U.S. SMALL BUSINESS ADMINISTRATION

ADVISORY COMMITTEE ON
VETERANS BUSINESS AFFAIRS

PUBLIC MEETING

THURSDAY, SEPTEMBER 6 2018
9:00 A.M.

Recorded by: Jennifer Razzino, CER
CONTENTS

Welcoming Remarks, Larry Stubblefield 3
Opening Remarks & Welcome of Members
   - Michael Zacchea 4
Corporate Supply Chain
   - Lynn Boccio 6
Federal Procurement Veteran Entrepreneurial Training Program
   - Barbara Ashe 38
Department of Veterans Affairs
   - Beth Torres 77
Guaranty Fees and Veteran Lending
   - Robert Carpenter 94
Interagency Collaboration - Rural Veterans Program
   - Bill Ashton 104
SBA Office of Capital Access
   - Peter Gibbs 126
SBA Office of Veterans Business Development Updates
   - Larry Stubblefield 138
   - Dena Moglia 150
Office of Government Contracting & Business Development
   - Kenneth Dodds 172
Public Comment 185
Closing Comments, Adjournment 202
Public Meeting
Advisory Committee on Veterans Business Affairs
9/6/2018

1  PROCEEDINGS
2
3  MR. STUBBLEFIELD: All right. Good morning.
4 I'm officially, I guess, opening our committee meeting.
5 Good to see all of you here again. Just a few
6 announcements before I turn it over to our chair.
7  Okay, thank you. Thank you for the feedback.
8 Okay. We're going to -- we're going to make a couple
9 of adjustments to the schedule, if you will, like at
10 11:00 I'm going to talk about the -- I was going to
11 talk about the CDFI project update. And I'll do that
12 in the afternoon.
13  We're going to have folks in from Cap Access
14 or Capital Access Office to talk about the guarantee
15 fee. Because I know there's been a lot of concern
16 about the guarantee fee. So I've asked Dianne Seaborn
17 and her team to come down and just talk about the
18 process and how they see this going forward. So I'll
19 talk about the CDFI piece in the afternoon.
20  And the only other thing I want to say
21 before I turn it over to our chair is the last time we
22 were together, I was the acting -- I was acting in this
23 capacity. On the 19th of August, the administrator
24 made the decision to make me the permanent Associate
25 Administrator in the Office of Veterans Business

For The Record, Inc.
(301) 870-8025 - www.ftrinc.net - (800) 921-5555
Development. So I'm -- at this time I'm the person, so to speak. And Barb Carson is moving over to our Office of Government Contracting and Business Development. So, with that, I'll turn it over to our chair and we'll try to -- we'll try to recoup the time here. We're like 15 minutes or so off. So, Chair?

MR. ZACCHEA: Thank you, Larry, and congratulations and welcome aboard on a permanent basis. We're all looking forward to working with you going forward.

I just want to say thank you to everybody for coming today. I know that many of you came from a long trip here. So thank you for coming. And I'd like to get started. I would like to ask Ms. Lynn -- I'm sorry? We have to do a roll call, I'm sorry. Let's go around the room. Let's start on the far right-hand side.

MR. CRANE: Eli Crane.


MR. LOWDER: Lynn Lowder from Veterans Business Project, formerly One Vet at a Time.

MR. O'FARRELL: The mic wasn't on, Lynn. Try it again.
MR. LOWDER: Where is it, Jim?

MR. O'FARRELL: Press the face with the little --

MR. LOWDER: I'm looking right at it. Like that? I'm a Marine for Christ's sake.

MR. O'FARRELL: That was off the record.

MR. LOWDER: Lynn Lowder, CEO of Veteran Business Project, formerly One Vet at a Time.

MR. STUBBLEFIELD: And Larry Stubblefield again.

MR. ZACCHEA: Mike Zacchea, Entrepreneur Boot Camp for Veterans.

MS. O'BRIEN: Liz O'Brien, Hiring our Heroes, U.S. Chamber of Commerce.

MR. O'FARRELL: Jim O'Farrell, AMSG.

MR. ZACCHEA: Okay. I think that's everybody. So --

MR. STUBBLEFIELD: Do we have anybody on the line?

MR. ZACCHEA: If you're on the call, would you please identify yourself?

MR. FENDER: Alex Fender, Funnel Science.

MS. TORRES: Beth Torres, VA --

MR. SHERWOOD: Matt Sherwood -- Matt Sherwood, Veteran Business Outreach Center.
MR. SPOKES: Charles Spokes for Brandon Webb, CEO of Hurricane Group, Incorporated.

MR. ZACCHEA: Okay, thank you. First on the agenda, I'd like to call Lynn Boccio from Avis Budget Group.

MS. BOCCIO: Good morning, everyone. Thank you for giving me the opportunity to speak today, to Chairman Zacchea, to Mike, to Larry, to Amy, to discuss with you how we can increase business opportunities for our nations' heroes or veterans in the corporate supply chains.

I will also be discussing the business case today regarding inclusion of what we now do as a certified minority and women-owned business development program for the inclusion of veterans.

Our commitment to veterans at Avis Budget Group and/or approach or best practices that we have been utilizing for the past 24 years to increase opportunities in contracting for our certified minority and women's businesses and how those skills, how that skill set, is easily transferable to our veterans and to the corporate trends in inclusion of veterans today.

I'm going to direct your attention to Slide Number 8 where we are going to start today. Yes, sir, yes.
When you see references to ABG, it's Avis Budget Group, to the company that I am the vice president of. And I thought we would start on this note where back in the Vietnam War, the Marine Battalion 2-503 actually came to us, and it honored us that our slogan, “We Try Harder,” was an inspiration for them in time of war.

They requested that we send them -- I don't know for those in the room remember the buttons, they were white with red. We do, sir, and We Try Harder, thank you. And we sent them thousands. But then the military leadership requested change of the Avis button for the troops that were parachuting down into enemy territories. And we stepped in and we redesigned and shipped an additional 5,000 buttons in black letters on camouflage because it was that important to the Marines to be inspired.

The next slide, slide number 9 in your deck, talks about our veterans support program awards. And I just pulled a few of them out for the sense of timing here. And in 2017 and 2018, Avis Budget Group was recognized as one of the best of the best top supplier diversity programs by United States Veterans Magazine. That is the team that I supervise, and we were very proud of and we will go into some further detail about
inclusion in our supply chain.

In 2013, Military Time said it's best for vets. And what sticks out in my mind, everyone, in this slide is in September 2013, Adrian Gugliemmo, who is sitting to my right, came to me and said, Lynn, I'd like you to be a keynote speaker at CitiField for our nation's heroes, and it was my absolute honor to do so. And coming from a family of decorated veterans, I stepped in and I saw hundreds, hundreds, of our nations heroes coming to sit and to listen to various speakers and ask for assistance for that day. And that was for Be a Hero, Hire a Hero. And we spoke about employment and education and contracting opportunities for Corporate America.

We were then honored to receive the Seven Seals award in October 2012. So you can see now I'm going back years to demonstrate to you where there is a passion to help on the corporate side, there is a sincere passion. But I will be discussing what I believe that we need to do from a strategic business development perspective for our heroes who have given up themselves and it's now time for us to step in and help.

I now direct your attention, please, to slide number 10. Slide 10 basically shows you some of --
again, now the reason why I put this up here is, once
again, it shows you the intent of our employees on the
corporate side. They want to help. They want to help.
We need education. We need awareness. And we
definitely need some certification of veteran-owned
business, which I will discuss.

So with USAA, they asked for a discounted
rental program for our heroes, and we gave it. And
then we had folks internally -- you can see down in
golf outings, raising money for golf outings for our
veterans. And something that was important to me, if
you'd be kind enough to look at the last bullet,
Hofstra University School of Law Legal Assistance
Program. So that was my alma mater. That's where I --
you, too?

MS. O'BRIEN: Me, too.
MS. BOCCIO: You, too?
MS. O'BRIEN: Not the law school, but --
MS. BOCCIO: Oh, wow. That's great. So no
wonder you're smiling at me. So I was there -- I was
asked to do a keynote speech for the incoming law
class, and they told me about this program. And I went
and I attended the program and then went to the Avis
Budget Foundation and applied for seed money to really
germinate it and get it going.
And basically what I found is there were law students who were veterans, who saw a need and would work with veterans up and down the seaboard, and then brought them in on a day. And you know, ladies and gentlemen, I sat there and I watched the veterans line up around the law school building who were all promised an opportunity to have a pro bono attorney for that day helping them, who could stick with them and could either give them the advice that day or prayfully offer to stay on the case.

And so I watched it work. And, once again, I realized a need. So, once again, while this is not the supply chain side, which is my specialization, we're all in it together. We're all in it to help our veterans.

And the next page, number 11, please, shows you -- and I have these up here, once again, for a reason to show you the passion, and then I'm going to take it to the business case of inclusion.

So we have the national pilot for Veterans at Airports. What we found internally is our veterans make great employees in the aviation industry. It makes sense, doesn't it? So we formed a three-part partnership at the time, and actually Adrian over here, again, was the consultant on it and has helped us a lot.
in this area. American Association of Airport Executives, which is noted here as AAAE; AMAC, who I just spoke to Emmitt about, Airport Minority Advisory Council, which is the only non-for-profit of its kind on airports to help promote maximum opportunities for our certified minority and women-owned businesses at the airports. And us. And what we did is we wanted to look at opportunities for veterans not only in employment but in the supply chain side, but all dealing in aviation.

And now if you go to the next slide, slide 12, what do you see again? You see a passion coming out on the corporate side, non-government, where folks just want to jump in and help our heroes. Don't you? You see 25 airports say me, I'll host an event to help our heroes.

Now, what I saw, though, which is missing, is that we have a passion, but now we need to look at the business case for inclusion of our veterans. We need to say why -- why aren't we moving it forward? It's not fast enough. We need to be in there to help.

So what I did before I came here is I called up internally our human resource department, who is part of diversity, but they're on the employment side of hiring veterans, the transitioning, and I know that
Chairman Zacchea and the team from the United States Veterans Chamber, is going to come in and help us -- help us make sure that we make the appropriate decisions because we have the desire to help but make sure that we are really moving and shifting and helping our veterans.

So here you see that we have a veteran now -- and I'm just showing you an example of what's happening in the aviation side, who is now a local market district manager. And he was promoted several times since 2005 and joining our company.

Our website, currently being redesigned, features a page detailing our commitment with videos and veteran employees, badges of awards we've won, and a military skills translator to help candidates decide which role at ABG is right for the veteran that's applying for the position.

We accept military experience for technical certification credit, for these roles of mechanics and technicians, and we provide opportunities for veterans and spouses to self-identify for our human resource department.

On slide 14, you see in this regard we attend military job fairs sponsored by 100,000 Jobs Mission and other veteran organizations. We have salaried and
hourly guard and reserved employees who are guaranteed, of course, their same job upon their return. Medical plans and life insurance, continue to cover all employees called to active duty. We have just as a proactive measure, we're doing it anyway, signed the ESGR statement of support, which has been throughout the corporate atmosphere, and we participate in programs in support of veterans or the greater military community such as Toys for Tots, making care packages for service members, the Wounded Warrior Projects, USAA and Adopt a Soldier.

Our employee assistance program is available at all times to the military and to their spouses, and we have talented acquisition employees who are themselves veterans trying to help us in our quest.

What I will tell you is when I get off the elevator in our corporate headquarters in New Jersey, I was just there two weeks ago, at every floor when I got off there was actually a whole silhouette of the various veterans saying -- with a salute saying Hire Our Veterans, which I was really very happy to see for everybody coming in our building.

And now I would like to get to the business case with all of you. So if you look at slide 15, this is the program that I'm responsible for for the last 24
years at my job. And there are two prongs to it. And on the top prong, that's the airport compliance side, and that is regulated by 49 CFR Part 23.

So while our vendors need to become certified because we are all tenants, or what we call concessionaires at the airport, what I'm trying to show you is on this two-prong, look at the bottom. The bottom is all corporate. So it doesn't mean it's just Avis Budget Group. It means that as you're going to see on the slides that are coming up and the different name brands that are there, we're all doing it. It's a very active, very strategic business development movement, and you will see the trend of inclusion of veterans, but you will see what's missing and what I know has to happen to make veterans really fuel forward where they need to be.

So on the bottom you will see that we are now including in our supply chain not only certified minority and women-owned businesses, but what do you see? Veteran, service-disabled veterans, the disabled in the LGBT community. So we are very inclusive in our supply chain.

Now, there is what we called Supplier Diversity 101. And what is that, ladies and gentlemen? That is the following: When we are dealing in
business, we are looking at markets. And we are saying
the following as a corporate officer: We want our
supply chains to reflect our customer base. So in our
case at Avis Budget, Zipcar, Payless, we want everyone
to feel included and rent our automobiles, and as a
result, your supply chain is reflective of your
customer base.

In looking at all of that, when you look at
our economy and you look at our population and you look
at our heroes that have infiltrated our economy, it
makes perfect sense, doesn't it, to be inclusive of our
veterans on the corporate side.

And when you look at the businesses where the
veterans are proliferating in finance and insurance and
warehousing, my heavens, doesn't that look like a
corporate supply chain? But now -- but now you look
and you say, okay, so what's the problem here? Well,
the first thing that we do -- so we have certain best
practices in supply chain diversity that rank the
different companies that are out there and separating
the excellent programs.

So first we need to measure and track where
we are, where we're going, what are our goals. Right?
And with regard to my minority contracts, where are we?
Women-owned, where are we? Our veterans, our service-
disabled veterans. And we can't forget on the veterans the spouses, the caregivers and the gold-star moms. It's a whole village out there, and we all need to help each other.

So when you look at this, back in the 1990s, I had John and Betty Lau who owned Applied Info Partners, and you can see on this page all that they do for us. They're our third-party partner that house all of our diversity numbers and all of our certifications. And a best practice of supply chain diversity on corporate, you must have a tracking system, and you only put in the system certified -- underline certified -- which was traditionally minority and women-owned businesses, and today we're talking about inclusion of veterans.

So if you call us up and you say, Lynn, I'm a minority business, I'll say that's great. But you need to get certified. Because I can't give those numbers and put them into the system. I also can't give it to our senior leadership, to our board of directors, unless you're certified. And that's for that business protection as well as for us. You want to make sure that the business that is saying that they are minority, women-owned, veteran-owned, are truly minority, women-owned, veteran-owned, so that they are
obtaining the folks like us in Corporate America who advocate and push for equal rights for these preferred classes of businesses on your diverse supply chain.

So if you look down at the bottom, I've had John and Betty Lau at my side. They're a certified WOSB and an MWBE. They are the inventors of DivTRAK, which is the software, as I said, that measures markets and manages supplier diversity. They also have Department of Defense contracts to support immersive training for the United States Army schools and mission-critical systems, as well as a top secret facilities clearance.

One of the projects they are now working on is to create an interactive training for a most advanced robot based upon chemical, biological, nuclear, radiological and a decontamination system.

So I feel, once again, with the best practice we are very careful about the veterans that we select on important projects like this, and I can't speak highly enough for Applied Info and John and Betty Lau.

Now I'm going to take you, please, to slide 17, and if you see Recognized Leadership in Supply Chain Diversity. And the reason why this is here is, number one, that's who we're involved with now. That's who we picked to help us in promoting our maximum
opportunities. But besides that is that right now these are also additional venues for the veterans. So, for example, right now I would know that I have veterans that are truly veteran-owned businesses in our supply chain. But I'm thinking of one now where he is certified as a minority business, which he is. But he is waiting for that gold standard of certification that we are lacking, and that's why I have developed these slides. We -- we want to do better. But on the supply chain side, we need to know that we have a gold standard, and I'll go into something about that now. Now, recognition of our supplier diversity efforts. Once, again, see if we can think of this as a business. It becomes a real strategic business portal where you have the veterans representing a very, very strong market. Strong market. And you see here -- look at this, how we differentiate our company through supply chain diversity where your efforts -- your efforts are reflected and start to take us as the only car rental company versus our competitors, to be one of WBENCs, Women's Business Enterprise National Council, top corporations for women business enterprises. This is an annual award. We've had it for 17 years. We use it as a differentiation tool in business
development. And we work very hard to retain that award.

Number two, you will see that we were inducted -- and I'm going to talk about it next -- into the Billion Dollar Roundtable, the only car rental company to receive this honor. So now think about it in the corporate world and competition. Your efforts are reflected and now make you different in a good way.

And in the Billion Dollar Roundtable, you must be inducted and you must have at least one billion dollars per annum in contracting opportunities in the past with certified and minority-owned business. But, guess what, this past year they changed it. And this is proof of what I was saying, the corporate trend is changing. They said if you want to stay in the Billion Dollar Roundtable, you now must include veterans in your supply and service-disabled veterans. Isn't that fantastic?

And this organization is not one that -- you'll see on slide 19. You'll see some of the other companies that are in it with us -- or I should say that we are privileged to be in with them.

But you get audited every year. So you have to always watch your numbers all year long and make sure that your supply chain is where it needs to be.
because there's a certain time where you know you're going to undergo the audit and fill out a new application. And we want to stay there.

We've also written a book on best practices at Billion Dollar Roundtable and we're now in the process of writing a second book. And the second book is going to actually tie in now, it's going to start tying in the supply chain diversity in Corporate America to the community, to jobs, to employment, and show its effects; how it cascades when you give out contracts; what does that do for our economy.

But, once again, we need that gold standard. Because I know for us in corporate that are very careful about our programs, I know that if someone calls me up and says, oh, I can do the certification, no, we need a gold standard. We need a gold standard. We utilize WBENC. We utilize NMSTC. We utilize third-party certifiers that we know are very, very careful about reviewing all the documents of the applicant and very importantly doing the site visit of each and every business.

I was on the first certification committee for WBENC back in -- my gosh, I joined in 1996, so I'm showing my age here. So it had to be around 1996 or '97. And I was called in to Manhattan because they had
an idea that it was so important for women to be able
to be certified. And I actually did some of those
certifications and the site visits, and they're not
easy.

And I also saw how when you take the whole
file and you take the bank records and you take the
certificates of incorporation and you take the bylaws
and you take the signature cards, there were times that
we were able to help women and say, we're not granting
you certification because you really don't own and
control it. And they would say, thank you, we had no
idea. We were like, well, so and so can go to your
bank account and can wipe it out. There's no counter-
signature, there's no control required.

So it's all there for a very good reason.
It's not just let me take my 51 percent. It's much
bigger than that. And it's so important for our
veterans that they have their own business and that
they control their own business and that what they
worked for is, in fact -- is, in fact, protected.

And so we are waiting right now and we are
working very, very hard. There's a group of us
working. And I'm hoping that we will be able to set
forth a gold standard because that's what I believe
that our veterans need to really propel forward through
Corporate America.

And so, in closing, if you would like to just look at slide 20, I'm going to thank you now for permitting me the time to speak today and just tell you, if you feel my oomph, the veterans, you're right, my dad was in World War II and Korea and he was a highly decorated veteran. He's not on earth right now, but, my gosh, would he love to be here.

And my grandpa was highly decorated and he was deputy commissioner of welfare for the City of New York. And at his eulogy, which I had shared with Mike recently, it talked about the thousands of people and veterans that came. And he was chairman of the American Legion for Rehabilitation for Veterans.

And so I can't be passionate enough and I can't thank those in the room who are veterans who have really protected us while we sat home with our families. You were out there and really fighting for us. And I can't say thank you, and so I will tirelessly work on the corporate side to help in whatever way I can do for anyone here to advance on the business side contracting opportunities for our veterans.

When I was a trial lawyer, I was involved in some discrimination cases and representation of clients.
in the city. But people always get a chuckle, but when I came out of law school my first boss was Judge Judy. And she trained me well. And she trained me what you believe and what you have in your heart, you go forward and you push and you advocate. And she still mentors me today. And she has made me a lot of what I am. And so I can't be more delighted to be here and to give up my time and to offer any time you may need me for.

So, in closing, I've touched a lot on our initiatives with regard to our strategic business development and our program at Avis Budget Group. But one thing I haven't talked about much is how we're actually doing it. And when I say what I'm going to say next, think about our veterans. When I tell you where our company is going, I'm doing this for a reason because a lot of it is hitting in the area that I see veterans are developing businesses and are very entrepreneurial. So our leadership team understands that we're in the midst of a tectonic shift right now in our company and how people think about mobility, and better yet they are putting significant resources behind our company's evolution.

Avis Budget is concurrently innovating through a combination of internal teams, third-party technology, licensing, investing in, acquiring and
1 partnering with new technologies -- technologies and
2 companies, active participation in digital ecosystems,
3 smart cities, incubators and consortiums, and through
4 our own venture group.
5 In short, it's a holistic and a fully
6 integrated effort that is going on right now. So I'm
7 really excited about all of this that we have going on.
8 And I appreciate you taking the time to listen to me
today. Thank you very much.
9 MR. ZACCHEA: Thank you, Lynn. I'd like to
10 open it up to questions right now. Does anybody have
11 any questions from the committee?
12 MR. PHIPPS: Lynn, do you have a list of all
13 the organizations you accept certification from?
14 Michael Phipps.
15 MS. BOCCIO: Do I? I can get you the list if
16 you give me --
17 MR. PHIPPS: I saw WBENC on there, which is
18 great.
19 MS. BOCCIO: Yeah. WBENC and NMSTC, and then
20 there's the airports.
21 MR. PHIPPS: Excellent.
22 MS. BOCCIO: Airports is ACDBE certification.
23 It has a little bit different name and there's a
24 personal net worth component into the site visit and
certification that is not prevalent on the corporate side. Corporate, they don't care, you can be an MBE and be as big as you want.

MR. PHIPPS: Do you accept everybody that the SBA accepts in terms of the third-party certifiers?

MS. BOCCIO: If it's like a WBENC, MWOSB, the answer is yes.

MR. PHIPPS: Awesome.

MS. BOCCIO: But we're very careful about, yes, who we do accept. So if someone calls up and says I'm a self-certified, no, they need the site visit.

MR. PHIPPS: And so how do organizations contact you and get involved in your program and into your supply chain?

MS. BOCCIO: Sure.

MR. PHIPPS: Is it through your website?

MS. BOCCIO: Sure. Yes, we have a website. And I have a person on our staff who is part of the DEC (phonetic), Sue Pettit, who you'll see there. She has 32 years of purchasing experience. And Sue takes you and puts you into our DivTRAK system. But it's interesting, you can't effectuate completion of your registration as a potential vendor unless you scan your certification in. The certification has to be valid and it has to be active.
Once you get in there and you go into the commodity area, I should say that some companies have the “me” in procurement. I'm not. I'm the lawyer that sits outside that advocates for your rights. With Sue and Lyndell, we source to procurement. And so procurement can go in and look at you if you're in there and you're properly registered.

And in addition to that, they can call us. You know, it could be airport and it could be corporate supply chain. I'm doing an RFP in the next month for fuel. Oh, do you have any new vendors you've met at the events? And we bring them usually, like, to WBENC, which just had its conference. I try to make sure that we have somebody there from corporate. So we have Sue and that person doing the one-on-one meetings, the face to face. And then they go back. Some of it is timing, sir, you know, and luck.

MR. PHIPPS: Well, because we get the privilege to hear a lot of these great programs, we also like to get the word out, especially about programs like this through our networks so people know about it.

MS. BOCCIO: Mm-hmm.

MR. PHIPPS: And so all the veteran companies that are out there can take advantage.
MS. BOCCIO: Right. And you'll --

MR. PHIPPS: So thank you very much. It's a great program.

MS. BOCCIO: And thank you so much. And you'll see some of the brands. I always say that when you get out on the corporate side, there just is really two handfuls of companies I can think of that really are committed. And I always tell folks when they're out there on the corporate side, just like really target market yourself and look -- like, for example, if you look at WBENC's top corporations for doing business with women in the diversity field, I can't tell you how hard that is to win. I just got the application for next year and I'm like -- it's not easy. You have to have certain things in place to apply.

So if I were a small business, whether I be minority, women, veteran, what I would do, with veteran we've got to get that certification solved. But let's say it's there. Then what I would do is I would look at the corporations that have won not just awards but something like that that is so hard to get. And you know there that you have committed folks and supplier diversity with the supply chain. It has to come from the top, because if it doesn't, if your chairman and
your president aren't driving it, it's very hard to be
a one-armed -- one-person show.
And so those folks are out and about. And
then you need to get involved with those -- and between
those two organizations, you've got more than enough
homework to do.

MR. PHIPPS: Thank you.

MR. O'FARRELL: Jim O'Farrell. Just a quick
question.

MS. BOCCIO: Sure, sir.

MR. O'FARRELL: First of all, thank you for
your presentation.

MS. BOCCIO: Thank you.

MR. O'FARRELL: I wanted to point out, on
slide five you gave some statistics about more of a
national view of veteran business enterprises. I
wanted to -- on slide 15, you appeared to give your
two-prong supplier diversity program approach. What
are the actual metrics for your organization in terms
of -- if I'm looking at slide 15 on the lower prong
corporate supplier diversity program, provides
opportunities for minorities, women, service-disabled
veteran businesses, disabled, and LGBT. Do you have a
slide that basically breaks that out and says the
program was started, I believe you said, in 1996, and
how that has grown and what the bar charts look like in terms of the makeup between women-owned businesses, service-disabled, veteran-owned businesses?

MS. BOCCIO: I don't have a slide chart in here now. But when we applied for the top corp award, we have to say where we are now with regard to certified women-owned businesses, where we were last year. DivTRAK houses all my information. What I did have, though, on the one slide on the Billion Dollar Roundtable on the top right in red --

MR. O'FARRELL: What slide number was that?

MS. BOCCIO: I'm looking, I'm looking. Here we go. Number 19. I gave you what our spend was in 2017 with regard to all of the groups, $3.6 billion.

MR. O'FARRELL: Okay. And so I'm just trying to pull out, do you think it's 1 percent, 5 percent, 20 percent, are service-disabled vet companies of that $3.6 billion?

MS. BOCCIO: I would have to look, sir. But I can tell you because of the certification issue it's tough to get a good read for you. That's why I'm here.

MR. O'FARRELL: And what -- and then a follow-on question would be what kinds of companies are they that are the service-disabled vet companies? What is a good fit for the Avis group? If we were getting
the word out in our networks of service-disabled vet
companies, what would be a good company we would bring
to the table?

    MS. BOCCIO: Well, there are -- there's such
an array of purchasing. So if you think about the
standard corporation, everything from paper and
printing and all the way down, and technology, it's all
the same in corporate, except what you would add on
here in rental car companies, on a big spend item.

    For example, we have some women-owned
fuelers. We have minority fuelers. We have fleet
dealers. You have tires. You have folks that come in
with different cleaning agents, chemicals, petroleum
products, cleaning of seats. Everything that your mind
can think of if you were running that business that you
would need at your facilities, it all applies.

    But what happens is if you are one of these
diverse suppliers, we're able to help you with that.
So if you're certified, for example, and you were to
call us, it's more hand-holding for advocacy. Say you
came to me and you said, I have fuel and I'm a
certified veteran-owned business.

    The first thing I'm going to do is let Sue
talk to you because she has 32 years of purchasing
experience. Make sure you're properly set up to deal
with corporate supply chain. Then the next thing Sue is going to do is interact with corporate procurement. And she may say to you, you know what, sir, in another five months, the bids are going to come out on fuel. And you'll have the opportunity to bid either for a certain jurisdiction or for all the United States. And we'll give you that mentoring and that guidance that you will need to make a decision. Or maybe you just missed the fuel bid.

But we want to get to know you. A lot of it is strategic. And, as I said, irrespective of whether you're minority or women-owned or veteran-owned, some of it is about opportunities in life and about being at the right place at the right time. But the teams like us in the corporate supply chain are there to help small businesses not fall through the crack and to be able to compete and to go to the companies that recognize your value as a veteran and your value as a minority and your value as a woman, and to help you network or to bring you -- I just spoke to Emmett over there. I just met Emmett before we started today. And he came up to me and he said, well, I do security. And I said -- I mean, this is how it happened. I said, Emmett, would you do security at the airport to protect cars? He said, yeah, I could do that.
So I said, well, you know what, do you also know about AMAK? Because now I'm thinking aviation, right, airport, and I'm vice chairman of the board of AMAK. And I have good vibes with Emmett over there. So I said, you know what, give me a call. And he knows the president and let's see if we can get you networked into the airport side where the rest of the rental cars are and the other concessionaires at the airport who need security.

Now, can I guarantee him something now? No. But am I going to call Salt Lake City airport where I think that you would have a good mentor? Yes. And that's that hand-holding and that mentoring to help propel these businesses forward. And that's what we can give to you.

MR. ZACCHEA: So I just want to take one more question from the chairman. We'll -- oh, okay.

MS. O'BRIEN: I had a question.

MR. ZACCHEA: Oh, okay.

MS. PEREZ-WILHITE: I just had a quick question. Your committed airports, are you looking for any more airports or is that a complete list?

MS. BOCCIO: The Leave No Veteran Behind is not going on right now. It did for the past few years. But if you have any thoughts, I'm up for listening to
it, if you have something good that you think will help veterans, you know, we'll try. Why not?

MS. O'BRIEN: Elizabeth O'Brien.

MS. BOCCIO: Yes, Elizabeth?

MS. O'BRIEN: My mic doesn't work. Do you have an expedited pay cycle for your veteran-owned businesses so that they're paid more quickly than traditional small businesses?

MS. BOCCIO: Right now we don't, but we have not had any complaints with regard to our vendors.

MS. O'BRIEN: Okay.

MS. BOCCIO: But we have a great purchasing team. They're all broken down into commodities. They specialize in certain areas. So -- and if we did have a problem, that business would call Sue or I right away and we would jump on it. I mean, that's exactly how it would happen.

MR. LOWDER: Lynn Lowder from Veteran Business Project.

MS. BOCCIO: Yes, Lynn?

MR. LOWDER: So point of contact and phone number? Did we get that, or did I miss it?

MS. BOCCIO: I have cards here. I'm happy to give them out.

MR. LOWDER: Okay.
1  MS. BOCCIO: Is that good?
2  MR. LOWDER: That'd be great.
3  MS. BOCCIO: All right, sir.
4  MR. LOWDER: Thank you.
5  MR. ZACCHEA: I think there was a question on
6  the phone.
7  MR. FENDER: Yeah, Alex Fender, Advisory
8  Committee member. I'm on the DivTRAK website. I'm
9  confused why the website says Disabled Veteran Business
10  Enterprise. That's a term that's used for California
11  specifically. So is Avis a California company and are
12  you restricting this only to California veteran-owned
13  businesses, or is that like a typo and needs to be
14  fixed?
15  MS. BOCCIO: I didn't really hear him. What
16  did he say?
17  MR. ZACCHEA: The question was, he's on
18  DivTRAK right now.
19  MS. BOCCIO: Yes.
20  MR. ZACCHEA: He said it says Disabled
21  Veteran Business Entity. He says that is a title
22  that's only used in California. So he's asking is this
23  only California or is it national?
24  MS. BOCCIO: On the corporate side, we say
25  Disabled Veteran Business Enterprises. So I'm -- maybe
I'm missing --

MR. STUBBLEFIELD: So it's national.

MS. BOCCIO: Yeah. I mean, you know, I guess there's probably, sir, Alex, different lingo. It's not meant to be in any way exclusion. It's all for inclusion. But I do know that when I'm dealing on contracts with Avis on the government, we see WOSB, for example. But when I'm in WBENC and corporate, we're saying WBEs or Women Business Enterprises. So I think it's just where you are. And, no, it's not meant to be exclusionary in any way, sir.

MR. FENDER: I think the common term is veteran-owned small business or service-disabled veteran-owned small business. At least that's what I'm aware on the national level. And so -- and I'm on the website and I see that this is the certification that's required, I go Google the certification that y'all are saying on your website to be able to just register, and then I immediately see that I'm disqualified because I'm not in California.

MS. BOCCIO: So would you be -- would you be kind enough, if I give you my e-mail address, sir, would you e-mail me?

MR. FENDER: Yes, ma'am.

MS. BOCCIO: Okay. So my e-mail, it's all
lower case, is lynn, l-y-n-n, dot, boccio, b-o-c-c-i-o, at avisbudget with no space between it, dot-com. And please make sure that you e-mail me, as I said, and I will respond to you.

MR. FENDER: It will be in your inbox in about 60 seconds.

MS. BOCCIO: Before I see it. And your name again? Alex Fender, was it?

MR. FENDER: Yes, ma'am.

MS. BOCCIO: Okay, sir.

MR. ZACCHEA: Okay, thank you. So time on deck is 10:00. We're running about 15 minutes late. A few people came in during Lynn's presentation. So I'd just like to go around the table here and have the people who came in during Lynn's presentation just to identify themselves for the record. And we'll start here on the right-hand side.

MR. BANTON: Glenn Banton.

MR. PHIPPS: Michael Phipps.

MR. SHARPE: Joe Sharpe.

MR. GWINNER: Sean Gwinner.

MR. ZACCHEA: Okay, thank you. So what I would like to do now is I'd like to ask Ms. Barbara Ashe to come up.

MS. PEREZ-WILHITE: Mr. Chair and Mr.
Stubblefield, may I ask a quick question before we go further?

Mr. ZACCHEA: Okay, sure.

MS. PEREZ-WILHITE: This is Fran Perez Wilhite. I heard before we started the meeting that Ms. Torres from the VA is on the line. I know from our conversations yesterday at the IATF meeting she planned to brief us today, and we hoped that she would. Do we have any time in our schedule today that she is going to brief us, and, if so, I hope we do it before she leaves the line. I'm not sure if she's going to be online all day.

MR. ZACCHEA: We can make time.

MS. TORRES: Yes, I'm on the line.

MR. ZACCHEA: Okay. We can make time.

Ms. Torres, how much time do you need?

MS. TORRES: Mostly I'm here just to answer questions. I can talk about the things that we spoke about yesterday, which takes what, five minutes, maybe.

MR. ZACCHEA: Okay. So this is Mike Zacchea again. What I'd like to do is ask Ms. Barbara Ashe to come up. We're running 15 minutes late. How about after Ms. Ashe comes and does her presentation, we take a break, and then we'll squeeze in Ms. Torres and then we'll have Bill Ashton go. Would that be all right?
Everybody agree to that?

MR. STUBBLEFIELD: Is everybody wondering what the subject is?

MR. ZACCHEA: Okay. So, Ms. Ashe, would you come forward?

MS. ASHE: Thank you. Good morning. It's been way too long, Joe. Good morning, everyone. I'm Barbara Ashe and I'm National Director of the Veteran Institute for Procurement. And I am thrilled to be here today to -- at the request of the advisory board to just provide a brief update and overview of the Veteran Institute for Procurement.

I know that we can't see the slides, but I understand those online can. In -- on your desk and hopefully that those who just joined us, to the advisory board there is a -- we do have extra handouts, and I'll be walking through if you did not get this. I know there's some at the table. Does everybody have it? So I'll walk through. And, thank you, you'll be driving, so I'll let you know when I go through. Okay?

Great, thank you.

So what is VIP? Well, you know, it's the Veteran Institute for Procurement. And since we are in the government contracting training, you know, you got to have an acronym. And so VIP is what we call it for
short. And the program is an accelerator for veteran-owned small businesses that want to enter and/or expand in the federal marketplace. So it's very niche. Again, it's for veteran-owned small businesses that, you know, want -- that are in the federal space. Now, mind you, they can be doing other work in the commercial market or, you know, but we focus on the federal procurement side.

How do we do it? We do it as an in-residence program. So it's a -- we do the training over three days in-residence. About 27 hours of instruction. It's -- the instruction is all market-based. We cover over 20 topics and in any one of our classes and curriculums we can have over 33 instructors. So it's pretty comprehensive.

The facility is the Boulder Center, where we host the training. It's a government facility, a government leadership training facility. And it has 83 acres, 500 hotel rooms, and training rooms. So it's perfect for how we need to use the facility and classroom environment. And we've been there since 2011.

The program is offered nationwide to veterans at no cost and the application process is online. And each of our curriculums have minimum requirements for
participation. Since 2009, we have trained over 1,000 companies from four to seven states, D.C., and Guam. In the next slide, you'll get a picture of what it looks like in the classroom. So we -- we host these programs and classes up to 50 veteran businesses from around the country in a classroom environment during the instruction.

The next slide you'll see that -- of course, I don't have to tell this group, but veterans are the most naturally diverse group. We do not require that they're service-disabled, but almost 80 percent of them are. We have almost a third are 8(a). The majority are minority-owned. Almost 20 percent are women-owned. That is an increase that we continue to see, which is very exciting. And 12 percent are HUBZone.

This year, over the next 12 months, we will train 250 companies over the course of the next, as I mentioned, 12 months in classes of 50. What is going to be unique in October, we're going to have two classes at the same time across from each other of 50 in each class, and have 100 graduate at that program.

The -- this program only works when they win. And that's how we judge our success. And we take a survey immediately after the class to get feedback not only on their experience and get feedback on how we can
make improvements in the training, but then one year after graduation we do survey our graduates. We also watch all of the public -- since this is about government contracting, there's lots of public data on contract wins. And so we are able to track their success in the federal market quite closely.

And the reason why we do it is because they continue to win and they continue to grow. And that's what's really been a part of the program from day one.

We are very excited to see that one-third of the winners of the VA Vector award were VIP graduates, prime award winners. And I haven't met a Vector team that doesn't have a VIP member on the team. So that you don't get to see, but I haven't met one yet.

As I mentioned, we have a number of curriculums. And you'll see here on slide number five the different programs. When we launched in 2009, it was just called VIP. And then when SBA came to us in 2014 as a grantor, as a cooperative agreement, we were able to scale in the number of companies that we could graduate each year, and then we also were challenged, quite frankly, by the Office of Veteran Business Development to see if we could help more veterans across their various business developments -- along their various business development lines.
And one of them was really -- as I mentioned, we have a survey that we do right after class. And the number one response -- and at that time we probably had 500 graduates -- was I wish I had taken this sooner. And Start, VIP Start is really the answer to sooner. And so that has been one of our newer programs. And the entry level to that, as you can see, is different than in what we now call VIP Grow, which is our class that we launched in 2009 and continue to do. So it's for earlier stage companies.

And I did want to point out that we do not train individuals. We train companies. So everything about -- they apply as a company. It's not about the person who's attending, how much they know or their experience in the federal marketplace. The company applies.

And so if the company doesn't have any experience, even though you might have been running, you know, missile systems somewhere and managing, you know, a $100 billion project, what has this company that's applying done in the federal market? And so that's a little different. And we don't require that the owner attend the program, but it has to be an executive of the company.

I will say, though, about 99 percent of them
are the owner and the veteran. Again, we're not training veterans. We're training veteran-owned small businesses in best practices. And I'll -- as we go through the presentation, I'll talk a little bit more about each program.

What is, though, unique about VIP, the training and Start, Grow, and International, is our focus. So the curriculums are different, but the focus in the curriculums is a constant. And what we focus on is reducing risk to the company, reducing risk to their customers and reducing risk to your teaming partners.

As you all can imagine and know, business mistakes are expensive and oftentimes fatal for a small business. And if you just think about your own personal life when you're trying to solve a problem, how that slows you up. It's like running with your shoelaces tied all day long. And if you're busy solving a problem, you're probably not focused on a customer or the next opportunity and you're probably spending a lot of money fixing a problem. And so we focus on those business land mines and we focus through that through best business practices.

And so all of the curriculum is focused on reducing risk. And that in itself is a differentiator. And it was great to hear Lynn present ahead of me.
And, you know, they're just as risk adverted as DOD. You know, they don't have a different standard. I would imagine in terms of their protocols, compliance, performance, cyber-security, they have a reputation, they have employees. So they take their vendor supply chain very seriously, and so does the Federal Government, and rightfully so. So we focus on those best practices and make sure that companies can compete, comply, and perform in the Federal marketplace.

And I love this next slide because there's a lot of -- and it's one with others plant the -- that says, others plant the seed, we water the plant. Because when we launched VIP Start, it says start. So people thought, well, you know, I want to start, I want to start. Well, again, we -- we're not about starting a company. We're about starting, and VIP starting a company that wants to enter the federal marketplace.

And so others, there are great programs offered through SBA, through universities, state programs. You know, many of you are aware of those programs that exist. We were not interested in replicating those great programs. And so what VIP Start does is companies that are already established, have been in business for at least a year, have
revenue, have full-time -- the veteran is full-time in the business, managing the business, but wants to enter the federal marketplace. Let's say they've been very successful at Avis and, you know, it's been brought to their attention that, gee, I might be able to help the Air Force with aviation and take what they've learned working with one of the best rental car companies and take that best practice and support the Federal Government.

And we see it both ways, right? We see where somebody will be supporting the Federal Government and then take those best practices into the commercial marketplace. So that's what VIP Start is, somebody -- so, again, I don't look at -- the company applies. If you've never done business with the U.S. Government but you've supported Avis over, you know, 30 years and have done an outstanding job, fantastic. You're still going to have to go through Start. Because it is a unique market. It has unique requirements, unique marketing. It is different. And you have to be able to demonstrate that you understand that or you're not going to be successful out of the block.

Not only is a prime contractor in the federal space not going to take you seriously, neither is the Federal Government. So that's just -- you know, so I
wanted to make sure that, you know, we understand when we say Start, I'm not helping companies start a business. I'm helping them get into the Federal market, VIP is.

So this program -- and another example of that, you'll see on the next slide, on slide eight, I just want to point out that companies that come into Start on average have been in business five years and have three employees. There's an example. Now, we don't require that they're in business five years and have three employees, but that's the average of what we see coming into that program.

And then we have been doing this program since 2016. But as I mentioned, we do survey one year after graduation. So we've only been able to survey two classes. And so we're just starting to see trend lines. Two dots on a graph don't really tell me that there's a trend. But we do watch it closely and we're looking to see and we're very excited to share. And, you know, we ring bells and jump up and down because, quite frankly, we developed this program, we delivered the program, and then we have to wait 12 months to see, you know, did it work. You know, you don't know. You can't -- you just don't know.

And in this particular case, one year after
1 graduation, 42 percent growth in federal contracts.
2 I'd say that was successful. And we continue to do it.
3 And we have another survey going out from last year's
4 October class. We'll have three dots on a graph and
5 we'll start getting to see if there's trend lines along
6 the way.
7
8 As I mentioned in VIP Start, they do not have
9 to be in the federal marketplace. Some are but want to
10 now expand. But they still are not mature enough in
11 the federal market to get into our next class, which is
12 Grow. So just to give you an idea, 72 percent of our
13 applicants have never done federal contracting in VIP
14 Start, whereas 100 percent are in VIP Grow. So that's
15 the difference. Again, that's the answer to I wish I
16 had taken this sooner, you know, because they
17 understand all the mistakes and the costs and where
18 they would be now if they didn't have to learn the hard
19 way. So that's just an example.
20
21 The next slide, one of the things that we
22 always get is, you know, gee, I wish you could do one
23 of these in Florida or California, Denver, you know,
24 just fill in the blank. And that came from the very
25 beginning. It is strategically here in the Washington,
26 D.C. area because this, quite frankly, is where the
27 customer is and where the capability and the expertise
So it is better for individuals to come to the Olympic Training Center than it is for us to think that we can take 33 instructors and buyers. And so in any one class, we might have 13 different federal agencies participating. We might have, you know, the expert on a particular -- many of them are the authority on a particular topic. You know, we might have somebody speak just for 35 minutes. And so it -- it -- and I wanted to illustrate, I mean, that's how competitive the federal market is. And we are -- we challenge our instructors to shave seconds off their time, milliseconds. And that's what it takes.

I mean, there's a lot of incredible, capable companies out there. How are you going to -- how are you going to differentiate yourself? How are you going to win? And so we challenge our instructors to give them those golden nuggets and those best practices, and we pick them accordingly. Those that have demonstrated over time and time again to be able to either advise their clients or they have done it themselves. And, most importantly, they're willing to share it. Not everybody will give their secret sauce, you know? So it's not helpful if you tell me what to do but you don't tell me how to do it. And, more importantly,
what's the best way, what really works?

So it's -- it's really at that level that we take it to. And so in the Grow class, which I mentioned is what we launched in 2009, we have 777 graduates from 43 states, D.C., and Guam. And my favorite number in all these -- I have 20 pages in here -- is that on average they grow 64 percent in one year. That's real. That's real growth.

And so that's very exciting. And that number was in the 50s for many years. And the last two classes had incredible growth. And it actually -- it's hard to move a needle now when you've got 700 companies. It gets -- takes a lot to move that -- that data point. But, anyway, so we're very excited about that.

And as I mentioned, we -- it's public data. So we track their wins around contracts, Inc. 5000, other SBA state winners from -- as business leaders of the year. So we're very excited to be able to see their success.

So that's VIP Grow. And as you can see, unlike Start, on average they've been in business eight years and they have 16 employees. Again, how you get an average is -- we don't require that they have eight years, but somebody could come in in year 15 and have
100 employees and still be small.

And as you all know, also, you can't ever
stop learning as a business owner. You will never know
everything. I've been in every class since 2009. I'm
still learning. Because the market is that dynamic.
Not any two curriculums are the same. So we're going
to be -- we have a curriculum meeting coming up for the
next Grow class in January. You know, what's happening
in the market? Everybody updates. And so you have to
constantly be honing your skills.

So the last program I'll go into detail that
we offer is part of the three-day, 27 hours in-
residence program, is our newest program and it's
called VIP International. And that's to help veteran-
owned businesses that want to enter and expand doing
federal procurements that are performed overseas,
OCONUS, as well as commercial international work. As
you can probably imagine, no sooner do you get overseas
to support an OCONUS contract and you're sourcing
locally and you're no longer dealing in English or U.S.
dollars. And so your risk just changed. Again,
everything that we teach in VIP is about managing your
risk.

So we teach -- so two days are on just
performing and complying and competing for OCONUS work,
and the last day is focused on, you know, what's the difference, now you're doing commercial work because you're locally sourcing. Or you made a relationship, right? So, you know, you locally source and all of a sudden now you're teaming with somebody, you know, in Germany. So you don't want to miss those opportunities.

We've only had two classes of VIP International, 2017 and 2018. We've only been able to survey then one class. So, you know -- and this was in response to why we did VIP International and why now, if you recall, SBA changed how they calculate the scorecard. So contracts performed overseas were never a part of the equation in determining the scorecard for federal agencies. And that was changed in 2016.

So that is now part of their scorecard at the federal agencies. And we think that that's going to open up new opportunities because now they're going to be measured against those procurements in terms of their performance. And we also think veterans are uniquely positioned to perform and compete for those.

You know, it takes a certain amount of intestinal fortitude to be an entrepreneur. Again, veterans, you know, come naturally with that. And, also, many of them have served overseas and, you know,
are not foreign to being dropped in a -- you know, another land with another language and having to figure it out.

So that -- that sense of, you know, can I do this? Sure, just show me how. So that's why VIP International was launched.

So as you can see here, those companies on average have been in business eight years and have 19 employees. It is our most advanced class. We do require that they've already gone through a VIP training session. We do not go back and teach what we've taught before. We take it -- the only thing we say in VIP Start and Grow about International is don't dabble. That's it, don't dabble. Because that's another whole course, and it really is. If you don't know what you're doing, you'll lose your shirt or more.

And so VIP International, we don't go back and teach compliance in the federal market. It's just what's different now that you have to perform it OCONUS. And so that's where we start and go forward.

So our first year, we've only had, as I mentioned, one survey. We were excited to see because our curriculum committee told us that there's no way you cannot be doing international and one year be international. I mean, it just has a longer sale
cycle.

But we decided we would keep to the model and we would learn something and we will, of course, you know, measure their success in year two and out years. But we need to know in one year. You know, did anybody see any growth in international? I mean, you know, you have to be able to do that.

So 17 percent of the class did enter. Seventy-five said -- 75 percent said they're still planning on entering, you know, they just haven't had that opportunity. And those that were already doing international saw 24 percent growth in international.

It's, you know, not what -- I think those are good numbers. My curriculum committee thought it was great numbers. I'm anxious to see year two. So that's where we are on on VIP International.

Nothing like having a program where companies are growing 54 percent or 64 percent in one year and nobody can find them and they can't find each other. They come in in a class of 50, they know each other, but they don't know the class that came in before them. Avis can't find them. DOD may not know them. VA.

They want to find them.

So we launched the VIP Marketplace, which is an online portal for VIPs to find teaming partners, for
them to be found through keyword searches by buyers
that are in the -- that are -- only buyers are allowed
in and only VIP graduates. So if you are a business,
you are allowed in. That is a large prime and you can
search for capability through keyword searches, match
your requirements against capability.

And this portal, we spent the last year
getting our VIPs enrolled into the program. We had to
-- basically it's a marketplace. If you think of it as
a store, we had to make sure the store had products on
the shelf. We have about 700 companies in there now.
So we know we have a very robust market, and now we are
in the process of putting in 1,000 buyers. And so I
hope to report back one year from now the success of
that program. But the goal there was to have them
identify teaming partners and for the Federal
Government to be able to locate the VIPs.

There is no cost to Federal Government. Any
buyer on the federal side can come in because, thanks
to SBA, they are a funder of the program. And we said,
you know, because of SBA, that benefit goes across
every federal agency buyer.

In the private sector, you have to support
the net -- you have to support the marketplace. You
have to support the thousand that, you know, will come
after this. And you have to be a sponsor of the
program to have access to it.

So that marketplace we are actively now
bringing in buyers across government and industry. And
we're very excited that the Department of Energy is
committed to putting 600 buyers in. So that's very --
very exciting. Lockheed Martin was the first one to
come in, and they have 81 buyers in there right now.
So that's very exciting. And so we're actively
marketing the program to primes and to government. So
I'll be meeting with the OSDBU counsel here in the
fall.

Again, we did not want to rule this out until
we had products on the shelf. The worst thing you can
do is come in, search for capability, you know,
requirements, again, look for capabilities and they
don't find it. They'll never come back. So we had to
make sure we had that in the system.

I wanted to mention the program we have, the
Veteran Business Outreach Centers. As part of our
ongoing training, we provide webinars nationwide to our
VIP graduates as well as make them available to the
VBOC nationwide. We also introduce every one of our
VIP graduates to their VBOC director.

The goal there is to make the -- the VBOC
director may not even be aware that they have a veteran-owned business that has past performance and experience in the federal marketplace. They may be counseling somebody that's looking to get into that. And, also, the veteran business has a resource, an advocate, in their community that is focused on their success. So it's connecting those two right after graduation. So that -- that program has been going on for several years, and they -- the VBOC directors also can tap into their expertise as they offer programming and counseling and mentoring.

So as you can see in our last slide, I mentioned in our first slide that we'll be training 250 a year, and this is how we're going to do it. And these are the dates that they will take place.

You'll see here in VIP Grow, and you'll see that Lockheed Martin grant. Lockheed Martin came in this year with a significant grant to support VIP, and we will be hosting a Grow session, an additional class. So up to that point, we can only train 200 a year. Now we can train 250. So that is still open nationwide. It's just that program was added because of that grant and that is supported that way.

And then I mentioned it is free to veterans nationwide at no cost. But there is a cost, of course,
and the last slide shows you who underwrites this program. SBA has been a funder of this program since 2014. It's been a great partnership. We have incredible mission alignment. We're focused on helping veterans enter and expand in the federal market. We have a goal that in three years -- you know, the reason why we launched VIP is that we had not met that goal. Three years later after VIP was launched, it was met and it continues to grow. And we are committed to being a part of supporting that continued success of veteran businesses in the federal market.

I wanted to just end with, since it was just perfect timing with Lynn presenting from the commercial side, when we formed our partnership with SBA in 2015, they looked at our survey. And we only measured growth in the Federal market. We only measured just total growth. And so one of the analysts that was in the room at the kickoff meeting, she says, well, you know, it just says total growth. And I said, yeah, these are businesses, that's -- you know, we measure growth. She said, well, how do you know it's in federal versus commercial? And I said, who cares? She says, we care. We want you to help them grow in federal. I said, well, that's fair.

But, you know, Lockheed Martin reports one
number. We know they report one number. But we want
to know two numbers. So what that got us to do is we
never realized our impact that we were making. And it
makes perfect sense. So now we measure two numbers,
overall growth and federal contracting growth. And
they almost have equal impact. Because, as I
mentioned, if you can do business with EPA, VA, you can
probably do business with Disney, GE, and probably
Avis, you know? They are highly competitive
procurements, highly complex. They're multinational.
You know, and so you have to have the capability and
understand how to perform.

So I just wanted to add, even though we focus
on the federal market, what we have found is that many
companies to state and local and commercial work, and
VIP has an impact across all of those different
business units for the VIP.

So, with that, I thank you for SBA's
continued support. I thank the advisory board for your
service in the goal of veteran support. And I'm happy
to entertain any questions you might have.

MR. ZACCHEA: Mike Zacchea. Thank you, Ms.
Ashe. This is great. I'd like to open it up to any
questions from the committee.

MR. O'FARRELL: Jim O'Farrell. Thanks,
Barbara, for coming in and speaking to us today. I very much appreciate it and very informative presentation.

I just have a couple of quick questions. If you turn to slide five where you mentioned socio-economic statistics, in prior years, the ACVBA has heard about a -- Mike Phipps and other members of the committee will correct me if I get these statistics wrong, so I'm not even going to try to attempt. But I'm going to say that what we've understood to be the case is that currently women make up a vast majority, or 50 percent, let's say, of our overall population and a -- you know, a significant number of members of the military who have become veterans, and yet are underrepresented in the veteran business community.

So I was -- I'm intrigued with your 19 percent woman-owned representation, and you said it continues to increase. So to what do you attribute that success in attracting women business owners into your program, and are you tracking their success in the future?

MS. ASHE: I have some hunches. I don't have any data, you know, to answer your question. What I will tell you what I think it is as to how we attract them to the program, is that the majority of our
applicants, and therefore those that attend the program, come from referrals. 
And so it takes a while for that to play effect. So as a -- we didn't start out at 20 percent. But as a veteran-owned small business and, you know, they -- they tend to have their own network. There are wonderful woman organizations for entrepreneurs, but they also are in every, you know, walks of life and participate. 
We've also -- I work very closely with Women Impacting Public Policy, and they're very familiar with the program and they are -- you know, understand the value. And so I know they -- when they run into a veteran and they have board members, so our veterans -- I'm looking at Laurie who sits on a veteran group. Amber Peeble sits on -- she's a VIP graduate and she sits on WIPP's board. And they have a platform and they then tell their network. 
And so I think that is why, because that's how we get our -- so we're seeing an increase in applicants. And when I say an increase in applicants and I see -- we ask them how did you hear about the program? They heard about it from a VIP. I'm guessing it's a network that is working. 
MR. O'FARRELL: Thanks. Jim O'Farrell again.
So a couple of quick follow-on questions. I noticed on slide -- was it slide five, you also have that you started the Grow program in 2009. It might be interesting to do a 10-year survey of those original 2009. So you don't really have to answer. Just a thought for you that --

MS. ASHE: We did.

MR. O'FARRELL: You already did it?

MS. ASHE: We did.

MR. O'FARRELL: Not even 10 years in yet.

You're so ahead of it, Barb.

MS. ASHE: We did. And what we did is -- and it's in our fast facts. I brought this in case my time was short and I could just do it quick. And so that's in here.

But -- so to get into Grow, you have to be in business two years, a minimum of two years. So at our eight-year mark, those companies I knew were at least 10 years old. They could be older, but I knew they had to be at least 10 years old. So I hired an intern last year, the poor thing, and she tracked down all, you know, 1,000 of them, or 700 -- whatever, how many we had at the time. And 85 percent are still in business 10 years later. And the national average, according to SBA data, is less than a third.
MR. O'FARRELL: That's fantastic. Those are great metrics. So when you also -- on one of the other slides, you said 82 percent, it said they changed the way they do business. Do you have a couple bullet points of what they changed as a result of your program?

MS. ASHE: Yes, we do. We asked them -- it's a drop-down that can then fill in the blank and they want to share. Most of them have -- it's across the Board, and that's what's exciting to see. We do look at that, if there's any one category. A lot of it does have to do with program controls, operations. Of course, three-quarters of the class is focused on operations, accounting, finance. But it is across the board.

But I will share with you, which is really hard for anybody who runs programs like this, I've always said you can't measure which doesn't take place. And you say, what does that mean? How do you measure what doesn't take place? In our first class, I was very fortunate -- and you like to learn these lessons early -- we had a VIP in the class that, you know, looked a little distressed. And I thought he was having a heart attack. Oh, my God, that kills me, you know, the first class, oh, my God, I'm going to lose
somebody, a veteran.

And what he was -- he broke into a sweat is that he realized watching the presentation from one of the instructors that he had priced it wrong. And he knew he never should have won. He got the notice of award that day, on the biggest contract. He was currently under 20 employees and this was going to take him to 100 employees in one contract. And he knew he never should have won on price. So when he found out he won on price, he thought -- and then he realized in the class that night that he had priced it wrong. All of those employees were going to be in California. Currently all of his employees were in Virginia. If you know anything about contracting, you know you've just priced something wrong in benefits.

And so I bring -- I'm telling this story because what happened is that he was able to sit down until about 3:00 in the morning with this instructor. They were able to come up with something where he wasn't going to lose a dollar on every hour billed and not have to say goodbye to the contract, didn't lose any money, kept the contract, performed on it, and went on to be able to grow his company to 1,000 employees. Matter of fact, he was one of the original T-4 winners at the VA.
So if I was to survey him a year later, he didn't have any growth. He already won that contract before he came into VIP. But we saved that company. And if you asked him today, he will tell you that -- you know, so how do you measure what doesn't take place? And so that last question on the survey, is there something you learned in VIP that changed the way you do business? Because we want to -- sometimes we just save companies. And that was the 10-year -- to your earlier question, is do we sustain companies? So sometimes you're not growing, but maybe we kept you in business, you know? And that's good, too. That's good, too.

MR. O'FARRELL: One final question, and that is, we try to -- we do here at the ACVBA view ourselves as an independent, chartered committee to advise the SBA. And so I always try to ask speakers or the chairman will ask, you know, what is something you'd like to see change in the SBA kind of ecosystem? You know, what's something that can be improved upon that would help your organization better serve veteran business owners as they're starting, growing, and sustaining their companies?

MS. ASHE: That's a -- that's a big question. Is there any one thing that I would say change. I
would say -- I hear from about three to six VIPs a day. They don't ever really leave us, you know, which is
great. I always love hearing from them. So I'm glad they reach out because we can help them.

A lot of it has to do with capital still.

And I don't know if it's -- you know, that's a bigger problem than SBA, quite frankly. Because that's the oxygen of a company. And most of the time it has nothing to do with -- I -- the contracts are getting bigger. And so to scale up, it takes a lot of money to, you know -- you just won a $6 million contract, you might -- you know, great news and not so great news, right? And so we have -- as an adjustment to that, I mean, we spend a lot more time in VIP around cash flow, a lot of time around finance. We always did. But we spend even more time.

So I think that's a bigger question than, you know, quite frankly, SBA, but I would say access to -- you know, figuring that out. It would help everyone, you know. But that's just the -- you know, and that's not an SBA-unique. That's just a challenge to growth. And the contracts are getting bigger, and we're not going to change the market. We have to adapt.


When looking at these statistics, we see that your Grow
class has the highest percentage. Is that a natural occurrence? Meaning do you have more people participating in Grow naturally as opposed to --

MS. ASHE: Oh, I see -- you mean number of graduates. We started that program in 2009. So that's why. And then the -- in 2016, we launched VIP Start. So it's just because we've been doing it longer.

MR. PHIPPS: One of the things that we have to do as a committee is make written recommendations --

MS. ASHE: Mm-hmm.

MR. PHIPPS: -- to the White House, Congress, and the SBA.

MS. ASHE: Mm-hmm.

MR. PHIPPS: And a lot of work gets done not just sitting around the table because we're just getting your brief. It would be great if you gave us some sort of written high points of the program, things that we may be able to take back and make recommendations for from this committee because you keep a lot of great statistics.

We would -- just seeing the additional statistics that you guys keep, if you're able to share that, would shed a lot of light. We love -- we're numbers, and when Jim and I first came onto the committee, we were all about statistics. Because that
tells us where the recommendation should go, where the federal dollars should go for what programs. And so that would be hugely helpful to this committee for after the fact.

MS. ASHE: Sure. Happy to share. We do keep a lot of data because, quite frankly, I would not do -- you know, why would I do this? We have over 100 volunteers that we ask to step up and give their time away from their families or business. And so, you know, I have to be able to justify that.

MR. PHIPPS: Right.

MS. ASHE: And, also, of course, the VIP, who is a business owner that has to leave his company or she has to leave the company for a week and, you know, attend a program. It better work.

I did want to get back to -- just make sure that the committee understood because you were asking me about women and their -- we do not track -- the one-year out survey is anonymous. So I don't know -- I know they were in that class because that class got that survey and they responded to that link. But I don't know if they're a woman, if they're a minority, an 8(a). And we did that on purpose. And it's because some of them come back and they -- it's an average. You know, so some are doing really well. And I don't
want them to -- they may not tell me the truth if they have to give attribution. And it's not so important to the program that I know that this person did well. I just need to know how that class did.

So I can't get it down, a one-year survey to a person. And that's why we track public data, because that's where, you know -- at least, you know, in the Federal Government when you win an award, I know who won. And so then I can say, oh, were they a VIP graduate? You know, I don't know if they answered my survey, you know, but I at least can track them in other ways. But I can't get it down to which company specifically grew. But I know which ones made the Inc. 5000. Right?

MR. PHIPPS: Right.

MS. ASHE: And that's based on -- I know who won, you know, certain things. But I can't -- and that's by design. We don't want to give -- we want them to feel free to tell us how they're doing. That's important. But I'm happy to share, you know, if it would be helpful, the data. Happy to.

MR. PHIPPS: Yeah.

MS. ASHE: And I will say, the SBA has been an incredible partner. And we did this on our own for five years and it would take me all year to raise
enough money to have one class of 50. And people would be waiting for years. And I couldn't tell them if we were going to have it because I couldn't sign a contract if I didn't have the money -- to know if I had the money. And then once you have the contract, then you have to -- you know, then you start putting -- you know, so it's -- night and day, night and day. It really is. It's great to have.

MR. O'FARRELL: Barbara, can we just -- Jim O'Farrell again. Can we get you on the record addressing the VA verification program and the potential shift or shift to the SBA. Do you hear about that from your VIP students and/or graduates about the VA verification program, the timeline, the time it can take to get through that program. We know they've made some changes over the last couple of years. But what are you hearing from your students, your graduates, what are your instructors telling you about conversations.

MS. ASHE: You know, we -- we're not immune to, you know, sort of the market, you know, what's going on in the market. But we don't advocate or litigate in VIP. We basically -- this is the market conditions, this is what's happening, and we'd rather, you know, adapt, you better figure it out. And so we
don't spend any time on debating it. We don't even allow it. It's like this is the way it is until it's not the way it is, and you will -- if you want to do business at VA, this is how you're going to do it.

And so from a training standpoint, we don't -- I mean, they can have those conversations in the lunch room and, you know, at night, you know, but in the classroom, it's the market realities. My personal opinion, which is separate from really the program in the sense that, you know, I think everybody would benefit from, you know, a single -- you know, something that was uniform.

I mean, I'm very sensitive to the owners' demand on their time. That's the one thing they can't make more of. They can always -- I always tell them, you can always make more money, you can't make more time. So your time is your most precious commodity.

And, you know, anywhere where we can, you know, shorten that time. I mean, because they're the chief cook and bottle washers of small business and they don't have -- there's nobody else doing that. That's them.

And so that's just, you know, my sense, is if there's a way to have it so that one certification works for the commercial market, works for the federal market, you know, versus having to -- I mean, that
would be, I think, a gift to any business, you know, not just a veteran business. That's just my -- but we don't let them -- you know, this is how it is, these are the rules, you got to play by the rules, you know? So -- so if that's helpful.

MR. ZACCHEA: Thank you, Barbara. Anymore -- oh, one more.

MR. BANTON: Yeah, one quick one. Glenn Banton here. Kind of in the spirit of our advocacy role obviously for some of our partners, is there an opportunity to attend, you know, one of these training programs in an observational role by, you know, one or multiple members in this room?

MS. ASHE: We -- we do not allow -- you know, it's distracting, to be honest with you, and we have at any one time three instructors lined up. And then we have two staff people. So there's five of us usually in the back. And that -- we try to keep that even -- you know, to a minimum. So it tends -- and things are -- the instructors are very candid and they always like to know who's in the room. And we give them -- you know, they have that information. So I don't want the -- you know, the instructors to feel as if, you know, who's that just walked in the room, that's not the person speaking next.
But we do invite SBA and --

MR. STUBBLEFIELD: So graduation --

MS. ASHE: Yes. So graduation, absolutely.

So we invite -- we'd be happy to extend, and I think it's a great idea. Thank you, Larry, for that, is to invite the advisory board to join us for the graduation where we -- you have an opportunity to see that and meet with the VIPs as well.

MR. PHIPPS: And I did that, Barbara.

MS. ASHE: That's right. You were an instructor. Yeah, you came and --

MR. PHIPPS: I came and spoke on the panel for the graduation.

MS. ASHE: Yes, yeah.

MR. PHIPPS: And I talked to a lot of the members, and huge, positive feedback. And I -- the business owners on this panel could attend one of the classes.

MS. ASHE: Oh, sure. They can apply.

MR. PHIPPS: Yeah.

MS. ASHE: Absolutely. It's open --

MR. PHIPPS: I want to see if somebody gets rejected from this panel.

MS. ASHE: You know, it's first come, first basis -- first come, first served basis. So I get a
lot of requests that, you know, we'll have -- you know, our waiting list is about a year now. So -- but we take it first come, first basis. And if you meet -- on meeting the qualifiers. So that's absolutely.

But, you know, you're welcome and I can certainly -- we have a class coming up. It will be as I mentioned, our class October 9th through 11th. We'll have two classes of 50. So it will be 100 companies at that graduation. And it will be great to have anybody who would like to come from the advisory board there. And SBA is usually there as well.

MR. CRANE: How many people are allowed to come per company?

MR. ZACCHEA: Would you --

MR. CRANE: Eli Crane. How many people are allowed to come per company?

MS. ASHE: One, because we train the company and that's why we require that it be an executive that has the interest as well as the authority to implement the recommended changes to the operations. So just one. And so there's -- there'd be, you know, 50 companies -- it's up to 50. We usually have about anywhere from 45 to 50 companies in a class. We try to keep it conversational, that's why, not lecture hall. And so 50 seems to be the right number for interaction
MR. GUINNER: Sean Guinner. Do you guys accept franchise businesses into this, or is it just startups or scaling businesses?

MS. ASHE: If there -- if your focus is -- no, you don't have to be just a startup. We've had companies come in fourth generation, been in business 40 years, and start, by the way, which was an interesting conversation. But the -- you just have to be a focus. You know, what we'll ask is, you know, what are you going to sell to the Federal Government? So does the Federal Government buy what you sell? Even if you're not selling to them now, I mean, is this something that is set aside for small businesses? Is this something the government has a history? What are -- you know, as a franchise, it depends on what it is, right, to the government. So, no, we do not limit, but you have to be a small business.

MR. GUINNER: Correct.

MS. ASHE: Right? You have to be a veteran-owned small business. That is a requirement. So 100 percent have to be veteran-owned.

MR. GUINNER: Given the waiting list is a year right now and let's say a business has only been in business for six months, should they sign up now
given that it would be about a year and a half in business the time it comes around?

MS. ASHE: That's a good question. When they call, I tell them that.

MR. GUINNER: Okay.

MS. ASHE: You know, but it's not on our website. The other thing that we find with that, too, is, you know, that doesn't -- you know, even though you meet the qualifiers, you know, at the time you're going to apply, then I don't look at that list until time of when a class is scheduled. Because you can't tell me if you can come until I give you a date, you know, sort of the chicken and the egg. Well, when is it? Well, I don't know. I don't have -- you know, I don't have the contract. We don't have a date.

And so what you may find and what we're seeing with a lot of those that enter in so soon, they're not really ready. So we -- that is the other thing. So you think you're going to be ready in six months, but you can only come through once, VIP Start, once. And so we have them take it very seriously. That's a missed opportunity. If you're not ready, if you're not in the -- if your company -- if your development in your company -- even though it's one year, doesn't -- that's a generalization, right? You
know, but you may not be -- six months from now, you
think you're going to be where you are, but you may not
be.

So we're seeing that even though we have a
lot of applicants, they're not necessarily when it
comes time, okay, it's in October, oh, my, this is
serious -- oh, yeah, this is real serious. You're
going to be in -- you're going to be in a classroom for
three days. And so that's the only kind of caveat I
would want to, you know, sort of put on, is that it's
hard to really know when you're that new, six months
seems far. It's really, you know, five minutes from
now in entrepreneur land. So --

MR. ZACCHEA: So just in the interest of
time, it's -- time on deck, I have 10:55.

MS. ASHE: Oh, my.

MR. ZACCHEA: What I'd like to do is just
take a five-minute break, a five-minute head break, and
then start again at 1100 if we could. And then we'll
-- thank you.

(Whereupon, a brief recess was taken.)

MR. ZACCHEA: Ms. Torres, are you still on
the line? Ms. Torres from the VA?

MS. TORRES: Yeah, I'm here.

MR. ZACCHEA: Okay. So the time on deck is
11:04. Mike Zacchea, chairman. Ms. Torres, would you please give us your five-minute or your brief --

MS. TORRES: Oh, okay, sure. Basically what we had talked about yesterday is that in March the Administration had issued its Government Reform and Reorganization Plan. And there is an initiative included in that in creating a -- centralizing all the certification programs into SBA.

So we -- what we were saying is that VA and SBA has been working very carefully together on this. We created a working group in January of this year and we've been meeting monthly, discussing what it's going to take, what does the infrastructure look like.

One of the things that we know must happen is that legislation is needed in order to create a federal-wide certification program. We have been working very closely. One of the things that we have done is we've developed this joint rule for ownership and control that now resides in the SBA regulation at 13 CFR Part 125. And we're also getting ready to issue a final rule of the VA regulation of 38 CFR Part 74 that handles all the ancillary issues with the process for verification.

We've been having great communication with SBA and there are some wonderful things I think that
will really benefit SDVOSBs from the new rules. And things that there are now, things like for extraordinary circumstances to give some protections to minority owners in the case of things like a business shutting down or changing direction or diluting the ownership shares or stock that would help veteran business owners with the -- maybe attracting equity partners.

We also are now no longer going to be looking or considering community property laws. So the people that live in those states now, that's not a consideration. You no longer have to get an agreement on that. And there are a number of things that -- all appeals now will go to SBA's OHA for appeals of verification determinations or status protests at VA, or cancellations of the verified status in the VIP database.

And all of this is effective October 1st. But we are continuing to work with SBA on a monthly basis looking at all the things that would have to be done in order to create a government-wide certification program for SDVOSBs. And we think that a lot of synergy can be created because then all the documentation for all these programs, the documentation we figure about 80 percent overlaps between all the
different programs, the 8(a), the HUBZone, the women-owned, the SDVOSB. So a veteran only has to upload the paperwork to one place, one time, and can get multiple certifications. We think that would be a big win for veterans. But, of course, we're still just looking at how this can be done. And SBA is working very hard on making this happen with their certify at SBA.gov platform on this.

MR. ZACCHEA: How about --

MS. TORRES: And that's just kind of an update. So I'm just here to answer questions.

MR. PHIPPS: Hi, Beth. This is Michael Phipps. And we spoke yesterday. Thank you very much for being on the phone. We always like to have the VA here represented because it's a topic of discussion at every meeting.

Can you give us an idea of when -- so currently for people who don't know the VA's verification system is down, and we've been getting a lot of feedback from veteran-owned companies, can you give us just a little update on when that system -- you anticipate that system being back up, and if you don't know it, just provide some information back to us at the committee. Because there's quite a number of veteran-owned businesses that can't submit their
certification or who can't get recertified. And I think that's having quite an impact on them.

MS. TORRES: You're right. We did have some glitches. We started -- we implemented a brand new system called VEMS. It's a case management system. It's really quite comprehensive. And we had some glitches and the system was down from the end of May to basically the end of July. It is up and running right now.

But what we have done is we've extended all the firms that had applied and were in danger of expiring, we've extended their verification for 60 days; and any firms that had applied and had expired, we actually reinstated them so that -- we're trying very, very hard not to disadvantage any veterans that -- because of the problem with our system.

MR. PHIPPS: So the system is --

MS. TORRES: But that is up and running right now.

MR. PHIPPS: So the system is up and running right now?

MS. TORRES: Yes.

MR. PHIPPS: Okay, thank you.

MR. O'FARRELL: This is Jim O'Farrell. So with the system being back up and running, if I'm a
brand new -- I'm an E7, I came back from Afghanistan, I started a business, I went -- I'm brand new and I'm submitting my VA verification package. How many days, weeks, months, will it take me to become verified today, starting today?

MS. TORRES: I can't give you exact number of days, but I can -- we are now --

MR. O'FARRELL: Can you give me the number of months?

MS. TORRES: Two.

MR. O'FARRELL: Two months. So 60 days.

MS. TORRES: Yeah. We are now measuring days in what we call application time. And that's from the time that you start your process and submit -- and first talk to a case analyst, all the way until it -- until you get a determination. And we -- our guide for that is 60 days.

Now, we stop the clock if we -- if at any time we've got a hold of your package and we're either waiting to assign it to a case analyst or working, those days keep going. And it's -- but if we send out -- we want to try to give you every opportunity to submit your paperwork. So if we send out a request and say, well, we received your one-year of your taxes and we need three years of your taxes and you say, well,
okay, it's going to take me about two or three weeks to get those, we're fine. We'll stop the clock, though, so that we don't end up just removing the application for --because we're not getting anything from you on that. And if you say, okay, I thought I could have it by the 10th of the month but my accountant now tells me it's going to be the 18th, we'll extend that -- we'll give extensions to all the requests as well.

MR. O'FARRELL: Jim O'Farrell again. So currently what are the top three reasons that a veteran business owner is rejected from the verification -- to the verification process, question number one. And, number two, what percentage of veteran business owners are currently being rejected?

MS. TORRES: Well, right now for all of the businesses that get a determination, we're at a 98 percent approval rating. I think that -- I don't have the list of the top reasons. Typically it has to do with quorum restrictions or undue influence are our top things. It's always -- it's almost always in the control aspects.

Now, we also give the opportunity for veterans to -- if we present for, you know, a pre-decision finding saying, okay, here are the issues that we have found that would make you ineligible, if we
were to issue a determination today, if you'd like you
can correct your paperwork so that -- because a lot of
times it might be just an oversight or maybe something
doesn't gibe with something else. So it gives the
veterans an opportunity to correct paperwork so that we
can get to a positive decision.

If there's a point where corrections just
can't be made very easily, then the veteran can just
opt to withdraw the application and not take a negative
determination on that.

MR. O'FARRELL: Jim O'Farrell again. So --
MS. TORRES: But if we --
MR. O'FARRELL: Okay, go ahead.
MS. TORRES: But, for example, let's say we
send out a document request and we don't hear anything,
it's like the person fell off the face of the earth.
And this happens sometimes. I don't know whether
they've decided that it's just not worth their time
because they don't have any government contracts or,
you know, time -- as we've always said, business owners
only have so much time.

So if we -- if we don't hear anything even
after we tried calling and, you know, trying to reach
back to get answers on document requests, after 30 days
of no contact we will just remove the application from
the process. Because we can't just have all these
static applications sitting there.

MR. O'FARRELL: So Jim O'Farrell again. So
shifting from the initial verification process, my
understanding is the time frame is to be -- that the
companies are reinspected every two years. Correct?

MS. TORRES: That's three years.

MR. O'FARRELL: Three years, okay. So now
it's three years. And are you still doing the surprise
inspections?

MS. TORRES: Yes.

MR. O'FARRELL: And how many would you
anticipate completing in Fiscal Year 2018, and of those
that you completed how many are losing their
verification status?

MS. TORRES: We are doing approximately 400 a
year. If you have a large VA contract, you can almost
be guaranteed somebody is going to come knocking on
your door. Those -- the percentage of those that lose
their status is actually quite low. The -- and -- oh, probably 1 percent or less.

MR. O'FARRELL: I don't have any other
questions. Thank you.

MS. TORRES: You're welcome.

MR. LOWDER: Lynn Lowder here. In terms of
the application process that you're perfecting or working on, what's your internal goal, if I can ask, you would like to see by way of days it would take for a person from day one to apply to get through? Do you have a goal in mind you'd like to get to?

MS. TORRES: We don't have a goal in mind on that. Our goal is zero defects. And, you know, quality is our most important aspect on here, giving veterans the right answers. But we certainly are trying to keep application days below 60 days. We'd like to see it closer to 45.

MR. LOWDER: Lynn Lowder again. Just in terms of this process and what you're doing, do you have any shortfalls in terms of your staffing level at your unit?

MS. TORRES: We had had about a year ago an issue with one of our contractors that were -- that had provided a case analyst. And so we recompeted and we have just recently selected a second contractor to -- to be processing applications and making recommendations.

So we anticipate that things should speed up once they're completely up to speed. I think the kickoff meeting with them was maybe just last week. So they have 60 days to get completely up to speed to be
processing. So we think that everything should be
going very smoothly in the near future.

Of course, we had a little bit of a backup in
the applications due to the problem with our system.
So, you know, everything always happens at the same
time. So while we're getting -- the system is now up
and running. Now we have to get the new contractor up
and running so we'll be able to process even more
applications.

MR. LOWDER: And when will that person be up
and running, do you think? You might have told me
again, but could you just repeat that?

MS. TORRES: Within 60 days they'll be up and
running, fully -- fully functional.

MR. LOWDER: All right. And that's going to
have to happen for you to hit maybe that 60-day mark
you're talking about, or goal, so to speak?

MS. TORRES: We're already at that 60-day
mark.

MR. LOWDER: You're at that now. So maybe
you could get that lower then, or am I assuming too
much?

MS. TORRES: That is always -- that is always
a hope. That is always something that we work towards.
We're not saying that we're picking, okay, you must do
it in 30 days or 45 days or whatever. We definitely
want to keep it under the 60 days and where we are.
And, you know, anything that goes past the 60
application days, there are really outliers, you know,
when you're talking one or two out of 2,000 that are in
process.

MR. LOWDER: All right. Lynn Lowder. Thank
you.

MR. CRANE: Eli Crane. I've got a quick
question. Go ahead, Scott.

MR. DAVIDSON: I'm sorry, Mike. Can you hear
me? I wanted to call in and respond to that.

MR. ZACCHEA: Yes, you're on the record.

MR. DAVIDSON: Okay.

MR. ZACCHEA: Please identify yourself.

MR. DAVIDSON: The reason I was told --

MR. ZACCHEA: Please identify yourself and
your organization.

MR. DAVIDSON: Scott Davidson, and I am the
president and CEO of GCO. And we are a consulting firm
that specifically, among other things we do, assist
veterans and anybody in the CVE process, you know,
among a multitude of other items for very small to very
large businesses.

But the reason I was calling in is because in
subsequent conversation about this particular item with Michael, we're having very particular difficulties with the updated system. And I wouldn't call an outlier when we have multiple applications that have the same process.

And I'll give you an example, and we actually have this documented in writing from your -- I guess I would call them escalated IT help desk from the VA, is what they called it to us. But we were actually told that our questions can't even be answered for up to eight weeks. I couldn't talk to a supervisor. And they said that's because of the backlog of help desk tickets they have.

And we have simple type things like where if we're trying to port over legacy data from legacy applications where it doesn't come over and there's 17 records that have been produced for some reason, we can't get that fixed. Or something as simple as in new applications where when we go into the system, for some reason it's populated with 175 percent ownership when we haven't touched anything. And that one in particular we're now 60 days over on getting any action or response. And we've called and e-mailed actually almost every single day. Those are extreme examples.

And what we're told -- actually the first
time they deleted my application after 30 days and they
said you have to reapply, we're sorry, after they told
us to sit tight and wait because they're trying to
figure out how to fix it. But these are just very
small examples of, I'd say, I think we have 22 right
now that have something similar where we're coming into
that 30 and 60-day window, but we're being told it's
going to be two months before they're even addressed.

MR. FENDER: This is Alex Fender, advisory
committee member. I would agree and second that. Last
week I was presenting at a veterans group and I heard
the same thing from other veterans. I'm the CEO of
Funnel Science. We've had the same problem ourselves.
It's become such a burden to certify that we've just
given up on the process because the website and the
technology just sucks. And the oversight and the
management is not done well. And the statistics are
very misleading that you quoted.

If y'all are filtering and purging veteran
records, your statistics are in your favor. But
they're not accurately portraying what's happening.
It's not under 1 percent. I hear this complaint --
this is probably the second largest complaint I hear
from veteran business owners, is how difficult and
burdensome this process is. And it doesn't work and
MR. ZACCHEA: Thank you, Alex and Scott.

MR. CRANE: Eli --

MR. ZACCHEA: Eli, I want to give you a chance, too.

MR. CRANE: Thank you. Eli Crane, CEO of Bottle Breacher. I'm just -- maybe this is more of a comment. But I know that we tried to get veteran-owned status probably about two years back, and we were not able to do it because my wife and I own 80 percent of the company, and then we have two investors. And we were asked to get their financials so that we could get veteran-owned status. And because of the size of our investors, we knew that that would be impossible and they would not comply with that.

Is this something that might be changed in the future to where a veteran like myself who owns 80 percent of my company might be able to get veteran-owned status in the future without presenting the financials of my investors?

MS. TORRES: No. We need the financials of all -- all owners of the company.

MR. O'FARRELL: This is Jim O'Farrell. I'd like to go back to --

MS. TORRES: And that is a VA regulation.
MR. O'FARRELL: I'd like to go back to a previous --

MR. DAVIDSON: Our original -- our first -- our initial complaints are what's being -- sir, did I -- as the other gentleman had said, we're more concerned about we have --

(Phone distortion.)

MR. DAVIDSON: -- a list of businesses that --

MR. ZACCHEA: You're kind of -- you're kind of breaking up. Hey, first of all, Eli, this is Jim O'Farrell. Can -- we want to make sure that as members of this committee we're doing everything we can to serve our veteran business owners. So, first of all, Eli, my comment to you would be, if everything that the gentleman on the phone is saying is true, which I believe it is, then even if you got into the process, you're going to run into a brick wall anyway called broken technology.

So, Mr. Chairman and Mr. Stubblefield, could we request that we have the VA show up at our -- and be physically present here at the next meeting? And in the meantime, can the committee come up with a list of questions and have the data that was just -- the statistics that were just provided to us over the
I am questioning the veracity of what was provided by this VA representative right now because I started asking these questions and it's 60 days, 60 days. But that's not what I'm hearing from the phone right now.

MR. PHIPPS: Michael Phipps. What I would like to do, Beth, can you get an immediate update over to Larry so we can get an accurate status report, not wait until the next meeting. We can get this information this week on just what is the current status, the issues. We will bring and I will contact Scott Davidson from GCO. We'll get a list of those companies and those issues so you can address them one by one for the committee. But this is something that we just can't wait another quarter for because we have businesses that are losing business -- losing actual business right now.

MR. O'FARRELL: Jim O'Farrell again. I mean, I am immediately reminded of what went on earlier this year when GSA decided that every veteran business and every small business needed to provide a notarized letter providing -- and then they were inundated with notarized letters in hard copy via snail mail. So we were able to in some way --
MR. PHIPPS: We were.

MR. O'FARRELL: -- interact with the GSA and help get that fixed.

MR. PHIPPS: And they pulled that.

MR. O'FARRELL: And they pulled back that requirement. So we'd like to be able to work with folks who are interested in becoming veteran business owners and supporting the VA, which as most people know is doing the highest percentage of small business spend to veteran businesses. So they're trying to -- the VA is trying to do the right thing, but for years some of us have felt like this verification process is a bit of an impediment.

MR. ZACCHEA: So what I hear is two things. One, an immediate response from Beth to Mr. Stubblefield, and, you know, copy to the rest of the committee about the actual -- what is the current situation right now as of this week, and then a second part which is a quarterly update physically -- with the VA physically present here to tell us what is going on.

MS. TORRES: Could you tell us who was just speaking?

MR. ZACCHEA: I'm sorry, that was Mike Zacchea. I'm the chairman.

All right. So I'm going to wrap this up now.
as we have a plan of action. I'm going to -- we're going to do a real quick change here. I'm going to ask Mr. Carpenter from Guaranty Fees and Veteran Lending to give us an update on the recent change in lending. And then we're going to go to Mr. Ashton.

MR. CARPENTER: All right. Good morning. Robert Carpenter, Office of Financial Assistance at SBA. Every year we get direction from our chief financial officer. We -- I've provided a couple of handouts here. One is just a brief --

MR. ZACCHEA: Can you hold up the one you're actually showing?

MR. CARPENTER: Yes. One is a brief power point. Sorry I could get it to here to load up for you. The others are --

Mr. ZACCHEA: PowerPoint and the notice.

MR. CARPENTER: Yeah, and the notices, SBA information notices, 5000180010, and 5000180011. And these are the information notices announcing the proposed fees for FY '19 for all 7A and 504 loan programs.

The fees are set to keep SBA at subsidy neutral. We must remain at subsidy neutral for certain program fee relief to remain effective. The fee relief for veterans under the SBA Express program is in
statute. That's mandatory and is only in effect if SBA
remains at subsidy neutral in the loan programs. So
our goal is to remain subsidy neutral. We task the
CFO's office with calculating what we can charge and
where our goals and directions are and what initiatives
the administration has for us for this upcoming fiscal
year.

The initiatives for FY '18 and FY '19 are to
increase lending in rural markets. So we had to
transition from fee relief for all loans of a certain
dollar amount, $125,000, now going forward in FY '19,
it will be for fee relief for all loans, 7A loans under
$150,000, which are made in rural markets or in HUBZone
areas.

So if you look at any geocoding maps,
HUBZones and rural markets tend to be a pretty
significant area population of the United States. So
we're talking a vast majority of the areas. If any of
those businesses have a physical address in a
designated rural or mostly rural community or in a
HUBZone, they will be subject to the fee relief.

It's important to know that fee relief is not
mandatory. Fee relief is something that was initiated
in 2009 during the recovery, the recession, to kind of
spur lending on. Our economy is in a much better plan
than we were 10 years ago, and we are looking to kind
of wean ourselves off of fee relief. But we understand
in order to reach certain initiatives in certain
markets, we may have to use fee relief to kind of spur
lending in those communities.

We've seen a dropoff in rural lending. So
that was why one of the transitions was from all loans
under 125 to rural loans and HUBZone loans under 150.
As I said, the fee relief for veterans under the SBA
Express program remains intact as long as we remain at
subsidy neutral.

So the fees going forward for FY '19, as I
said, for loans in the rural markets are zero, for the
upfront -- for the ongoing servicing fee. And for the
upfront guarantee fee, we've reduced that fee in half.
So instead of 2 percent -- more than half. Instead of
2 percent, which is normally what we would charge the
lender and they could recoup that from the borrower, it
is two-thirds of a percent, .66, .67, and -- or .66 and
two-thirds basis points. That fee is charged to the
lender, and then the lender can recoup that fee from
the borrower at the time of disbursement. And the
ongoing servicing fee to the lender has been reduced to
zero.

The fees for loans over $150,000 and for
those loans under $150,000 which are not in a rural or
HUBZOne market, for under $150,000 will be 2 percent.
For over $150,000 up to $700,000, it is 3 percent of
the guaranteed portion. Over $700,000 is 3.5 percent
of the first million dollars of guaranteed money, and
3.75 of any portion over a million is added to that if
we have to guarantee a loan over a million dollar
guarantee.

So if you had a -- let's say $2 million
guarantee, the first million of guaranteed loan funds
are at 3.5 and the second million would be at 3.75.
And that is charged, again, to the lender. The lender
can recoup that from the borrower after disbursement.
So it's usually built into the loan as an allowable use
of proceeds and not an out-of-pocket expense to the
borrower.

The upfront guarantee fee for loans of 12
months are less, these are your short-term loans of
credit for the most part, has not changed. It will
remain at one quarter of 1 percent. And for the 504
program, the upfront guarantee fee for non-debt
refinance 504 loans, 504 loan program is a fixed-asset
financing program. This is primarily for acquisition
or construction of real estate or heavy machinery and
equipment, long-term heavy machinery and equipment for
the use of the business. And the upfront guarantee fee on that program is 50 basis points or half a percent. And the annual servicing fee charged to the CDC is .368 or 36.8 basis points.

For debt refinance, it's still -- the upfront guarantee fee is still a half a point, and the annual service fee is slightly higher at .395 percent or 39.5 basis points. And that is slightly increased because of the cost associated with doing the debt refinance under the 504 program.

So I've given you the information notices that announce these fees. I'd be happy to take any questions from you.

MR. PHIPPS: Hello, this is Michael Phipps. Can you explain zero subsidies -- zero subsidy and the danger of maybe that expiring and that cycle for everybody who are the non-financial types here?

MR. CARPENTER: Okay. For those who do not know, the 7A loan program and the 504 loan programs do not receive any subsidy from Congress in the budget. That is all a self-financed program from the fees we charge the lenders. And so we have to remain at subsidy neutral.

We don't want to make a profit at this. We're not a profit-making industry. So when we take in
more money than we target, we either have to give fee
relief or we have to reduce the fees we charge in some
manner. So since the recovery act, we did have to go
subsidy positive for a couple of years under the -- in
2009 through 2012. Since 2012, we've been subsidy
neutral. We have not had to request additional funds
to finance the programs. The programs have been paid
for through the fees generated from the lenders. As
long as we remain subsidy neutral, the fee relief and
the statutory provisions for SBA Express for loans to
veterans remains intact.

Once we have to go to Congress and request
appropriations for our loan program in that following
fiscal year, we do not have to do that for FY '19. We
do not anticipate having to do that for FY '20, but
we'll see what happens in the subsidy modeling team in
their calculations next year. We tried to get the
announcement of the fees out as fast as we could. The
subsidy modeling team does not give us the numbers
until late August for the following year. And we take
those numbers and publish them as soon as we can.
Traditionally it's usually been the last week of
September and it's kind of been a surprise for most
lenders saying, oh, the fees have changed, now we have
to do this.
So it's a last-minute effort if they had a loan that was ready to go in with a fee relief that was going to be taken away. So we try to give them as much lead time as we can give them to kind of absorb what the differences will be. So if they have any loans in their queue to submit to SBA, now they would have at least -- in this case we announce these in mid-August, so they have six weeks to get those into us.

So there's not as much of an impact. And we've seen a slight uptick in lending this last couple of weeks for 7A and for 504 as well, and we think that is because of the announcement of the changes to the fees and the fee structure caused by the subsidy calculations.

MR. PHIPPS: And so the cost -- what goes into the cost to run that program that in the future might impact the subsidy neutral position?

MR. CARPENTER: Well, the primary cost to running the program, we don't calculate our salaries in that. So the salaries are -- were historically off of that. Unfortunately, there's been a change in the statute provisions and the request from the White House to begin calculating the cost of oversight -- in the salaries and oversight. And that was in the White House proposed budget.
And the White House proposed budget also requested an increase to the ongoing servicing fee maximum. We're currently at the maximum of 55 basis points. I believe the White House budget was around 65 basis points, maybe a little higher, 68.5. That was declined by Congress for this fiscal year. So we remain at 55 basis points for this year.

We did not take the calculation of the oversight manhours into this modeling. So really the calculation of the subsidy goes from what is our loss rate on guaranteeing these loans. We understand a loan guarantee issuance by SBA is usually a loan that a lender would not make. They tell us and certify to us they would not make this loan because of certain factors, credit elsewhere factors, collateral factors, industry factors, newness of the business factors. Many of those reasons increase the risk for the lender. Because of those increased risks, they come to us for a guarantee. We understand we're not getting the best of the best loans. We're getting the riskier -- tend to be riskier loans. And because of that, we model based on our historic loss rates and project based on economic factors what the future loss rates will be on those numbers.

And that's the subsidy modeling team. They
run those numbers, run them over and over and over again, and based on different economic factors what if this happens, what if that happens. And they basically tell us this is what we anticipate for losses, this is what we anticipate for chargeoffs, and based on that factor we need to have fee income of X number of dollars. And to generate that fee income, this is how we parse the fees based on the statutory maximums.

MR. PHIPPS: Thank you.

MR. STUBBLEFIELD: I'm just going to ask you, this is Larry Stubblefield again. But I think for the purpose of the committee -- and I'm just asking if this is a true statement. With the Veteran Entrepreneurial Act of 2015, it waives the guarantee fee for all express loans for $350K.

MR. CARPENTER: $350,000.

MR. STUBBLEFIELD: As long as we remain subsidy neutral. And so I know you're probably hearing it, you know, from the field in terms of the rate changes and so forth. But I'm asking if the 350 -- that express loan I think is the most popular loan for veterans. And I'm just asking if everyone here is in agreement. So the position here is that as long as the express loans, you know, they're statutory and they remain neutral -- subsidy neutral, you know, that we
may be in pretty good shape.

MR. CARPENTER: Yeah. Robert Carpenter again. Yeah, I would agree with that. The Veterans Entrepreneurship Act of 2015 did incorporate the permanent fee relief for SBA express loans made to qualifying veterans and their spouses. So as long as that business is 51 percent owner and controlled by a veteran, spouse, or other eligible individual, or individuals, we can waive the upfront guarantee fee for that particular loan, as long as we remain at subsidy neutral for our requests for that fiscal year. So if we are subsidy neutral for this fiscal year, we are subsidy neutral for FY ’19 as proposed. So FY ’19 it will continue to have the fee relief for veteran loans under SBA express.

It's also important to understand that the collection of information from the borrowers, especially the demographic information, is purely voluntary. So if they tell us they're veteran or don't tell us they're veteran when they are, it may have some impact on our numbers and reporting in loans to veterans and loans to non-veterans. And when there's no incentive for the veterans to get a fee relief, many times they just leave that area blank.

So we see many applications and we can't
force anybody to fill out a certain section because it's purely voluntary. It's -- and we state on the application it's voluntary. So if they give it to us, we can document it. The only time we make it mandatory is if they're seeking the fee relief, and then they have to document with a DD-214 or other such documentation to support that they are, in fact, a veteran or qualifying veteran or spouse.

So that's one of the factors. You know, a lot of the -- as I said, a lot of the demographic data, the race, gender, ethnicity, veteran status, that type of information is purely voluntary for the most part.

MR. ZACCHEA: Okay, thank you.

MR. CARPENTER: All right. I've left some business cards up here if you have questions for later. So -- and I'll leave you to that.

MR. ZACCHEA: Thank you, Larry. Bill, are you here still? So the time on deck I have is 11:46. What I'd like to try to do is go to -- get the morning wrapped up by 12:30, take a half-hour break for lunch real quick, and then we'll get back on schedule at 1300.

MR. ASHTON: Good morning, everyone. My name is Bill Ashton and I'm from the Department of Agriculture. And I don't know if you've had
representatives come over here before from USDA.

MR. ZACCHEA: We have.

MR. ASTHON: Okay. So some of the stuff may be repeated, and I apologize for that. First I would just like to thank you all for inviting me over here to give an oral brief of what we do at USDA for our veterans. And, also, for everyone in the room and on the advisory committee, I'd like to thank you if you're a veteran for your service. I, too, am a veteran of 21 years with the United States Navy, 10 years enlisted and 13 as an officer.

So what I'd like to do, if we can do it, is go to the next slide. And the next slide is a video. It takes about a minute and 30 seconds of our Secretary. You may have to go back again. It has to load.

Okay. Well, thinking about time, we'll move on here. On the last slide here, there is a website to where we're located on the internet. And if you scroll down on the front page of it, you'll see this picture here at the bottom. And it's the Secretary talking about his support of veterans and how important veterans for USDA.

I've been in the job here for all but seven months. So I can still use the excuse, gosh, I don't
know, let me get back to you. So if there's any
questions afterwards, I may be taking notes.

This picture here just gives you an idea
overall of some of the things we do. On the top left-hand corner up there is a Navy veteran who started her
own juicing company. And she's an entrepreneur. And
then to the right there are what we call smoke jumpers.
When I first got there and somebody mentioned smoke
jumpers, I just thought it was somebody who was smoking
a cigarette and jumping out of a plane, but got
educated real quick on that. And these are guys who
just go behind enemy lines and fight fires from the
other way.

In the bottom left-hand corner is a retired
E-9 from the United States Air Force, and he works in
our commodities section. And he actually is a master
instructor and he actually wrote the curriculum for us
to have an apprenticeship in commodities.

And the next one over is a United States
Marine, and he got out of the Marine Corp, went back
home to his family's farm, and just started to produce
condiments from his family's farm. And the last person
on there is an Air Force veteran who was just
interested in agriculture and volunteers her time
visiting veteran farms.
You can go to the next slide. So the question is, why veterans in agriculture? Well, you know, you can see here, 22 million veterans are in the United States. Nineteen percent of them come from rural America. And approximately 4 million are living in rural America. And, you know, veterans want meaningful work.

Purdue University has done a study. There's going to be a need for 70 percent increase in our food production that is needed by 2050 to lead a growing global population. And we at USDA honor our veterans and we know they have the -- shall we say, the right stuff, to come and help us do that. And that's feed America, keep our food supply safe and secure. And you will hear our Secretary in there talk about the fact that, you know, agriculture is a national security issue. God forbid if anything ever happened to any of our farms or how we transport our foods and things like that. So it's pretty high up there.

Preserve and strengthen our rural communities. If you have not had the opportunity, the President signed an order for our Secretary and a number of other agencies to do a study on prosperity -- rural prosperity in agriculture. And this is -- it's on the internet if you want to find it. But what
you'll find in here in relation to veterans is that veterans can make a major difference in going back to rural America. You know, those of you who are veterans, you know that in areas where we have bases or installations and things like that, veterans are very much involved in the community, the church, the PTA. And so that's what we need to bring back to rural America.

Many other things that you probably hear numerous times throughout on different briefs about, you know, I remember when I went through the Transition Assistance Program and they told me about some of the characteristics that I would bring to the work force. And I was just -- these are things that are embedded in us when we go through the military service. Your decision-making and leadership, adaptability, tenacity, and attention to detail and discipline and teamwork, we just think those things are natural.

But I'll tell you at least from my perspective when I got out, I found that not everybody has this. So these are great characteristics that we need.

So if you'd go to the next slide. So what we do is we have three pillars that we talk about when we're talking about veterans. We talk about
employment, education, and entrepreneurship. And if you'll go to the next slide and we'll talk about employment.

Next slide. So the goal at USDA is to have 25 percent of our veterans -- our employees be veterans. We have 100,000 employees throughout the United States, and we are in 2,100 counties throughout. And one of the things that we do with my team, all three of us, is we get -- we go to things like Hire our Heroes and any other job fairs we get invited to, and then we collect resumes and we actually review the resumes and give feedback to them. And then we also talk to veterans about how they can be hired, the direct hiring with Schedule A and things like that.

And when we talk to people about what's available in the USDA, some people are really shocked about some of the jobs that are available. Most people, including myself prior to coming to USDA, when you say Department of Agriculture, the only thing I thought about was, like, green acres, you know, it's all farming. Well, I'm probably going to get fired one of these days, but the truth of the matter is it's not all about farming.

At USDA, they see things like criminal justice. And somebody says, well, what, you guys, got
problems over there? Criminal justice is, you know, we do crop insurance. And so like any other insurance company, you know, if you get into a car accident or something like that, somebody is going to come out and verify what happened. And so we hire people like military police, master at arms from the Navy, people who can write reports correctly. And so we look for them.

Contract and procurement, information technology, those are typical things from a major business that would need them.

Food inspection and public health. And that's quite an interesting one. I think I told you I was from the Navy. In the Navy, we eat what they tell us to eat. We probably don't even care if it was ever inspected. But, you know, the Air Force and the Army happen to have a military occupation specialty on food inspections. So we actually do direct hire of the people who have that MOS in -- where we need food inspectors.

I mentioned the smoke jumpers. I mentioned, also, that USDA is a bank. That was a shocker to me. Never knew that. And so -- and we actually do loans in USDA. And so anybody who has any kind of finance background from the military experience, we need those
type of people, also, in economics.

Next slide, please. So we have two approved apprenticeships currently going right now. And you know the President has been pushing very much for this and we're trying to expand our apprenticeships. But we have agriculture commodity graders, and that's a 12-month program. They're normally hired into a GS-5 or 7. And then we make a decision after a year if this is what that person wants to do and they're, you know, filling in exactly what we need, obviously they stay.

And then we have wetland firefighters, a 3,000 hour on-the-job learning program out in the Pacific Northwest for Forest Service. I mention dairy graziers there. That is not a USDA-approved apprenticeship. It's an outside apprenticeship. But we also talk about, you know, the outside apprenticeships that are out there for people.

I don't know how many people are familiar with DOD's SkillBridge program. The DOD SkillBridge Program is a great Program. What it does is it allows the commander of our service members to make an agreement with an outside business that has a training program that will enhance the service members' chances of getting a job. It is not a guaranteed job afterwards. And what actually happens is you're
allowed to go to this company, get the training while you're still on active duty. So it's up to 180 days. Most of the ones that we've seen are not 180 days. I mean, most commanders don't necessarily allow their people to leave for 180 days, and then they have, you know, 60 days of terminal leave, and then they throw in TAP and permissive TDY for house hunting. So -- but most of them are four to six weeks.

Next slide, please. So when we give the brief, these are all of the links that we'll give you for the information on what I went over.

The next slide. So education. The next slide there. So Purdue University did research for us and came out to say that between the years 2015 and 2020, they're expecting that 57,000 jobs -- 57,900 jobs are going to be needed in the agriculture world each year with a higher education, obviously, you know, at least a bachelor's degree. And there is a list there of what we are looking for for people to have degrees in agriculture-related areas.

I bring up two of them in particular when I talk to people about this, is precision ag. I told you I was there for seven months. If you haven't figured out from my accent, I am from the south, a place south of Boston, and it's called New York. But I'm not a
And so I had a president of a college call me one day and said, hey, I understand your Secretary wants to take care of veterans; we want to do something and we want to get into this precision ag. And I was like, yeah, okay, sounds like a good idea to me. But let me get back to you. I told you early on I could use that excuse up to a year.

And I went and seen one of the coworkers who actually is a farmer. And I said, this guy called me about this precision ag thing. I don't even know what the heck he's -- what is it? He said, well, you know, you ever see those rows -- those photos of farms where the rows are just perfect, you know? I said, yeah, they're probably using Photoshop or something like that. He says, no, no, no, no. They're using GPS. He said, and half the time nobody is even driving that tractor. It's being run by GPS. And I said, wow, that's pretty interesting.

So it's -- I take it as, you know, cyber-security type things that you have to look into. Another example he gave me was down in South Carolina, years ago, chickens have to be fed at a certain temperature, not at a certain time. So somebody, a rocket scientist, decided that if you control the temperature in the chicken house, you can feed them at
a certain time. Go figure.

Well, somebody hacked into that chicken house and adjusted the temperature. And so when they went out to feed them, there was thousands of chickens that were dead. So when I found that out, now I understand what precision ag is all about. So it is something that is necessary, and, again, going to the national security that I talk about.

Veterinarian medicine. I talk about that because our Secretary, Secretary Perdue, is the former governor of the State of Georgia. He is an Air Force veteran and he is also a veterinarian. And when you see the video on our website, you'll see if you've never met the guy he's the real deal. And he'll tell you that, you know, he's a farmer, also.

And then we have -- there's many institutes that just have certificate programs, and then there's student farms that we can have people go through. One of them is right here in Alexandria, if you're familiar with the area here, Arcadia. I was talking to an Army lieutenant colonel who told me he went through their program. It's about a year long. And I said, geez, the Army let you out for a year to go to a farm? This particular farm actually allows you to do it all on the weekends. So he was able to do that.
Okay, next slide. So we have -- I said, farm training and apprenticeships, the two that we have there to get them. And then we have Armed to Farm Program is for military veterans and provides training, conferences, presentations, two-day seminars. And if you're not familiar with it, we have the Farmer-Veteran Coalition that provides assistance to our veterans. And what it really does there, to be honest with you, is two things. One is they can brand their product by Home Grown by Heroes, and the second part of that is, you know, being in the military we have, you know, sort of our own lingo and the camaraderie of another veteran. So this enables them to do that. And then we have extensions out there that work with our universities that provide nonformal training and learning for our farmers.

So, next slide. And here's the resources for this. Before I go to the next slide, I would like to say two things that I tell veterans when I'm giving briefs. One is USDA does not want you to fail. There are enough training and nonprofit groups that are funded through grants through USDA to ensure that you don't fail.

And the other thing I tell them is this: If mom and dad are not giving you the land to farm on,
you're going into debt. And in some cases, you're going into debt really big. I don't paint a picture for people that I wouldn't paint for myself. And so when I tell them that, I want them to understand exactly what they're getting into.

So one of the other things before I get into the entrepreneurship part of it is -- and I heard it talked about when the VA was on the phone, not in conjunction with what I'm about to tell you. But voc rehab, if you're familiar with that, and I think it's you're 30 percent or higher, you can go into voc rehab. You get approved by the VA.

I've heard from veterans saying that when they talked to their voc rehab counselor, they're not allowing them to get into agriculture. And some of them come from rural America and want to go back there, and they want to get more training in that area.

So we have spoken to the people at VA and they've been very, very welcoming of us. And so next month we, my team, are going to hold training for all the counselors throughout the United States for the voc rehab counselors because they just don't know about what agriculture does.

And to go one step further, you know, it's a very sad day if you're from the D.C. area, you hear it
on WTOP every single day, it drives me crazy, 20
veterans committing suicide a day. Well, there was a
study done by a Ph.D in the VA who has stated that
agriculture, in fact, helps people with PTSD. I say
helps. It doesn't fix it, but it helps them.

And then the other part of it is just
recently the VA had a $4 million grant internal to the
VA that they put out to the clinics and the hospitals
that have land, and they applied for a portion of that
grant and they could start an agricultural training
program at the VA for both inpatient and outpatient
people. So the VA is seeing also that agriculture can
help with our veterans.

The next slide. So entrepreneurship. We
work with our friends here at SBA. I said, also, that
we also have our own loans. People always ask me,
well, what specifically do you have for veterans? I'm
a veteran, why am I so special? Well, the specialty
is, one, you're eligible for all our loans. Secondly
is our microloans, which are $50,000, are only open to
veterans and socially disadvantaged people.

The other thing I tell our veterans when I do
this, because occasionally there'll be an old-time
farmer there in the audience, and when I talk about
microloans and everything like that and I say it's
$50,000, and that old-time farmer in the back gets up with, well, you know, damn, $50,000 don't even buy a tractor. Well, you want to know something, you don't need a tractor. You know, you can start with five acres, 10 acres, get in a farmer's market and then eventually grow to that. So as -- you know, some of the old folks -- and I guess I consider myself one of them, but not a farmer -- they don't think $50,000 is a lot of money. So, like I say, you don't have to start big.

We have operating loans. When you apply for loans with USDA, like I said, we don't want you to fail. The law says you have to have three years of experience with finances and have some farming experience, also. We've knocked that down to two years for people who have served in the military. Right now we're running a pilot down in Texas A&M Extension, and what that pilot is going to do is then knock it down to 12 months or 18 months for a veteran to be eligible when they finish this pilot program, they'll get a certificate and they can go into farm service agency and be eligible for the $50,000 microloan.

We're keeping our fingers crossed that we'll be successful with that, and then we can roll that out throughout. Now, that program is the one and only
program that's only open to veterans throughout USDA. And, like I said, they're eligible for all other programs, but that is specifically for them, that pilot program.

   So, next slide. So we talk -- you know, obviously a farmer is an entrepreneur. And one of the things when I talk to our veterans out there is we have a number of different programs out there, new and beginning farmers. We also have this new farmer discovery tool sort of like TurboTax. You can go in there, you can say I'm a veteran, you say where you want to settle, what state, and you go on to say that I want to raise potatoes. What it will do is lead you to other links to tell you whether that's really something you can really do in that area. And if you can, it gives you some sites to see.

   The other thing we do, and we got this with SBA, was we also have the Connect with a Mentor, the SCORE Program, the Service Corps of Retired Executives, and that is a free service. You can be mentored by an executive who's been successful.

   The other thing we have done with SBA, which we're very thankful for, is those familiar when you're transitioning out of the military, there's the Transition Assistance Program, sometimes called GPS,
goals, plans and success. It's very difficult to crack that nut to get in there.

One of the first things when I came here, I really thought, well, USDA needs to be in that course and hitting our veterans and telling them all about what I'm telling you all about today.

And when we were down in Texas A&M Extension to kick off that pilot program, the Secretary had a little get-together of six military families. And he was asking them, you know, hey, tell me, how are we doing, things like that. And this Marine who is a retired Marine said, well, you know, sir, you -- you really need to get into that TAP program because, you know, people don't know about USDA. And he said, oh, yeah, yeah, Bill, he's going to work on getting that in there. And he could see I was biting my tongue because taking this brief to somebody when they're within six months of when they're getting out, it's too late. I mean, getting TAP at the end of your career is way too late.

And I do know that they are trying to change that, and God bless them for doing that. But the reason I say SBA has been very helpful is because SBA is in TAP and they have put six slides as part of their learning curriculum that deals with USDA specifically.
with entrepreneurship. So we're very thankful we're working with that.

And, also, our Secretary and the administrator from SBA have signed an agreement to work together to help our veterans specifically out in rural America. There was a nice picture of our him. Our Secretary has a tendency to rent a motor home and, you know, goes around in the motor home to different areas. And the Secretary -- or, rather, the administrator of SBA met up with him and they signed an agreement to see if they could work together in a partnership.

So, next slide? So this is all about, you know, the veterans entrepreneur. I mentioned that farmers are entrepreneurs. And so I'll just give you a quick story. I was in Maine for AgrAbility. If you're not familiar with AgrAbility, AgrAbility is a nonprofit organization that helps farmers who have disabilities. It's not just for veterans.

And so I was there giving the brief. And I said, how many people came from rural America? We probably had 20 people raise their hands. How many people came from a farm? It probably went down to about 10. So I said, are you going back home to run your parents farm? And this one gentleman -- it was a Marine. He said, no, sir. And I said, well, why not?
I said, the average age of farmers today is 64 years old. We need those young people to go back to rural America and continue the farming.

And I was at a conference last week or two weeks ago when the Secretary of Veterans Affairs said the VA today is not my grandfather's VA. Well, you want to know something, farming today is not my grandfather's farming. I'm not going to say that you don't really work hard. But we do have technology that has helped with things.

So the Marine says, no, I'm not going back there. I said, why not? He said, well, I joined the Marine Corps to get away from that stuff. He said, you know, I seen my parents, seven days a week, morning, noon, and night, and then they thought my vacation during summer was me working full-time on the farm. No, that's not for me.

I said, geez, we really need you back there, pal. But what are you going to do? Well, I'll get a job. I said, okay, you're going to go back home and get -- no, not going back home, either. What do you mean, not going back home? Don't you love your family? He goes, oh, no, I love my family. There's no jobs there.

So I said, well -- he was standing up. I
checked him out and I said, you know, Marine, you look like you're in pretty good shape. Yes, sir. I said, well, why don't you go back home and open up a crossfit? And he looked at me with deers in a headlight, like what the heck does crossfit have to do with USDA. And I said, absolutely nothing. What it does have to do with is building rural America. And that's what this is all about, this study. Rural America. USDA is responsible for the development of rural America.

I was down in Richmond and I never knew that, like, police departments need new cars, fire departments need new engines. They need a library. They need a hospital. They come to -- they come to USDA for those loans. It's unbelievable.

So my point is is that -- and it's really my tag line, and the two briefs I've heard here today just reemphasizes my tag line on veterans. Veterans don't know what veterans don't know. And that goes through pretty much everything. I see people don't know a lot about what's happened with the VA. I can tell you right now in the seven months I've been here, in going out and educating people on what USDA is, I'm really not surprised on how many people have no idea what USDA does for our veterans.
The last thing I'll mention to you is the SBA actually introduced me to this group. I'm not sure how many people are familiar with it, but it's VetFran, Veteran's Franchise. 650 franchises strictly with veterans. And they give them breaks on whether it be startups or things like that.

And the last part there is, you know, rural is closer than you think. In the next slide, one of the things that -- when I give you the links, if you want to know if you're in rural America, you can punch in your address in this website that we're at and it will tell you if you're in rural America.

So, next slide. And, again, this is just all the backup to everything I pretty much said. And the next slide just has our website and an e-mail address. If you have any questions or anything like that, we're more than happy to answer them.

And, again, the last one there, if you go to that website, scroll down, you'll see Secretary Perdue talk about his support of veterans.

So I'll open up for any questions, and if you don't have any, I may be able to help you get on time.

MR. ZACCHEA: Mike Zacchea --

MS. TORRES: For the people on the phone, could you repeat those website address?
MR. ASHTON: Yeah, I'd be more than happy to. It's www.usda.gov/veterans.

MS. TORRES: Thank you.

MR. ASHTON: You're welcome.

MR. ZACCHEA: Mike Zacchea, Chairman. Bill, this is great and very, very helpful, and thank you. And I want to open it up to any questions from the committee.

I think we're good. Thank you.

MR. ASHTON: I can see everybody's ready for lunch.

MR. ZACCHEA: All right. So last speaker for this morning's agenda is Peter Gibbs, from the Director of the Office of Surety Guaranties.

MR. STUBBLEFIELD: Okay. We've got one more, one more presentation real quick. Peter, we're going to get started.

MR. FENDER: Did they say what time the resumption was after lunch?

MR. ZACCHEA: We're going to get back on time at 1300 after lunch. So half-hour for lunch.

MR. FENDER: I'm sorry, what time, 1:00?

MR. ZACCHEA: This is Mike Zacchea. Yes, 1:00.

MR. FENDER: One o'clock, thank you.
MR. ZACCHEA: All right, everybody. So next up is Mr. Peter Gibbs. He's Director of the Office of Surety Guaranties.

MR. GIBBS: Hello, everyone. Now, I know that I'm between you guys and lunch, but unfortunately this is the only portion that's tested. So you've got to pay attention.

Again, my name is Peter Gibbs. I'm a retired lieutenant colonel. I've been working for SBA for about 27 years and I run SBA's Office of Surety Guaranties.

So for those who don't know what a bond is, basically it's an agreement between a small business, the owner of a project, and a surety company. Why is this important?

Because if you're a contractor and you're trying to get into the federal space, every contract that's 150 and above is going to require a bond. Bid bond, payment bond or performance bond.

And even though it's not a requirement for private state, federal -- I mean, state and city procurement opportunities, most of them follow -- they require a bid, payment or performance bond.

Why do you need bonding? If you're new to contracting, you're new to -- you're an emerging
contractor, if you're a subcontractor seeking your own
bonding, if you're trying to get higher limits on
contracts, and if you're posting collateral or you're
subject to fund control, and if you're paying more than
4 percent for a surety bond, I think you should pay
attention to what's going on here.

So let me tell you before I get to the next
slide, one of the most -- I get a lot of calls, many
from veterans, and let's say you're a small business
and you're a subcontractor and so you got a portion of
a contract and you don't have the ability to get bonds.
So the general contractor tells you, don't worry about
it, you can use my bonds. Right? Typical scenario, a
company works as a subcontractor for a GC for three or
four years, builds up a company, builds up his staff,
and then for whatever reason, good, bad or indifferent,
five years later that relationship is broken.

Now you as a business, you can drive around
town say, hey, I put up that building, put up that
building, and I've been doing projects for about
500,000, but now you want to go get bonding on your own
because you're confident this is what you've been
doing. So when you go to a surety agent or surety
company, they're going to have this five to six-page
contractor's questionnaire. And the first question on
there they're going to ask you, what is your largest bonded job? What do you think the answer is?

MR. SHELTON: Zero.

MR. GIBBS: It's zero. Because you've been under somebody else's bond. It's just an everyday occurrence or call in my office about businesses who are in a position where they can't give bonding because they chose to be under someone else's bond. This is why bonding is important.

All these things that you're hearing today is very, very important. But if you can't get a bond, if you're lucky to get a contract, then you won't even, you know, get the job. All right? Because you win a contract and then they're going to tell you you have five, maybe 10 days, to produce a bond. And if you can't produce it, they're going to go to the next person on the list. Right? This is reality.

Next slide, please. The SBA advantage. So SBA, just like loans, we have a surety bond office. And how do we -- we operate? We partner with surety companies and surety agents to help small businesses.

Just to give you an example of why our program -- our program exists because to help businesses who are having difficulties in the standard bonding market. So if you go to the standard market
and you're trying to get a bond, they're going to require you to have 10 percent cash, liquid, in the bank for working capital.

If you go through SBA -- if you go through an agent who's authorized by SBA, we -- and for veterans we guarantee 90 percent of a bond. We tell that company that we're okay with 5 percent. So we've helped the business by cutting the working capital requirement to 5 percent.

If you're a business -- and this is typical for small businesses -- many of them may not have cash in the bank, but they have a business line of credit. In the standard bonding market, they will not count if you have a business line of credit, the unused portion of it, towards the working capital. In our program, we allow that to be used to calculate for the working capital. So needless to say we have many businesses in our program who have zero cash in the bank but they may have a business line of credit, and they qualified for bonding in our program. Okay?

Next slide, please. So typically a company asks for 10 percent, and you can probably get up to 20 percent. I've talked about the available line of credit.

Next slide, please. Eligibility. You've got
to be small. Every -- everyone who is assisted by SBA
must be a small business based on the size standards.
We guarantee single jobs up to $10 million if it's a
federal contract. But we -- if it's a non-federal
project, we can go up to $6.5 million per job. And it
has to meet the SBA and the surety underwriting
criteria.

I'm proud to say as a veteran that we have
what's called a bonding line where you sit down with an
agent and the agent says, based on your financials,
this is what you're eligible for to get bonds. It will
say you're eligible for $6.5 and your aggregate is $30
million. But our largest bonding line client that we
have in our program is a veteran-owned business in the
Norfolk area. They currently have a $6.5 single and a
$34 million bonding line in our program.

Next slide, please. So we have -- like I
said, $6.5 and up to $10 million if it's a federal
contract. But we also have what's called a quick app.
And those are for contracts that are $400,000 and
below. We don't require anything from the small
business. We do know that some of our partners, the
surety companies or the agents, they may require --
they may look at your credit score. But we don't
require anything.
Just to give you an example of how successful this is, since 2012 we've done close to 13,000 quick apps, and we have had less than 100 defaults in our program.

Next slide, please. The quick app, like I said, we've done a lot and it's a very, very successful program. And it's approved within ours. And our regular application to SBA is approved in less than two days.

Next slide, please. The cost of a bond is -- you can include that in your cost to the project and it's reimbursable. So to get a bond in our program, the contractor has to pay SBA $7.29 per thousand of a contract. We're lowering our fees starting October 1 from $7.29 to $6.00. And sureties collect anywhere from 1.5 to 3 percent of a premium. That's what they charge to contractors. SBA, we get 26 percent of that. We're reducing that to 20. We hope that reducing the fees is going to spur more use of our program.

Next slide, please. Typical process. If you go to our website, it will tell you who our surety agents -- our surety companies are. Like I said, there are 35 of them as of yesterday. And -- but most likely a small business will meet with an agent. The agent will sit down with the contractor, the veteran, go over
their bonding needs. They will submit an application to us. It's everything. Our process is 100 percent online. They submit it to SBA. Once they submit it to SBA, like I said, we make decisions in less than two days and then we send an e-mail immediately to the agent and the contractor knows that he got the bond. And that's the process.

What I would say is, you know, I know that there are many service organizations represented here. The hardest part to getting a bond is understanding the requirements for the first bond. Because once you filled out all the paperwork that the agent and the surety needs, then it's very simple beyond that.

Next slide, please. I worked very, very hard to make sure that we have some of the best companies in the world who partner with SBA. Yesterday, we brought in Nationwide. What does that mean? It means that Nationwide has a network of 10,000 plus offices around the U.S. and they're going to open that up to surety nationwide.

All these companies, you can look them up, they're very, very large. Travelers, the Hartford, Gray Surety, Philadelphia, IFIC is one of the largest surety companies. And so these companies, you -- as a small business, you probably will not be in contact
with the companies because what they do is they empower agents. And in our program, we have over 350 agents. I'd also say that when you go to our website, if you're listed on our site, you have to be active. We don't allow agents just to be on our site for free advertising and then they don't use our program. If they don't use our program, we remove them from our site. And we look at that every three months.

The next slide, please. Make sure if you're trying to get bonding that they utilize one of our authorized agents. And, like I said, it's on our website.

One of the things that I would like for, you know, the takeaway that I want everyone in here to remember and maybe pass onto whoever they deal with, is you've got to understand the bonding business. Understand that rates are filed by state. There should never be a question about what the rate is.

But, also, when you talk to your membership, they need to understand that, you know, compare whatever they're paying to -- you know, what's a reasonable rate. Right? For example, I have been to places where people have walked up to me, veterans, and they say, hey, I'm paying 15 percent for my bonding. Well, if you don't understand that, you shouldn't be
paying more than 4 percent. You think you're getting a deal. But you're not going to know these things unless you -- you know, you talk to people and you compare.

And the other thing is, you -- an agent, when you sit down with an agent, they might -- you know, they have options. They have SBA, they can put you through an SBA program, or they can put you in the standard market. Right? So they might put you in the standard market, but they'll tie one hand behind your back and tie your legs. And what I mean by that is they'll say we'll give you this bond in a standard market, but we want -- you know, if a contract is a million dollars, we want $500,000 collateral. So now you have to put, you know, $500,000 that's tied up for the duration of a project. Right?

They may even -- even require funds control. And if you're not familiar with funds control, basically there are companies who get maybe 1 percent of whatever the contract amount is just to pay your bills for you. Right? So the surety says we're going to give you this bond, but, you know, for whatever reason we don't want you to get the money directly. So you have to go to a third party and the owner sends the money to a third party. The third party pays the bills and then pays you the difference.
And these things are what we call -- you know, and it's really not advantageous to the small business. So you've got to know how this business works and you've got to know what your rights are and understand that there are options where you should not be in these types of situations.

Next slide, please. Just to tell you about our performance, so far we've done over 10,000 bonds, over $6 billion in contract values. The veteran business assisted, we've -- this year we've helped about over 400 veterans. And understand that this program is for companies who are having difficulties in the standard market. And with that, we -- our default rate is less than 4 percent.

Just to give you a comparison, there's an organization called SFAA, Surety and Fidelity Association of America, and they keep statistics on surety. The default rate in the standard bonding market is about 28 percent. We're at less than 4 percent.

Next slide. Okay. One of the reasons why I'm here is we've seen a decline in veterans receiving bonding. And, you know, we need your help to reach out to the veterans and see how we can help them.

Next slide, please. That concludes my
briefing. I'm open for any questions that anyone has about the surety bonding.

MR. ZACCHEA: So -- Mike Zacchea. Peter, that was great, and I want to thank you for your brevity. Time on deck is 12:34. There may be some questions, but we're getting into lunch time now.

MR. PHIPPS: Hi, this is Michael Phipps. What do you guys do to market this to veterans so they know that the program exists and what would be a recommendation from our committee to help you get the word out about this program.

MR. GIBBS: So I have three area offices and I have a marketing person. And so we go out to invited events and we go out to events where we see that, you know, there might be a veteran preference, you know, audience. Recently we talked to the VBOC here at SBA. So we do webinars. You know, depending on the size, I may even send someone to an event. You know, if anyone -- if any organization here has an event that they want us to attend, you know, just contact me and we can talk about it.

MR. PHIPPS: Is your contact information in the --

MR. GIBBS: It is.

MR. PHIPPS: Oh, there it is.
MR. GIBBS: And I have cards if anyone wants to see me right after this.

MR. LOWDER: Lynn Lowder. One of our members on here is a great guy and so sharp, he's with the American Legion. They've got a large reach. I think if you haven't met Joe, meet him.

MR. GIBBS: Okay.

MR. LOWDER: And get the word out to the Legion members. That could help you out a lot.

MR. GIBBS: Okay. Appreciate it.

MR. LOWDER: Sure.

MR. GIBBS: I think I know him just a little bit.

Mr. ZACCEA: Any more questions? Is that it?

All right. I think we're ready to go off the record. Break for lunch. 1300, please.

(Whereupon, a lunch recess was taken.)
MR. ZACCHEA: All right, everybody. For those of you who are back, the time on deck I have is 1:10. For the military types 1310. I think we're ready to go back on the record.

MR. SHELTON: So, Mike, do we still have people dialed in for this part?

MR. ZACCHEA: Is anybody on the line?

Anybody on the line?

MR. FENDER: Yeah, Alex Fender.

MR. ZACCHEA: Okay, great. Thank you. So I'm going to turn it over to Mr. Larry Stubblefield, who is the associate administrator for our OVBD update.

MR. STUBBLEFIELD: Okay. Thank you, Mr. Chairman. I'm going to go through a couple of slides really quickly, and then I want to talk a little bit about the CDFI initiative that I mentioned at the start of the meeting. And then I'll turn it over to Dena to update you on Boots to Business and so forth.

So the first slide here, just a reminder that National Veterans Small Business Week is the 5th through the 9th. We're working currently with our district offices, the VBOCs. And as indicated there on the slide, we're getting our outreach kits out. So
we're looking for a big effort for Veterans Small Business Week.

Just go to the next slide, please. Just some highlights on some of the outreach events, engagements, things going on. You heard from Barbara this morning about the VIP program. And one thing we highlighted here is that recently she had her 1,000th graduate. I guess she was a little over 1,000, 1,003 or something like that. Yeah.

And the next bullet there, the VWISE event that's taking place in San Diego from the 14th to the 16th of September, it's their 20th anniversary event. So that's -- we're looking for how we're going to participate in that. And then the last one talks about a military spouse event that's going to occur in Crystal City.

Go to the next slide, please. Okay. It was mentioned earlier about our VBOC conference. That was the 7th through the 9th, held right here in this -- actually in the Eisenhower Conference Center. We're now up to 22 VBOCs. We had -- we've got two -- actually, five new ones. North Dakota, South Dakota, Kentucky, Tennessee, and then we added Wisconsin, Georgia, and Arizona.

So those are some bullet points in terms of
the highlights from that engagement. And then the last bullet there just talks about the resource partnered funding change. We're requiring the VBOCs now to do 100 percent participation in Boots to Business, classes on installations, and the -- you know, leading up to getting up to our number 22, we have the resource partners, you know, SCORE, the SBDCs, the Women Business Centers, helping us -- we were funding that. We're directing all that funding now to the VBOCs as they take this over 100 percent.

All right. Before I turn it over to Dena, Mike had asked me, we had the task force meeting yesterday and Mike Phipps had asked me to just update everyone here again on what we talked about yesterday in terms of the CDFI initiative. And this was something that Barb Carson started when she was here. And she was looking at the question about veteran entrepreneurship declining. You know, and the question is, why -- why is that?

So there's some drivers, we think, in that regard. We're hearing from DOL, or Department of Labor, that, you know, with a strong economy, the hiring veteran initiatives and so forth, that that may play a part in this. But what Barbara is actually looking at was the problem veterans have with assessing
capital. And that really boils down to a couple of areas which I'll talk about in a minute.

But the last time we were together, I introduced you to Sid Sankaran, and he was the Yale intern who was in charge of doing this research. And so from the last meeting to this meeting, Sid has put together a report. And I'll share that report. We'll send the report out. Right now it's in draft form. But basically in his report, he wrote that -- the fact that, you know, going to the Census Bureau, new startups -- we go back to 1996 -- 12.3 percent of new startups were veteran-owned businesses. And that's declined to 5.6 percent in 2014.

So in his research, what Sid found is that, you know, veterans having access to capital is playing a role in this, and it stems really around a lack of credit history, a thing that he calls social capital, which, you know, you say social capital? Social capital meaning a lot of times veterans do not settle back in their hometown. They settle elsewhere. And now you talk about mentorship, knowing the ropes in the new area and so forth.

So the social capital piece was an issue, and -- but the big one was the credit history. So what we're doing with this report, we're -- this report as
well as another one that we have from IVMF, which is pointing in the same direction in terms of the access to capital, we've approached the Department of Treasury and we're -- the question we're asking Treasury is, if they could entertain looking at veterans -- characterizing veterans as an underserved population, if you will, and then they have what is known as, you know, other targeted populations, OTP. If we could get veteran status for the OTP, that would help in terms of veterans being able to be supported by CDFIs and so forth.

So our billmaker, who is the associate administrator in our office of capital access, he's helping us lead the charge with Treasury. We've had two good -- very good meetings with Treasury. And what they've asked us -- initially they said this was going to be a high hurdle. They didn't think veterans were -- you know, really fit the bill in terms of being underserved. But after discussing some of the highlights in these reports, they're actually looking at it now. They've asked us to come back now to bring the -- to close the reports out, if you will, take them out of the draft status and finalize them and then meet for a third time. And so it looks -- it looks very positive in terms of getting OTP status for veterans.
MR. PHIPPS: Michael Phipps. Will that lend to -- on the government contracting side, more towards having a veteran business development program and more programs because we're underserved in the same way that the 8(a) program is?

MR. STUBBLEFIELD: You know, that's a good question. We haven't gone that far yet. You know, we -- I guess I could best characterize it by saying we just barely have our foot in the door.

MR. PHIPPS: I think it's great.

MR. STUBBLEFIELD: Yeah. And we're just going to, you know, continue full steam ahead until we --

MR. PHIPPS: That's great.

MR. STUBBLEFIELD: -- completely convince them. And so what I'm going to do going forward is we'll add this as an agenda item for every meeting. Because it's going to probably take a little bit of time, you know, with Treasury, because they're going to have to socialize this with their folks, their entire staff, if you will.

But I will tell you from the first meeting to the second meeting, it was like day and night. Because initially -- when I say high hurdle, those were their words. This is a high hurdle, we'll listen to you.
But Bill Manger, you know, he's doing a -- he's doing a great job.

MR. PHIPPS: At one time we were just told no. And now that you're -- so just to -- this is Michael Phipps. One of the -- there's a set-aside program for government contracting that certain people can get set-aside contracts just for -- for example, if you qualify for the 8(a) program. And I think that is the same -- in order to qualify that, you have to be as an underserved population. And so if veterans can be in that population, it does a huge thing on the government contracting side, something that people have been trying to do since the '70s. So --

MR. SHELTON: Can I comment on that?

MR. STUBBLEFIELD: Sure, absolutely.

MR. SHELTON: And do we have a lot of people on the phone still, or is it just Alex? Okay.

So, Brandon Shelton here. I look forward to seeing that data. So this is my whole world. This is what I deal with all day long. The preponderance of these sessions seem to be oriented to government contracting. I get it. It's a government agency. But the vast majority of veteran-owned businesses don't do business with the Federal Government or state
government or municipal government, based on data I've seen. Right?

Okay. So that's -- Eli, I think that's what you were talking about and stuff like that. So I think it's -- I'd like to see the study, but I would caution all of us -- and I've talked to IVMF and Haney and Nick and all those guys up there. I appreciate tumbling age census data from afar. But a lot has changed since this has taken place. So, mathematically speaking, I think I want to be real careful how we look at that data.

Secondarily, the size of the U.S. military and our veteran population has changed in different directions since 1997 or '98 until now. But the greater U.S. population and business -- small business creation has exploded. So I don't -- I personally as an investor don't react to a 5 versus 12 percent. If you're using that to convince Treasury to give -- open more doors for veterans, I'm all about it. I just don't think veterans are necessarily -- again, I cringe when I hear it's an underserved market or the phrasing you're using. Play the game that you need to play within the government channels. I don't think we're -- I don't think veterans as a population needs an entitlement or a handout.
I think the problem is if it's access to capital, I provide equity capital to veteran founded technology startups, a very rifle shot, is the fundamental problem that the size of the population continues to grow, the size of the veteran population is staying finite or somewhat small, and it's such a unique, incubated experience.

I'll get on my soap box here in a little bit. It is near impossible for a 29-year-old, a 35-year-old, 40-year-old, male/female, enlisted officer, to articulate what they did between ages 18 and 25 as it relates to the investability of their business. You know, whether you're making a product, a piece of software, like Alex has -- you know, they can't verbalize it. It runs in parallel to probably a list of what you see on the hiring front. It's the same sort of problem. I don't -- thank you for your service. I watched the latest movie. I love seals or whatever. But they cannot inform, like, who are you underneath and how would you react to that training, who are you now as it relates to providing the capital.

So I would tell you that I think that's where the gap is, is that the majority of equity providers -- and I would argue anecdotally the small business lenders that I'm in contact with, you know, they have
an initiative internally and, like, the diversity and
everything else for veterans and stuff like that. But
they just have no idea. No matter what you say, I'm
four years old, I served four years in the military, so
I've done this for 20-something years afterwards, they
just -- they don't know how to articulate that piece of
the journey. I think that's where the gap to access to
capital could be.

It could also -- also, other factors that
could come out of the study. Right? You know,
mobility, I go to a market where I wasn't serving
because I was four years overseas or something, maybe
that helps as well. But just anecdotally I'd like to
-- I just -- we've got to be careful tumbling the
census data.

The second piece is that -- since you have
the VBOCs, and I mentioned this to you, Mike. I saw
the pictures online on social media of the 22 VBOC
leaders, the training here in August. I think that's
fantastic. I think it's a really amazing opportunity
to make these 22 people giant force multipliers.

If the preponderance of the people you listed
on here are government people, that's fine, right?
Like, they got trained by this and this and this. You
know, I've offered, I will sit down with all 22 for one
hour each and tell them everything I know around equity financing. I'm sure Bunker Labs would partner with all 22 VBOCs and say this is what I know from the networking standpoint. Right? I mean, just -- in large, and compensate for the nongovernment contracting. There's multiple forms and multiple resources across the total spectrum.

I think we as a committee could high spot key leaders and knowledge leaders and say as part of their training or movement through the system, on top of all the great things the SBA provided these VBOC leaders, you know, we can greater inform them because they're the ones contacting the small business leaders and their markets and stuff like that.

So I think those three things are part and parcel. I just want to make that comment on the study and the VBOCs.

MR. PHIPPS: Brandon, that's great. We -- what you're talking about right now is two years ago we said let's pick these topics. Access to capital is the biggest one. And we started saying, let's break it down. Because people just use that word, right, access to capital, capital. But when, where, sort of breaking it for this committee. And if you read the last report -- and I have a ton of notes -- because I was doing a
lot of the access to capital piece, to break down access to capital and to categorize so we can properly assign, is this a brand new company, is this a startup, is it growing. What level in the maturity model is it, right?

And so I think you would be a huge resource to be able to say, okay, you know, if I just get out of the military and I want a million dollars to start a company, just stop, right? Depending on these factors. But for this committee to break down access to capital and start categorizing it is -- you'd be a huge benefit for that. So I'll share those notes and then we can dig into that.

MR. SHELTON: Sure.

MR. PHIPPS: Because we do written recommendations and see what we can get out of that.

MR. STUBBLEFIELD: I wanted to just say, I appreciate your feedback. And probably one of the things that I should have said was, Sid, he actually got recent data, too. Because he was working with the Federal Reserve Bank. And so he -- he was able to get their business credit data. And so that kind of went in the report. And you'll see that. Like I said, I'll send it out to everybody. I'll definitely stay in touch with you as we move forward.
MR. SHELTON: Yeah. It's Brandon. I just think the whole committee, I think we have new committee members who live in different states and operate different types of businesses. I think the more as we mature as a committee, you can swing us around and we can work -- you know, we can proliferate knowledge. We can send resources into the studies or -- you know, we can act as a megaphone in different ways outside, I think, the government channels, which I think we talked a lot about this morning.

MR. STUBBLEFIELD: Appreciate that.

MR. ZACCHEA: Okay. I'm going to turn it over to Dena now. And just so those of you who are veteran committee members, we've been with Dena for a while now. This is Dena's last time in front of the committee. She's taken another position. The good news is, she's not leaving SBA. She's going over to our Office of Entrepreneurial Development. And so she'll be on the sixth floor, whereas before -- we're all on the fifth floor. So we'll just walk up and see her on a regular basis.

MS. MOGLIA: Still in the building. Good afternoon, everybody. Dena Moglia, the program director for the Boots to Business and Reboot programs. Just getting right into the slides, because I think you
all have a very tight agenda.

The agenda items we'll be covering related to the Boots to Business and Reboot Programs. You can see on this slide, I believe it's number six, that 82,000 participants trained since program inception. That was -- inception was January 2013. You've probably heard that before. And that number -- we're actually a little bit closer to 90,000 now if you take into account the courses that occurred in July and August. That number, I believe, was as of Q3 data, which closed in June. So we're probably closer to 90K now.

Then I'll cover the annual Boots to Business outcome survey. I think that was an area of interest at the committee's last meeting. The curriculum refresh, my colleague, Mark Williams, will discuss that a little bit further again. I think all of these items that you see on this slide were of interest to the committee based on the last meeting.

The social marketing pilot, we don't have a dedicated slide to that, but what I can tell you is that's something that our office is working on as we speak. We've identified five pilot areas right now. First up would be Fort Worth, Joint Base Fort Worth, that we're looking at. The idea with the social marketing pilot is to see if we can leverage the Boots
to Business social media channels to increase participation at the courses that are ongoing at select installations. That's a finding that I'll mention later for the OIG report. Marketing and outreach was a finding that was identified as an area of improvement for the program. So that's some action that we're taking on it right now.

The Carnegie Mellon University evaluation for the Reboot Program is also included in these slides, and then the OIG report which focused on the Boots to Business Program from 2014 to 2016.

Next slide. Data, I know you guys like the data. So this is just an update of attendance figures. You can see it's broken out by fiscal year as well. And hopefully you guys can see it. My eyes are pretty poor. So the numbers aren't exactly clear. But it's broken out by fiscal year as well as by course offering.

And you can see the FY '18 number, that's partial data, again, through Q3. We are on track, though. That will probably hit the same level of participants that we had the previous fiscal year, which was a little over 17,000. I suspect we'll end up right around there at the end of fiscal year '18. Our goal, just as a reminder for folks for the Boots to
Business Program, is to reach 18,000 participants year-in/year-out.

The next slide. Those are the number of classes that you see, again, broken out by fiscal year and by course offering. Just off-hand, we do between 600 and 700 Boots to Business courses each year and around 100 Reboot courses every year.

Moving on to the next slide, this is a newer graphic for us. And I thought it might be of interest to the committee just trying to split out our data in ways that would be of use to you with the areas that you come from. So the idea here is to represent the number of participants and the volume, frankly, of the different parts of the country.

And you can see it's different shades of blue based on volume, Region 4 being our heaviest area for participation and course offerings. And Region 1 actually is our area that sees the least volume.

The next slide breaks out the Reboot classes specifically. Boots to Business is pretty much a captive audience, I like to say, because it's folks that are on installation having to go through the Transition Assistance Program. I think the Reboot course offering is probably something of interest to this committee just as much as the Boots to Business
Program. It may not be as well known and it may not
have as much volume, but I think it would be helpful
for you to see that data split out. It really didn't
change the numbers much. Region 4 is still our highest
volume area in terms of participants, and Region 1 the
lightest participant level.

I was going to move onto the outcome survey
unless anybody had questions on any of that.

MR. PHIPPS: So this is Michael Phipps. We
had asked at one point how many people and can we get
the numbers on who is attending the first day versus
the second day of Boots to Business to see what that --
what those numbers can tell us about the course, about
people who aren't interested. You know, we won't know
exactly, but just to get that data. Have you guys
started implementing that?

MS. MOGLIA: So the challenge -- Dena Moglia
again with SBA OVBD. The challenge with that, concur.
We're striving for that. It's really dependent on the
data sharing that we hope to get activated with DOD.
And there's even challenges with that. Just because we
get the data sharing agreement in place doesn't
necessarily mean we're going to get all the data and
it's going to be useful. What we found in discussions
with the interagency work group on the Transition
1 Assistance Program is the service branches and even the
2 installations have varied levels of capabilities when
3 it comes to tracking day one and day two attendance.
4 So it's everything from pen and paper to CAC card
5 readers. And so -- and then, of course, if the CAC
6 reader -- this is what I've been told by Navy, if the
7 CAC card reader breaks, then, guess what, they're back
8 to pen and paper for day two. Because that's been
9 known to happen.

10 Day one is captured one way, day two is
11 captured another way. But what we have seen is there
12 -- is attrition from day one to day two. Anecdotally
13 when we've been in the classroom observing, when SBA
14 officials have been in the classroom observing, and
15 when we've seen the sign-in sheets. So hear you and
16 concur. There is that concern over attrition.

17 One thing we are doing that will take effect
18 for FY '19 is one of the performance measures that
19 SBA's performing at the interagency TAP work group is
20 it used to be focused on just participation in the
21 track, in the entrepreneurship track, the Boots to
22 Business course, but we've tried to frame that
23 differently now. And we'll be looking at not just
24 participation, which is still important and still
25 something we'll be tracking, but looking at the
capacity and the classrooms on the installations and whether or not the actual attendance is meeting that capacity.

So it's a bit of a baby step getting towards day one and day two ultimately. But we're trying to get the services. Frankly, they didn't really -- I don't think they were too thrilled with that measure just because -- I think it's going to identify some facility challenges there. But that's why we put it on the radar, frankly, for FY '19, is hopefully we can start getting people to coalesce around that and take action on improving the data around there.

MR. PHIPPS: Sure. Thank you.

MR. ZACCHEA: Dena, Mike Zacchea, chairman. I have just a technical question about the slides that have the maps on them. I cannot read -- my eyes are not sharp enough to read what it says about Region 1, what the numbers are. Can -- do you have that where you can just verbally say it?

MR. STUBBLEFIELD: Is it 145?

MR. SHELTON: It's 143. It's 143.

MR. ZACCHEA: And what's the one for the Boots to Business total? Can you read that?

MS. MOGLIA: That one looks like 143 for Reboot, but the Boots to Business, the previous slide
-- Cheryl, are you able to back it up?
MR. WILLIAMS: It's just the number of classes. It's 143 and it's based on -- there's not that many installations in Region 1. There's not that many military installations in that part of the country. So --
MR. ZACCHEA: I just can't read the number.
MS. MOGLIA: That looks like 890, though.
UNIDENTIFIED FEMALE: It's 890.
MR. O'FARRELL: 890.
MR. ZACCHEA: Okay. Thank you.
MS. MOGLIA: Okay. So if you don't mind backing up to the previous slide, Cheryl. Thank you.
The outcome survey, again, Dena Moglia with SBA. I know there was some discussion around this particular survey tool at the last meeting. So I just wanted to give you all an overview on it.
We have a couple of different tools that the Boots to Business program is using to collect data either from a course quality perspective or an outcomes perspective. So I think there seem to be a lot of interest about the outcomes assessment tool, which is what the next few slides is -- will be discussing.
And that survey was developed in, I think, it was 2015. We launched it in 2016. We had to go
through OMB approval in order to use it. It's something that we administer online and we send it out to graduates of Boots to Business and Reboot courses one year after they complete that workshop. Then we also surveyed them subsequent years. And we'll talk about it, I think, in the next slide. You can skip to it, Cheryl. Which the response rate -- and you can see it's mentioned under the first bullet there, it gets progressively weaker with every time we send out that assessment tool to those folks in our database.

But I just wanted to highlight current challenges. Our team -- and we've got some folks here. Alyssa Hook, in particular, who took a deep dive on our team into the outcome survey. And I really identified a lot of the challenges that we're facing with using this particular tool. And you can see those identified on the slide there.

So the lack of generalized ability, which means it's hard for us to make representative statements about the data, because the -- there's an inherent sampling bias with self-reported data. And the response rates are really low with this tool. Even though we know we've trained nearly 90,000 people through the Boots to Business program, we have sent the survey to a little over 10,000. And, Laura or Alyssa,
feel free to correct me on the numbers, but I think it's a little over 10,000. And the response rate, the last time I checked it was about 1,300 useful responses. So you can tell from the numbers alone the response rate is not great. But I'll get to courses of action in a minute, but just wanted to call your attention to the other challenges. And, Alyssa, feel free if you want to jump in here at any point.

The data quality, because it's such a small pool of data, is probably not as robust as we would like it to be as the Federal Government. There are opportunities for data sharing, which I mentioned earlier with the Department of Defense and those working on the interagency transition assistance program. But we still are faced with the longitudinal tracking challenge right now.

So we have data that cannot be ascribed to any one individual. We don't have the right software, frankly, if we wanted to track that and also gauge their progress over time. We don't have the right statistical software to be able to do that.

Alyssa, did you want to add anything?

MS. HOOK: No. I think you touched on it.

Ultimately --

MR. STUBBLEFIELD: You have to come over
Just kind of touching on what Dena said. The data quality, one of the biggest challenges is seeing some missing responses. So individuals completing the survey would answer certain items and skip others, which opens the door for item nonresponse bias.

We were also seeing some inconsistent responding in items -- in objective items that should have been immutable over time. So that was a challenge. And then ultimately with the longitudinal data, due to the extremely low numbers that we got as well as attrition rates, we really didn't have the power to pull much from the longitudinal data points. And, frankly, it's a heavy lift to continue sending that survey out. We weren't really seeing the results that we'd like to see. So just kind of piecing together some courses of action on how to fix that.

MR. SHELTON: Can I ask a question?

MS. HOOK: Mm-hmm.

MR. SHELTON: Do we wait, or --

MR. STUBBLEFIELD: Go ahead.

MR. SHELTON: Sorry, Brandon Shelton. So I'm just trying to help think through this. So remind me again, this program, Boots to Business, is going onto
military installations, trying to convince military
people to start businesses. Correct? When they ETS,
really. Roughly, right?

MS. HOOK: More or less. But really we try
to refine it with the interagency because everybody
thinks that we are pushing people to start businesses.
And what we try to refine is it's not to do that as
much as it is to give people information to make an
informed decision on that.

MR. SHELTON: So in terms of outcomes that
you're hunting for, I would say if they did start a
business and a year later you were trying to figure out
was that helpful, do -- in the agenda items, do you
guys implore these veterans that we -- if you think
this -- at the end of -- I don't know how long a course
is. It's really important to us so that we continue to
get funding and more support for this to pass it on.
We need -- you're going to get a survey one year from
today. We need you to take the survey. I mean, is
that stressed heavily and it's still giving these data
outcomes?

MS. MOGLIA: Dena Moglia with SBA. No, it
has not been stressed heavily in the course. But
that's actually been an area that we've identified that
we can do better at. We'd like to integrate that into
the curriculum so it's not getting lost.

We've also -- we're -- did you want to add something?

MS. HOOK: Uh-umm.

MS. MOGLIA: I'll let it go at that.

MR. SHELTON: So the other -- it's Brandon Shelton, I'm sorry. If you look at like, TEXTARs or some of these other commercial entities, nonprofit entities that are not tied to veterans, there's other types of businesses, they're struggling with the same problem because they want outcomes, they want more funding. So I've seen some of them form kind of like a -- it's almost like an alumni group, if you will. It's not the data sharing I think you were talking about for the VIP program where they got to voluntary coalesce.

It's like, no, three and six or 12 months after this course, as part of the course we're all going to get back on a call with your instructor for those maybe who start businesses. I'm just saying it would give you further touches beyond the data that -- I'm just trying to figure out how because compelling -- I don't know why veterans wouldn't respond, but compelling them to actually feed the data back a year later so you can curate your agenda. I'm trying to throw out some suggestions.
MS. MOGLIA: Yeah.

MR. FENDER: This is Alex Fender, advisory committee, Funnel Science. So over the last quarter I've reached out, I took a special interest in this topic and I reached out and I spoke to Boots to Business instructors and VBOCs. And I've got a few points that I think we should relay and talk about as a committee.

Number one, the main consensus is that Boots to Business is not a business starting program. From the instructors and from the VBOCs, their -- they say the mission is to promote the content and to just explain the resources available. But the mission is not designed to get a member going from TAPs to start a business. The only mission there for Boots to Business is just to share the information.

Now -- so that's one aspect of this. The second aspect as it comes to data collection and the survey results and where there's a major flaw in this is this: When you go to TAPs, you're at the base or the installation that you're at. But when you leave the service -- so let's say I left Florida, that's where my TAPs class was at. Well, I stayed in Florida for a couple months but then I transferred to Texas. At that point, the data collection is broken.
And the reason for that is because I'm in the system for Florida, but when I -- and then I leave, come back home to Texas or wherever I'm going, my data is not transferred from the Florida VBOC to the Texas VBOC. So when I come into Texas and I pick back up, it's as if I'm a brand new veteran coming in without any of that prior history or that knowledge.

So when they go to send the survey or to go -- they don't have the ability to find where that veteran left service, where they're at now and then where they're starting the business. So these -- this survey is going to be flawed just from that one -- that's going to be a very common thing. When a military member leaves service, they're probably going to change states. So when they change states, now there's broken tracking between the VBOC and then as it comes back up to the FDA. So that's going to be a major challenge with this survey and the data.

MS. MOGLIA: Okay, thank you for that. This is Dena Moglia again with SBA. That was actually one of the reasons that the office acquired the sales force customer relationship management system, was to provide a platform to the Office of Veterans Business Development for -- for housing that data related to folks who had passed through OVBD-funded training...
programs.

So our hope is that by gathering folks into the CRM, the customer relation management system, that we'll be able to track them in the sense that if there's a zip code shift or if there's some type of movement geographically, we can at least get them routed to the local resource partners and entrepreneurial development resources in their area.

MR. FENDER: This is Alex Fender again. Is -- do the VBOCs have access to the CRM to sales force? Do they have their own log-ins and are they being given access to this?

MS. MOGLIA: Yes, they do.

MR. FENDER: What's the adoption rate between the VBOCs and access?

MS. MOGLIA: They -- it's a fairly new software package for them. They've been using it for about the past year. And the newer VBOCs, it's all new for them. So they are still getting familiar with it. But they are increasing their familiarity with it the longer we have it. We just rolled it out for veteran business development about this time last year. So we've really only had it operational for about 14, 15 months or so. So we're hoping that it's going to become more widely used as folks become more and more
MR. FENDER: Now, unless we have 100 percent adoption rate on this, the survey and the methodology of collecting the data is flawed. So instead of looking at 90,000 businesses over the course of this, we should look at how many people were trained in the last 14 months. But really it needs to be drilled down to doing samples within certain locations where they're actually using this information and collecting it the right way. If they don't collect, then it's meaningless. And if we try to report back 14 months over all these years, it's flawed in its inception. There's no way that we're going to collect accurately on this.

MR. PHIPPS: Alex, this is Michael Phipps. This is something the committee had made recommendations for almost two years ago because we saw this issue time and time again. Definitely everything you're saying can be a recommendation that will go to the SBA. And let's get that -- let's start articulating that socially amongst ourselves so we can start that right up. And we can absolutely give that to the SBA as a recommendation and then get more information back from the SBA before we actually form a recommendation so we can make an informed
recommendation.

But I think having that starting is huge compared to just what people were having to deal with in prior. So, I mean, it's a good start. But I think, Alex, some of the points you're making, we can definitely get into a written, formal recommendation.

MR. FENDER: Sounds good. I'll channel it later.

MS. MOGLIA: Okay. So I was just going to move on. Yes?

MR. WEIDMAN: Yeah. The only -- my comment is vets will do for each other that which they will never do for themselves. So if everybody leaves and instead of one person from Texas, however many are in that class, get somebody from the southwest and link them together so that they keep in touch. And stress to people before they leave the program that we're going to be sending questionnaires along and it may or may not help you, but it sure as heck will help your comrades, so please respond to the surveys.

MR. SHARPE: Joe Sharpe with the American Legion. Are you aware of the millennium study that's being done by VA and DOD?

MS. MOGLIA: I've heard of it, but I don't know the -- I don't have the details.
MR. SHARP: Okay. They're tracking 100,000 veterans as they leave the military for their next 20 or 30 years, and they have questions regarding employment along with health care and other things. That's something you may want to add to their -- to their ongoing study.

MS. MOGLIA: Who's sponsoring it? Is it jointly sponsored?

MR. SHARPE: It's jointly sponsored.

MS. MOGLIA: Okay.

MR. SHARPE: It's with Walter Reed Institute of Research, VA, and the Navy and the Air Force.

MS. MOGLIA: Great, thank you. Before I get into courses of action, that reminded me, Joe, that I don't know if folks in this room are aware, but I thought I'd mention it because I think the information will be coming out within this month.

There is a pilot program that Army has been running, their Office of Economic Manpower Analysis. And they have been looking at a cohort of folks who have -- who are going through the TAP program. And I think the pilot started -- what are we in, 2018? I thought it was in 2016. It's been a couple years in the making. But they expect to have preliminary results available at some point this month.
And what they're looking at, they divided the folks going through TAP into risk categories. And they used a few different factors to identify high-risk, medium-risk and low-risk categories. And then they were customizing the services, the TAP services, based on those risk factors and trying to gauge whether that made an impact on the soldier's transition to civilian life and their success in civilian life.

So that's something that Boots to Business is a part of. They're looking at folks who have gone through the entrepreneurship track in addition to the other tracks as a part of the TAP.

MR. SHARPE: Well, with the upcoming changes to the TAP program that will be implemented shortly, will that affect Boots to Business?

MS. MOGLIA: We don't anticipate it will affect Boots to Business right now, at least for the curriculum. We suspect it might increase the volume for the entrepreneurship track. But that's really the only -- the only impact that we foresee. It's -- from what we've heard with our partners, it will impact the Department of Labor more significantly.

MR. SHARPE: Right. So if there is an increase in volume since Labor's three-day program may go down to one day, and then SBA will definitely be a
MS. MOGLIA: I think that's -- I'll defer to my management on that and how -- I believe that there will be discussions among the interagency partners on all of that. Did you want to add --

MR. STUBBLEFIELD: No. That's -- I was going to say you hit it on the head. We would have to work through that. If you remember earlier, I was talking about not doing business with our resource partners, you know, and putting this all on the VBOCs. So it's something we're going to have to think through, how to probably do it.

MS. MOGLIA: So moving on to the courses of action for improving the outcome survey, there is a couple of different phases that we are going to be tackling. And Alyssa developed a project plan to tackle these COAs. The first thing is revising the survey, making the introductory language a little bit more streamlined, a little bit more engaging, grabby, if you will, and then paring the survey itself down to a few of the more basic key questions. We expect to be working with our colleagues over at the Department of Defense's Office of People Analytics who have a lot of in-house survey design capabilities. Alyssa also has background in survey design, but also would like to be
able to leverage DOD capabilities, if possible.

And then the second phase would be redesigning the sampling methodology. Did you want to jump in and talk about this, Alyssa?

MS. HOOK: Sure. This is Alyssa Hook. So as we identified earlier, a big problem with our data is the lack of generalized ability. And to do that, what we need is a random sample of individuals. We want to make sure that the data we're gathering is from a group of people that represents the whole Boots to Business population.

Obviously we're not going to get data from everyone. So we need to try and get the most representative sample that we can. So what we are going to do is implement random sampling. We're going to select basically just a random group of individuals, send the survey out to them, and aim for higher response rates so that we can have a saturated sample and we can say with confidence this is representative of the Boots to Business population. So that's going to be our goal with redesigning sampling methodology.

MR. STUBBLEFIELD: Okay. So I'm just going to say here, in the interest of time we can look through the piece about the curriculum refresh. We're not going to go through that today.
You can keep going through. We're -- we're up to -- no, he said -- yeah, we have Ken Dodds.

MS. MOGLIA: All right. Thank you.

MR. ZACCEHA: Thank you, Dena. Last up is Mr. Ken Dodds from the Director of Office of Policy and Planning.

MR. DODDS: Good afternoon, everyone. I'm going to update you on the pending regulations, SBA regs, FAR changes and legislation that was passed, the NDA of 2019.

I think they're pulling up my slides. We have five open FAR cases that have to do with small business. The first is a revision to the limitation on subcontracting which implements the NDA of 2013. And that will be a proposed rule. We heard from OMB yesterday that they're hoping that that will be issued before the end of the fiscal year.

The second case that we're mentioning here involves joint venturing. We changed our rules back in 2016 to allow mentor-protégé relationships for all small businesses. That includes -- if you can go to the third slide here. There we go. Okay. So the second case I'm talking about there, we allow SDVO small business concerns to joint venture with their mentor and we considered SDVO for any contract that
they go after. Those rules are in effect because we
follow the SBA rule when we make eligibility decisions.
But we are going to update the FAR to make sure that
the FAR language is similar to what our rules say.

The third case up there has to do with the
set-asides of multiple award contracts and orders under
those set asides. That's a case that's from the Jobs
Act of 2010 and an SBA final rule from 2013.

The fourth case on this list has to do with
Part 19 and applies outside of the United States. The
current language is confusing. It applies -- to some
people it doesn't apply at all. For us, we think that
you can use set asides and things like that outside the
U.S. if as an agency you decide to do that. So we're
trying to get clarifying language put in the FAR to
clarify that.

The fifth case on there really has to do with
large primes. Right now they kind of have goals and
report on subcontracting at the first tier. Once this
is implemented, they will have goals for lower tier
subcontracting and there will be a way to report or get
information on awards to small businesses at the lower
tier. It's not just at the first tier.

Let's go to the next slide and I'll talk
about -- we have five pending SBA rules that we're
working on. The first one is at OMB for interagency review. It will be a proposed rule. Some of the highlights from that will be that we're going to address some of the issues with the limitations on subcontracting to see if there's certain industries where we need to make some exceptions.

We're going to address whether you can set aside an order under a contract that was already set aside. And then we're also going to provide examples of bad faith in small business subcontracting.

The second case up there is the one that you're the most interested in, and that's the joint rule that we're doing with the VA on ownership and control of a service-disabled veteran-owned small business concern. We issued a proposed rule, got public comment. We're going to finalize this rule and publish it in the next week or so. And it will be effective October 1 to coincide with the VA amending their rules to get rid of ownership and control from their rules.

And then, also, our Office of Hearings and Appeals will have a rule effective October 1 where protest and appeals of VA decision can go to our Office of Hearings and Appeals here at SBA. So we're going to get that done and published in the next -- within the
next week or so.

The third has to do with the women-owned certification program that we're required to stand up by the NDAA of 2015. So that is in agency clearance right now.

The fourth rule for HUBZone, we're trying to make some adjustments to the program to make it more user-friendly. That is at OMB for interagency review. So that will be hopefully published before the end of the year as a proposed rule.

And then, lastly, we have a rule that we're working on that isn't even in clearance yet, but we're thinking about consolidating the 8(a) mentor-protégé program with the All Small mentor-protégé program. We have two separate programs. The rules are largely the same. We're going to probably propose to put those two together at some point.

All right. Let's go to the next slide. I think this is -- I just -- this was a recent GAO bid protest decision that has to do with set asides and a nonmanufacturer rule. I just wanted to highlight it for you. It's an interesting case. AeroSage is a -- I think an SDVO small business that does protest a lot. In this particular case, they were successful.

They challenged a decision of an agency not
to set aside a particular contract line item for small business. And what the protester argued was that SBA changed their rules to say that the nonmanufacturer rule limitation on subcontracting did not apply below $150,000. And the agency had considered that the small businesses were available, but they weren't supplying the product of a small business. So they declined to set it aside.

They also argued, the agency, that they were looking at the whole contract but not each individual line item. But as the protestor pointed out, each line item was a separate contract. And so they successfully argued and got a sustain that this -- the agency erred in not considering whether they could set this CLIN aside for small business. So this is a GAO recommendation that came out just in August.

Let's go to the next slide. I think a month or so ago the NDA 2019, I think was signed. A couple of highlights. They adjusted the micropurchase threshold for DOD to $10,000. They had already done that for the rest of the government. Section 823, DOD is going to have to create some kind of performance evaluation for the first tier subcontractors and joint venture partners performing on construction and architecture and engineering contracts.
There's been some adjustments to the e-commerce portal. They want -- they're directing the GSA and OMB to come up with -- they want to have multiple portal contractors with that, and they have some things around data.

Section 839 up there is implementing a lot of the 809 recommendations on how certain laws should not apply when you're acquiring commercial services and products. If you read the 809 report, I think the first chapter was about how all along these laws were not supposed to apply to these commercial acquisitions, but as time went on more and more laws were starting to apply to these. And they're not supposed to. So they want the FAR council to take a look at that.

Next slide, we've got Section 852, there's a policy from OMB that says you should pay small businesses within 15 days when practicable. They also have a policy that said you should pay large primes with small business subcontractors within 15 days. That memo or policy expired and was not renewed. So large primes went to the Hill and got this Section 852 that directs the DOD to pay small and large primes within 15 days to the fullest extent permitted by law.

Section 855 addresses a common complaint from small construction firms. They want the solicitation
to have information on how an agency responds to requests for equitable adjustment, and they want information on the agency's past performance in responding to requests for an equitable adjustment in a construction contract.

And then Section 861, addressing Puerto Rico, agencies will get double credit if they award a contract to a firm located in Puerto Rico. They get access to surplus property, and then a Puerto Rico business that has a mentor, some of those training costs could be used for subcontracting plan premises.

And let's go to the next slide. All these sections are really in response to the Section 809 Panel's recommendation on how DOD needs to do a better job of reaching out to small technology providers and getting the best technology for fighting wars -- you know, for the warfighter. So this is stuff around SBI, funding for PTACs and commercialization assistance. So just to highlight those sections there.

And then I think the last slide is just my contact information. So I kind of went through that quickly. I know you guys are on a time crunch. I do have a 2:00 as well. But I'm happy to answer any questions if there are any.

MR. ZACCHEA: One from the audience?
MS. ASHE: Hi, Barbara Ashe. Hi, Ken.

MR. DODDS: Hi.

MR. ASHE: I just have a question. I'm so glad you're looking at the rules for subcontracting and glad to see that, you know, you're not -- I know we collect the data at the first tier and I know you're trying to collect it on the second. I'm wondering if we'll ever have public access to that data like we do now on the prime contract.

MR. DODDS: Yeah. The question about public access, I mean, some folks argue that the -- some of that information, I guess, is proprietary or confidential. At the same time, right now all you're really -- you're not even recording the names. You're just recording percentages. They're just really numbers. So -- but historically that has not been public.

And I'm not aware of anyone -- we're struggling with how we're actually going to implement this in the current system just in terms of figuring out how to report it. I haven't heard anybody. That can be something that can come up, for example, this is a proposed rule. One of the comments could be from the public, can you make this information, you know, available to the public?
MS. ASHE: And this is a followup. Is the thought that these are open comment periods now, all the ones that you're -- that particular one that's still in comment?

MR. DODDS: No. It hasn't been -- we're working on it. It will be proposed.

MR. ASH: Okay. I just want to make sure I didn't miss it.

MR. DODDS: Yeah. You did not miss it. I come here every three months and I update you. We haven't really published a lot of stuff in the last year. A lot of cost benefit analysis that we have to do, that we're learning how to do. The two that I think you'll see is the limitations on subcontracting in the multiple award contracting rules from the FAR the next month.

MS. ASHE: Okay.

MR. DODDS: Lower tier will probably be later this year, would be my guess. And I'll certainly -- you know, when we come back in December, I think it will be December, I'll update you. Usually it's a 60-day comment period as well. And I'm sure you'll know about it.

MS. ASHE: Okay. Okay, thank you. I appreciate your comments.
MR. DODD: Yeah.

MR. WEIDMAN: We have a strong interest in that FAR being public. To consider it proprietary when, in fact, it's public monies, there's nothing with national security. And we believe and have believed for a long time that big primes do it because they're fudging reports. And if you dig into it, into the contracting and subcontracting, we've discovered Fortune 500 companies on the subcontracting and they were counting on that small business. So the more transparency, the better. And all that does is promote an honest program so that people who are interested can check.

MR. DODDS: Yep, that's a good point. And I hope someone brings that up when this rule is proposed.

MR. WEIDMAN: Trust me.

MR. DODDS: I do trust you. Thank you.

MR. PHIPPS: Michael Phipps. Ken, I know we touched on this yesterday and this is not exactly your area. But I just wanted for the record and let everybody on the committee understand what GSA is doing with this e-commerce portal. Yesterday at the IATF we had a representative from GSA come and talk about it. There's been a lot of discussion around this, what Congress has directed GSA to do is make an e-commerce
platform.

Basically it was originally called the Amazon rule, but they've extended it now to -- they're going to have multiple providers where basically you don't -- and they don't know yet, but you're not going to have to be a registered contract in SAM where the government can just go to this portal and just buy kind of like an Amazon. Right? That's the -- we all know that's the model.

And so there's a lot of -- there's a lot of nuance issues in here, in this -- so yesterday the program manager's name is Keil Todd. He came and spoke about it. They're trying to go above the micro-threshold purchase. They were trying to, but they were not successful, meaning items on the platform cannot exceed $10,000. They were trying to get up to $25,000 and eventually go up to $250,000, which is underneath the SAT.

MR. DODDS: Yeah, my understanding, the way the 846 was written is that it was going to apply to anything under the SAT; would not apply above it. They raised that to $250,000. Now, what they were trying to do is say for their purposes, their micropurchase threshold would be -- instead of $10,000, $25,000. So that almost lets you use credit cards and all the rules...
MR. PHIPPS: So they can still buy things on -- up to $250,000 on a platform, just not with a credit card?

MR. DODDS: Right. It will be subject to all the rules. If it's a micro-purchase threshold, then all the rules -- the FAR doesn't really apply.

MR. PHIPPS: Right.

MR. DODDS: They were trying to get an exemption up to $25,000, but they didn't get that. So it's still going to be $10,000.

MR. PHIPPS: We're talking billions and tens of billions and possibly hundreds of billions of dollars that were in government procurement here. I mean, a lot of this is going to affect service-disabled veteran-owned businesses and veteran-owned businesses. There are GSA schedules for all these products that are not going to be on the platform. You would have to go back and put them on the platform. And then there's a lot of just competition and contracting questions surrounding platform. That's just so everybody here knows that this is happening and there's a lot of discussion on it. And there will be more --

MR. DODDS: Yeah. I mean, if you --
you're in the product industry, supplies, it definitely is going to impact you.

MR. PHIPPS: One other thing. One of the positives that came out yesterday, a possibility is that all that data, that credit card data can be shared now, and that information we can see what products have been purchased for and how spends are done. One of the big issues with not understanding where credit card data is going came out in a big case against the VA -- and, Ken, you might correct me -- but it was in the nine-ish billion dollar range, nine billion dollars' worth of credit card purchases were not going through contracting law, Davey, what?

MR. LEGHORN: Seven billion.

MR. PHIPPS: Seven billion. Davey Leghorn from American Legion with the comment. Seven billion. So what that does is circumvents any of the rules that the SBA has in place by just using credit cards. So that's all going to come up with this new e-commerce platform.

The good thing is there may be a lot of veteran-owned businesses that maybe don't want to register to be government contractors. They will be able to get their products into the system very easily. It's not going to apply to certain things that will
have security issues within our supply system. So
those are the highlights.

MR. DODDS: All right. Thank you very much.
Thanks for having me.

MR. ZACCHEA: Thank you, Ken. So time on
deck I have is 2:13 p.m. That's 1413 to military
types. We're at the point now where we're going to
open it up to public comment. Anybody from the public
want to comment?

MR. PHIPPS: Just for the record, I think it
was the Department of Labor yesterday had talked about
-- I'm just going to mention a couple websites
specifically for veterans and employers and workers for
compliance. Veterans.gov is a website now. So you can
go to veteran.gov. There's all sort of information
there.

In terms of compliance for labor laws, you
have worker.gov singular, and then employer.gov. And
what the Department of Labor is attempting to do is get
all compliance for both employer and laborer in one
location. So if you're a business owner, the
employer.gov is going to be a pretty beneficial site.
That's it.

MR. LOWDER: Lynn Lowder from Veteran
Business Project. I just want to make people aware and
spread the word that part of our charge is trying to get state loan guarantees or state loan participation, legislation, in every state in America. We have two down and 48 to go. Missouri just passed the legislation unanimously. Recently it went into effect.

On the Illinois side -- Illinois is the other state we have -- they've got a pool -- a loan pool of $5 million where the State of Illinois is a 40 percent contributor to what the veteran is looking for. The max is $500,000 under the program. The State of Illinois is a subordinate lender. At one point, 5 percent below the participating senior lender, which is our community banks that are involved in it.

And, you know, we're right in the midst right now of -- I'm hoping we have some good news -- $1.2 million purchase of this iconic restaurant on the southwest side of Chicago called Glenwood Oaks, an Army captain, airborne, two tours in combat, five kids, executive chef, great story. And we hope that we can report out to you on that happening. Because if we can do that in Illinois, for God's sake, we can do it anywhere.

Illinois has got a lending pool, as I said, of five million. Missouri has a lending pool of $720 million. And they are looking to help veterans. And
under there, Senator Lake devised a program and they fund the whole daggone thing. The whole thing. So they're looking for a combination of agriculture where they can and then the rest of our other businesses.

But the main thing I need you guys to do is spread the word and get on your state legislatures, either -- it can be both sides of the house or one side, just looking for a tiger to grab the legislation. Illinois is House Bill 324, and Missouri is House Bill 1503. Print it out. Erase Missouri, plug in their state and get going so we can get this done.

We need -- you know, we've got so much time with five volunteers on our own dime knocking on doors, that this has not been done. And it desperately needs to be done.

The -- still yet today, access to capital. We have Boots to Business, and it's great. But if people can't get loans, that's the difference between 49 percent post-World War II and 6 percent now. And I have some -- we had some fine young turks here post 9/11. These veterans can do great. But they need a little gas in the tank. So please help us spread the word.

Also, we think we're going to be in front of the National State Legislators Conference here in D.C.,
and I think I'm going to be able to get up in front of everybody and beat the tub. We're working to get an agreement with the National Guard, because they're very politically involved, to push it down. But they -- but you guys spread the word. I'm telling you, Missouri is open for business. Okay? And my number is -- you guys have got my number. I've got some new cards here. But for anybody listening in, it's 630-222-5155. We used to be One Veteran at a Time. We're now Veterans Business Project. We're also doing a matchmaking project between veterans who would like to buy an existing small business and existing small business owners that would like to sell to veterans. I think it's a much better play, frankly, with the banks if you can go to them and you've got an existing business with customers, cash flows, tax returns and all the rest. And we've been doing this informally for five years. We're doing it formally now. So we're going to be -- you're going to see us. We're going to be spreading the word.

Joe, anything the Legion can do to help us get the word out? This is -- and we're nonprofit. So that's what we're about. Okay, thank you.

MR. PHIPPS: Lynn, can you share those House bills and that language with us on e-mail?
MR. LOWDER: I will.

MR. PHIPPS: Thank you.

MR. LOWDER: Sure will. Yeah, you bet, Mike.

MR. ZACCHEA: Any more comment? Oh, Rick?

MR. WEIDMAN: Yeah. I wanted to -- this is a good time to interject. One of the reasons for the 6 percent versus 49 percent is part of the original GI Bill was small loans for veterans to open businesses. And VA ran the rap that this was a terrible bust. And, in fact, it was not a terrible bust. You go all over America and you see veterans cab companies, and most of those were started with those loans right after World War II. And it's time to consider doing that again for veterans through the VA and for -- even if it's -- and those were straight-out grants. So it made a big difference. They weren't huge, but they were big enough for the time. Twenty-five thousand dollars in 1945 was not $25,000 today. You could buy a house for $5,000 or $6,000.

MS. O'BRIEN: I believe it was approximately two and a half years ago Senator Blunt tried to push through something similar that would allow --

MR. WEIDMAN: I can't hear you.

MS. O'BRIEN: I'm sorry. I think it was approximately two and a half years ago Senator Blunt
from Missouri tried to push something through that would allow veterans to have the opportunity to leverage their GI Bill to start small businesses, and it got --

MR. LOWDER: Senator Moran.

MS. O'BRIEN: Senator Moran, right.

MR. LOWDER: Yeah. We were dead in the middle of that, as was Joe Sharpe right there.

MR. SHARPE: Yes.

MR. LOWDER: We went knocking on doors and we found them, our little engine that could, and we went after it. And I -- we learned very quickly to Rick's point, he's dead on. The difference in World War II, get a degree, get a job, Servicemans Readjustment Act of '44. Second option, get a trade, get a job.

This is Rick saying here, if you want to buy a farm or a business property, then the Fed came in with that loan provision. That disappeared. And so we attacked it at the GI Bill level to get it back to the original intent. Who am I looking at across in here and who's pushing back? The VFW. Thank you very much. Not those guys. Those guys are all in. It's the right thing to do.

There's something terribly morally wrong about two grunts, let's say, overseas in the Middle
East, they're shooting and being shot at, and one guy says, well, when I get out of here, I'm going to go -- you know, go to college. You keep your grades up, that aggregate benefit nationally is over $182,000. Be blessed, that's great, man, we got your back.

But the other Marine says, nah, I want to go start my own business in my community, help the community out, hire some people, and we say we've got nothing for you, brother. There's something terribly wrong with that.

MS. O'BRIEN: And what's the percentage of veterans that don't leverage their GI Bill?

MR. LOWDER: Fifty percent take advantage of the 50 percent to start. Half of them finish. Stupid me, I'm still an Illinois -- downstate Illinois guy. I thought when Joe and I were starting out that, my gosh, all these legislators, they surely want our veterans to have access to the GI Bill in any way they could. I'm pretty slow on the uptake even at age 72. I learned.

MR. BANTON: Where can we find more info on that push back?

MR. PHIPPS: He said this committee is actually --

MR. LOWDER: Oh, right in here. Right in this committee.
MR. PHIPPS: Yeah, right in this committee. We have the legislation that actually went, there's a pilot program. I don't -- did the pilot program go through?

MR. LOWDER: No.

MR. PHIPPS: So all that language is written and we're advocating -- one of the things that is in that language is that there's some sort of entrepreneur training that goes along with the money. Because there was -- you've got two sides of the house, all veterans, pro and against, having the entrepreneurial training part of that, has alleviated a lot of critics, although we still have some critics. But we -- we'll start articulating that language internally because it's -- you should be able to use your GI Bill money. You paid into it.

MR. BANTON: And, like, in 15 seconds, like a 15-second blurb, what is the pushback?

MR. FENDER: Veterans of America said that they do not want the GI Bill -- they don't want it to be one or the other. They want it to be both. And so the 2017 Forever GI Bill is an education bill. It's not for jobs and it's not for entrepreneurship. So their pushback is is they don't want it to be one or the other. They would do both. So if it's not both,
then they're going to push back on it.

MR. PHIPPS: They don't want it to be used for anything but education, I thought. That's their --

MS. O'BRIEN: Their thought process is four-year degrees are the only --

MR. PHIPPS: It's an education or nothing.

MR. WEIDMAN: There's still a residual pushback from Mike Graham, who has since retired from the Veterans Affairs Committee. I had enormous respect for Mike, brother Vietnam vet. Four tours, I think, Navy helicopter pilot. And -- but Michael felt, and felt very strongly, that if the business goes south then they got nothing. He wasn't against guaranteed loans from the VA. He just didn't want to use the GI Bill as that source of income.

The problem is, if you can't pay for it, you ain't going to get it through this Congress. You've got to have it paid for unless it's a tax benefit for rich people who don't need it.

MR. PHIPPS: There's another funding issue because of the subsidy. We'll get into -- we'll start getting you guys all that information. It's actually not --

MR. FENDER: This is Alex. I don't think there's going to be any way to change the GI Bill.
It's going to have to be either new legislation or 
you're going to have to attack it from another way. I 
think the way to attack is to do the same thing as the 
VA Home Program, basically adopt something like that at 
the SBA level. So mimic the VA home loan, but do VA 
business loan at the SBA level.

MR. BANTON: All right. I'd kind of add to 
that. Again, I don't want to go far into the weeds. 
But, you know, with the current Administration, even 
the concept behind the Made in America movement and, 
you know, skilled jobs, I mean, really what you have is 
the same challenge with veterans as you have with 
wholesale anybody going to college. What's the degree 
actually worth at this point?

And if we have what seems like the 
Administration pushing jobs that are more skilled labor 
where you're getting some sort of certification to go 
and start a business quickly, where's the comparable to 
that on the veteran side of things? And so I don't 
know if there's any sort of alliances that could happen 
at that point. But that's a topic that's certainly not 
in this Administration right now.

MR. CRANE: One thing that I'd also like to 
see, Lynn, and I don't know if you came across this in 
your studies, but -- okay. We're still doing that?
Sweet. Eli Crane, I've got a question for Lynn. Lynn, did you come across any data in your studies to find out how many of these guys that are actually using their GI Bill to get degrees are actually working in fields that represent those degrees?

MR. LOWDER: No, I haven't. But I can tell you this: Being in -- I stood up by the veterans program at the University of Central -- are we doing this again? Lynn Lowder. I stood up a veterans program at the University of Central Missouri, and I'm a Vietnam veteran, so that got me into this -- I was intrigued with how many veterans were coming all the time not talking about education, talking about how to get a business started. They knew I had a little bit of business background. We began to talk and all the rest of that. But I became familiar with -- and I don't know how to say this politically. I'm not the most politically correct guy in the world. But education is a business. It's very much a business.

And so, you know, we beat the tub on the value, supposed value, and everybody, you know, college education, that's great. But it's not for everybody. And I think the bloom is off the rose on a undergrad -- general ed undergrad type of a four-year degree.
Honest to God, we've got a lot of jobs out there that
don't require college degrees. So we're butting up
against this education thing.

I'm not -- I'm for people taking a good, hard
look at things other than necessarily jobs that require
a four-year degree, but particularly I'm bullish on
veterans getting into business for themselves, creating
their own. It's not for everybody. But you guys have
everything it's ever taken to be successful in
business. You just need some gas in your tank.

MR. CRANE: This is just coming from the new
guy perspective here as I've sat through two days and
two sessions of this. If I could take personally one
initiative and run with it, it would be this one right
here.

MR. LOWDER: Thank you.

MR. CRANE: Because I can't tell you how many
guys I met in the service that when they opened up the
GI Bill for guys to be able to go into a trade school
or go get some other type of education, whether it be
get their pilot's license or what have it, I can't tell
you how many guys I saw get excited about that. And if
it's supposed to be their money anyway, you know, I
would love to see us be able to push it through, open
it up to where these men and women, you know, have more
freedom to pursue, you know, whatever they want to pursue.

MR. LOWDER: Well said.

MR. SHARPE: For the American Legion, the original GI Bill was always for employment. It was never to sit in a classroom for four years. So that's why our position was always do what you need to do to get a job. You can go to college, you can get your license, certification. You can start a farm. You can start a business.

So that's the difference between our philosophy and people like Mike Brink who feels like you don't get anything out of if you start the business. Anyone who started a business, you know how much you learn through that. And you're eventually going to do something with it. So the other VSO, SVA, Student Veterans of America and VFW, they still feel that the GI Bill is strictly to sit in the classroom for four years. That's never been our philosophy.

MR. CRANE: Well, it sounds like a bunch of BS to me. And it sounds like it's really -- it sounds like it's really in-the-box thinking. It's not unconventional at all and it sounds like it's really doing a disservice to our veterans.

I had a buddy that just went through -- he
wanted to do some bodyguard work, and that's what he's currently doing. And so he used his -- he was able to use his GI Bill because they dropped some of the regulations and opened it up quite a bit and he was able to put himself through some, you know, PSD schools and several other schools where, you know, he learned offensive driving, he learned all sorts of stuff about, you know, being a bodyguard in the civilian sector. And it would just be great, you know, I mean, to see these -- you know, I know a lot of guys that get their degrees and then can't find work afterwards. It's -- to me, it's just insane, you know?

MR. PHIPPS: Eli, this is Mike Phipps. And, Eli and Glenn, I'll send you over the language that the Legion has done. We have the -- all the language for the pilot from a Congressional standpoint is already written. We can take a look at it and it just needs another push. Right?

MS. PEREZ-WILHITE: Can you send that to everyone, please?

MR. PHIPPS: We'll send it to everybody, absolutely.

MR. BANTON: Glenn Banton again. What was the timeline when that was originally -- the most recent time it was struck down?
MR. SHELTON: Last year.

MR. BANTON: It was last year?

MR. OFFUTT: No, it was the previous Congress. It wasn't the last Congress.

MR. PHIPPS: Previous guy.

MR. BANTON: 2016? So --


MR. BANTON: So not under the current administration.

MR. PHIPPS: No.

MR. BANTON: Got it.

MR. LOWDER: Lynn Lowder one more time. I just want to say that being out here with Joe and Bill Offutt right there, too, behind you, have had a lot to do with this as well. It was a D.C. hand, but it was learning a lot about what's going on out in this neck of the woods and realizing that we were going to be a real uphill grind here, black ops, two ways in, two ways out.

We went back to the states and said we've got to get moving here someway, somehow. And that's been the effort at the state level, too, which we're going to push right on through with that. People with the policies out here, they continue to spin around and round and round. I hope we can make some progress
because it is your benefit. It will be for you. You all have choices. A lot of people have choices. None deserve it more than you guys do, in my opinion. I better shut her down for now.

MR. CRANE: It's going to miss me and a lot of guys in this room because we're already on our way. But, I mean, I think I speak for us all when it's our job to look back and help and provide support for those guys that are coming behind us. That's what we really should be doing in here.

MR. LOWDER: Vietnam one more time. I've just got to say this. Nobody cares about us like we care about us. Nobody cares about us like we care about us. And we need it. We need to do it for ourselves and we need to do it for the people behind us especially. So I'm -- hear, hear. It's on us to do it. And we've done lots -- lots more with lots less. This ought to be done. Thank you.

MR. STUBBLEFIELD: I was just going to add one factor, too, that you may want to consider or think about. And that's -- and we talk about it in the report that Sid put together. And that's a number of people, veterans, who actually go into an employment situation and are not -- in their opinion, not fully allowed to utilize all the skills that they acquired in
the military. And we -- in the Federal Government, we see that with a low retention rate. Sometimes the veterans when they come into a situation where they are not allowed to utilize all the skills and things that they picked up, you know, through military service.

MR. CRANE: I'd like to say one last thing about the comment this gentleman made back here. I don't know -- I don't remember who you were talking about, but you said that the guy had some pushback saying that if you don't succeed in business you're left with nothing. And I don't know if that man was an entrepreneur or not, but I would challenge that absolutely.

As an entrepreneur myself, if you don't succeed in -- you know, most entrepreneurs will tell you, you only have to be right one time. Right? And most the entrepreneurs I know, they aren't successful their first time. I know I wasn't. But when you start to become an entrepreneur and you start to build a business, probably one of the most valuable things that you build is your Rolodex and your knowledge base. And a lot of times that will spin into a lot of -- a lot of careers and a lot of opportunities for these vets. So, anyway, I just wanted to add that.

MR. GWINNER: This is Sean Gwinner. I just
wanted to make --

MR. WEIDMAN: We didn't get a chance to meet with -- those who know me know that I did push back and push back hard. But he had the chairman's ear and I didn't on this issue.

MR. GWINNER: Sean Gwinner. I just want to make a note. I used voc rehab to get my bachelor's, which I don't use and never used after I got it. And I've held onto my GI Bill. But what I noticed is my first business in talking to the effectiveness of having that GI Bill as possible capital, I started up two businesses previously without any capital. So you learn to be resourceful. And I failed in both of those, but the lessons learned now to the third and fourth business I started have had a lot of success. And the fourth one we actually have capital.

So the difference in having capital to lead with and hitting past that breakeven to get to where you need versus having to be resourceful and wasting months on that before you've already learned it, it's an amazing lesson. But what I'm saying is if you have the capital based with the education with other entrepreneurs that have failed or been through it, it negates that risk of losing.

MR. STUBBLEFIELD: Okay. I think we've gone
through the public comment period. And at this time, I will close the formal meeting and turn it over to the chair for your committee administrative matters. Thank you all very much for being here.

The next meeting, we're looking at the 6th of December. Cheryl will reach out to all of your travel plans. I know that's around the holidays. So, yeah, we want to work as closely as we can with you to accurately get your travel plans down. So, again, thank you.

(Whereupon, the meeting was adjourned at 2:36 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.

s/Jennifer Razzino

JENNIFER RAZZINO
Court Reporter