Public Meeting  
Advisory Committee on Veteran Business Affairs  
3/9/2017  

U.S. SMALL BUSINESS ADMINISTRATION  
ADVISORY COMMITTEE ON VETERAN BUSINESS AFFAIRS  
PUBLIC MEETING  

THURSDAY, MARCH 9, 2017  
9:00 A.M.  

Recorded by: Jen Metcalf-Razzino, CER

---

**PROCEEDINGS**

**MS. CARSON:** Good morning. For those on the phone and those in the room, you are about to join the Small Business Administration's Advisory Committee on Veterans Business Affairs. As a reminder for those on the phone, please do mute. There will be opportunities for you to ask questions at various points during this meeting.

Today, we would like to kick off and I am extremely pleased to have our new Small Business Administrator here, Linda McMahon. She, as you may already know, has a long history of supporting veterans, both in hiring them and also supporting those overseas who are deployed.

WWE was a recipient of the Bob Hope Award from the USO, for their work there. She has also been a strong advocate for women entrepreneurs with Women's Leadership Live and other initiatives. So we could not ask for a better person to lead the Small Business Administration in Administrator McMahon, and I think we are a group that is potentially near and dear, and I am looking forward to introducing her to you today.

So I turn it over to you, ma'am.  

(Applause.)

---

**MS. MCMAHON:** Thank you. Thank you very much, Barb, for that nice intro. You know, I was upstairs, and I was telling Jim and Barb that I had a big -- you know, I have got this big speech all prepared, and there was like a podium, and I was going to have a live mic, and then I realized this is going to be a much more intimate setting. So the speech is over here, I am not even going to look at it, so we will just have a nice little conversation this morning before I have to leave. I really appreciate the opportunity to come and get to know you and let you get to know me a little bit.

As Barb said, veterans are near and dear to my heart. Both my parents were Civil Service employees at Cherry Point Air Base, in Cherry Point, North Carolina, and while my parents were -- I'm sorry?  

(Off mic.)

**MS. MCMAHON:** Ah, semper fi.

So even though we were civilians, we grew up, you know, as part of a military post, and so that's kind of in my DNA a little bit. And then WWE has -- my former company, WWE -- has participated in the Hire-A-Vet Program and also has made visits overseas every year to our forwarding operating bases for our men and women who are deployed in active duty in hot...
it's really a very special thing for us.

So not only do I have the opportunity, thanks to the invitation of President Trump, to head SBA but to also be involved now in two areas that are very special to me, which is small business and also our veterans, and to combine those two so that we can help our returning veterans transition from the military into the workplace, either as employees at companies, as WWE has done, or to start their own businesses, and how can we support them in that effort.

I know you all have been much more involved in that for longer than I have, and I thank you for that.

I am really looking forward to working with the Advisory Committee and working with members to make sure that we are providing the best assistance that we can, you know, for our veterans.

Oh, our transcriber, I thought, gave me a little signal to hold up for a second. Okay?

So that is our mission. The programs that are already in place, that need to be enhanced -- you know, our Boots to Business, which have grown, Barb was telling me this morning, to now over 200 worldwide, and I was intrigued by a company here in Washington, I think it's the Dog Tag Bakery, which I think is the coolest thing. You know, Dog Tag Chandelier and the products that are sold go to support veterans, and also veterans can come in and participate in kind of learning a skill of baking, if they want. Sometimes I think that's just to clear their heads or sometimes to actually learn a skill.

So we have all of these different programs and organizations and advice, and I'm so appreciative of the Advisory Group here that will bring kind of disruptive thinking, hopefully, for us now, that we can grow and we can expand and we can have new, innovative ideas.

When I was going through my confirmation hearing, I think it was Senator Todd Young, and I think he's from Indiana -- I need to check that -- but he asked what my view was about letting our veterans, instead of taking the GI Bill for educational purposes, what did we think about letting them use it to start a business. So he was an advocate for that.

On the other side of the coin, Senator Duckworth, a newly elected senator from Illinois, who is a disabled veteran herself, expressed reservation about that because she said, look, I can just think about myself returning, and if I wanted to start a business, I might not have known how to do a business plan; I might have needed coaching; I might have needed...
this to be a tremendous partnership.
1 I look for advice from you. When I have
2 information also from the private sector, I will look
3 forward to sharing that. So I think this is an
4 opportunity for us all to work together with great
5 synergy for the benefit of not only our veterans, but
6 for our small businesses in general, so that we are
7 going to do exactly what President Trump is hoping, and
8 that is help grow our economy and look at our small
9 businesses as the backbone and the life blood of our
10 economy.
11 So I thank you for the opportunity just to chat
12 with you for a little bit this morning and not for it
13 to be too formal, and I will look forward to other
14 opportunities of hearing your advice, how we can, you
15 know, propose legislation, how we can get that through
16 here, get it through Congress, all of the things that I
17 know that you'll bring to the table. So thank you so
18 very, very much for your time this morning. I really
19 appreciate it.

MR. O'FARRELL: Thank you, Administrator
21 McMahon, for being here. Thank you, Administrator
23 McMahon, for being here this morning -- trying to keep
25 this on the record -- and we really appreciate the time
you have taken out of your day this morning to be down
here and say -- you know, give your -- more than your
two cents, your buck-fifty on this. We really
4 appreciate it, and we especially appreciate the
5 connection of you growing up in Cherry Point and having
6 parents who were Civil Servants, who worked directly
7 with military folks. Just about everybody in this
8 room, if you -- how many folks in this room were --
9 served in the military in some capacity?
10 (Show of hands.)
11 MR. O'FARRELL: So you are looking at a room
12 full of folks who are veterans and really -- and feel
13 the spirit of what you said this morning. So thank
14 you.
15 MS. MCMAHON: Thank you. Thank you, again,
16 very, very much.
17 (Pause in the proceedings.)
18 MR. O'FARRELL: Okay. Good morning, everyone,
19 again. Thank you so much and thanks for being here
20 today. I wanted to say, first of all, I'm Jim
21 O'Farrell. I am the newly minted chairman of the
22 Advisory Committee on Veterans Business Affairs, so if
23 I have any mistakes today, just feel free to laugh at
24 me because, you know, I -- if I can't laugh at myself,
25 who can I laugh at? So we want this to be a dialogue.

Obviously, there are some restraints or constraints on
that having to do with the fact that we are on the
record now.
So I wanted to start with -- if we can go to
the next slide -- by introducing those that are in the
room from the committee and those that are on the phone
from the committee, if we could go around -- we don't
have to follow the slide, but if we start with Fran.
As you all introduce yourself, could you give just, you
know, 90 seconds on your background with the
organization you support, if you're with a veterans
service organization, for example. Thank you.

MS. PEREZ-WILHITE: Good morning, everyone.
I'm Fran Perez-Wilhite. Please excuse my voice. I'm
getting over a head cold. I'm past the contagious
stage, so don't worry about that.
I'm a former Army officer, then I went
18 corporate for about 13 years, and then I decided I
19 wanted to give back to my fellow veterans, and I have
20 been with the North Carolina Military Business Center
21 for the last 11 years. We help existing companies win
22 federal contracts. We're statewide. Our services are
23 free because we're state-funded. I am charged with the
24 great task of helping veteran business owners
25 throughout the State of North Carolina.

It's been very rewarding, especially when I
reach out to women business -- women veteran business
owners. I hear from them that I'm the first person
who's ever reached out to them to help them. So that's
been a great time. Not only have I helped people save
their businesses, I have also found out that I have
helped some people keep their homes. So it's been very
rewarding. I love to be part of this committee. Thank
you.

MR. FIELDER: Ed Fielder, retired Marine
lieutenant colonel logistician. My company is called
Fielder's Choice Consulting. I work in business
development, helping small businesses and, frankly,
matching large businesses to small businesses to do
both commercial and government work.

MR. SHARPE: Joe Sharpe. I'm with the American
Legion. I'm the director of the Employment Education
Division.

MS. CARSON: Good morning. This is Barb
Carson, Associate Administrator for SBA's Office of
Veterans Business Development.

MR. O'FARRELL: Jim O'Farrell. As I said, the
chairman and former Navy officer, and I'm a veteran
business owner. I'm thrilled to have folks -- I wanted
to mention, like, Ed Fielder, who mentored me when I
1 was on the -- when I joined the committee two years ago
2 when he was the chairman. I expect Mike Phipps is
3 going to show up here, and the same with Mike Phipps,
4 who is our past chair from last year.
5     MS. STROMAN: I'm sorry. I'm turning it off
6 instead of on.
7     Good morning, everybody, Bekah Stroman. I'm
8 the director of business and state engagement with
9 Hiring our Heroes. It's a long title, but I work under
10 the U.S. Chamber of Commerce Foundation umbrella. I
11 come from a Chamber background. I have been over at
12 the Chamber of Commerce for seven years, moved to the
13 Foundation side about 3 1/2 years ago. What we do at
14 Hiring our Heroes is we help businesses across the
15 country find veterans, military spouses, and
16 transitioning service members to employ them. So we
17 work with both the job seeker and the employer equally,
18 and all of the resources that we offer are free for job
19 seekers to use and also for employers to access as
20 well.
21     MR. ZACCHEA: Mike Zacchea. I am a
22 combat-wounded, medically retired Marine lieutenant
23 colonel. I started the Yukon Entrepreneurial Boot Camp
24 for Veterans. I've also started the Connecticut
25 Veterans Chamber of Commerce, and later on this
morning, I'll be presenting on the United States
Veterans Chamber of Commerce, which is a new
organization that we're working on.
4     MR. O'FARRELL: And for those that we have on
5 the phone, could you please introduce yourselves, those
6 that are members of the committee.
7     MR. MCADAMS: This is Rich McAdams. I'm the
8 founder and CEO of ReliaONE, a former Army officer,
9 combat veteran from Desert Storm, and been on the
10 committee for about two years.
11     MR. O'FARRELL: Okay. We will go ahead and
12 move on, then, to the next slide.
13     Okay. So one thing I wanted to do this
14 morning, because we do have several new members, we
15 have folks in the audience from the public that might
16 be interested in knowing a quick overview of the
17 background of the ACVBA. I'll make this really quick.
18 The bottom line is it was -- this committee was founded
19 after the -- based on the Small Business Development
20 Act of 1999, and our mission is to serve as an
21 independent source of advice and policy recommendations
22 to the SBA Administrator, the Associate -- the
23 Congress, the President, and U.S. policymakers.
24 So the next slide, please. A real quick
25 overview of the description of the duties. You know, a
lot of times people focus just on the charter, but we
actually, on the committee, have specific duties, and
we have specific mandates and authority that we can act
under to perform the duties of the ACVBA. So you see
down there, up on the slide, A through F.
6     Review, coordinate, and monitor plans and
7 programs. Promote the collection of business
8 information and survey data. We do often get involved
9 in requesting surveys from different organizations.
10 For example, last year or the last two years, we had
11 the Naval Postgraduate School looking at, you know,
12 veteran involvement in government contracting, things
13 like that.
14     Monitor and promote plans, programs, and
15 operations of the departments and agencies. We promote
16 plans and operations like the Boots to Business
17 Program, a program that didn't exist several years ago
18 and now has over 200 operations going globally.
19     Develop and promote initiatives, policies,
20 programs, and plans, designed to foster the growth of
21 small businesses. Hold hearings, sit and act at such
22 times and places, take such testimony, and receive such
23 evidence as the committee considers advisable.
24     If you all can't tell, that's what we're doing
25 today, so -- and we do that on a quarterly basis, and
1 at the end of the year, we produce a report which has
2 recommendations, which, as I said, go to the Congress,
3 go to the Administrator who was just here a little
4 while ago, and goes to the White House.
5     So we feel like this committee has an impact on
6 the operations of our government vis-à-vis our veterans
7 and veteran-owned businesses.
8     With the next slide, the success stories. I
9 actually called Ed Fielder and I have spoken with Mike
10 Phipps kind of over the last couple of days. One of
11 the things when I last joined the committee -- and so
12 I'm saying this for those of you from the public who
13 might be here for your first meeting and those that are
14 new to the committee -- and so what have you guys done?
15 What has the committee actually accomplished?
16     And notwithstanding the fact that we are an
17 advisory body, advising and bringing things up that
18 need to be brought up and putting heat where heat needs
19 to be applied can oftentimes result in actions being
20 taken by our government. And so three of those
21 examples, Boots to Business, the Mentor-Protegé
22 Program, and Access to Capital, they are all topics
23 that are hot topics right now, topics that we feel
24 like, over the years, that we -- the SBA and other
25 entities in our government benefited from our digging
into these areas. I attended the IATF, the Interagency
Task Force meeting yesterday, and all three of these
topics were topics of discussion across the entire
Federal Government, which is basically represented in
that IATF.

Next slide. Okay, so now putting Mike Phipps
on the spot, FY2016 -- Mike, if you could just give
us -- it doesn't have to be in any kind of detail, but
if you could just give us, you know, a couple of
minutes on, hey, we met last year, and we came up with
some recommendations that are going forward as part of
our annual report, I'd be greatly appreciative.

Thanks.
MR. PHIPPS: No details.
MR. OFARRELL: No details.
MR. PHIPPS: So the annual report for 2016 is
in its final draft format. We had a little bit of a
different format this past year where the committee
members themselves did their own due diligence on the
topics and on the issues that we were addressing, and
they came up with recommendations and some supporting
evidence for those recommendations. So that's
complete. The committee has that, and we're making
final changes before submission.

Yesterday, during the IATF, there were several
members of the IATF board that had maybe some
additional comments for that and then hopefully
finalize the report by the end of March.
MR. O'FARRELL: Okay. Thanks, Mike.
Okay, next slide. So for 2017, we have kind of
a baker's dozen. It was neat that the Administrator
mentioned Dog Tag Bakery. I'm a huge fan of that
organization in Georgetown, here in D.C. The FY2017
focus areas, we have about 12 of those. Some of them
are repeats from last year because we kind of got
together as a group at the end of the year and decided
that we shouldn't just hit these topics one time and
then leave them. And, in fact, it was Ed Fielder who
recommended some of these things, we need to keep
pushing and pushing and pushing, because it takes
that -- like I said, shining the light on them.

So you will see the list. For those that
aren't in the room, I'm not sure that they have the --
that they're seeing the slide deck, but maybe if
they -- if they aren't, the topic areas for 2017,
access to capital, which is a -- one that we hit every
year. There are always things to be talked about. We
will talk about that today.
Entrepreneur training. We have legal matters.
There's been discussion of having a -- with our board,
our committee, putting forth the idea of having some
legal training that can be provided to veteran-owned
small businesses. The Women Veterans Business
Outreach, state and federal programs, and services for
veteran entrepreneurs. Certification, you are going to
hear about that today from Mike Zacchea. Veteran
farmer outreach, business development, and several
flavors of business development, whether it's
government contracting, commercial, and then the
marketing side of business development. Exports,
encouraging VOSB companies to export their products and
services.

So these are topics that we're taking on this
year and as the focus areas, but what we do know and
what I know from this being my third year on the
committee is that during the course of our meetings
this year, other things will bubble to the surface, and
they can end up being recommendations that we didn't
even consider. I'm looking at Fran right now, for
example, and I'm looking at Bekah, I'm looking at Joe
Sharpe, new members of the committee who are bringing
new and thoughtful approaches to how we can serve
veteran-owned small businesses.
Next slide. Okay. So with that, we are going
to move on to the next part of the agenda, and, Barb,
if you want to take it from here.

MS. CARSON: Thank you, Jim. I appreciate
that. Thanks for joining as Chair. This is the first
public meeting we have had under your leadership, and,
Mike Phipps, thank you for your leadership last year.
We are accountable to you at SBA, and I appreciate the
way that you have been able to provide specific
guidance and expectations, and our team looks forward
to continuing to serve alongside you.

I'm also pleased that today I will have more
robust coverage and engagement from some of my
colleagues you will hear from shortly, the Office of
Capital Access Government Contracting and also the
National Ombudsman, acting. So you will hear a little
bit more than you usually do from SBA. We look forward
to your feedback on that.
I am going to talk to you about the core areas
and give you fast updates, but I will pause at any time
if anyone has a question. As a housekeeping, for those
of you who are attending in the room, there is a
microphone toward the end where it says "Guest
great competition in the actual Boots to Business Program announcement. So I look forward to telling you who was awarded. We hope to award by the end of the month if at all possible. We learned some lessons over this last three years, and one was that perhaps a modular approach would be good, that not every institution is able to manage -- although they did a fantastic job, it was Syracuse Institute for Veterans and Military Families -- but each area of expertise requires special talent consideration and follow-through that can be complex with the Federal Government, to put it lightly.

So we did look at curriculum distinct from overseas delivery and follow-on training, the integration of resources, how do they work with SBA, how do they work within the great ecosystem, and then, finally, evaluation. Continuous improvement not only of the curriculum, but also taking a look at the outcomes. What is the difference if someone goes to Boots to Business? We want to know that. So we currently are in source selection, as I said, and I will report out to you in June on that. I will also have the results of this second survey of the Boots to Business graduates and what's happening with their business formation and more.

For Boots to Business Reboot, we learned a lot on this program. For those of you who are new, it's the same curriculum that we deliver on installation for the Boots to Business participants. This is for veterans of all eras who didn't have access to Boots to Business, or it's for Reserve and Guard, who are getting shorted a bit, perhaps, on their transition experience. So the same curriculum out in communities. The American Legion has been with us from the start on this one. Thanks, Joe Sharpe, for all that you've done to encourage it personally and throughout your organization.

Next slide. Continuing with entrepreneurial development, also this month we will award new grants in the Veteran Women Entrepreneurship Training. It's provided for in statute. We are looking forward to working with potentially multiple new grantees in this arena. So stay tuned for that.

And, finally, the Veterans Institute for Procurement will offer its first ever international curriculum for veteran-owned businesses that want to do business overseas, and we're not just talking procurement. We're talking commercial overseas business. You know, I'll speak really quickly to what that first class demographic looks like.
There are over 13 states represented with the companies that are going to attend. There are approximately 52 that are registered right now. So this is an outside-the-Beltway program. This has impact across the United States, and that has always been the case for each of the VIP programs. So we're thrilled about that.

A little more, a deeper dive into the actual businesses themselves, 87 percent of them are service-disabled veteran-owned small businesses; 44 percent are small disadvantaged businesses; 13 percent HUBZone; 63 percent minority-owned; and 23 percent are women-owned. That women-owned number is big for small business. I would like to see it bigger, but I think this is an incredible diversity of the types of companies that -- the ownership types, and they also are diverse in what they offer, their sectors. So I look forward to telling you more about that in June when we reconvene, about how that first class goes.

I'm not going to spend time myself on contracting and capital this morning, as both of those questions are going to be covered by my colleagues in those areas. I do want to hit a few high-level outreach events that are coming up. Transition Summits, alongside the Hiring Our Heroes, the U.S.

Chamber of Commerce Foundation, thanks to Bekah for your membership on this committee and your enduring support of the work we're doing in transitioning service members, recognizing entrepreneurship is something that folks want maybe instead of employment, as their first choice. So you have made that possible for us to reach a lot of people.

The Veterans in Business Conference is going to be hosted by our closest -- geographically, anyway -- VBOC, at the Community Business Partnership later this month on March 23rd. Charles McCaffrey, the VBOC director there, is here today, so I hope that you will have a chance to speak with him.

And we do have a strategic alliance with the National Veterans Small Business Coalition. You will hear from Executive Director Scott Denniston later this morning, so we will be participating in that in June 2017, trying something new. That is generally for companies that are already participating in federal procurement or are ready to do it. We will provide an entire day of entrepreneurial development activities for those who are just not at that level. They are beginning. They are launching. We can help them make the right decisions along the way.

Next, some trend lines. For those who can't see it on the phone, I'll send you any of these slides that you don't have in front of you, if you write me at veteransbusiness@sba.gov. That's "veterans," plural. This shows our V-to-B throughput continues to climb. We have got over 56,000 service members and military spouses have taken advantage of the program since it was enacted in 2013. The difference -- the purple bar shows those who are receiving that instruction online, because they may be on a ship or remote or that's the way they prefer to learn. We would always encourage them to meet face to face, though. Then, finally, the little orange bar is the Reboot program. So Boots to Business Reboot, out in communities around the United States, others get the curriculum that way.

Next slide. And here's the resource partner delivery that I had mentioned. My office does grant to each of the SBA's resource partners, Women's Business Centers, Small Business Development Centers, SCORE mentors, and the Veterans Business Outreach Centers to deliver Boots to Business. It is complex to manage, but it is the diversity that we must have because they bring such different perspectives in the way they teach and the expertise that they have.

But what I'm extremely pleased about on this particular slide is the increase in share of the Veteran Business Outreach Center instruction. I have asked them to -- I can't yet mandate directly, it will be a new grant award next year, but they have responded. They are responsible now for providing 100 percent Boots to Business instruction in the state where they are located and 50 percent of the instruction for any other states that they cover within their territory. So many thanks to the VBOCs for that if you're on the line.

I am going to, unless you have questions, turn it over to my colleague. I'll pause. Go ahead.

MR. FIELDER: I didn't want to interrupt your flow, but going back to Boots to Business evaluation, we have talked many times about outcome measurements rather than how many participated. I am very interested in hearing more details about what those outcomes measures were or would be, because previously we had been told by Craig that it was very difficult to collect them, and we were looking for outcome measures, something like how many are still in business after three years; how many are successful; that kind of outcome measurement. So if you could talk to that or maybe Craig could come talk to us later on about that.

MS. CARSON: I would love to respond briefly and tell you we have only done one survey thus far at
Advisory Committee on Veteran Business Affairs 3/9/2017

the one-year point after graduation, and we have just collected for the second time. As you know, there are limitations in survey response. The first is being able to see other data. So we are still working on that as well. RAND is specifically going to do a study with us through the Department of Defense, the broader program of assessing all TAP outcomes, and we are doing a data dictionary investigation. I have got one of my team members, John Lira, working on that, also working on an agreement with Census. I need some facts that I can see.

And one more limitation -- these are not excuses but how we are trying to proceed -- is that I don't yet have a unique identifier for SBA clients. So there's no way for me to track that a person who attended Boots to Business then went on and touched a Small Business Development Center or a Women's Business Center and track that person along their route.

So some of that's privacy, but I can address that through appropriate channels within government. It just takes a long time. So what I -- and we are doing that, we are working on that. I need some information systems infrastructure also within SBA for that unique identifier. What I know so far from survey respondents is approximately 35 percent of Boots to Business graduates have started a business, of those who responded to the survey, and 90 percent of them have stayed in business since the first survey, which is just last year.

Remember, we have only delivered since 2014. So it's early, but I'm happy with where we're trending. I also -- we need to think about what's the actual outcome that we could expect after a two-day intervention. So it would not be fair to claim all credit for those starts, nor would it be a failure perhaps of the Boots to Business program to say that we don't have a higher start rate. We are becoming more tuned in to the need to connect them with resources being the biggest success promoter, that by hearing about resources and their connection then to follow on is an important outcome of the Boots to Business Program, because I have heard -- go ahead.

MR. FIELDER: I'm not familiar with the term "data dictionary," if you could help me.

MS. CARSON: That means where are all the places within the government and outside that collect information that would help us follow and learn from veteran entrepreneurs.

MR. FIELDER: Then just a final comment.

MS. CARSON: Sure.
So yesterday I met with the president of the National Small Business Association, and one thing that he mentioned was that kind of interesting was that a number of entities that he deals with, and really we're a little bit confused as to what -- when to go to the Office of Advocacy versus the Ombudsman. So in kind of simple terms, if a regulation is in the rulemaking process and there is concerns or issues that you want to bring forward that could adversely impact small businesses, go to Advocacy; and if there are regulations that are already enacted and there is a compliance issue, then you would come to us to -- for resolution. And, of course, it's regulations that aren't just SBA ones, but Federal Government wide.

So by statute, we have established ten boards across -- they are called Regulatory Fairness Boards across ten regions of the country, and these board members, like most -- I think all FACA board members, are -- they serve without compensation, are appointed by the Administrator for terms of up to three years, and serve at his or her pleasure, and they help us to extend our reach by serving as listening posts out in their respective regions and bringing forth those concerns and providing us with counsel and advice and just great ideas, or as the Administrator said, disruptive thinking.

So in closing, I just have three requests. So if you know of a small business owner or yourself are a small business owner that's hitting roadblocks due to regulatory compliance issues involving a federal agency, please direct them to us for assistance.

And secondly, we are actively soliciting nominations for small businesses to serve -- business owners, excuse me, to serve as board members and to fill vacancies within specific regions, and we have quite a number of vacancies, and the boards really by statute have to have a composition that's fairly balanced. So there is ten boards, five members each, and three of those five members have to be of one political -- one party and two of the other to have that sense of balance. So if you are aware of any high-caliber individuals who may be willing and able to serve, we're accepting nominations for the Administrator's consideration.

Lastly, if there are events that your organizations are hosting and you're looking for a panelist or a speaker, we would welcome the opportunity to address an audience that may benefit from our services and also to promote our outreach activities in the regions.
Advisory Committee on Veteran Business Affairs

Public Meeting

Advisory Committee on Veteran Business Affairs

3/9/2017

question, does anyone else on the committee think it might be appropriate to have information on how many veterans are asking questions? And I was also thinking, you know, what are the top ten issues that veterans -- I mean, it just seems like an incredible source of information for us to help fix, if there are issues that we can -- I'm seeing nods from --

MS. DUNCAN: So, are there issues that you see within your domains?

MR. PHIPPS: Hi, Natalie. So one of the recommendations in our 2016 report is under the legal area, which is a lot of the issues that your organization addresses, and so we're -- one of the requests that we're going to have from the SBA is to do a study that says what are the issues that service-disabled veteran-owned small businesses and all small businesses really are having.

And so your office, being able to collect the information and the subject matter so we can first get kind of a lay of the land and really just address what are the biggest hot spots first, that's kind of the first step, and that might even be something we can even get a jump start on with the SBA and provide some of that data, or as you're starting to go through this process and at the beginning of it, maybe we set up

some metrics right away so we can start tracking that issue and really addressing the hottest spots first.

MS. DUNCAN: Yes, that would be great. So if -- one way that -- in terms of formalizing, you know, the -- that thought is, you know, if you wanted to put that in a comment form and, you know, identify those issues, we certainly will look into it.

In terms of looking at small businesses writ large in terms of what are the top issues we face in terms of just the sheer volume of comments over the last several years, the number one has been with Centers for Medicare and Medicaid, CMS, part of HHS, having to do -- so that's part of it, and it's really three parts. So one is having -- and it's tied to, you know, the Affordable Care Act, and so there is a -- and also -- so a few things.

So one is having to do with competitive bidding practices of CMS, so that's one that's an issue, and the other is -- so in terms of the reimbursement rates.

Then the other is having to deal with excessive audits by CMS. Then really a third dimension is that any of the cases where there's appeals, that it's -- that there's a backlog at CMS for adjudicating the cases that are appealed. A lot of them we hear from small business providers that are medical durable equipment providers, so that's a top issue.

And another one is less of an enforcement issue, but we have heard a number of cases -- this is over several years -- is with HUBZone applications, that it's taken a long time to get it back. Yes, so those are just a few things.

MR. FIELDER: Jim, just a followup on Mike's thought, which I think is exceptional. Natalie, if there was a chance -- and, Jim, if you would agree to this -- to invite Natalie back or one of her staffmembers to sort of dissect some of those numbers in more detail, in a very specific presentation on what are the issues that all small businesses are dealing with in general, and then specifically if they can cut them out -- I don't know if they could cut them out -- but if they could cut them out and say, and these are the issues that veteran-owned businesses are dealing with specifically.

MR. O'FARRELL: I completely concur, and, Natalie, we would, on the record, like to make a formal invitation to come back -- and we can talk about whether that's at the June meeting or the September meeting to give you enough time to prepare -- but we would like to have you come back and do that.

MS. DUNCAN: Okay. I'd be happy to do that.

Just a note is that I think, as I mentioned earlier, is that in terms of how it's currently tracked, so if somebody tells us in their comment form that they're a veteran-owned disabled small business, then we would know that, but if they didn't identify themselves, then there's no way we would know that. So we can only track -- so that's why the statistics may be incomplete, but we could -- and they would state that in their free flow text. So we'll do what we can with the data that we have, understanding that there are those caveats.

MR. O'FARRELL: Okay. And if you have -- is there some sort of a longer term plan for updating the form? Do you do a three-year plan, a five-year plan, so that -- in other words, I understand completely that they just got the plan through OMB or the form, and so making a change to it is -- but if there's, you know, kind of like a software release, "Hey, in the next release, we are going to add this new capability," so that it's on the list, and if we can help move it to -- higher on the priority list, we would be happy to make a recommendation for that.

MS. DUNCAN: So I think that's a good point, and I don't think there's currently a plan, but it's something that we should do. And, of course, any time

For The Record, Inc.
(301) 870-8025 - www.ftrinc.net - (800) 921-5555
right now. Bob is an Air Force family military person. So I was so happy to hear that Natalie had Navy background so that all the Services were represented today.

So we want parity for veterans, and we also are proud of what they've done. My father, when he started his small business, would have loved to have known about the things that are available today. So Bob and I, in our mission as chiefs of the programs, we want to encourage as much veteran outreach as we can, because having the programs strong and having opportunities for our veterans is one thing, but making that connection, that's where we need your help. So thank you for being here and helping us to serve the mission of SBA and veterans outreach.

So Bob's going to talk to you about the 7(a) program. I'll talk at the end about the 504 program.

The 7(a) program has a lot more fee incentives specifically for veterans. The 504 normally just has a fee waiver for all businesses when we have one. So I am going to turn it over to Bob.

MR. CARPENTER: All right, good morning. Some of you were here yesterday, and this will be old hat for you, but anyway, as you can see, the 7(a) lending activity over the last five years or so has been steadily increasing, as has the 504 lending activity over the last four years. We're seeing a trend of an increase of about 12 percent when you compare them to last year for the total dollars, and we're seeing -- we're expecting a total end-of-year number to hover right around the $24 billion mark for SBA 7(a) lending, which was the lending authority provided to us by Congress last year, which had to be increased to 27 billion, and we are expecting somewhere -- to fall somewhere between that 24 and 27 billion.

We don't expect to have to go to Congress to ask for an increase to the authority at this time based on these trends; however, we would love nothing better than to go to Congress and say that the program is doing great and we need more money and the authority to provide for that. This is not subsidy, this is not taxpayer funds; this is just the authority for lending. We don't use any subsidy for this program. So it's a zero subsidized program, and as long as it stays a zero subsidized program, we can provide fee relief.

So if we can go on to the next slide, and --

MR. O'FARRELL: Before you go on to the next slide, can I interrupt?

MR. CARPENTER: Yes.

MR. O'FARRELL: This is Jim O'Farrell, the Chairman again. So if we go back one slide --

MR. CARPENTER: Sure.

MR. O'FARRELL: -- so can you talk to us about the number of approved loans and -- in 7(a) and why that number has dropped in '17 versus '16, '15?

MR. CARPENTER: The number of loans? It's -- right now, we're just seeing the -- the -- a bigger loan volume, but we're seeing numbers slightly less.

But if you look at what they were compared to '15, they're right around the same number. We're -- we have had some regulatory changes recently, and I think right now there's a number of factors. The banking industry is kind of in flux. We're seeing changes in regulatory issues with the banking industry. We're seeing a lot of transition in the overall economic factors. So we're -- everyone I think is just kind of taking a look back and saying, "Let's see what happens and pans out," so --

MR. O'FARRELL: So let's see what happens with the new Administration, in other words, with the --

MR. CARPENTER: Exactly.

MR. O'FARRELL: -- deregulation that may be coming?

MR. CARPENTER: Yep, yep.

MR. O'FARRELL: Okay, thanks.
MR. CARPENTER: That's my personal belief.
That's not the agency's opinion, but my personal belief
is I think it's just take a step back and see what pans
out before we move forward, see what happens.
Anyway, the next slide is there, is the loans
approved to veterans, and you can see a slight decrease
to the loans approved to veterans for this fiscal year,
This is -- these are the numbers as of January 31st for
each year, so we can compare a date and time so you
don't have the seasonality issues and -- affecting this
or -- you know, these aren't end-of-year numbers.
These are just for the first four months of the fiscal
year for each of these years.
We had a dramatic increase in loans to veterans
last year, and that was primarily because of the fee
relief that was increased last fiscal year, and much of
that fee relief has been reduced this fiscal year,
which may be the primary cause for this. And the other
cause we believe to be the decrease in loans to
veterans is just a coding issue, where if -- prior to
this year, any loans up to $5 million could benefit
of fee relief if you were a veteran. So there was an
incentive to state your veteran status and provide your
DD-214 to the lender and SBA.
That fee relief was reduced from loans up to $5
million down to a cap of $500,000. So the larger loans
no longer get the fee relief to veterans, but the
smaller loans still do, and we anticipate that because
these larger loans no longer are getting the fee
relief, that they may not be incentivised to disclose
their veteran status and provide the additional
documentation, the DD-214, for instance, to show
that -- their veteran status.
As such, it's all voluntary to disclose this
information anyway, so if I'm not going to get a
benefit for it, why should I disclose it? And we think
that's a coding issue, and we're stressing to the field
that we're encouraging lenders to have their borrowers
provide that data, especially for the veteran status.
We understand race, ethnicity, and gender, and veteran
status is all voluntary information to collect;
however, we're trying to get the most accurate and best
data to provide for tracking purposes.
MR. O'FARRELL: That's a coding error, where if -- prior to
this year, any loans up to $5 million could benefit
of fee relief if you were a veteran. So there was an
incentive to state your veteran status and provide your
DD-214 to the lender and SBA.
MR. O'FARRELL: Right.
MR. CARPENTER: Yes.
MR. O'FARRELL: Okay. So nationally --
MR. CARPENTER: We can break it down to -- we
could break it down to zip code if we need to.
MR. O'FARRELL: Okay. So maybe we don't need
it by zip code, but I was thinking if there was a way
to understand maybe some of these -- is it happening
nationally that the coding issue is occurring
everywhere, every place, every time, or is there a way
to decide or figure out if there are may be some best
practices out there that are getting past this coding
issue and are actually getting us the real data?
MS. REILLY: One of the reasons that we think
it's a coding issue is because it's inconsistently
reported between loan size cohorts.
MR. CARPENTER: Yeah.
MS. REILLY: It's consistently reported on some
MR. CARPENTER: However, where the incentive was there last year and it is no longer there, we are seeing the decrease, where everything else is up. So we think it's just, "I don't want to go through the extra work to get the paperwork, so I'm just not going to say it."

MR. O'FARRELL: Okay. So how does that -- how do we -- Mike, you're looking like --

MR. PHIPPS: So, there -- and thank you, guys, very much for what you've done, and I've had the opportunity to hear you guys yesterday, so I have probably been able to collect my thoughts a little bit. This is Michael Phipps.

Some of the issue is they can't force people to give the information, so if it is a coding issue, it -- their office can't be responsible for telling the banks that you have to collect this data because it's voluntary. There may be other steps that we could discuss to encourage that.

One of the things that stuck out yesterday and that you've repeated today is that the loan cap for fee relief is capped at 500,000 because we're a zero subsidy program.

MR. O'FARRELL: Right.

MR. PHIPPS: So my question is, is there anything that you guys are doing or could do to get back to -- even if it's not the $5 million mark, you know, the 1, 2, and maybe use some of the fee collection to encourage larger loans?

MR. CARPENTER: Well, the -- as to the fee collection and balance of what level do we offer the fee incentive to veterans, that is strictly based on the subsidy models and the economic factors, and our subsidy team, they dictate that to us, and we have to weigh the differences to keep at zero subsidy, because if we -- if we have to go to Congress and request subsidy, all fee relief goes away, period.

MR. PHIPPS: All right.

MR. CARPENTER: So statutorily, right now, we have fee relief only for SBA Express loans, one loan program, up to $350,000. Currently, we are providing fee relief to veterans in excess of that based on the subsidy modeling, but as we can see, with changes in the subsidy modeling -- and we are expecting additional changes with the new Administration. They're taking a more conservative approach to this subsidy modeling. We are seeing the reduced factor. So currently we are providing all 7(a) loans, up to $500,000.

If you can go to the next slide, and I'll go to the fee relief.
something like that, that would track participation of veterans regardless of how we might dial up or dial down the fee relief, might be something that would be an incentive for the lender to say, well, we want to always identify the veterans, because it would help us with our mission scorecard, even if -- even if the percentages of fee relief change over time.

So we don't know how that will go. That's only been introduced in the early concept stages.

MR. O'FARRELL: So you don't necessarily have a timeline or is there some kind of a general timeline of when that might be rolled out?

MS. REILLY: The Administrator is only now just reviewing it with OCRM, so we would never want to know -- I mean, the Administrator will have to tell us if approximate she's even interested.

MR. O'FARRELL: Okay, okay.

MR. CARPENTER: All right, and the next slide.

All right. You're seeing here the total fee relief in the last five years, as you can see, and fee relief was introduced in 2014 and significantly increased in '15 and in '16 was the maximum fee relief.

We don't have the numbers right now for '17. I believe it's close to about 2 million in savings, a little more than that maybe, but we are on pace to do the same thing.

approval in loans, slightly higher in loans. Like I said, we're at about 7 1/2 percent increase for total loans to veterans under the smaller fee relief structure.

But we're seeing at least 35 million -- you know, 33 on this chart, add fiscal year '17's numbers and you have got $35 in cash returned back to those veteran business owners. So they can do with that to expand, hire, improve their business standing.

All right, the next slide.

MS. REILLY: Many of you have already heard presentations in the past about the 504 loan program, and we don't want to drill down or repeat old information. You are already aware that the 504 program can be 40 percent of a project, that we need a third-party lender to do the first position.

One of the things that people might not focus on or be as aware of is that the 504 program can offer a higher loan amount than the 7(a) program. Our manufacturing can -- loan debenture can go up to 5.5 million, and the borrower can apply more than once.

The 504 Refinance Program is maxed out at 500,000, but that's -- we have a refinance option for refinance with expansion and refinance without expansion. So having the opportunity to refinance at a fixed-rate -- long-term fixed interest for 20 years is something that people might not be aware of. It's one of those if I don't know, you know, I wouldn't know to ask for it. So that's why raising awareness is so important to us.

And energy efficiency also, too, if they're working on a project that would have an energy-efficient component, they can also be eligible for the higher loan amount of 5.5 million, and they can apply more than once. So how this is different is with the 7(a) program, you can apply more than once, and your maximum is 5 million in the 7(a) program.

Next slide, please. So what happens with the 504 program is that if you don't have manufacturing or if you don't have energy public policy in 504, you are also capped at 5 million; however, for manufacturing or energy reduction, not only can you go up to 5.5 million, but you can apply more than once. So what we want to caution our veterans is, is that as you're structuring a project, sometimes they may have some 7(a) financing and some 504 financing, and we want to make sure that they maximize everything that they are entitled to, have access to.

So we caution them to apply for the 50 -- the 7(a) first, because the 7(a) maxes out, but in the 504, you can apply for 504 after 7(a), and you have a higher limit, and you also can apply more than once. So that's something that a lot of our vets don't know, so we appreciate your interest in learning about this so we can get the word out more consistently in our veterans communities.

Another thing, too, is that while we don't have the fee relief that the 7(a) program has had -- obviously fee relief is set by statute, and we can't control that -- but what we have is that we have -- in the program we have a goal for serving veterans, and we have the authority to reduce the dollar-per-job creation requirement. So for the 504 program, that's one job for every $65,000 of assistance that you're asking for, and with our veterans, we're allowed to be a lot more flexible with that goal.

We're a job creation program. We never want to say we don't require jobs. We're a job creation program. But what we are allowed to do, by statute, is to be a lot more flexible. If they are not meeting that one per $65,000 ratio, we can adjust it down to whatever the veteran needs and still have them to be eligible to qualify. So that gives them an incentive for being a veteran. So there's that.

And then, you know, I'll reference back to my comment about my dad. My dad would have loved to have
had contact with a certified development company. Bob has 4000 lenders in his network of 7(a) lenders. We have 260 one-shot economic development shop certified development companies. There's one in every state but Alaska, but Alaska even has coverage, because we cover them through Washington State. We have loans -- 504 loans in every zip code of the country, and so does Bob.

So we have one-stop economic development shops because many times the borrowers that our CDCs are seeing, they are startup businesses. They don't know much about finance. They don't know where to start. And so the certified development companies that are in our network, they not only know our program, they also know 7(a), and they also know every state incentive in their state. So we like to make sure that veterans are aware of the Certified Development Company National Network because it is a tremendous resource to them and it can help them -- they can go in not knowing anything about where to start, and they can get one-on-one, in-person assistance right there in their community.

MR. PHIPPS: This is Michael Phipps. Linda, can you tell us where we would -- where a company can find a certified development company and how we get access to them?

MS. REILLY: We have a map of the certified development companies that has, like, a search engine by state. It's already on the SBA website. We will send that link to Barb and let her share that with this committee.

MR. PHIPPS: Thank you.

MS. REILLY: Absolutely.

MR. OFARRELL: I also just wanted to mention, for those members of the public that are here today, to restate what Barb said earlier, if you have any questions for our guest speakers today, please come up to the table and voice your concern or question.

MR. ZACCHEA: My question is for Robert. Very early on in the first slide that you mentioned, you talked about possible regulatory changes. Are you aware of or can you identify specific regulations that would have a measurable effect on the number of loans that are made?

MR. CARPENTER: Not offhand. There are a number of regulatory changes that we've had. We did a big reg cleanup last year, and one of those regs was to memorialize the HR-2499 Veterans Entrepreneurship Act of 2015, and we were going to memorialize that in reg, and that has been put on hold due to the Administration change. They're taking a look at all regs that were proposed or -- and this is a proposed rule that we put out and published in August and received comment back, and we received no negative comments whatsoever on adding the memorialization of that statute to the regulations.

So that is one where it would, I think, emphasize it a little more and put it in reg and get it out there and have it known, that there is this fee waiver for veterans, because it's currently not published in the regulation, it's only in the statute, and if you talk to lenders about statute, they don't even know where to look for that. But they know where the reg is. They know where 13 CFR is, especially Section 120. So we see that, and if we can get that in the reg -- I know it's a new reg and we have to take two out to put one in, but it's one of those things where we think it's important enough to put it in the reg and memorialize it.

MR. ZACCHEA: I understand what you're saying, and it seems to me like this is an ideal opportunity to identify regulations that may have a suppressive effect on --

MR. CARPENTER: Yes, and we are taking a look at that internally right now within the agency and with our resource partners and the industry. We're looking at regulations that may have impact and that may need to be revised or repealed, and we're looking to do that right now. We're creating a list. I got off the phone with our director this morning, and we're putting together a list to take to the Administrator for next week of the regulations we think would have an impact by removing them, a positive impact by removing these regulations.

MR. ZACCHEA: Okay. So just to finalize --

MR. CARPENTER: I can't speculate on which those regs would be.

MR. ZACCHEA: Right. Just to -- what I would like to make a recommendation to, or the Chair of the committee, is maybe we could offer support in identifying regulations that suppression --

MR. CARPENTER: Yeah, feel free. My email is robert.carpenter@sba.gov, and you can send me -- if you have an issue with any regs, specifically within 13 CFR -- I can't deal with regs on Treasury or --

MR. ZACCHEA: Right, understood.

MR. CARPENTER: -- banking regulations, but 13 CFR, and any regulations you think may have a detrimental impact, we would gladly take a look at those to see how we can revise them or if they need to be repealed or revised.
Advisory Committee on Veteran Business Affairs 3/9/2017

1. MR. ZACCHEA: All right. Thank you, sir.
2. MR. O'FARRELL: And I would also open that up
to the public that are here today, and Barb gave her --
the email address for the committee earlier. Actually,
it was for your office. I noticed it wasn't your
personal email address, which is good, but send those
emails with that information. I'm sure there are
people who are here in the public domain who have some
ideas on regulations that might be cast aside with the
new Administration, that would help veterans get loans.

MR. PHIPPS: It's actually our first
recommendation from the committee this year, is to
evaluate regulations at the SBA level, and so if your
team would maybe take a quick look at our
recommendations to hone that, because that is going to
go to the White House, Congress, and to the
Administrator, and that might make it a lot more
effective.

MR. CARPENTER: Please send them to us. We are
meeting later -- actually --

MS. BULLARD-MARSHALL: Are these comments to
Mr. Carpenter just for capital or all SBA regs?

MR. O'FARRELL: Capital access.

MR. PHIPPS: Linda, should I send that to you,
our recommendations, or I don't have --

MS. CARSON: Just a moment. We're working on
the audio. Thanks for the heads-up.

MR. ZACCHEA: Is that better? Can you hear me
on the phone?

UNIDENTIFIED: Yes, thank you.

MR. ZACCHEA: Okay, great. So Mike Zacchea
from the University of Connecticut called the
Entrepreneurial Boot Camp for Veterans. It's basically
a subsidiary of the Institute for Veterans and Military
Families. Several years ago, four years ago, I started
the Connecticut Veterans Chamber of Commerce, and we
have been very successful in getting laws passed that
promote veteran business ownership in our state. So
based on market feedback, a lot of people from around
the country have contacted me about recreating their
own state chambers.

UNIDENTIFIED: This is us on the phone. We
don't hear anything. Is anyone speaking yet?

MS. CARSON: I wasn't sure.

MR. O'FARRELL: Yes. The Ombudsman would be
the place to send those.

MS. BULLARD-MARSHALL: Okay, I wasn't sure.
Thank you.

MR. O'FARRELL: With that, we are going to take
a break, and it is going to a shorter break than we had
planned so we can try and get somewhat back on
schedule, so if we can take five minutes.

Thank you, Barbara.

(A brief recess was taken.)

MR. O'FARRELL: Okay, so we are back on the
record. I am very pleased this morning to have not
only a member of our ACVBA committee but also an
outstanding person who I'll give a shameless plug for

his book that he's just published called The Ragged
Edge, about his time in Iraq leading a battalion of
Iraqi Army folks that he had to -- in terms of
reconstituting the Iraqi Army, a great book. Mike, I'm
sure you will introduce the other members of your team
that are here today, and you're going to be talking
about the United States Veterans Chamber of Commerce.

MR. O'FARRELL: Capital access.

MR. PHIPPS: Linda, should I send that to you,
our recommendations, or I don't have --

So many of you know me, Mike Zacchea. I'm a
medically retired Marine lieutenant colonel, have been
working in the area of veteran business and veteran
entrepreneurship now for about nine years. I started a
program at the University of Connecticut called the
Entrepreneurial Boot Camp for Veterans. It's basically
a subsidiary of the Institute for Veterans and Military
Families. Several years ago, four years ago, I started
the Connecticut Veterans Chamber of Commerce, and we
have been very successful in getting laws passed that
promote veteran business ownership in our state. So
based on market feedback, a lot of people from around
the country have contacted me about recreating their
own state chambers.

UNIDENTIFIED: This is us on the phone. We
don't hear anything. Is anyone speaking yet?

MS. CARSON: I wasn't sure.
people from 14 states that will be starting their own chambers. And then, finally, we are looking at regional. So, for instance, the big states, California, New York, Florida, will have -- we will break down into either regional or municipal chambers for certification.

Next slide, please. So here are our chamber programs. The key to this is live certification. Our intent is to remove certification from government auspices, bring it as a chamber function, and then push it down to the state and the --

(Brief interruption.)

MR. ZACCHEA: Okay, thank you. Sorry about that.

So to take certification, privatize it, and push it down -- decentralize it and push it down to the local level. So we want the state -- primarily at the states, because that's where veteran businesses are being organized with the states and secretaries of state. The idea then would be that we have a single-source certification that is acceptable for corporate, for municipal, for state, and for corporate contracting, as well as several other programs.

So you can see here, we're talking about match-making sessions -- supplier diversity, businesses doing business with other veteran-owned businesses. The Purple Pages, member directors.

And so if you know Angie's List, I get calls virtually every day from people who want to do business, say, for instance, with, you know, veteran contractors, electricians, carpenters, you know, virtually anything you can imagine. So what we really want to do is create a membership directory for those kinds of service entrepreneurs.

Then, finally, I want to draw your attention to the IBM Supplier Connection. This is a database that IBM runs. IBM has just committed to us that all of our veteran businesses that we certify will automatically be registered in their Supplier Connection database.

So they have 60 corporations now in this database, so we are offering them a dramatic expansion of the number of veteran-owned businesses that would be in their Supplier Connection database. So that's a significant value-add.

Next slide, please. All right, so we talked -- I talked to this a little bit earlier, but we want to privatize the certification process, decentralize it, and it is not just based on but it is the WBENC line for live certification. We want to eliminate the self-certification, and we also want to eliminate the match-making sessions, education. Very specifically, we're talking about veteran business leader education.

We're working with Fred McKinney at the Tuck School for his supplier diversity leadership program. Our charity piece would provide scholarships to veteran entrepreneurs to attend that program.

Financial tools, we talked about the Leaders Scholarship in healthcare. So one of the things that we're very sensitive to, and in my EBV program, we have had a number of veterans who have had to shut down their businesses because of health concerns. Going forward, we're aware that people sometimes need to step back from their business because of ongoing health concerns, particularly if they're combat veterans. So we want to create a program for business continuity for veteran-owned businesses, so that health concerns do not force them out of the marketplace.

The Veteran Employment Program, we're working with Jeff Klare at Hire a Hero. The Veteran Superstore, we will talk about this in a little bit, but that's going to be a retail piece where veterans who sell -- who create and sell products retail will be able to collect -- basically working with Amazon to sell their products. Veteran-owned business-to-business, so, in other words, veteran-owned...
or we want to have a site visit so that we can see how
the business is being run and who’s running it.
On a -- we will implement a quality control
model with annual audits, including an attestation for
the corporate members, that the corporate members are
actually doing what they’re saying they’re doing and
meeting the goals that they have set for themselves.
Peer review. Obviously, we have the
birth/death rate of businesses, and we’re sensitive to
that. So we’ve found that a recertification process
every two years is a necessity. We also intend to
certify or work with Gold Star Families, many of whom
need to start their own businesses in order to support
their service member who is not able to be in the
workforce. And then, finally, our certified businesses
will get a USVCC seal, which will be serialized so that
it cannot be copied illegitimately.
Okay, the next slide, please. So this is how
it’s going to work. This is our process. Pitney
Bowes -- so, it’s the IBM platform, but it’s the Pitney
Bowes process, so that’s the partnership there. So you
can see registering on the supplier diversity portal
will begin the process, and then when they’re
certified, they’re automatically entered into the
database.

Okay, next slide, please. All right, so here
is our employment program, Hire a Hero. It has been in
business since 2004, and they have employed and have
records and they partner with Monster, but they have
employed, you know, tens of thousands of veterans at
this point or helped tens of thousands of veterans get
employment. We have a call later on this month with
LinkedIn. LinkedIn gives a one-year free premium
membership to veterans, and we would like to bring that
program to the chamber and partner with them on that,
so that for every veteran business that’s certified, as
part of their membership, they will get a free premium
membership for the duration of their certification.
Next, please. So the Veterans Superstore, we
talked about this a little bit. Jackie Burrell is a
former chief merchandising officer at Walgreens. She
is taking this on. She has worked with Amazon to
create a platform on Amazon where veterans who sell
products, you will be able to type in in the search
engine, you know, “veteran-owned products,” something
along those lines, and that will bring you to the
Veterans Superstore, almost like a virtual grocery
store or a virtual merchandise store. You will be able
to find products made by veterans. I, myself, use this
system in the Entrepreneurial Boot Camp For Veterans.

When I run my program every year, all of our products
come from veteran-owned manufacturers.
Okay, next slide, please. And then corporate,
government, and non-profit membership, we expect, you
know, that we will be -- our ecosystem will include
both corporate and government entities at all levels,
the municipal, the state, and the federal level. We --
and I will talk about this in a bit, but we expect to
and hope to partner with SBA in facilitating the
contracting efforts. And then we also are very
interested in veteran mentoring, veteran businesses --
vetern business owners and SCORE executives who are
veterans, and we have this model in Connecticut,
mentoring veterans who are coming into business. We
think that’s an important piece to it, and we have been
very successful at the local level doing that. We
would like to emulate that nationally.
The next slide, please. So our first-year
targets, we had our soft launch. In a slide or two, we
are going to be showing you our board of directors and
our board of advisors. We are going to have a hard
launch in May. We have it -- we are working on an
event at Aetna in Hartford that will sponsor our
program. We should have something on the order of 100
to 150 corporations come to that. You see the rest of
our -- our year-end goal is to have 508 veterans
chambers stood up nationally and over 5000 businesses
certified by the end of this year.
Okay, next slide, please. All right, here’s
our board of directors and our executive team. We are
very excited that Paul Bucha, who is a Medal of Honor
recipient and a very successful businessman, he was
chairman of Foster Wheeler and president of the Medal
of Honor Society, has agreed to be the chairman of our
board. We have a number of other very successful
businessmen and veterans.
Pat Birmingham is here from WBENC, obviously.
Ben Downing is from Drexel Hamilton; that’s an
investment bank in New York City. Bruce Ferris from
Prudential; Scott Higgins at Veterans Advantage; Neal
Lawrence is a contractor; Saul Newton is from the
Wisconsin Veterans Chamber of Commerce; Pam Eason; Rick
Weidman has agreed to join our board as well; and then
Jim Williams who’s the former CEO of Easter Seals.
Then you see our board of advisors. Bill
Elmore, who was the former administrator, has agreed to
be an advisor for us; and then Linda Schwartz as well,
from Cleveland, comes to us advocating for veterans’
healthcare. She herself is a business owner as well,
so she knows both sides of the issues. Joe Wynn from
Vet-Force, Joe is in the audience today, and he is an advisor as well.

So this is our team. We are very excited.

It's a strong team, and I think that we are going to be able to create a lot of value for the veteran business community in the very near term.

Next slide, please. So what we're asking for from the SBA is a strategic partnership. We want to work with locally the SBA Veteran Business Development Offices, the VBOCs, and I am certainly aware of the VBOC program. And then, obviously, what we want to offer to the SBA is both the support connection piece and then, you know, through our work, we would like to support the work of the advisory committee here, both in issue development and research and, you know, that kind of stuff.

So --

MR. GUGLIELMO: You know, Mike, can I just add one piece to that?

MR. ZACCHEA: Yes, sure.

MR. GUGLIELMO: I'm sorry. Should I just stand? Hi everybody on the phone. Adrian Guglielmo, I am a former consultant for Mike Bloomberg on diversity issues in New York City and now consulting with Mike Zacchea. I like those Mikes, huh?

So anyway, I just wanted to add in that yesterday we spoke very much about assigning a division for women-run veteran businesses, and we spoke to a former Navy officer who was going to join us. She just did her dissertation on entrepreneurship in women businesses, and along with WBENC, which I think is the premier diversity certification group and somebody that knows how to lift up businesses, we will be starting that recommendation, and we would so much like to work with the SBA on that. So that's what I would like to add. Thank you.

MR. GREENTREE: Hi, Dr. Vivian Greentree with First Data Corporation. So my question about -- well, a few just around the privatization of the certifications and devolving that to the regional or state authorities is, one, you know, what's the value proposition versus what NVSBC is doing or wants to do?

And then also, you know, so when you're talking about global companies, Fortune 500, you know, where does that fit in with -- a national certification is what we tend to gravitate towards because of -- we -- we work not just between states but between countries, and so that's why that national certification piece is very -- you know, when you're looking at anyone, you know, on -- the largest supply chains for Fortune 500s.

are going to -- how are you getting the buy-in from that private sector side with the global supply chains?

MR. ZACCHEA: Right, so two pieces to that.

So, one, I'll -- what I want to say is that we are talking to Jim Perduto -- do you know him?

MR. GREENTREE: He works for me.

MR. ZACCHEA: So, yeah, we have been talking to him about this. So to answer your question, we believe that a single-source certification is -- relieves all levels for certification and relieves the administrative and onus on the veteran business owner to have to have multiple registrations in order to do business with multiple entities, right? So that is, I think, the key value proposition.

The second part is that compared to what NVSBC is doing, they are not doing the -- they don't have the reach, they don't have the corporate reach that -- for our veterans who are going to be registered into the program, getting into the IBM Supplier Connection diversity database, and they don't have the process that Pitney Bowes is offering as well. So those are our value-adds over what NVSBC is doing.

Now, the next thing I want to mention is that Pat wants to address your question as well.

MS. BIRMINGHAM: Pat Birmingham from WBENC. One of the things that you asked about was global and national certification. So one of the advantages of utilizing the WBENC model to help the NVSBC incorporate certification into their benefits for veterans is our certification model is national. We have 14 regional partners in WBENC that execute our certification; however, any certified -- WBENC-certified women-owned business is certified nationally.

And we also have a sister organization, WBENC International, that does the same certification that we do here in the United States around the world. So we feel that we are primed to work with, advise, and support the NVSBC. We did it with the National Gay and Lesbian Chamber of Commerce when they started to help them set up a very robust certification. We are what is considered the gold standard for women's certification, as well as we do WSB certification for the SBA. So we really feel that this is a very robust model that will allow a veteran to go through the process once and get their certification and be recognized across the United States. So, thank you.

MR. ZACCHEA: I have one thing I want to add to that. So we have been approved by veterans organizations internationally, specifically, Canada and...
Mr. Zacchea: Okay. So specifically about NaVOBA, we have talked to NaVOBA as well. NaVOBA is a for-profit company, right, and --
Mr. Guglielmo: It's not veteran-run.
Mr. Zacchea: Well, it is not veteran-run, but it's a for-profit company. This is a non-profit company. It's completely veteran-run. It's -- the veteran piece is baked into the DNA of it. So I think that there's a difference between that and the fact that it's a non-profit versus a for-profit is a significant value-add for veterans.
So -- what was the other part of your question?
Mr. Greentree: The cost.
Mr. Zacchea: Oh, the cost. We are using the same WBENC model cost. So the first year for veterans, the first certification, we will comp. After that, the veteran-owned business will have to pay to be recertified.
Mr. Greentree: And then what is -- what is the difference between that and the one that WBENC is working with NaVOBA on?
Ms. Birmingham: We are not working on certification with NaVOBA.
Ms. Carson: Can you come up to the microphone?
Ms. Birmingham: Yes, I'm sorry.
We are not working on a certification model with NaVOBA. We are -- we have worked with them on things in the past and done some media trades with them because of their publications, to support diversity in general, because WBENC fosters diversity in commerce across all minority and diverse, but we are not building a certification model for NaVOBA.
Mr. Zacchea: And the cost is going to be -- our initial cost point is $500 for certification.
Mr. Phipps: I think, Jim, on one of our first committee hearings, we had a couple of organizations come and talk to us about national certification. So my -- have you made a list of the other companies that are doing veteran certification and how are you going to reconcile the confusion out in the marketplace?
For us, it might be easier to delineate, you know, the U.S. Chamber from some of these other organizations, but there was another organization that had worked with IBM and they had worked with a couple of the top ten large businesses out there to work on a national certification, and I don't even know the state of that program from our last -- from our --
Mr. Fielder: National Association of Veterans Business Council?
Mr. Phipps: Something like that.
Mr. Fielder: Keith King.
Mr. Zacchea: Yeah, and we have talked to Keith King as well. We basically have talked to all the -- all the people who are -- all the organizations that are doing this, and we have, I think, a unique model.
Mr. Phipps: Are you going to work with them, take over their certification process, or are they going to be in competition with you?
Mr. Zacchea: We are not right now either planning to either take over or to compete with them. We have a very different model. We have a very different value proposition than what they are doing. They are only doing certification. We're doing basically gatekeeping for certification into supplier diversity. So it's -- when you ask me the question, it's like saying, well, yes, they are both fruit, but we're apples, he's oranges, as far as -- in the way I look at it.
Mr. Phipps: Can you explain that?
Mr. O'Farrell: Yeah, so let me interrupt for one second. Because Mike Zacchea is on the board and he will be here all afternoon or all day, we are going to defer some of these questions. We do have someone that's up to speak now, and so if we could, we can follow up with these questions, because he actually has to take off for another meeting.
So, first of all, Mike, thanks for coming in, and my take on it is, first of all, you're very passionate about it, and that counts a lot in my book, and also you appear to be, through the Veterans Chamber of Commerce organization that you're standing up, taking a more holistic approach than just the certification, although that is what we kind of focused on at the end.
Mr. Zacchea: Right. There's an education piece and an advocacy piece and --
Mr. O'Farrell: Correct.
Mr. Zacchea: -- and that's what I mean when I say we have a completely different business model than,
you know, some of those other organizations.

MR. OFARRELL: Thanks, Mike.

MR. FIELDER: I just want to correct the record. National Veterans Business Development Council, and it's led by Keith King.

MR. OFARRELL: Okay. So next we are pleased today to have Ken Dodds from the SBA's Government Contracting and Business Development Office to give us an update on government contracting.

MR. DODDS: Thank you. Good morning, everyone.

Some of you were here yesterday, so this is the same -- the same slides you saw yesterday. I am going to update you on the recent changes to Federal Government contracting, you know, regulations and legislation.

So I think she's pulling it up right now, but I'll start with -- there it is. Okay. So, the limitations on subcontracting changes that came -- come out of the NDAA 2013, which changed the calculation and allow you to rely on similarly situated entities in performing set-aside contracts.

If we can go to the next slide. We finalized a rule in May, it was effective in June. There is an interim FAR rule open right now, and we have gone back and forth with various comments from various committees, and it's out for -- now that we have adopted a lot of those comments, it's out for two more weeks of comments, and then hopefully you will see some movement on this rule, you know, in the next month or two.

Let's go to the next slide. We're concentrating this year a lot on HUBZone. HUBZone is one of those programs where we've never, ever met the goal. It's been around almost 20 years now. So we've made some changes to allow nonmanufacturers to participate in the HUBZone program and also to change the joint venture rules to make them align with other programs, allow HUBZones to joint venture with small businesses. So a lot of the rules for HUBZone were more strict than other programs.

Let's go to the next slide. A lot of you are probably interested in the Mentor-Protegé Program for all small businesses, so we did start that this fiscal year. We have about 104 approved mentor-protége relationships. About 40 of them are with SDVOs. So SDVOs are the biggest group so far taking part in that program. It's a little different than the 8(a) Mentor-Protegé Program that you may be familiar with, because right now we do not certify small businesses or women-owned small businesses or service-disabled veteran-owned small businesses.

Of course, any time you win a contract, your status as one of those can be protested. That's the self -- the self-certification protest process that we have for our programs, besides HUBZone and 8(a), and eventually women-owned small business will have to be a certification program as well based on the law of 2015.

A little different from 8(a) in that we don't review the joint venture agreements. 8(a) -- for an 8(a) contract, you have to get your joint venture approved by the district office. We are not going to be doing that, but we have specific rules that your joint venture must have, and if you win a contract, your status can be protested, and if your joint venture agreement is not in accordance with our rules, you will be found to be ineligible. So it's important, if you're a small business trying to joint venture or mentor-protegé, that you follow those rules, you know, to the letter.

One of the clarifications we have in this rule is that once you're no longer small in your primary NAICS code, you are not going to be able to continue in the mentor-protége relationship. So it will end based on your outgrowing your size standard. So this is up and running. It started in October. Like I said, we have 104 approvals at this point.

So, the next slide. This lower-tier contracting is a concept that really affects large primes, but we -- you know, I'm just updating you. We did finalize a rule, and this is from the NDAA of 2014. It basically will require a large prime to have two sets of goals, one at the first tier, where they have a direct subcontract with the prime, and then a goal for lower tier subcontractors, where the large prime has lower tier subcontractors that are -- have to have subcontracting plans. Those are -- you know, so if a large business subcontracts to a large business and it's big enough, they have to have a subcontracting plan. So the idea is that they will have goals at both and they will be measured against both.

Let's go to the next slide. There's been some other final rules on implementing some of our stuff. This is actually from the Jobs Act of 2010. We did an SBA final rule, and now, in December of 2016, they finally did a final FAR rule on -- you know, this one has to do with paying subcontractors late and taking that into account when you're evaluating how the prime performed on the contract. Late payments should also be taken into account.

Let's go to the next slide. This is another FAR rule implementing something from the Jobs Act of
Let's go to the next slide. Okay, so the NDAA of 2017 I think was signed in January/December. Some of the things that I'll highlight for you is, you know, we do have to provide, you know, resources on compliance with regulations. This is a -- this is something that they've put an obligation on OSDBU's mentors, SBA, PCRs, you know, everybody they could name. So I think there's a concern out there that there's -- there needs to be further education of small businesses on compliance.

Let's go to the next slide. The failure to file a subcontracting report can now be a material breach of a contract and should be considered in your evaluation of a large prime. So there is a problem out there with large primes not filing their subcontracting reports on time. OSDBU will -- are now clearly responsible for reviewing subcontracting plans, and then we are going to be issuing examples of good faith compliance with subcontracting plans.

Let's go to the next slide. Something that they created to enable small business subcontractors to get past performance that they can use for a prime contract, we have to create a pilot program for a subcontractor that has never received a prime contract, you know, past performance evaluation to allow them to get a past performance evaluation from the prime and then put that in CPAR so that they can use that to go after a prime contract. So we are going to have to decide, is this going to be in SBA's rules, the FAR, or outside of that? And that's one of the things we are going to talk about with -- as the transition continues with OMB and others, OFPP, to figure out how to implement this.

Let's go to the next slide. It will be a pilot program that will last for three years from the first time we actually pull this off. GAO will take a look at it, report back to Congress on how it's going. And we have to figure out -- one of the things we have to figure out is, you know, is it going to be SBA, CMRs? Is it going to be some other SBA employee, or is it going to go to the OSDBU, these requests for a subcontractor past performance evaluation.

All right, the next slide. Of interest to you all, I'm sure, is Section 1832. This basically says to the SBA and VA that we're going to come up with a common one definition for ownership and control. It will include the ability to use an ESOP, and it will include the surviving spouse provisions that I think are in the VA's definition but not in ours. And so we've met with the VA, and we -- and we intend to amend our ownership and -- do a proposed rule to amend our ownership and control rules, and at the same time, they're going to amend their ownership and control rules and just tell -- you know, basically instruct you to look to our rules for ownership and control.

The other provisions will remain in place. So it -- VetFirst is still there, the CVE requirement is still there, you still have to be certified and in the database in order to compete for a VA contract. All the -- everything else, besides the VA, will be a self-certification program for now. This also -- this legislation also allows you to appeal to SBA's Office of Hearings and Appeals if you have a negative decision either getting certified or as a result of a protest from the VA. And so we're -- we're working on a separate set of procedural rules to implement that and allow that.
scorecard. So for the fiscal year that we're in right now, agencies are going to be graded on -- prime contracting is only going to be 50 percent of their grade; subcontracting will be 20 percent of their grade. So the importance of prime is going down, the importance of subcontracting is going up, and then they added in a requirement to evaluate how many contracts an agency awarded to small businesses in one fiscal year to the prior fiscal year, because I think there was a, you know, obviously, we have met the small business overall goal for three years in a row now, and I think there was a, you know, congratulations, let's focus on something else.

There was a concern that the number of awards is actually going down. So while the percentages still are high, are going up, we're meeting the goal, the actual contract opportunities are shrinking, and so they want us to compare agencies from one fiscal year to another, and that will be part of their grade, 10 percent of their grade in this fiscal year.

MS. BULLARD-MARSHALL: Great, thank you.

MR. DODDS: And as far as reporting on FY16, we're going to probably -- you know, we're working on getting the data, getting the numbers, getting the peer review done, and that will hopefully be ready for issuance at the end of April. That's our target.

MR. OFARRELL: Any other questions for Ken?

MR. MCADAMS: Yes. Ken, I'm wondering if you -- you sound a little bit -- when you talked about the NDAA 2017, 1832, about ESOP and surviving spousal allowance, what did you mean on the ESOP? Is that as far as part of the ownership?

MR. DODDS: Yeah. One of the problems -- I think it's not allowed under SBA's rules, but I think you -- you sound a little bit -- when you talked about the NDAA 2017, 1832, about ESOP and surviving spousal allowance, what did you mean on the ESOP? Is that as far as part of the ownership?

MR. DODDS: Yeah. One of the problems -- I think it's not allowed under SBA's rules, but I think maybe it's allowed under the VA's rules, and it causes a problem because the statute says you must be 51 percent owned by a service-disabled veteran, and if, you know, an ESOP owns 51 or 52 percent of you, then you are not owned by a veteran in the strictest sense of the term.

And then, you know, do we really want to get into figuring out who the employees are and are they veterans, you know, that kind of complication? So I think under the legislation, we basically will just -- if you have an ESOP, that's fine. That will not be considered. So it will be 51 percent ownership basically of the remaining stock in that company, is how I think it will be interpreted.

MR. MCADAMS: I gotcha. Thank you.

MR. ZACCHEA: So I'm really very interested in the ownership part, because one of the things that is a brake to growth is the 51 percent requirement -- equity requirement for a veteran-owned business, and, you know, when we talk to Ben Downing, it -- in the Investment Bank, in terms of going public or, you know, eventual exits from the business, that we need to find a way to deal with either a merger and acquisition or with going public while not losing the veteran business owner status. That's -- you know, because there is value to that. Now, if it's no longer a veteran-owned business, then that's one thing, but the 51 percent equity ceiling or floor, I guess, winds up being a brake to the --

MR. PHIPPS: Beginning equity.

MR. ZACCHEA: Right, to the ultimate growth of the business.

MR. DODDS: Yeah, I understand your obvious concern, but I think it's pretty standard for most of our programs, 8(a), women-owned, and, of course, service-disabled veteran, that we do require that to make sure that the benefits are actually flowing to the intended recipients. If nonveterans are owning these companies, the majority control of them, then, you know, that's -- it's just like for 8(a) or just like for women-owned business, we don't really consider that to be -- we don't want them to be able to participate in these contracts that are set aside for these groups if they are not owned by them.

So I think the legislation pretty clearly requires it, you know, subject to these exceptions, like for ESOPs or for surviving spouse and so forth.

So you would probably have to somehow change the law, and I would be very concerned about that just because I could see a lot of people trying to take advantage of these programs that aren't -- you know, it's not intended to. I mean, to me, once you're going public or getting, you know, equity financing, you're successful, and you may not need these programs anymore, you know, you may not need these set-asides.

MR. PHIPPS: So one of the things that we discussed yesterday at the IATF meeting was just the ability for a veteran to bring equity into his company to protect the equity partner so the veteran can actually get some funds, and we're not talking about going public at this point; we're just talking about some small loans. Maybe he can't get a loan from a bank, say he's in private equity, and so the VA actually has some comments drawn up on how that can be done and how the veteran company can be protected, and we're working -- they are going to send us a copy.
It's not their official statements, but they are going
to send us a copy of some of those things that would
benefit the veteran-owned company to get equity without
kicking them out of the certification path, and we're
going to try to incorporate that into our final paper.

MR. ZACCHEA: Great, thank you. That's exactly
my concern. Thank you.

MR. DODDS: Yeah, and let me just add that when
we -- when we do this, we will be issuing a proposed
rule for public comment. That's how we make these
decisions. That's how we write our rules. So you will
have your opportunity to bring that up, and we'll --
you know, we are certainly willing to listen to any
idea that benefits service-disabled veterans.

We always look at it, where we see the bad
things, and we're always worried about, you know,
trying to write these rules to help you but then not
let these clever people get around loopholes. So
that's the concern. So anything we can do that is
beneficial and that protects from, you know, fraud and
tings like that, we will be willing to look at.

MR. O'FARRELL: Okay. If there are no further
questions, we are going to move on with the agenda --
MS. BULLARD-MARSHALL: Oh, may I ask one more?

MR. O'FARRELL: Sure.

MR. O'FARRELL: Any other questions?

Okay, that's kind of a good segue, that last
question, to our next invited speaker, who is Scott
Denniston. He is the executive director of the NVSBC,
and for those on the phone, that's the National
Veterans Small Business Coalition.

Scott, welcome to the meeting.

MR. DENNISTON: Thank you.

MR. O'FARRELL: Sure.

MR. DENNISTON: Good morning. This is Scott
Denniston with the National Veteran Small Business
Coalition. Next slide.

Our objective in the NVSBC is to help veterans
be successful in the federal marketplace. We can't be
everything to everybody, and we figured that what we
need to do is to specialize in that we know, and
what we do know is the federal marketplace.

Before I go on, I'm remiss if I don't -- I have
got with me one of our national board members, Eric
Dailey. Eric, stand up. Eric is president of Cotton
Medical Group, a medical supply company based in
Indianapolis, Indiana. Don't hold it against him.

He's a Marine. But Eric's been instrumental since --
for the last several years in helping us grow the
coalition, and our goal is to make sure that veterans
are given first consideration in federal contracting as
a prime and a subcontractor, and we work very closely
with all the federal agencies and the major prime
contractors around town.

Next slide. So we promote policies and
acquisition strategies that further the participation
of veteran and service-disabled vet small businesses.
I had the pleasure of being the director of small
business at VA for 20 years, and it was during that
time that General Schwarzkopf ran over the desert and
it was sexy to be a veteran again, and we had the
opportunity to develop programs to help veterans.

And I had the pleasure of serving on the
Congressional Commission on Veteran Service Members
Transition Assistance and then to go back to VA to
actually implement that. And while I was at VA and
then after I retired eight years ago, I would have
veterans from time to time that would come to talk to
The private sector has the ability to compete for the whole issue of A-76 and the government contracting out, things that are noninherently governmental. So this Government is not competing with the private sector in effective for all government agencies.

The other organization that we're part of is Coalition for Government Procurement, which is made up of just about all the large businesses that have a vested interest because you're business owners. So I would say to all those folks, think about how the big guys do this, right? They organize collectively, and they have one voice. Think about AFCEA, Armed Forces Communications and Electronics Association. Think about NDIA, National Defense Industries of America. Think about SAME, Society of American Military Engineers. You can go right down the list, and every industry has, particularly in Washington, a trade association.

And I said if we, as veteran small businesses, are really serious about penetrating the veteran marketplace, we need to form an organization that can help us be that honest broker between federal agencies, large business prime contractors, and the veteran small business community. So over the last eight years, that's what the NVSBC has become.

Next slide. We think we're a little bit different because all of our members are veteran small business owners. We don't have advocates in our organization. We have incredible support within our small business membership to help grow the organization. Most of you are familiar with the Kingdomware situation at the Supreme Court. We were the first veteran organization to develop an amicus brief. We were the only veteran organization to actually put money into that. So we put our money where our mouth is.

We also believe that it's important that we get veteran small businesses to not just be seen as being segregated as a small business group, so we're very active in two other organizations in town. One is the Coalition for Government Procurement, which is made up of just about all the large businesses that have federal supply schedules. That organization focuses on how we make federal supply schedules more efficient and effective for all government agencies.

The other organization that we're part of is called the Coalition for Fair Competition, and the goal of that organization is to make sure that the Government is not competing with the private sector in things that are noninherently governmental. So this whole issue of A-76 and the government contracting out, this is an organization that fights to make sure that the private sector has the ability to compete for the products and services that the Government needs to operate, and many times, some of those, the government agencies over the last few years have tried to bring those in-house. So we're part of that group, to make sure that we, as veteran small businesses, have a seat at the table.

One of the big initiatives of this group, that if you haven't heard about you will, for us old-timers in the room, we remember when we used to have White House conferences on small business. Well, this group is -- we're in the process of putting together a letter to President Trump, giving him the history of the White House conferences on small business, the part the White House played, the part the Congress played, encouraging him to sign an Executive Order that will develop what will ultimately be the next White House Conference on Small Business, which if any of you were involved in the ones in the past, the SBA had a major part in. So we would expect that SBA would have a major part in the one that we hope to have in the future.

The other thing that we have is we have an MOU with the SBA to promote better entrepreneurship. Again, our focus is veterans that want to play in the federal marketplace, and I would argue that startup businesses, the federal marketplace is not a place for them to play, and we could spend all day on the reasons for that, but we think that this is about forming a supply chain of veteran-owned small businesses to continue to grow, to take care of the national economy, and also to do business with the Federal Government.

Ken mentioned in his remarks the point of less opportunities even though governmentwide we're making the goal, and I would argue that is because of consolidation and bundling, and one of the things that I want to talk about at the end, that unfortunately is not on a slide, because this is a very dynamic environment that we're in, and we had our D.C. dinner last night, which we do on a monthly basis at the Key Bridge Marriott, and we had as the speakers folks from the Ferlise Group. Now, the Ferlise Group is a consulting firm primarily in Eatontown, New Jersey, that supports the VA's TAC, and part of that discussion was some of the challenges that people have working in the VA environment in IT services, and I will get into some -- what some of those issues are.

But one of the other things that we know from statistics is not only are the number of opportunities going down, Ken, but the thing that's of more concern to me, as we talk about this pipeline of businesses, the number of discrete small businesses that are
working in the federal space -- and don't quote me on
the numbers -- but if I remember it correctly, it's
about half of what it was ten years ago.

So the problem that we have as a country is
that we have less and less small businesses getting
into the federal market for a myriad of reasons. So
what does that portend for the future of small business
participation in the Government to be? I think what's
happening is the Government is seen as less and less of
a good customer and a good match for all small
businesses, not just service-disabled vets, and I think
that's one of the reasons that the number of discrete
businesses is going down, because people don't see the
Government as a good market anymore, and on the other
hand, you have more consolidation and bundling, you
have more regulations.

Vic Ferlise used to be the deputy director of
CECOM, the old Army Communications Electronics Command,
that when they, because of BRAC, moved down to Fort
Meade, they -- a lot of the old folks -- I'm a Jersey
guy, so I can say this -- we love living in Jersey,
right? So they wanted to stay up there. So VA started
the TAC using those people, and he was frustrated about
the fact that a contract today can take six months,
where eight years ago, it would only take 30 days to
get that same contractor on board and actually helping
the Government do whatever it does, and that's because
we have problems in the federal procurement community
with trained, qualified contracting officers on the
government side. We have a whole myriad of rules and
regulations that have come about.

RAND Corporation did a study last year that
said 25 cents of every dollar that DoD spends with
contractors is spent for compliance on rules and
regulations. We want to know why we have a deficit
problem in this country? We're killing businesses with
rules and regulations.

So I know I'm getting off track, but -- Ken,
thank you for leaving me some extra time, but these are
some of the problems from a global perspective that we
have got to figure out a way to address if we are going
to be able to help all small businesses, but
service-disabled vets, in particular.

MR. O'FARRELL: Hey, Scott?
MR. DENNISTON: Yes, sir?
MR. O'FARRELL: Let me interrupt for one
second. So this committee, I would like to ask Barb,
we could request -- I would like to follow up on some
of the factoids he just threw out there, the reduction
of the number of small businesses overall, and then the
to you -- we really need the research questions, what --
how would you bound it, so it takes some dedicated
thought, but that's something that we could do at your
If you look at the legislation, the Congress sees this. Veterans are important, then they're not. War I, where the flavor of the month was veterans, we had veteran businesses doing business with the Federal Government, and Congress and to the SBA Administrator. One of the things -- one of the big recommendations we have is a national service-disabled veteran-owned business, a business development program dedicated to veterans, because right now, from -- if everybody remembers, from Max Kidalov, he did the research, he has the numbers, he -- we saw the statistical analysis of how there is a decline in veteran businesses doing business with the Federal Government, and so one thing you hit on, back in Gulf War I, where the flavor of the month was veterans, we see this. Veterans are important, then they're not.

If you look at the legislation, the Congress and the SBA Administrator. And there's a mind-set difference there, that's why I don't think the Government should be doing anything. So we have many more 8(a) companies, but we are not seeing an increase in the awards that are going to those companies, and that's a directed award program with business development.

So I would encourage you, that you don't segment the pie too small when you -- when we do research, you -- there are some variables that are very complex here as you look for what you're trying to learn and what you would propose to do with what we learn.

MR. O'FARRELL: Right. So just to speak from the committee's perspective, so what we don't necessarily want to do is create a situation where we open up the floodgates to -- with a new program that allows veteran-owned and service-disabled veteran small businesses to get sole-source contracts, for example, such as the 8(a), and then you don't have the demand for them through the contracting officers who don't appreciate that as a -- for whatever reason, I mean, across contracting officers.

Do you have any thoughts on that, Scott, that particular aspect of it?

MR. DENNISTON: You know, so much of the government psyche is that the Government gets best value through competition, that the -- the 8(a) program is a little bit different because the 8(a) program is just so institutionalized. Every contracting officer in the Government has grown up with the 8(a) program. Contracting officers in the Government have not grown up with the HUBZone program, with a women's program, with a veteran program, so we have that challenge to start with, and we could have a whole discussion today about why I don't think the Government should be doing...
business development in the first place, but I do believe that the Government can establish an atmosphere or a climate that allows the private sector to grow. And just a quick anecdote, early in my career I was the assistant director for the 8(a) program here in Washington, D.C., and I had very passionate, very dedicated people on my staff as business development people. The closest thing in the private sector that equates to a business opportunity specialist within the VA is a venture capitalist, okay? So think about the fact that a venture capitalist generally have no more than four, five, six companies they are working with at one time. The portfolio of companies that each of my staff had was in the range of 75 to 100. They also had to throw on all of those bureaucratic requirements that we had, like an annual review and a business plan and all this other stuff. The other challenge that we had -- and, again, these were very, very dedicated people, and this was many years ago, so I know it's changed a little bit, but they were folks who had come up through the Government in their careers. Most of them were high school graduates, but the people that we had coming in to the 8(a) program were graduates of Wharton, Harvard Business School. So they would come in and have their "annual review," and one of my people would make a recommendation -- and, again, good, dedicated people, had never been in business, had never run a business, and they are trying to make recommendations to kids who had graduated from Wharton. There's such a huge disconnect there that it was always so frustrating because how do you do that from a government standpoint? And I know it's a public policy issue, but it's a challenge, and that's why I said, I don't know that the Government should be doing business development. I think there's a lot of things the Government can do to create that atmosphere, to let the private sector do that, but that's tough in the Government with all the rules and regulations that we have, not only in how we operate programs but also in the personnel requirements that we have. You know, that's why a number of years ago, I thought it was great when we changed for the acquisition community in the Government, that they had to be college graduates, because what continues to happen today, the best and the brightest get offers from the private sector, the Lockheed, the Grumman, the folks like that, and go make double the money, and then come back and negotiate with the people who are left in the Government with all these overwhelming government requirements. So we have a huge disconnect here.

And we want to know why the Government's expensive? It's because of this. But we as a community -- when I say a community, I'm talking about the American public -- we don't understand that, and we are not willing to put the commitment into it, to train our people to be equal to the other side. But, again, I'm getting off track.

I wanted to talk about the MOU that we have with SBA to create veteran entrepreneurship, and we signed that. Barb came to our VETS 16 event last year -- we do a national training program that I am going to talk about in had a few minutes -- and we signed an MOU to promote veteran entrepreneurship. So all the VBOCs that are funded by SBA are now members of the NVSBC. They have access and get our monthly newsletter that we put out. They have access to our matching service that we have, called Govmates, that I am going to talk about in a minute, and they get to come to our events at a discounted rate so that we can help promote that veteran entrepreneurship.

The other thing that we're doing -- VETS 17 is going to be June 12 through 15 in Norfolk, and in conjunction with Barb's office, we are developing on that Thursday, which will be the 15th, an actual SBA Day, which is going to be an entrepreneurial development day for veterans. So we are going to get the word out on that and have two tracks, one for veterans that want to start small businesses and another track for veterans that have businesses that are looking at the Federal Government. So it will be -- it will be Business Development and Government Contracting 101.

And, of course, Norfolk is a great town because it's very military friendly, and working with a VBOC down there and the state director of veterans affairs in Virginia, Admiral Harvey, who is a good friend of ours, we think that we are going to be able to put in a really dynamic program, and then our hope would be to replicate that around the country. So that's -- I just wanted to mention what we're doing with that MOU.

The NVSBC, we do match-making events. One of the challenges that we have, all of us that work as part of the NVSBC, we're incredibly passionate about what we do, but we're all volunteers. We're all business owners. We've got to make money because our spouses and families like to eat. So what we're doing is we have a chapter in D.C. that's incredibly active. We have monthly dinners at the Key Bridge Marriott. We
had one last month. It's always the second Wednesday of the month. If anybody's interested in getting on the mailing list, give me your business card, and we will get you on that.

We have established a coaching program where we have some very incredibly successful veteran-owned small businesses who are blowing through their size standards, and they are now coaching -- we don't call them mentoring, because we don't want to get confused with the VA or the SBA program -- but where we will put a successful business owner with a wannabe successful owner, I'll call it, together, and we base it on industry and geographic area. We've done a couple so far that have been very, very effective. So we want to expand that.

Monthly training, before our dinners that we do here in D.C. every month, we have what we call boot camp. Boot camp yesterday was from a CPA, and I call Stephanie a back office type person. She provides all those accounting services, personnel services that a company needs, but they did a two-hour workshop on how to survive a DCAA audit. What does that look like?

What does your accounting system have to -- have to -- need to comply with DCAA requirements?

And I am going to talk in a minute about our chapter formations around the country, but we're -- we have an incredibly successful model here that sells out every month. We have a capacity of 150 participants, and Barb has been to a number of our dinners, and it's the greatest networking event for veteran-owned small business in the D.C. area.

We also have a monthly newsletter called First Call, where we keep veterans -- veteran business owners, our members, and the people who we send First Call, to up to date on all the changes on rules and regulations, anything a veteran-owned business needs to be successful in the federal marketplace, and that's put together by myself and the young lady attorney by the name of Sara Schauerte. Sara just moved down to Atlanta, but a great young lady, very committed to what we're about.

We also have industry groups because we realize that every industry is different. So we have one for the IT world, and that one we have focused mostly on the VETS GWAC, because if you remember, those of you who know of Executive Order 13-360, GSA was required to establish a GWAC for veteran-owned businesses in the IT world, and that contract, when it was first put in place, went gangbusters. And then VA established the TAC and established the T4 contract vehicle, and the amount of work that went on the VETS GWAC plummeted.

So we started our industry group to actually market the VETS GWAC throughout the Government, because the problem we had was GSA wasn't marketing it. GSA would market Alliant and Stars, but they wouldn't market the VETS GWAC. So we did that.

We tried -- we have had fits and starts of trying an industry group in the construction world, because we have got some folks that are very expert in claims, in change orders, and all those things that go on in the construction world that we want to bring to our members. My challenge is finding someone to actually coordinate that and be the chair of that industry group.

The third one we have is the medical services group, and actually Eric Dailey is a cochair with me of that group, and this is going to be unique. If we pull off what our plan is, we are going to revolutionize not only VA, but we are going to revolutionize the way that service-disabled vets are looked at by all federal agencies.

What this has to do with, we started this group last June, after VA announced the awardees of their med-surg prime vendor contracts. You are halfway familiar with the whole prime vendor concept and how VA works? VA needs, if you believe VA, 400,000 discrete products to run a hospital. What they want to do is they want to standardize, collaborate -- can you go back for a minute? Thank you -- how they operate in the medical-surge world, again, to reduce costs and have consistent patient care and all those other issues.

Well, out of those 400,000 items, VA has now had competition for 6000 of those, and now they have awarded contracts to four companies to actually manage the inventory, the delivery, the take-backs of damaged products to four what are called prime vendor contractors. There's four of them, two large and two small. Cardinal, which many of you know, is huge in the healthcare arena. The second one, also huge in the healthcare arena --

UNIDENTIFIED: Medline.

MR. DENNISTON: Thank you, I always forget them, Medline. Then we also have two small businesses, one of whom is a graduated 8(a) company, believe it or not, AMD in Florida, and Kreisers, who is up in North Dakota, I believe. So when those companies were awarded contracts -- and we know how VA operates, we know how slick Cardinal can be -- but we wrote to each of those four of those and we said, "Hey, we know that
Advisory Committee on Veteran Business Affairs 3/9/2017

you are going to provide certain products to the VA under the med-surg prime vendor formulary. We also know, though, that you are going to try to provide other products to the VA not under the formulary, so that means you need another contract mechanism. In our opinion, that means then that the rule to Vets First and Kingdomware applies to those other 390,000 items. So how are you, working in the VA, going to ensure the that Kingdomware is part of your deliberative process?

What we got back from AMD and from Kreisers was letters that said, "We don't know, but if you can help us, we will figure that out." What we got from Medline was, "Well, we don't want to put anything in writing, but we will have a phone call with you." What we got from Cardinal was a very terse conversation at the VA Conference in Minneapolis last year, where the vice president of Cardinal for government operations looked me square in the eye and said, "We're going to do whatever's best for Cardinal." We said, "All right, we've got a problem."

So what we are working on, for all those other products that VA needs, is we are developing what we're calling the NVSBC Easy Button, and what we're going to do is we're developing a software platform that is going to be the Amazon for those other 390,000 products, where a VA purchasing agent is going to turn on the screen, put in the product that they're looking for, and what will come up will be a list of all the service-disabled vets that have that product, who the manufacturer is, what the price is, and what they have in inventory that they can deliver to VA. The VA person is only going to have to push the button to order it. Their purchase card information is already going to be in the system, so we have the billing and ordering process all the way down. So we are taking away from VA every conceivable excuse that they can use for not following Kingdomware when it comes to the med-surg products.

Now, what's fascinating about this is I've already had discussions with HHS. They want to use this system because they buy -- and it's growing all the time, because they are getting more and more of a role in emergency preparedness than they have ever had before. So we pull this off, this is going to be a game-changer, because it's going to be able to show where the service-disabled vet community identified a problem, didn't bitch about it, but actually came up with a solution to provide to the Government. So that's what we're doing in the industry groups. VETS 17 is our national training conference that we do that will be in Norfolk June 12 through 15. It's supported by every federal agency. It's also supported by all the prime contractors in town. We will start off on Monday with our membership meeting. Then we're going to have our reception on a boat going around the Norfolk Harbor. Tuesday we are going to start off, and we are going to start off with two workshops, one inside the Government and one outside the Government, focusing on the new Administration and what we expect the changes to be in federal procurement as they relate to service-disabled vets.

Then Tuesday at noon, we are going to have our Champions Awards Luncheon, where we recognize all the federal agencies and the prime contractors and buying organizations that met the 3 percent goal or 8 percent for veteran-owned small business. The prime contracting community loves this. Every one of the people that get these awards every year have -- they know how to do PR, and you will see articles in the paper all over about this award that they got from the NVSBC.

And then, of course, on Wednesday, we've got workshops planned all day, a couple other speakers that we're working on. And then, of course, on Thursday, we are going to have the day with SBA. So we are really, really excited about VETS 17.

One of the other things that we did last year, we try to -- we work really hard to keep our costs down from the standpoint of where we have the conference, to the hotel, what it's going to cost you, and everything else, and -- but we also know that for startup businesses, it can be a challenge to take a half a week or a week away from your business, have all the expenses required to come to a conference, the conference registration, the air fare, the travel, the hotel, meals, the whole works. So one of our members had a great idea last year. We need to raise money for scholarships. All right, how the hell are we going to do that?

So what she came up with was a T-shirt sale. I know you are going to laugh and say, "All right, how much are you going to make on a T-shirt sale," right? Well, to show you the -- how the veteran community works, we had one member stand up and say, "I'll do a match for up to $10,000." We had another guy stand up, he's a Navy vet and said, "How many Navy people do we buy here?" People raised their hands. "I'll buy a T-shirt for every one of the Navy people." So, well, then, of course, all the other Services had to do the same thing.
The bottom line is we have $18,000 in a scholarship program now. So we can pay for anybody to come, and what we have got is we have got a situation where we will pay all the expenses except for your meals. There's an application process involved. You have to be recommended by an NVSBC member, but all of that is on the website for not only the conference but also for the NVSBC. So we're excited about that. As far as we know, we're the only organization, number one, that has a conference like ours but now has the ability to pay for it for startup companies. So we're excited about that.

Next slide. Current challenges, the VA and Kingdomware. We have a situation in our opinion where a law was passed nine years ago. The VA chose to interpret it in a certain way. Over the years, the service-disabled vets went to GAO to protest the way VA was interpreting it. Every time, the GAO found in favor of the service-disabled vet, and every time, VA ignored the GAO guidance. So then we had a company, Kingdomware, who decided to take the VA to court, and as we all know, it went up to the Supreme Court. The Supreme Court decided eight to nothing, and it was -- as somebody said last night, "Well, it could have been worse." And then we said, "What's that?" They said, "If Scalia was alive, it would have been nine to nothing."

But we have a problem because VA continues, in our opinion, to interpret Kingdomware in a way that was not the intent of the law, number one, and also of the Supreme Court ruling. So we are pushing very, very hard to anybody that will listen on what we have to do to overcome VA's continued avoidance of the Vet First program, and we're actually going to -- we're in discussions now with hiring some professionals to help us push that, because the thing that we also learned from some friends that we have on the Trump transition team is the VA is in the process of drafting a legislative proposal to Congress that will abolish Vet First.

So we're in a situation where we, as veteran-owned small businesses, have a great program, but you know what, if we don't come together and coalesce around this issue and fight it, we are going to be sitting here at this meeting next year and saying, "What happened to Vet First?" So it's incumbent upon us to step up to the plate and get involved in this. So I will keep you involved.

I'll tell you how bad it is. Just this week, one of the major trade associations in town that deals with major medical equipment, things like CT scan, CTs, lithotripters, x-ray machines, MRI machines, has written a white paper on why Vets First and Kingdomware is not good for the VA and is not good for industry.

An interesting sidebar, I meet every month with Phil Christy, who runs the SAC, the Strategic Acquisition Center for VA, that does most of the medical buying now, everything other than federal supply schedules, and when I met with Phil in November, he said to me, he said, "Are you aware of the meeting that the Senate Veterans Affairs Committee is having?"

I said, "No. What's it about?" He said, "It's about Kingdomware." I said, "Who's going to be there?" He said, "I don't know. All I know is Greg Giddens and I are going to be there." I said, "Okay."

So I went to a guy that I know on the Senate Veterans Affairs Committee and I said, "What's this meeting about that you're having?" "Well, you know, a lot of the large businesses are confused about Kingdomware and they're complaining about it, so we're going to have a meeting on it with all the big guys, McKesson, J&J." You name a business in the medical community, they were going to attend.

I said, "Really?" I said, "How many small businesses are you going to have there?" "Oh, we didn't think about that." And so I was silent, and I kept silent, and I kept silent, and he finally got the idea. He said, "Do you want to come?" I said, "Damn right, and I want to bring some people."

So I called Barb. I said, "Hey, are you aware of this?" "No." I said, "I need help." So Mike Phipps came with me to the meeting --

Mr. O'Farrell: Actually, Jim came with you.

Mr. Denniston: I'm sorry, yes. You're both young and cute. What can I tell you?

So we went and we had one of the members of our medical products group go with me, and, of course, like most meetings up on the Hill, it starts out very friendly and congenial, and then some of you know Julie Susman from Jefferson Consulting around town. She's one of these high-priced lobbyists. She says to Greg Giddens, they says, "Well, let's talk about the big elephant in the room." And he said, "What's that?" She said, "Vets First and Kingdomware, we don't like it. It's administratively burdensome to VA, it costs VA extra money to work with service-disabled vets," and she went on and on and on.

Then Greg Giddens' response is, "Well, we're doing the best we can, but it -- we do have this issue and this issue." So we were all quiet, didn't say a
word. Then when they all got done, we had a chance to speak, and we refuted every damned argument that they made against Kingdomware, but the problem we have is that big business is against us, and we know the VA is against us, so if we as a community don't stand up and start fighting this, we're not going to have a program left. So like I said, we are marshalling the forces within the NVSBC to make sure that those people that we know who are our friends will stand up and be part of what we're doing. So we'll -- there will be more of that coming. Now --

MR. PHIPPS: Scott, in order to get rid of Vets First, wouldn't that take an Act of Congress?

MR. DENNISTON: Why do you think the VA has developed a legislative proposal?

MR. O'FARRELL: Yeah. So my memory of the meeting is that the argument against small businesses participating on such a scale with the VA is that they -- the large businesses is where innovation comes from, that was number one.

And number two, if you -- if you continue to do this, eventually we won't be able to get to minority-owned businesses, women-owned businesses, HUBZone businesses, whereas all of us know that those

that work with the Department of Veterans Affairs, through the CVE program, and all the verifications that they have done, they have over 9000 businesses in that database, a large percentage of which are minority-owned, women-owned, HUBZone.

So it's really not hard to refute the arguments they were making, but I completely agree with you, Scott, if we are kind of decentralized and not organized in that charge. So with that -- with everything I have just said, I look at you, and we talked about come to the meeting and bring to the challenges and recommendations. So feel free, also, to provide the committee some of your recommendations so that we can incorporate them in, as Mike has referred to our recommendations from 2016 that we're putting forward in 2017. We really need your input on that.

MR. DENNISTON: Not a problem. I've got a white paper that I've written that I'm using with the communications and lobbying companies that I'm meeting with now. It's not ready for prime time, but I'll be more than happy to share it with you guys, because we have some very specific recommendations in there that you may want to do.

And one of our frustrations is that David Shulkin was nominated to be and is now the Secretary of VA, and the reason I say that is because he's bought into all this nonsense that is being perpetuated by the VA management team in acquisition that Vets First is bad for VA, so -- and we could talk half the afternoon as to why they think that, but that's part of the problem.

And to show you how -- how -- the challenge we have is we need to get this on the radar screen of somebody at Shulkin's level or higher. So one of the things that we did, for his -- his hearings to be confirmed as the VA secretary, we sent some comments -- some questions to the Senate Veterans Affairs Committee, to get him on record supporting Kingdomware and talk about what he was going to do to implement it properly, and none of the questions were asked.

So when we went back to the committee afterwards and we said, "So, what gives?" What the response that we got was, "Well, look, we just confirmed the guy 16 months ago as the Under Secretary for Health. We wanted nothing but softball questions. And since the only thing he knows is healthcare, all the questions were healthcare-related." So we don't even have this issue of ours on the radar screen on the Veterans Affairs Committees of the House or the Senate.

So that's why we've got some real -- we have some education issues to do, is probably the only way I can put it, with our congressional delegations and people like that, and we're in the infancy of forming what our attack plan is going to be, and once we have that more formulated, I'll be more than happy to either provide it to you, come back at one of your next meetings and give you an update of what we're doing.

Now, as it relates to specifically the SBA, one of the issues that we have is, as most of you know, if we have a set-aside of any ilk and the small business is not the end manufacturer of the product that's being provided to the Government, it has to be the product of a small business, made in the United States, unless SBA has provided a waiver to that agency, and you can have contract-specific agencies -- waivers or you can have blanket waivers.

Well, when VA started this whole med-surg prime vendor contract, they came to SBA. They got a waiver of the nonmanufacturer rule for all medical products. So that's what the VA has been using. Well, one of the folks on the VA staff who was anti-Kingdomware and anti-Vets First called over here to SBA and said, "I want to ignore the waiver that SBA has provided." Now, when I learned about that, I went ballistic, and I called Barb. I said, "Barb, we've got a problem. If
<table>
<thead>
<tr>
<th>Page 129</th>
<th>Page 131</th>
</tr>
</thead>
</table>
| SBA allows agencies to disregard nonmanufacturer rule waivers or to not even ask for them, we are going to cut out of the federal marketplace any business that provides a product to the Government. "Think of office products. Think of the problems that service-disabled vets have now because of strategic sourcing, right? Think about medical products and what that will do. And the list just goes on, I mean, industrial products. And the Government spends billions and billions of dollars a year in products where we can establish that working with a small business is a good value proposition for the Government, but if SBA allows agencies to forget about that process, we're going to kill small businesses. And the problem is is that when VA made that call to SBA, the SBA position was, "Yeah, you can ignore our waiver and you don't have to use it." So that was the meeting. Now, SBA promised us a position paper on that. We still don't have one, okay? MR. DENNISTON: I don't think that was the policy that they agreed, that they said to VA. MS. CARSON: Yes. MR. DENNISTON: If you remember, that's what Ken Dodds told Jan Frye. Yeah, okay, because if you remember, Sean Crean and John Kaplan disagreed with that. MS. CARSON: So I -- I want to say, we are on public record, and I would like to have Ken respond, if that's -- that's not how I recall that one. MR. DENNISTON: That's fine. Well, in the meeting, Ken said, "Yeah, I did say that," and that started a policy discussion. MS. CARSON: But he said he -- it may have been misinterpreted, what he said. That's what I want to clarify. MR. DENNISTON: Right, right. If you remember at that meeting, there was a commitment that SBA would establish a policy. My point is, no policy has been established. MS. CARSON: Okay, fair. MR. DENNISTON: Okay? MS. CARSON: Okay, thank you. MR. DENNISTON: And, again, this has huge ramifications governmentwide for all small business programs, not just -- let alone the service-disabled vet one. So we need to worry about that. What's fascinating about Kingdomware and the VA -- and, again, I know I'm the only thing between you and lunch -- but we have one set of problems in the medical world where the VA is not complying with Kingdomware. If you go to the IT services, it's just the opposite problem, because for those of you who are in the VA world, you know that VA has what's called a T4NG contract where there are 14, I think it is, service-disabled vets who have that contract. The issue that we have there is big business in the IT world is not fighting Kingdomware so much, and the reason for that is the VA has a billion dollars to spend in IT this year. So far, they have only spent $250 million, and we're halfway through the fiscal year. So that means that in the next six months, $750 million is going to be put on T4, and the vast majority of that will go to these 14 companies, and they are going to be crushed under the weight of the work. And when T4 was established, we implored VA to add more service-disabled vets to it, and they said no, that they wouldn't do that. So on the IT services, we've got a situation where it's going to be overkill.

So one of the issues there is is that we would like SBA to take a look at the size standards in the IT world, because given that the VA -- that the Government buys with large consolidated procurements, we think that the current size standard of 27 million is too small. And I know that from a philosophical standpoint, that's going to be an issue with the SBA, but we've got to figure out a way -- maybe we have subcontractor requirements put on small businesses to work with other small businesses of like ilk, because now, from a joint venture perspective, we can allow that.

So we've got a lot of issues, but the bottom line is that if the service-disabled vet community fails either way, either because they're not getting business or because they get too much business, it's going to taint the entire program. So we've got issues that we've got to address. We don't have all the answers. Our goal is to raise the awareness of these issues so that the people in leadership positions can deliberate those and hopefully come up with some recommendations, because we're very concerned on both sides of that spectrum, okay?

The next slide. Is that -- yeah, here we go. You know, we have got to marshal our -- we've basically talked about all of these, okay? One of the things, though, at the VA that we don't have is PCR engagement. So when it comes to Vets First and Kingdomware, we need to get the PCRs more engaged in VA buying activities. Even the NAC, the National Acquisition Center, which puts in place contracts worth...
...advisory committees that the VA is not interested in, besides the role the VA, we think we can also help the service-disabled veteran community, okay?
And then the last slide is my contact information, and I will be around until we all break, but if anybody has any questions or any comments, I'd be more than happy to field them.
Yes? I'm sorry, go ahead, Jim.
MR. OFARRELL: I was going to say, any questions for Scott?
MR. GREENTREE: It's actually a statement followed by a challenge, but the question -- oh, sorry, Vivian Greentree, First Data. Because there's been such an emphasis on the public sector and doing business with the VA and doing business with other federal agencies, you know, there's -- they spend, what, 500 billion, about, a year, all in federal procurement, where the private sector really dwarfs that.

MR. DENNISTON: Right.
MR. GREENTREE: It's in the trillions. I think Walmart even did just 300 million on veteran-owned businesses, almost, last year.
MR. DENNISTON: Um-hum.
MR. GREENTREE: So, you know, maybe a challenge to this board would be to highlight, if not emphasize, the opportunities in the private sector supply chain, and I -- you know, you touched on it, which is why I started thinking, at least highlight them or bring it to the level of -- so veteran-owned businesses, you know, to demystify the process of what certifications mean, how much they cost, what -- what companies use. Certainly, you know, doing business with the Federal Government and state agencies is an opportunity, but I would just say so is the private sector, and it actually dwarfs that in our -- in our, you know, procurement world. So that was -- you know, it would just be -- I would love to hear more about that at the next one of these, if possible. Thanks.

MR. PHIPPS: So that is one thing that this committee absolutely looks at. We have a lot of recommendations that are geared towards the public sector or the private sector. We just happen to be talking about this issue.
I had one quick question for you, Scott. Is the VA on board with using the tool that you're developing?
MR. DENNISTON: In concept. There hasn't been -- because one of the things that we need is, number one, is to get their buy-in, but then we need their participation in actually the design of what some of the screens look like, what's the data that they need, how are they going to it.
One of the things that's fascinating about this whole concept is that VA will spend over a billion dollars in this open market world, and VA has no way of tracking where they're spending their money. So one of the things that we're offering them is this solution so that they will know not only what they're buying, they will know who they're buying it from, and they will also be able to get it down, if they want it, to the level of which contracting officer is buying what.

MS. CARSON: Are you saying the current tool doesn't do that, because we do have a tool that will show exactly which companies were awarded what contract and by what product or service and for how much.

MR. DENNISTON: See, one of the problems in the whole med-surg world in comparison to the...
pharmaceutical world, in the pharmaceutical world, every drug has a national drug number, so it's very identifiable from start to finish. There is nothing like that in the medical products arena. So that's why five of us can come up with a different description for a bottle of water.

MS. BULLARD-MARSHALL: Just to clarify, are you talking about FPDS?

MS. CARSON: No.

So let me use the break to get the cite that I'm talking about. Thanks.

MR. O'FARRELL: So we are going to go ahead and break unless there are any other questions before the break, and we will be back at 1:15 to continue. Thank you.

(Whereupon, a lunch recess was taken.)

AFTERNOON SESSION

MR. O'FARRELL: Hello again, everyone. This is Jim O'Farrell. We are going to kick off the afternoon session.

So, first of all, any saved rounds, as some military services say? Anything from the morning? Any questions from the committee that you all wanted to ask?

(No response.)

MR. O'FARRELL: Okay, I can't read lips, so I guess I will move along.

So if you all figured that out -- yes, sir?

MR. LOWDER: Lynne Lowder from 1 Vet at a Time.

I was going to ask the same question I asked of these two people on the lending thing. I asked it yesterday, but for this committee. The only thing that's relevant to me is tell me how many veterans are applying for federal loans that fit within the parameters of small business. I want to know the declined percentage and why. Then we're done. Now we can talk about a fix.

So that's what I wanted to hear from them.

MR. O'FARRELL: Okay. Thanks, Lynne.

Appreciate that. Thanks for the question.

Okay. So next up we have the access to capital presentation by Mark Rockefeller from StreetShares Foundation. Welcome, Mark.

MR. ROCKEFELLER: Thank you very much, Chairman O'Farrell and Ms. Carson, for inviting me here, a room full of friends certainly, we all know each other.

Can the folks on the phone hear me okay?

MS. BULLARD-MARSHALL: Yes, we can. Thank you.

MR. ROCKEFELLER: Okay, great. Thank you very much.

I'm delighted to be here and thank you for all that you guys do for veteran entrepreneurship in America. I wanted to address a couple of points here real quick, I am just going to very quickly go through a couple of themes, and at the end, conclude with some recommendations for SBA. We have five specific recommendations, and my hope is that this committee can get involved in sort of formally endorsing those to SBA.

So we will begin with a basic problem statement here. Slide, please. So there's rather a unique challenge that faces post-9/11 veteran entrepreneurs.

I've handed out this infographic. For those who are on the phone, we can work to make this available to you as well, but it is an infographic that compares the World War II generation, the greatest generation, with the post-9/11 generation, what they call the next greatest generation when it comes to entrepreneurship.

On the left side of that, you can see that 1945, 49 percent of the veterans of that greatest generation went on to own or operate a business. Obviously, that's probably part of the reason that they are the greatest generation, is not only what they did on foreign battlefields but what they did after they got back that was a big part of that.

Now, access to capital is our theme, and they had that access to capital back then. As you see from this infographic, there was over 13,000 banks in America, and those banks were smaller, they were localized, and they were more accessible to these veterans when they went to start their business. Veterans had access to the money that they needed, and the economy boomed.

Fast-forward now to today. The SBA estimates that 25 percent of my generation, the Iraq and Afghanistan generation, want to be entrepreneurs. That number should be much higher, and one of our goals should be to get that number higher here, collectively. The problem is now that there's fewer than half the number of banks now that there were then. Those banks are consolidated, they are larger, and in essence, they're further away from Main Street than their
Advisory Committee on Veteran Business Affairs 3/9/2017

predecessors were, and the further they get away from Main Street, the more difficult it is for these vetrepreneurs to access that capital.

At the same time, you now have loan sharks circling all over the place, to include online. Anyone who has served in the military knows that just outside the gates, there's a couple of businesses that you see every single time, and they have payday lenders, and the loan sharks are one of those. They have now gone online, and they are preying on our veterans now as entrepreneurs just like they did when they were active-duty, inside the gates.

So the solution that we at StreetShares have created -- and this is not intended to promote us, but I want to share an example of what we've done -- is to basically bring technology to bear to bridge the gap between those entrepreneurs who need capital and an American public that would like to support them. So that is the basic idea.

Next slide, please. This just says that we have some credibility, what we have been calling the most exciting innovation in military financial services in decades.

Next slide, please. All right, so this is not your grandfather's veteran community. I think we're sort of sensing that, right? The emergence of new VSOs. Every single one of my veteran friends I know, we do almost everything using this. For folks on the phone, I'm holding up my cell phone, right? I took an Uber here this morning or this afternoon. In the back of the Uber, the driver had a power pad and every kind of adaptor that I could possibly want. So I am charging my phone, charging my computer, while working, communicating with Brandon over here, while in an Uber. to this meeting just now, right? We are doing everything through this, Uber, Airbnb, Google Wallet, et cetera. The resources for veteran entrepreneurs need to adjust accordingly so they can access this rising generation of veteran entrepreneurs.

So one example is what we have built as StreetShares. I would say we were a for-profit organization. We are a venture capital-backed startup based in Reston, Virginia, just outside of D.C. here. So in 30 months, here's what we've done, and the intent of this isn't to brag but to give you a sense of the demand that is out there. So in 30 months, we have built a fully mobile and digital first lending technology that all happens right here through the phone. We have 30,000 -- it's about 33,000 right now -- StreetShares members. That number is increasing by 55 percent each quarter and has since we launched in 2014. So there's a lot of people that want to get involved here either as borrowers or as investors or backers to help these veteran entrepreneurs.

We have had 40,000-plus member-funded participations. So by that I mean members of the public who have said I want to support that entrepreneur, and they have made a bid to back a portion of the entrepreneur's loan, 40,000-plus of those. And entrepreneurs have requested over $400 million, almost half a billion dollars, in loans through us, right?

Again, this is not to brag on us, but it's to show you that if you meet people through the medium that they're used to, with the technology that they want, and in particular, for the veterans community, in a way in which they can connect socially, people respond to that, right? There's a need and a market for that, and the theme of my request to come here of SBA is let's bring the SBA's resources to bear in the same way.

Very quickly, how we work, we have three investment-side products, and, again, the whole thing is done through your phone. These are here on the left. We have veteran business bonds, and that is a 5 percent bond type product. Folks are putting their cash in there. They can pull it out at a 1 percent penalty, and they know that money goes to support veteran entrepreneurs. So, like, my bank account, for example, I think gives me 0.17 percent yield. We're getting 5 percent yield and using that money to help a population that we all care about. It is, I believe, the first social impact -- military social impact investment product in America.

Secondly, we have StreetShares pro investing. I'm still on the left side here. That is for a credit retail investor. So those are more sophisticated investors, accredited by the SEC. They are in there buying larger portions of the loan and picking individual loans which they want to back.

And then lastly we have an institutional product, so those are for managed funds to come in and invest in these loans as well.

On the right side, we have the loan products. So we have StreetShares' simple business loans, StreetShares' Patriot Express line of credit, and then we have a government contractor financing product that we just launched. Being responsive to the customers that we have, about 25 percent of our existing customers were in gov-con, which I know is a very
What I love best about this is that you have military veterans on both sides of the equation investing in each other. In fact, we have a theory around derisking loans because you know that on the other side of it isn't some distant, monopolistic bank, but a fellow military veteran. So when times get tight, you are going to prioritize paying that loan back, because you don't want to harm your fellow military veterans. So we have built the technology around how you optimize that kind of social loyalty and bring that to bear in finance.

So from these three, these three general lessons, we have five specific requests -- this is my last slide here -- five requests for SBA. I say these are principles based on suggestions, because I don't know the inner workings of the SBA, and there's great people there. I know Barb is working very, very hard to get through a lot of this stuff. I don't know the challenges that she faces. So I'm going to stick to principles and general ideas and let the smart folks in the SBA figure out exactly how this can work.

First, SBA to identify those nontraditional resources that are being used right now by this post-9/11 generation of veterans. They are using them already. They are just not finding them through SBA.
25 ready and reliable access to capital, and so that's my
24 funders, because as a funding company, I've got to have
23 each loan is roughly 60 percent from the institutional
22         MR. ROCKEFELLER: Yeah. So the funding behind
21 Just how does all that work?
20 if you were to securitize them or something like that?
19 you put together tranches of loans like you would be
18 there any security to that? Are you -- you know, do
17 just kind of curious about the bonds. How do you -- is
16 funding is stratified amongst those three, and I was
15 curious, a couple of questions about just how that
14 and institutional investors. I was kind of
13         MR. AUMENT: Then you had individual investors
12         MR. ROCKEFELLER: Yes.
11 which you said which paid a return of around 5 percent.
10 three categories. The one was the business bonds,
09 MR. AUMENT: You mentioned you had sort of the
08 MR. ROCKEFELLER: Yes.
07         MR. PHIPPS: Mark, can you go through a little
06 committed -- my committed funds. I've got a quarter
05 billion dollars in funds to lend through those sources.
04 The other roughly 40 percent comes from StreetShares
03 ourselves, us co-investing, and then it's split between
02 the bondholders and the StreetShares pro investors, but
01 the 5 percent veteran business bond product is a pooled
00 product, and so we are pooling all of our loans.
08 That is a recourse note to StreetShares, which
07 I don't want to get into, but we have an SEC filing.
06 So this is a publicly filed security with the SEC. So
05 we have a statement on file with the SEC that lists all
04 the risks and goes through all of this, but it's a
03 public security filed with the SEC, which if you're
02 curious, anyone listening, you can go to sec.gov and
01 read that filing. That is basically a recourse note to
00 StreetShares, and then StreetShares takes that capital
09 and lends it out to these businesses.
08 MR. AUMENT: Okay.
07 MR. ROCKEFELLER: Yes.
06 MR. PHIPPS: Mark, can you go through a little
05 bit on the fees that you charge and how veterans can
04 navigate those fees, especially if they're on some
03 tight contracts? Do they have -- you know, do they
02 have some leniency in how they can work their fee
01 structure with you guys?
being measured, but it's not being measured and shared, and so that's the next step that's needed.

MS. CARSON: Absolutely, measure and share. I would like to do that.

MR. ROCKEFELLER: Yes.

MS. CARSON: And with your role on the Interagency Task Force for Veteran Small Business Development, I think there are two ways that we can bring more effect to this effort. So I would -- let's try and align the questions that you would ask of SBA.

And finally, I did go and ask our agency what would it take to get on LINC, and I asked for a study to -- you know, just tell me what the minimum criteria would be. Could we -- the study was just going to be amongst us, you know, what's the risk to the agency? What's the risk to the borrower if we open this up and what would our minimum criteria be? And then we had a transition.

So now it is ripe for us to perhaps be the first ones to be proactive here. Tell me what you propose the criteria would be rather than waiting for the agency to do that. One of the items had been what would be the maximum interest rate, for example, that a borrower would pay, and you were willing to share a number that you thought was reasonable. I agreed. So what's the risk to the borrower if we open this up and what would our minimum criteria be? And then we had a transition.

So now it is ripe for us to perhaps be the first ones to be proactive here. Tell me what you propose the criteria would be rather than waiting for the agency to do that. One of the items had been what would be the maximum interest rate, for example, that a borrower would pay, and you were willing to share a number that you thought was reasonable. I agreed. So...

things like that.

And understanding the fee structure that you just asked about, Mike Phipps, is helpful. So as many of those things as we can quantify, and then it's easier for me to put forward as this is not just put StreetShares on LINC; this is the -- we need to join this generation. Outside the veteran portfolio as well, let's make the case, and I think that we have a good model to test with, so --

MR. ROCKEFELLER: Yeah. I can put in a little plug for a group that we're members of called the Small Business Borrowers Bill of Rights. So the question is, how do you sort of discern, you know, the predatory online lenders from the folks that are -- that are charging fair rates.

MS. CARSON: Yes.

MR. ROCKEFELLER: It's difficult sometimes because of the way that small business loan rates are calculated and the varying kinds of small business loans that are out there. One group that we have joined is called the Small Business Borrowers' Bill of Rights, and it's a group of lenders, and there's many, many great lenders on there, not just StreetShares. There's -- there's many good ones that have, you know, made a public pledge toward transparency and fair rates determining those things. We just need to adopt those and then use that test.

MS. CARSON: I'm almost done, then I will turn it over to you in just a second.

The scale -- first, a contrast, that I'm looking back at the number of loans that we -- that SBA was able to guarantee through our programs to help veterans, and we're at 3200 a year right now, and you said you've done how many thousands since -- in 30 months?

MR. ROCKEFELLER: No, I didn't -- I've done a thousand loans.

MS. CARSON: A thousand?

MR. ROCKEFELLER: Yeah, yeah.

MS. CARSON: And then the dollar values? Could you tell me the range again, please?

MR. ROCKEFELLER: Yeah, yeah. So we do loans -- we have different products, but the basic term loan goes up to about 120K. Our line of credit is similar. It's a series of term loans, in essence. And then our government contractor financing goes up to 500K. But the average loan size actually is 22,000. They're small, yeah.

MS. CARSON: That's helpful.

MR. ROCKEFELLER: Yeah, yeah. They want...
expanding both sides of the marketplace as we grow.

MR. ZACCHEA: Okay. So you're separating that out from the $400 million in loan requests.

MR. ROCKEFELLER: Loan requests, yeah.

MR. ZACCHEA: So is there a queue, is there a delay, or is that just loans that you have not -- I don't want to say you declined, but I -- what I'm imagining is that you're creating a marketplace --

MR. ROCKEFELLER: Yes.

MR. ZACCHEA: -- where the best value proposition are funded FIS. Is that correct, what you're doing?

MR. ROCKEFELLER: Yes, yes.

MR. ZACCHEA: Okay.

MR. ROCKEFELLER: So we are declining quite a few right now, right, at least for now, right? What we do is we bring them in -- we have a StreetShares Foundation, right, that is focused on educating, inspiring, and equipping these veteran entrepreneurs.

So we have a grant program through the Foundation. So if they come in and they apply, they are declined for a grant, we will encourage them to apply for a grant through the foundation, give them that initial bit of capital that they need, watch their performance, and then when they're ready for a loan from us, they will come back for that.

Lending is a very interesting business, right, because unlike any other product in the world, right, if I'm selling widgets, I want to sell to every single person who will possibly buy a widget from me. Lending, that is not the case, right, because it's getting money back that's the hard part of lending, as you can imagine, right? So, you know, we are -- we are strict right now in who we approve for loans because we're guarding our investor capital as well.

As the marketplace grows, right, we will have more products, we will have innovative ways to fund these folks, but for right now -- and if they're declined, there is the foundation grants, which we do $10,000 each month, which I believe is the most generous, I think, grant program out there for veteran entrepreneurs.

MR. ZACCHEA: So the last thing, just so I understand, are you saying that really what you're doing is the most efficient allocation of capital to your applicants?

MR. ROCKEFELLER: Yes, yes.

MR. ZACCHEA: Okay.

MR. ROCKEFELLER: Not unlike what our friends at the bank would do, right?
Mr. Rockefeller: Thank you, sir. And I would point out one thing. I mean, what -- there's a generation of veteran entrepreneurs just like me, right? I mean, I am one of tens of thousands that are out there, and we're turning to each other. A great example of this is someone who's here with us. Brandon Shelton over here, who runs TFX Capital, it's a veteran-focused venture fund, and so Brandon over here, his fund and his supporters, his investors, put some of the first money in StreetShares to get us going, right? So you have one veteran, I am trying to launch a company, I need capital, and the banks aren't working for me, right? So I turn to a venture fund run by a fellow veteran, and so we're helping each other in

business, sir, to your point, just the way that we did on the battlefield.

Okay, thank you.

Mr. OFarrell: Thanks very much, Mark.

Okay, so next up Chris Ford and Brandon Shelton are going to be talking about -- well, several things, but I know I'm interested in hearing about Project TORCH.

For those on the phone, we are just -- stand by for one minute. We are getting everybody mic'd up and whatnot.

Okay, Chris, thanks for being here today. We look forward to your presentation.

Mr. Ford: Thanks for having me. It's really an honor to be here. Thank you, all, for your time today, and for those on the line, thanks for calling in. Some of you may just be asking why is the National Association of Veteran-Serving Organizations talking to the SBA about entrepreneurship, and that's a great question, and I will get to that later today.

We have been in existence -- we were founded in 2013, and we stood up as an organization to undergird the effort of the nation's non-profits that are focused on serving veteran populations, as well as their business counterparts and government agencies and foundations. It's been an exciting journey for us.

You can see on the bottom of this first slide, we have five focus areas, and today I'm going to talk to you about the research component of our work.

We do a lot of work in educating communities and institutions about how to work better and evaluate those services, but today, specifically, I want to talk to you about our project, Project TORCH, where we aim to better understand veteran entrepreneurs as they compare to their nonveteran counterparts, and we think the whole aim of the project is summed up quite clearly in this very next slide, if we could go to that.

There's something interesting going on in our country, as Mark just alluded to in his comments, with his infographic, that if we have less than 1 percent of our country actively serving since the Vietnam era, with only -- with less than 3 1/2 percent of them actually in the workforce, why are 9 percent of today's businesses veteran-owned and led? What is going on on the left side of this chart that is leading to successful businesses on the right side of this chart?

And the frank answer is, we don't know. We don't know enough to understand what's going on in uniform that changes the capabilities and experiences and skills of veterans to become sound business leaders.
once they take the uniform off, and we have got to do a
better job of understanding those realities so that we
can allocate resources to ensure that we further that
success to meet, as Mark articulated, a broader set of
veteran entrepreneurs running businesses that are
putting investment back into America and putting more
Americans back into meaningful work.

   This is especially interesting at this point in
time given the advances we have had in technology. As
Mark alluded to, the world has changed. We are all
tied to our cell phones. We are all tied to
electronics. As technology advances business
opportunities, veterans are responding, but the systems
that support them aren't, and we can do a better job as
a country to better understand so that we can
good allocate both private and public dollars
accordingly.

   Next slide. This is the type of impact we're
talking about. This comes from Census Bureau data as
depicted by the Institute for Veterans and Military
Families at Syracuse University, which shows 2.5
million veteran-owned businesses in the country with
payrolls nearly $200 billion, with 5.5 million
employees. Those are real numbers, with a cash receipt
value of 1.1 trillion. Imagine if we make a 1 percent

increase in veteran entrepreneurial success, how these
numbers quickly start to change.

   Next slide. So our project, Project TORCH, is
designed to really answer some central questions,
understanding the current state of veteran
entrepreneurship so that we can re-allocate and shift
public and private resources accordingly. If one of
nine businesses in America are owned and led by
veterans, and we're giving more attention to veteran
entrepreneurs, then -- and we believe that veterans, as
entrepreneurs, are civic assets in their community,
sort of giving back more than just on this $1.1
trillion impact number, but into their communities as a
whole, then shouldn't we really understand what's
driving their successes and what gets them there faster
and put our resources there accordingly? That's the
whole goal of our study.

   Next slide. The first thing we want to do is
confirm that veterans are successful entrepreneurs. I
think we all know this anecdotally, but there is not
enough real science that says veterans versus
nonveterans are outperforming, especially if you look
at post-9/11 veterans focused on technology, kind of
the emerging fields, if you will. But assuming that
that's true, what are the success determinants that got
them there and what are the services having the
greatest impact? Was it an incubator? Was it an
accelerator? Was it the Boots to Business Program, of
which I'm a graduate? Was it Syracuse's Boots to
Business course, of which I am also a graduate? What
are the things that are driving people to success? And
if those are having the greatest impact and outcomes,
why are we not investing more heavily into those
support systems?

   The focus of our study has several key
attributes, as listed here. One, we want actionable
insights. We don't do research for research's sake.
We want it to actually create something that generates
change, both in the public and private sector. We want
to proliferate those findings, good or bad. We have
talked with several partners about doing studies
before, because as a neutral convener, we don't really
have a bias. I am not an investor in veteran
businesses. I don't own one. So we don't really care,
per se, the result. We want to know it so that we can
respond accordingly. So even if the findings are bad,
we need to be able to share that so that we can get
some course correction, right?

   We have to do this quickly. As I mentioned
earlier, with the evolving technology that's changing
in our country, doing this study in three or four years
is not very useful. We have got to do something this
year that tells us what's working and what's not. The
community is already responding. We have Bunker Labs.
We have StreetShares investing. We have Task Force X
investing. We have Patriot Boot Camp.

   The organizations that are involved in trying
to get around, in front of, and support veteran
entrepreneurs are increasing every week, and if we
don't better understand how to support them and which
ones are having the most effect, we are going to have
one of these models that I call ready, shoot, aim, or
we are just going to start dumping money into the lead
horse thinking it's the best solution, when in reality
we may be putting our monies in the wrong place.

   And it has to be a collaborative effort. As a
key component, anything that we do at NAVSO, we don't
do anything alone. We have strong support partners,
and I'll talk a little bit more about our partner
participation.

   Next slide. So why NAVSO? Again, why would a
non-profit association, not exclusively focused on
veteran entrepreneurs, be in this room, be tackling
this question? The first part is that we serve three
market segments, if you will, the non-profit sector,
Meetings

Advisory Committee on Veteran Business Affairs

3/9/2017

1 businesses, government, and including funders as well. So we actually touch on a fourth. We have access to leading research organizations. Unlike some others who are very limited in their scope and who they could reach out to do their study, we have access to all of them. We've shopped the marketplace, and we work with CNAS and RAND and others to find the best-in-class organization to help us get to the right answers. We have unbiased results. That's a very key attribute of what we do in our studies. Again, we don't care necessarily about the answers. We want to know them, good or bad. We want to present those to the marketplace accordingly. And we're neutral. We don't have a political leaning. We're not going away when the Administration changes. We're here to just understand the data. And underlying the efforts to ensure that everyone is successful accordingly.

Next slide. The great news is that we're not alone. I am not an expert in venture entrepreneurial investment. I am a veteran entrepreneur, I created NAVSO, but that's a little different. Creating a non-profit has some of the central precepts of creating a for-profit business. We just have a tax advantage, as I tell people all the time, but we don't do this alone. I needed people around us -- our team needed people around us who better understood what's working and what's not.

So these are the list of organizations who have agreed to work with us on this project, including VeteranCrowd, Patriot Boot Camp, VetFran, Syracuse University, BreakLine, Mark Rockefeller from StreetShares, the Veteran Conference, Student Veterans of America. This is a great, robust group of folks who are willing to help. You will see SBA is on here. We have had some great conversations with SBA about how we might partner on this effort, and we hope that we can deepen that relationship going forward with this project.

So with this great steering committee that we've assembled to help us get at the right questions, to find the best answers, we have a few ideas of how the SBA might actually be able to help us with that. Next slide. First, help us understand entrepreneurs, the identified and unbiased data on what is going on with entrepreneurs that go through the SBA systems and supports, from tech to nontech to franchise.

We need to understand what's going on with those clients. We need to be able to compare veterans to nonveterans. I heard yesterday we discussed briefly that although outlays from SBA have gone up, the actual investment in veteran entrepreneurs is down. We need to understand some of the data behind that so we can use that to inform our study. We need to understand what's going on especially with startups, which ones are repeatable and scalable businesses. We are not focusing on lifestyle businesses in this study. We want to focus on businesses that have less than three years' worth of life span, two or more employees, and mostly focused on tech. That will really help us get the right answers we're looking for in this particular study.

And, quite honestly, you could help us with funds. This research project is about $150,000 to do phase one of this study this year. Accessing capital, as we talked about in our last presentation, could be very important to us to move this faster. We have several other partners who have made some verbal commitments to help us with this study, but we still have a bit of a stretch goal to fund this project, to get it off and running in our timeline. Again, we want to publish this this year. We don't want these results to lag for three years. They won't be relevant to the marketplace if we wait. So we will just be quite honest and frank to say that your support both with data and funding would be tremendously helpful to this project and for the veteran community as a whole.

I'll stop there and open it up to your questions.

MR. PHIPPS: Thank you very much for that presentation. Do you have a synopsis of what the study that you want funding for is about and almost like an executive overview that you could send to the committee?

MR. FORD: We do, certainly, and we would be glad to do that.

MR. PHIPPS: That would be great, because I see some of the metrics here, you are heavily focused on metrics, and that's something that we're heavily focused on, and we would like to see if some of that stuff aligns. So thank you.

MR. HEILMAN: So with regard to the focus on the scalable, investable businesses, was there discussion about including the rest? The vast majority of veteran-owned businesses are not that, so you leave a whole lot of, you know, Main Street businesses out of the study, and I was just wondering why that decision.

MR. FORD: Certainly. So the -- maybe I could defer this one over to Brandon for a secondary comment.
as well, but the focus of our study was important to
to focus on more than one employee type businesses.
sole proprietorships that are consulting firms aren't
repeatable, scalable; they are not really investable,
if you will. So we want to re-allocate resources that
are not only supporting startups but continuing in
their sustainment and growth.

We have narrowed that funnel quite a bit to
look at companies and businesses much like StreetShares
is investing into and Task Force X. The main reason
for that is we want more funders to see the value
veterans are bringing to be investing in these types of
mechanisms, and the lifestyle business is not really
that opportunity for them.

And quite honestly, that delta between the
World War II number and today's number, the amount of
veterans who want to or are actually pursuing veteran
employment, some of that is tied directly to they think
there's just one way, that individual consulting, I am
going to take my one skill and do that. There are
multiple ways to scale and grow, and we need to open
that aperture if there's really a lot of goodness
there.

Brandon, did you have anything else to add?

MR. SHELTON: I have never been to one of these
before. Do I have to speak into a microphone?

MR. O'FARRELL: Come on up.

MR. SHELTON: Okay, sure. Hi, Brandon Shelton.

That's a great question. I mean, I know what
you're getting at. Okay, so I'm a venture investor,
okay, so I am looking for tech startups, make a ton of
money and all that stuff, but in this regard, it has to
do with value creation. It's creating the company. So
if you don't look at the moment they go from working at
Bank of America, go start a company, I want to go
through an incubator to go buy a Chik-fil-A franchise
or I want to build a government contracting servicing
firm. At some point they start, right? They have to
start.

We're looking at that. That's why there's been
a lot of debate in our working group around three years
old, five years old, you know, and all of that is tech.
Now, the preponderance of the companies are nontech,
but I think in our lifetime, almost the majority of all
these companies who are getting loans from the SBA will
be heavily tech-enabled, okay? So we need to get it to
the point where, when does the veteran leader leave
active duty, the Reserves, other employees, a
non-profit, and start a business and then try to grow
it?

When we use the word "scale," and that's
normally assimilated to tech. If you drop that word
"scale," it's all around, okay, how do I go from one
person in my proverbial garage, now I have two people,
I have three customers? We're looking for the success
determinants in that part.

As obviously Mark would argue, a lot of it's
capital, got it, but there are other things, skills,
networking, whatever it may be. We just don't know.
What's happening is that at least in my personal
assessment, if you look at IBMF, Techstar's Patriot
Boot Camp, Bunker Labs, any of these organizations,
look at the date they started. We have been at War
since 2001. All of those organizations started after
2010, okay?

So we all walk around saying one in nine small
businesses are owned or run by a veteran. We all walk
around saying less than 1 percent serves. The general
population knows that. Something in the middle is
happening. But non-profits and for-profits, we are
trying to attack the problem, we just anecdotally talk
about it. We pull on heart strings for donor dollars,
"Come on, believe in me, trust me," all these types of
things, and we want facts.

And the proxy -- since I have the floor, the
businesses right now, right? That's why there's a pressure to say, well, if this is going to turn into a three-year thing, not worth is, let's not do it, but if we can get it done and it's fact-based in a short period of time, let's go for it. So long answer, short question, Craig, but I hope that rounds out sort of the "why" just the younger businesses and -- and ones like that.

MR. HEILMAN: I understand the young business part for sure. I'm just trying to understand, is it just because -- why leave them out? Why leave the sole proprietors out when we know from the data that the vast majority of veteran-owned businesses are that? I'm not saying that those are the ones that we should focus on, because everybody understands that the ones that add the most macroeconomic value, and that's important.

MR. SHELTON: Um-hum.

MR. HEILMAN: But is it -- but, I mean, I just don't understand why you leave them out. If it's just an issue of because it's going to cost too much to try to survey -- you know, if it's a survey sort of decision and the sample and let's focus on the ones that do want to be sole proprietorships, who are not going to, you know, pursue a high growth, and maybe they don't know and they will, and that's important. So that was all I was getting at. So, I mean, I think I understand why --

MR. SHELTON: For the sake of debate, I will tell you, from the funding side, we will never invest in a one-man band. Mark Rockefeller didn't tell you this, but StreetShares does not invest in sole proprietorships. You have to be an employer of other businesses. That is where the economic viability gets created, okay? So that is where the focus is. Now, I understand from the SBA's standpoint, you've got to look at everybody, you're a government agency, and I get it. So we can debate it. Somewhere in the final frame --

MR. FORD: But the important piece is that this is -- this is our slice, right? This is where we're starting. We may learn some things in here that indicate we need to do a second study on that particular population to inform other aspects of veteran entrepreneurship, but right now, to get into a sizeable chunk that we can do in less than 12 months,
that this committee could make that would go toward
deregulation on that -- of that requirement that you
just stated.

MR. ROCKEFELLER: It's possible, but I think it
would be difficult because most lending is regulated at
the state level. The way that it's regulated at the
federal level is if the lender is a federally chartered
bank or credit union or something like that. Since we
are not, we -- you know, we comply on a state-by-state
level with licenses and, you know, registered agents
and all of that. So that's a great initiative.

Whether it is one that is feasible, I would defer to
the experts on.

MR. SHELTON: Sure, this is Brandon from TFX.
So one of the primary reasons I did not want to sit at
this table or talk is -- I'm on the board of NAVSO, in
total transparency, and friends with Chris -- is that it
can't come across the way you just interpreted it, Jim.

It cannot be a venture capitalist looking for the raw
gain and focused on tech firms, okay? So I can't -- no
matter what optics I do, I can't convince you enough
that I really do generally care about the nontech
firms. This is why he's doing it.

But when you look in the scope -- we battled
with this in our working groups. We have had a couple
of calls. Mark's on the working group. Is it tech?

Is it nontech? Is it three years? Is it five years?

Is it sole proprietorship? And, Craig, you're exactly
right to pull that out. But for phase one, whatever we
are going to say, that's why we want VetFran in, we
want nontech businesses and we want tech. We frame it
out that way.

We do push out the 2 million-plus that are
individuals, and we kind of focus on the 500,000 that
we can account. We want to just go as early into their
decision cycle as possible to say, well, why are you
more successful than this person or that person or that
person? And we want to find those trend lines, and
then we want to all change. So SBA should change,
privates versus caps should change, non-profits should
change. Whatever way you're attacking veteran
entrepreneurship and however you define it, it should
feed all of us to make a realtime adjustment.

The ultimate byproduct we know statistically is
veterans, when successful in business, are more likely
to hire more veterans. It's proven. That is the --
that is the engine behind this type of effort, right?

And so if we can convince the nonmilitary environment
we all live in -- and we could probably -- I'm sure you
guys have had many debates around that, how big that
MR. HEILMAN: I would make one recommendation, then, in terms of how you're framing it on that slide.

You know, I would maybe say repeatable, sustainable businesses, and get rid of the non-lifestyle aspect of it, because, you know, in the investor community, lifestyle is used as derogatory, right? You know, you're a lifestyle business; I am not going to invest in you, right? That's not the case for a lot of our veteran entrepreneurs. That's what they want, right?

They want a lifestyle where they can be self-employed, and maybe they have employees or maybe they don't, but that's where they're -- you know, and we shouldn't be excluding that.

We want them to have a sustainable business, right? We don't want them to go -- you know, have a bad idea and no unemployment insurance on the other end of it, right, because they're self-employed, so perhaps that's a compromise there in the way that you're framing it. I get the survey issues, right, you can only go after a certain sample, and you want to go after the most valuable sample, right, that's going to yield those insights that you're looking for and why we ought to be backing our veteran entrepreneurs. So maybe that's a way, repeatable/sustainable, and get out of that sort of judgmental phrase about somebody's endeavors.

MR. FORD: Yeah, that's a helpful recommendation.

If we can go back to slide 2, I just want to remind you about the opportunity, right, that if -- if we had -- there you go. If less than 1 percent is serving and that's turning into 9 percent of all businesses in the country, we can -- I think we're pretty safe to assume that it wasn't because future entrepreneurs joined the military, right? They weren't on a predetermined path before raising their right hand to go and start a business.

MR. PHIPPS: That 9 percent is going to dramatically reduce if you take out the sole proprietor from that number, drastically.

MR. FORD: Out of the total volume of businesses that --

MR. HEILMAN: Yeah. That takes it from 2.4 million businesses to 424,000, you know, is what the Census would say about that.

MR. FORD: But if we can figure out what's going on in this bell curve, right, if we can figure out what's going on in this bell curve, can this number start to go up? And then is that rep applicable? Are the success determinants for those in sustainable businesses similar to those in individual sustainable businesses, one employee, not using the term "lifestyle," but whatever that term might be, right?

And maybe you compare those two results and figure out, these veterans went down this path and they all are self-employed, and these were the determinants of their success, versus those who actually built kind of those scalable growth companies that went from two to 20 employees, from 2 million to 20 million. These are the attributes.

So you can actually start channelling the veteran candidates into the best mechanisms for their support. You want to do what? Then this is your path, because the study says you're more successful doing these things, but if you actually want to do that, there's a whole alternative set for you to go through, and right now we don't have that information to tell us if Bunker Labs, Patriot Boot Camp, or any of the alternatives are the better option to ensure entrepreneurial success. We just -- there is not enough data there yet.

MR. PHIPPS: Have you guys established a set of metrics or criteria that you know would be involved with this study, what information you're going to be collecting?

MR. FORD: So the data sources, yes.

MR. PHIPPS: And specifically what information you're going to be collecting to paint that picture, or is this study going to involve, okay, we have to go back and kind of figure out what information we need to collect?

MR. FORD: Sure.

MR. SHELTON: We want all of the SBA's data --

MR. FORD: Right. That's step one, right? So, no, the steering committee has already come to the table and offered access to information that's already owned through those steering committee members. So a rich set of data for hundreds of thousands of businesses that are veteran-owned to tell us -- to give us your starting point. And then the -- when we select the research partner for this one, they will help us round out all of the blind spots that we may have. Again, we're just waiting for those proposals to come back in their final form.

But that's where we trust -- I'm not a senior researcher. I did stay at a Holiday Inn Express last night, but that's not enough. So we're going to trust them to tell us the blind spots and what's achievable in this time frame with what we have and what else we have to go get and rely on their expertise to get us to
the conclusions that we're looking for.

MS. CASEY: I just need to interject here, just
to correct a statement for the record. This is Maureen
Casey at the IVMF. I think there was a statement that
was just made, and I'm not quite sure who made it,
about the research that we currently have ongoing is
just looking at databases and not talking to veterans.

The Coalition for Veteran-Owned Business, and in
partnership, actually, with Bunker Labs, we have now
spoken directly with more than 60 veteran entrepreneurs
across the country, doing a very deep, qualitative
study and analysis, coupled with some of the other
quantitative research that we're doing. So just to be
clear about the work that we have ongoing here at the
IVMF, there is some very direct communication with
veteran entrepreneurs going on across the country.

MR. O'FARRELL: Thanks for making that
clarification.

So I guess, you know, one recommendation you
might see out of this committee, speaking for the
committee at the moment, is that you -- this is phase
one, and there could -- and the committee recommends
that a phase two include a broader audience, and there
might even be that phase -- you know, this is your
proof of concept, and then phase two is broader, and

there might even be a phase three that goes -- cuts
across all of the different sectors that we're kind of
talking about, so that we get to that -- is that red or
orange? I am sort of going color-blind in my old age.

MR. PHIPPS: Red.

MR. O'FARRELL: You know, you get to that 9
percent number.

MR. HEILMAN: What's your timeline on the, you
know, RFP and what's the next steps?

MR. FORD: So the RFP is already out with our
research partners. We're expecting proposals back by
the end of this month. Our goal for published is by
the end of this calendar year, so we have got less than
nine months to go to get everything wrapped up.

MR. O'FARRELL: And I think that also explains
some of the scoping that you've done, yeah.

MR. FORD: And, you know, to Maureen's point on
the phone, that's why we're so excited to have Syracuse
on board to help us, is they have already done so much
rich work on this already that we don't want to
replicate any of the work they're doing. We want to
deepen that and give a third-party offering that they
can incorporate in their future work as well.

MR. O'FARRELL: Thanks, Chris. Thanks,
Brandon. We appreciate you guys being here today.

The Coalition for Veteran-Owned Business, and in
partnership, actually, with Bunker Labs, we have now
spoken directly with more than 60 veteran entrepreneurs
across the country, doing a very deep, qualitative
study and analysis, coupled with some of the other
quantitative research that we're doing. So just to be
clear about the work that we have ongoing here at the
IVMF, there is some very direct communication with
veteran entrepreneurs going on across the country.

MR. O'FARRELL: Thanks for making that
clarification.

So I guess, you know, one recommendation you
might see out of this committee, speaking for the
committee at the moment, is that you -- this is phase
one, and there could -- and the committee recommends
that a phase two include a broader audience, and there
might even be that phase -- you know, this is your
proof of concept, and then phase two is broader, and

there might even be a phase three that goes -- cuts
across all of the different sectors that we're kind of
talking about, so that we get to that -- is that red or
orange? I am sort of going color-blind in my old age.

MR. PHIPPS: Red.

MR. O'FARRELL: You know, you get to that 9
percent number.

MR. HEILMAN: What's your timeline on the, you
know, RFP and what's the next steps?

MR. FORD: So the RFP is already out with our
research partners. We're expecting proposals back by
the end of this month. Our goal for published is by
the end of this calendar year, so we have got less than
nine months to go to get everything wrapped up.

MR. O'FARRELL: And I think that also explains
some of the scoping that you've done, yeah.

MR. FORD: And, you know, to Maureen's point on
the phone, that's why we're so excited to have Syracuse
on board to help us, is they have already done so much
rich work on this already that we don't want to
replicate any of the work they're doing. We want to
deepen that and give a third-party offering that they
can incorporate in their future work as well.

MR. O'FARRELL: Thanks, Chris. Thanks,
Brandon. We appreciate you guys being here today.

The Coalition for Veteran-Owned Business, and in
partnership, actually, with Bunker Labs, we have now
spoken directly with more than 60 veteran entrepreneurs
across the country, doing a very deep, qualitative
study and analysis, coupled with some of the other
quantitative research that we're doing. So just to be
clear about the work that we have ongoing here at the
IVMF, there is some very direct communication with
veteran entrepreneurs going on across the country.

MR. O'FARRELL: Thanks for making that
clarification.

So I guess, you know, one recommendation you
might see out of this committee, speaking for the
committee at the moment, is that you -- this is phase
one, and there could -- and the committee recommends
that a phase two include a broader audience, and there
might even be that phase -- you know, this is your
proof of concept, and then phase two is broader, and

there might even be a phase three that goes -- cuts
across all of the different sectors that we're kind of
talking about, so that we get to that -- is that red or
orange? I am sort of going color-blind in my old age.

MR. PHIPPS: Red.

MR. O'FARRELL: You know, you get to that 9
percent number.

MR. HEILMAN: What's your timeline on the, you
know, RFP and what's the next steps?

MR. FORD: So the RFP is already out with our
research partners. We're expecting proposals back by
the end of this month. Our goal for published is by
the end of this calendar year, so we have got less than
nine months to go to get everything wrapped up.

MR. O'FARRELL: And I think that also explains
some of the scoping that you've done, yeah.

MR. FORD: And, you know, to Maureen's point on
the phone, that's why we're so excited to have Syracuse
on board to help us, is they have already done so much
rich work on this already that we don't want to
replicate any of the work they're doing. We want to
deepen that and give a third-party offering that they
can incorporate in their future work as well.

MR. O'FARRELL: Thanks, Chris. Thanks,
Brandon. We appreciate you guys being here today.
and lobbying on the Hill for that.

MR. O'FARRELL: Joe, what is your -- what's your take on why that isn't happening, using Walter Reed as your example? What is the push-back? They just -- lack of knowledge? There needs to be that --

MR. SHARPE: I don't think there's enough involvement from SBA on the local level to feel that they can be involved on the community level to make sure that veterans are -- are -- are aware of specific projects that are in their -- that's going on in that community or to more or less feel that they have a right to be involved in ensuring that those developers include veterans in whatever plans they have.

MR. O'FARRELL: Okay.

MR. HEILMAN: So, yes, we obviously only have real influence on the -- with the Federal Government in terms of contracts, but I would say that that is something that our Veteran Business Outreach Centers are engaging in, is trying to understand what's happening at the state and local level as it relates to projects like this and where there are or are not veteran set-asides, and trying to socialize that within that network so that they can have influence on the grass roots level.

We do have some examples of where there has been success in places like New York. So I think it's something that we can work on. I don't know what the specifics of that would be, but it has been something that the growth of our VBOC network has been very helpful, to be able to understand and actually have more realtime knowledge about what's happening and get that grass roots action.

MR. SHARPE: And what that's telling me is that there needs to be, like you said, more of a need for it, and that's one of the things that we can push.

What you're doing is fine, but obviously you don't have the resources or the FTE to do more of that. There's no excuse for a project as large as Walter Reed not to have a veteran component to it, and I know that there are other installations and VA medical centers across the country where that's also an issue. I think that's a space where we can be more proactive in.

MR. MCCAFFREY: This is Charles McCaffrey. I'm the director of the Veterans Business Outreach Center for the National Capital Region and the Caribbean.

I'll let that sink in for a second. I've had an opportunity yesterday and then again today to sit on the Interagency Task Force and then today the Advisory Committee, and I appreciate the opportunity to be able to do so and to meet the wonderful folks that are doing the great work.

And I just want to, I guess, circle back to what we talked about first thing this morning about programs like Boots to Business, Access to Capital, Mentor-Protegé, and I can tell you that we're very heavily engaged in all of those areas, plus with Boots to Business, I started doing that in 2012, in the basement of Henderson Hall, to six people. We now will be doing 44 of those two-day workshops this year to roughly about a thousand transitioning veterans, spouses, Reservists, National Guardsmen.

We are going to be trying to capture some of the impact of that, but as we've discussed, you know, surveys only get you so much. One of the things that we see in collecting that information, very similar to my story is, I retired from the military and went and got a job first, and it was two, three years before I decided to jump into business. We are now starting to see more and more of those veterans who went through TAP and Boots to Business coming back and saying, "Hey, you probably don't remember me, but, you know, in 2014, I'm now ready to launch." And so we're seeing more of that.

And plus, just the success stories that we hear, you know, folks like Stacy Redmon with Strategy Management Services, started as a, you know, two-person shop in our incubator and now 131 employees and about 20 million in revenue, going to graduate from the 8(a) program. R.J. Blake, who was here yesterday, who went through Boots to Business, through VIP, came back to us for the VA verification work that we do and the Mentor-Protegé Program, just entered into a mentor-protegé. So those stories too are just as important as the numbers.

And I would even argue that the number of people that we have dissuaded from investing their entire life savings into a business that was a bad business needs to be told and taken into consideration.

From, again, the mentor-protegé, the certification standpoint, every month, we have classes on getting started in federal contracting. We work with our PTAPs, our women's business centers, our SBDCs, all of our resource partners, as well as reaching out to the Secretaries of Veteran Affairs for Virginia, for Maryland, for the director here in D.C., to help promote their programs and to bring veteran training to those organizations.

And then, lastly, access to capital. We hear it all the time. That's how our parent organization, Community-Business Partnership, got started, was as a
but it's a little bit easier to navigate for those who may not be as familiar with FPDS and how to get around. You can see where government is spending money, how much they're spending, with whom, how often, and for what. So I hope I covered all the criteria that you might find there, but that's a good place to have some transparency in where the government money goes.

This morning, on capital access, I'd like to have them back for a little more clarity, and already we'll add, I have got a list of questions that they will answer at the June meeting, but there were -- what I believe was trying to be communicated -- and it would have helped to have a visual -- was why they believed that there's a coding issue, is that a borrower needs to have their DD-214 with them at the closing if they want to have a benefit of being a veteran and within the loan to be marked as a veteran.

So what I asked for clarity on today was, can you just check the box and we'll at least know that you applied? And that's where the rub is. I don't have an answer for certain -- I'm looking behind me to see if anyone else does. If you could check the box, but if the loan doesn't go anywhere, will I still be able to know at the other end was it approved or declined? I don't know if they had to actually bring the 214 -- DD-214 in to prove it. So I am going to find out.

facilities as well. I'm very proud to be a part of this organization and happy to help.

MR. OFARRELL: Well, we would like to schedule the meeting at the -- in the Caribbean location, okay? Seriously, thanks for being here today.

MR. MCCAFFREY: Thank you.

MS. CARSON: Charles, you do an amazing job.

Thanks for having us to visit and for the work that you do. When you mention how many you are going to train or help to have a visual -- was why they believed that was trying to be communicated -- and it would have helped to have a visual -- was why they believed that there's a coding issue, is that a borrower needs to have their DD-214 with them at the closing if they want to have a benefit of being a veteran and within the loan to be marked as a veteran.

So what I asked for clarity on today was, can you just check the box and we'll at least know that you applied? And that's where the rub is. I don't have an answer for certain -- I'm looking behind me to see if anyone else does. If you could check the box, but if the loan doesn't go anywhere, will I still be able to know at the other end was it approved or declined? I don't know if they had to actually bring the 214 -- DD-214 in to prove it. So I am going to find out.
think that we heard this afternoon and this morning
from several speakers who did that.

Yes, we got a little bit of a sales pitch, but
at the end of it, we also got some real substantive
recommendations that we can take as the committee and
take forward, that will eventually end up in Mike
Phipps' document, okay?

So with that, we are going to go off the
record. I thank everyone for being here today, and
that goes for the public as well.

(Whereupon, at 2:38 p.m. the meeting was
adjourned.)

CERTIFICATE OF REPORTER

I, Jen Metcalf-Razzino, do hereby certify
that the foregoing proceedings were recorded by me and
reduced to typewriting under the supervision of For The
Record, Inc.; that I am neither counsel for, related
to, nor employed by any of the parties to the action in
which these proceedings were transcribed; and further,
that I am not a relative or employee of any attorney or
counsel employed by the parties hereto, nor financially
or otherwise interested in the outcome of the action.

JEN METCALF-RAZZINO, CER
Advisory Committee on Veteran Business Affairs 3/9/2017

172:20
discussions 104:4
118:15 122:10
disregard 129:1
disruptive 7:9 35:1
dissect 39:11
dissertation 74:5
dissuaded 196:11
distant 146:5
distinct 23:13
distinction 181:15
district 48:9 83:10
109:5 192:9
dive 25:8
diverse 25:17 78:17
diversity 25:15
27:21 64:14 65:14
66:25 67:4 69:22
73:23 74:7 75:20
78:15,16 80:1
divestiture 107:2
division 12:18 74:2
divorce 151:10,11
DNA 4:21 77:19
document 201:7
documentation 46:7
DoD 31:18 102:8
Dodd 81:7,10 88:9
88:19 89:22 90:8
91:17 93:8 94:6
129:25
dog 6:24,25 18:11
doing 5:10,15 15:24
22:21 26:3 29:7
29:22 43:15 50:1
52:21 68:1 69:6,6
71:16 74:17 75:16
75:16,22 78:25
79:16,23,24,24
83:11 105:3,4,21
108:25 110:10
111:23 112:17,23
118:24 124:24
125:11 128:7
133:21,22 134:15
142:10 145:17
158:12 159:12

160:20 161:15
167:16 168:1
182:23 184:3
187:14 189:11,13
190:21 191:24
192:23 194:11,25
195:7,9
dollar 102:8 156:15
157:8
dollar-per-job 56:11
dollars 43:4 129:10
131:9 133:1,4
135:13 143:11
150:2 165:16
175:22 180:7
domain 61:8
domains 37:9
donor 175:22
door 5:12
double 110:23
Downing 72:13 91:4
dozen 18:10
Dr 74:12
draft 17:17
drafted 157:11
drafting 122:13
dramatic 45:14
68:16
dramatically 186:14
draastically 186:15
draw 68:10
drawn 92:23

58:24
dues 64:25
dumping 168:13
Duncan 31:10,15
36:9 37:8 38:3
39:25 40:23 41:6
durable 38:25
duration 70:13
duties 14:25 15:2,4
duty 4:25 174:23
dwarfs 133:25
134:18
dynamic 100:11
112:15

due

8:5 12:17

education 124:18
education 44:11
academic 124:18
either 5:18 6:8 66:5
79:20,21 87:22
91:7 128:5 132:9,9
143:3 155:7
elected 7:20
electricians 68:6
electronics 97:10
101:18 165:12
elephant 124:18
eligible 55:5 56:22
eliminate 68:24,25
Elmore 72:21
ele's 94:14
email 60:16 61:4,6
62:3
e-mails 61:7
embrace 179:18
emergence 142:1
emergency 118:18
emerging 166:24
emphasis 133:21
emphasize 59:7
134:8
employ 13:16
employed 70:3,5
202:8,11
employee 86:23
173:2 187:2
202:10
employees 4:14 6:8
Public Meeting
Advisory Committee on Veteran Business Affairs
3/9/2017

S
2:1 3:1
SAC 123:6
safe 186:9

safety 180:1
sake 167:12 178:8
sale 120:15,17
sales 200:25 201:3
sample 177:24
185:20,21
SAP 136:5
Sara 114:14,14
Saúl 72:16
save 12:5
saved 138:5
saving 33:9 51:23
savings 51:13 53:24
196:12
saw 81:12 105:19
180:12 181:3
saying 16:12 44:17
48:13 59:19 69:6
80:2 122:21
135:20 158:12
160:19 175:16,18
177:14 180:18
195:20 200:1
says 5:12 20:25
37:15 87:2 90:11
124:16,17 136:15
141:20 166:21
176:13,14 187:14
SBA 2:13 6:3 8:9,23
14:22 16:24 20:10
20:19 21:25 23:15
29:14,23 31:19
34:14 37:14,23
41:22 42:14 43:6
45:24 50:15 58:3
61:13,22 62:10
71:9 73:8,9,12
74:10 76:19 84:18
85:15 86:22,23
87:3 94:2 99:18,19
99:22 103:2,21
104:11 105:13
106:1,24,25 107:1
111:11,16 112:1
113:10 119:25
128:8,13,18,22,23
129:1,13,16,16,18
130:13 131:21
132:1 133:5,7
139:14,17 140:17
143:20 146:14,16
146:21,22,25
147:1,2,6,8,11,14
148:16,22 152:10
153:10 155:23
156:6 163:19
170:9,10,17,20
171:1 174:20
176:14 179:12
183:14 191:23
192:1,18,23,23
193:7 197:13
200:6,12
SBA's 12:20 27:17
81:7 86:12 87:20
90:9 143:20
152:21 178:15
188:8
SBDCs 196:17
SBIR 88:2
SBREFA 32:9
scalable 171:6
172:19 173:4
187:8
scale 125:19 156:5
173:21 175:1,3
181:5
Scalia 122:1
scan 123:1
Schauerte 114:14
schedule 62:19 94:5
198:3
schedules 98:15,16
123:9 133:2
scholarship 67:8
121:2
scholarships 67:5
120:13
school 15:11 67:3
109:23,25
Schwartz 72:22
Schwarzkopf 96:17
science 166:21
scope 169:4 181:5
182:24
scoped 180:15
scoping 190:16
SCORE 27:18 71:12
scorecard 52:25
53:6 88:18 89:1
Scott 26:16 72:15
95:10,14,17
102:19 105:3,9
107:12 108:13
125:13 126:8
133:17 135:2
Scott's 136:9
scrape 184:16
screen 118:2 127:8
127:23
screens 135:9
SDVOS 82:19,20
95:6
se 167:20
Seaborn 41:20
seal 69:16
Seals 72:19
Sean 130:1
search 58:2 70:19
seasonality 45:10
seat 99:5
SEC 144:13 150:9
150:10,11,13
sec.gov 150:14
second 5:6 6:18
23:23 29:2 75:15
80:7 102:22 113:1
116:15 145:21
147:2 152:13
156:4 178:22
180:13 194:21
secondary 172:25
secondly 35:7
144:10
seconds 11:10
secretaries 66:19
196:19
secretary 126:25
127:11,19
Section 59:14 87:2
sector 9:3 75:2
sectors 25:17 180:23
190:2
securitize 149:20
security 149:18
150:10,13
see 15:4 18:21 21:20
22:22 25:14 27:1
29:4,11 37:8 42:24
44:17,19 45:3,4,6
48:3,4,5 50:18
53:20 59:14 60:24
66:24 69:1,22
71:25 72:20 82:2
88:9 92:9 93:15
101:13 105:4,11
105:24 107:16
119:19 136:1,24
140:2,10 141:7
145:3 157:12
164:2 170:9
172:13,16 173:11
184:2 189:20
191:23,25 195:15
195:19 199:2,20
200:4
seeing 18:23 37:7
43:2,4 44:7,8,13
44:14 48:24 49:3
50:22 53:19 54:5
57:11 107:19
195:22 200:1
seeker 13:17
seekers 13:19
seen 98:10 101:9
106:17 147:7
162:4,5 181:1
segment 107:23
segments 168:25
segregated 98:11
segue 95:9
select 188:15
selection 23:21