programs.

MS. CARSON: May I say something?

MR. KRAMER: Yeah, go ahead.

MS. CARSON: If I may, I can speak to the
Veteran Business Outreach Center awards that were made.
And it was extremely competitive and, you’re right, there
are only 15. And that’s not enough to serve 22 --
slightly smaller, but 21 million veterans across the
United States. So I am -- we are doing a lot more to
improve the program as a whole. But let me address just
New England.

You are right that the previous Veteran
Business Outreach Center did not win a grant this time.
It was not awarded. It went to the Falcone Center for
Entrepreneurship at Syracuse University. This is not the
Institute for Veterans and Military Families. This is
the Women’s School of Management.

So they are in the process -- and they just
finished their first quarter. I am -- have your concerns. I’ve been in touch with both Congressional members as well as our SBA senior leaders in that region to ensure that we don’t lose any service to veterans.

I have a couple of examples that I do want to let you know about where things are happening. For example, I just finished a Veteran Women Igniting Spirit of Entrepreneurship Program which was in Boston --

MR. ZACCHEA: Right.

MS. CARSON: Significant attendance and reinvigorating the ecosystem that is in New England. And I want to build on that energy.

Second, there’s the Veteran Business Owners Initiative, which is also in the New England region. It’s an excellent model that Secretary McDonald knows about Veterans Affairs, to show that peer-to-peer counseling for veteran business owners can really make significant success possible. And that is a model that I’m looking at replicating in two different cities to see if it’s something that we scale. It’s born in New England; it’s something that we want to build on. And, finally, New England doesn’t have as many active duty installations. So you do see that there’s not as much Boots to Business there. That’s why the opportunity to provide Reboot to business, that same program but out in
communities that don’t have the same access, is something that’s really important to me. And I’m again working with our SBA senior leaders in New England to make sure that that is happening.

MR. ZACCHEA: Can I address a couple of things there?

MS. CARSON: Sure.

MR. ZACCHEA: So the first thing is -- and, you know, obviously Syracuse University and IVMF are -- Yukon EBV is a franchise of that. So where I live, I live in Northwest rural Connecticut. Syracuse is as far as from where I live as Washington, D.C. is as far from where I live. So having a VBOC at Syracuse University is essentially that somebody who lives in New England would have to go to Washington, D.C. in order to access those resources. So I don’t think that physically that’s a good answer, and with all due respect.

So the second thing is, I did speak to Secretary McDonald last week. He was at Central Connecticut State University, and I surfaced this issue with him, and he didn’t mention that. So I’m glad that that is part of -- and he was aware of that, and he did bring that to the -- bring that up as a response. You know, but I’m still concerned that that is not a sufficient initiative to serve, you know, all the
veterans in the region.

The second thing is, my response to that is I do work with all the SBA offices and all the veterans business outreach officers in the region. I do teach, in fact, at the Boots to Business initiatives on a quarterly basis at the Department of Defense installations. In fact, our -- we did the initial pilot program for Boots to Business in 2013. So I’m intimately familiar with how it works and what we do with that. And we do get quite a few referrals from the Boots to Business.

And, you’re right, we don’t have a lot of installations where we do that. We don’t have a lot of -- compared to the other regions. But nonetheless -- and I understand about having to allocate resources. But nonetheless, I don’t think that we can say that we are not going to serve any of the veterans in New England. So, you know, perhaps the right answer is to figure out a way to right size or right serve, you know, the region’s veterans. And, you know, I’m eager to see how that will affect the contracting goals in the region for the Federal agencies. Thank you.

MR. WYNN: Yes, good morning. Mr. Kramer and other members of the task force, I’d like to just make a few comments with regard back to this interagency task force.
I appreciate the fact that -- first of all, my name is Joe Wynn. Let me get that -- Air Force veteran, Vietnam era, member of the Veterans Entrepreneurship Task Force, also legislative director for the National Association for Black Veterans, and work very closely with Vietnam Veterans of America.

I am one of those persons who have been participating in this interagency task force as an observer, as a veterans advocate, since it began. Actually, even prior to that time to advocate for such a task force. And, you know, I’m just, you know, kind of skipped through all of the back history and just say I really have been very disappointed in where -- how this task force has evolved up to this point.

I know you’re just stepping in, just coming in. And I was coming here today for one thing, to find out whether this task force was even going to continue to exist or whether our organization was going to continue to advocate for it to exist. Because one of the things I’m hoping that as it sounds like, you know, you’re going to be trying to, you know, kind of reorganize things, focus on what is the true purpose and intent of this interagency task force. I think we’ve kind of jerked it astray and just giving a -- you know, ramblings of reports of what’s happening at different, you know,
agencies without the real intent and purpose, which from
our view was to increase contract opportunities for
service-disabled vets and veterans, particularly within
the Federal Marketplace.

So -- and we have not seen -- you know, as you
know now, those reports from the last couple of years, we
would still like to have an answer as to why none of
those reports were either completed or released after all
this time. Because, I mean, if the task force has been
being productive in some way, why wouldn’t these agencies
want to present a report and, you know, put together a
summary of what had been done in each year so that we,
the public, could, you know, have something to measure
against?

Matter of fact, the first report that was
submitted, there was some very fine recommendations made.
I think it was very productive in their first year. But
we never even heard of what actions were taken by the
White House or anybody else of those recommendations.

So we would not like to continue to see this
task force, which was to be very important to the
Veterans Business community, to just be relegated to a --
you know, a quarterly forum of a discussion of things
that are not taking us to higher levels for veteran
business owners.
One of the things in particular that had come up in the first -- first session with this agency -- and I just want to hit on this right quick. The VA verification process. And, again, as some people have pointed out, the VA is not here. They have been conspicuously or obviously, I should say, absent from this -- participation in these discussions quite frequently.

But that was a very important process. And one of the discussions that came out early on was whether or not to take VA or Veterans Business Certification agency-wide, through the Federal Marketplace. That discussion has almost died. We’re still wrestling with just the VA verification. And seemingly they have made, you know, decisions to change policy without regarding to, you know, the Board of Federal Marketplace. So that’s something that I would hope will come back on the table for discussion.

The other thing, too, the task force participants, as Rick pointed out and some of the others, the VSOs, I mean, for us to now talk about submitting recommendations for VSO representatives on this task force, which could be a time-consuming process to vet people to have them to come and participate, we could lose who knows how much time of important veteran service
input into this agency task force. So hope maybe the
process could be expedited once you get some
recommendations.

And on one last other thing, I would just like
to say, too, because I notice even some of the
representatives here, when this task force first started,
some of the highest level persons, representatives from
the agencies, were assigned to be here. And I’m not
taking anything away from those of you who are here. I
know you’re all distinguished persons in your own right.
But the idea behind that was so that the level -- the
agencies at the highest levels would be focused and aware
of what’s going on, and the public would know it, too.
And a lot of what’s been going on with this task force,
the public is not even aware.

Let me just mention this last thing. This room
used to be full of veteran business owners. Am I right?
It used to be full because there was such an interest in
what was going on with this task force. There was a lot
of hope that this was going to bring about a lot of
positive change in the Federal Marketplace. And now, I
mean, you see who’s here. And we’re some of the same
folks who are always here.

So, anyway, I just wanted to share some of that
with you and look forward to perhaps an opportunity to
you meeting with our organization so we can talk with
you, too. Thank you.

MR. KRAMER: I appreciate that. Thank you.

MS. BULLARD-MARSHALL: Maggie Bullard-Marshall
from Aldevra. Just a question for Captain Balzano. I
know you thought you were off the hook after this
meeting, but not quite.

And, Mr. Blum, I may need your help with this
one, too. So I -- I’m seeming to recall -- I think it
was NDAA 15 or 14 that required the DOD to do a study on
the feasibility of a Vet First program at DOD. Am I
correct?

MR. BALZANO: I don’t remember the Vet First
section. I don’t think that was -- maybe it wasn’t, but
I’m just going by memory. But this question has come up
a number of times. And, in fact, Dr. Galvin had a
discussion with Mr. Gudger just prior to coming to this
because I tried to warn you that this may be an issue to
discuss. And if -- you are correct when you say DOD does
not have a Vet First-type program, and people ask why and
why not.

And that is far above my pay grade, ma’am, and
I -- I don’t know. So I wish I had a better answer for
you, but I simply don’t know.

MS. BULLARD-MARSHALL: Thank you for trying.
Perhaps that’s a topic of a future agenda.

MR. WEIDMAN: I’m always amazed when people say
I can’t hear you, Rick. And I’m more than half deaf. So
I really can’t hear often, but I can hear me.

I wanted to repeat and let you all know what I
mentioned at the VET-Force meeting on Tuesday and the
Advisory Committee yesterday is Laurie Artis and Joe Wynn
and I are working to put together essentially a snapshot
about where we are, what’s working, what’s not, what’s
really good, what is a disaster. And we’ll vet that
sending it directly to you, Mr. Kramer, as well -- as
well as to other interested persons and plan to make this
just that, a very simple snapshot. Not a tome, but a
snapshot. And to get around to and bounce it off both
the Small Business Committees as well as the Veterans
Committees as well as the VSOs and others.

Not that this be the be-all, end-all, but we
have -- this administration has 16 months left.
Effectively you have 10 to 12 months. So anything that’s
going to work and be implemented has got to start this
September/October. That doesn’t count statute changes.
That just counts things that can be done within the
existing legal framework. And some of us that don’t want
to wait and are unwilling to wait until the summer/fall
of 2017 to get anything underway to fix things.
And so we’re particularly delighted that you’re here to not only breathe life back into the task force but hopefully to kick tail and take names where people aren’t quite doing it.

The subcommittees, by the way, under -- you’re allowed to have subcommittees, but it’s -- I don’t believe the subcommittees have met. I know that the Veteran Service Organization folks who are on subcommittees tell us they haven’t had a meeting -- subcommittee meeting in over a year, year and a half.

So -- and then the agenda at the meetings consisted of committee reports. And that -- that -- that’s -- let’s not say we did kind of thing is -- nobody has time for that. And that’s why instead of 150 people showing up at these meetings, you have those of us who are diehards who just are refusing to let it go.

And this is a real opportunity. You’ve got folks coming out of the military, a lot of folks coming out of the military, particularly ground forces. Some of us aren’t happy with that because we believe our ground forces are too damn small, and the Navy is about to be too small to keep up the commitments we’re making overseas. But despite that, you’ve got dislocated workers coming out. And they should qualify and that’s one of the things that I would urge this task force is
there’s no reason why the secretary can’t declare those
who are rift as dislocated workers and making them
eligible for dislocated worker funds, which is the
biggest pool of money around. And other things, ideas,
such as in the early ’90s there was -- during that big
rift, it came out that a pilot program, which I think
only two states took advantage of, where you could get
all of your UCX in a lump sum if you had a viable
business plan or credit-worthy, et cetera, to get a
business going. And not just UCX, but also regular
unemployment insurance.

So there’s a lot of creative uses out there of
taking programs that are on the books and making them
into something that is going to be useful not just for
service-disabled vets but for ethnic minorities, for
women, et cetera.

Our perspective is from VET-Force, from the
very beginning, is we aim to get anybody. We’re men.
We’re women. We’re every ethnic group. I mean, veterans
truly are the Rainbow Coalition. And the only thing we
have in common is taking that step forward, pledging life
and limb in defense of the Constitution and a love of
country.

So we do believe that all boats can rise. The
only thing we’ve ever wanted is a level playing field.
And the action taken last year to give sole-source
authority for contracting with women on businesses, in
discussions with WHIP, they recommended that they add
service-disabled veteran-owned small business in there
and asked us, don’t protest, and we’ll hang with you guys
and make sure you’re in there.

Well, it wasn’t them, but it was the committees
that threw that overboard. And we’re going to fight for
that in the future. Had we had the business census that
advocacy has now produced in 1999, the House Bill that
passed was a 5 percent -- minimum of 5 percent. It was
Senate staff arguing that there aren’t that many service-
disabled veteran businesses. And we argued there was.
But we didn’t have anything to go on. And that’s why it
got dropped down to 3. They wanted, by the way, 1
percent. And we said, no, not a chance.

And so all my point is, is that we’re going to
continue to press on the legislative front. I wanted to
give you fair warning. We will come back and talk to you
about that. And we’re going to continue to press on the
other agencies because there’s a whole heck of a lot that
can be done.

One other example, and I’ll send you the link
for it, Jim Wilfong, who was tossed off this task force,
wrote a couple of white papers for VET-Force. And one of
them zeroed in on the cuts post the Berlin Wall coming
down. And the Navy at that point had a strategy where
basically they forced the big contractors to subcontract
up to a third of major contracts. And it worked because
the innovation came about to keep the fleet, particularly
the Submariner fleet, ahead of the Russians. Because you
had that spark of getting small businesses who aren’t
captured up in bureaucratic tracks. If you go to Lockheed,
Lockheed mirrors the worst of the Federal bureaucracy
inside. And they’re smiling because it’s true. You need
people who will be risk takers inside, and that then will
get us where we need to get.

So it’s not just a matter of a nice thing to
do. From our point of view, it’s a matter of national
defense. Thank you, sir.

MR. KRAMER: Thank you. And I think Barb can
relay, because everybody across the Administration knows
this. I mean, I’m sort of well aware of the calendar and
when I’m coming in and the limitations and, therefore,
the urgency in getting things done. Because, as you
point out very astutely, and I say all the time, it’s not
only a limited amount of time that we have, but the
transition time and then what the initial focus might be
of a new administration. And so we really do have that
obligation. And that’s why I also appreciate the
historical memory that you all bring and very much look forward to seeing the snapshot that you all will put together.

So I think that’s most everybody, unless there’s anybody else who is looking for an opportunity. I think we -- you know, we’re here for a good while, but I think crammed a lot of information in. And most importantly, I think at least from my point of view, have a pretty good path forward. We have the tasks we know we need to sort of hit on, but then we also have some, I think, new ways to look at how we’re going to organize ourselves and what we’re going to try and do.

And therefore, like I said, between now and the next time that we all get together formally like this, I think you can all expect that there will be a number of interim communications from us and requests for ongoing assistance.

So thank you, everybody, for your participation today. Thanks.

(Whereupon, the meeting was concluded at 12:01 p.m.)
CERTIFICATE OF REPORTER

I, Jennifer Razzino, do hereby certify that the foregoing proceedings were electronically recorded by me via audiotape and reduced to typewriting under my supervision; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were transcribed; that I am not a relative or employee of any attorney or counsel employed by the parties hereto, not financially or otherwise interested in the outcome in the action.

JENNIFER RAZZINO
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