U.S. SMALL BUSINESS ADMINISTRATION

ADVISORY COMMITTEE ON VETERANS BUSINESS AFFAIRS

PUBLIC MEETING

THURSDAY, SEPTEMBER 7, 2017
9:00 A.M.

Recorded by: Jennifer Metcalf Razzino, CER

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PROCEEDINGS
-(Meeting called to order, 9:08 a.m.)

MS. CARSON: Good morning, this is Barbara Carson, Associate Administrator for the Office of Veterans Business Development, and I am pleased to open the Advisory Committee on Veteran Business Affairs today, September 7. And I am turning it over to the Chair, Jim O'Farrell. Good morning.

MR. O'FARRELL: Thanks, Barb. Good morning, everyone. This is Jim O'Farrell, the Chairman of the Advisory Committee on Veterans Business Affairs. We're going to start off with a roll call, if we could work our way around the table, starting down there with Joe. Joe? Turn your mic on, Joe. Press the face.

MR. SHARPE: Joe Sharpe, American Legion.

MR. FIELDER: Ed Fielder, committee member.

MR. MCADAMS: Rich McAdams, committee member.

MS. PEREZ-WILHITE: Fran Perez-Wilhite, committee member.

MR. AUMENT: Ron Aument, committee member.

MR. O'FARRELL: And on the phone? Any committee members on the phone?

(No response.)

MR. O'FARRELL: Okay, we'll move along. We have a pretty full agenda today. This morning, we'll have our updates from the SBA, first with Associate Director Barb Carson and then Kenneth Dodds regarding our business development updates and government contracting, and then access to capital.

We'll take a break and then we have a women's veterans entrepreneurship program on the docket starting at 10:30. After that, we'll take a break for lunch and then come back. And in the afternoon, we've got some folks who have come in from our veteran service organizations and we'll hear from them, including Bunker Labs. We've got some folks in from Syracuse, as well as Lynn Lowder from 1 Vet at a Time.

So, thank you all for being here. For those in the audience and on the phone, we appreciate your participation in this. You participating helps make our committee be that much more successful. We welcome your questions throughout the day. We have -- we would ask that you come up to the table when you ask your questions and make your comments so that it's on the record.

And with that, we will turn over -- I'll turn it back over to Barb, Associate Administrator for Office of Veteran Business Development.

MS. CARSON: Thank you, Jim. The few
announcements -- and if you’re following on the slides, they’re not on slides, I just want to share these things with you.

I’m very pleased to announce that a new Deputy Associate Administrator for the Office of Veteran Business Development has been appointed since our last meeting and that is Ray Milano, the former Director of the Veterans Business Outreach Center Program. I’m very pleased to have him take on this new role. He is a former U.S. Marine and he has great field experience, having over 18 years at SBA and much of it spent in the Massachusetts District Office where he conducted almost every role you could have at the office. So a great perspective and experience. And those of you who know him know that he takes this job seriously and is fantastic at keeping in touch and keeping things moving. So a very accountable person.

Unfortunately, he couldn’t be with us today. He is at the Department of Defense Transition Assistance Program Interagency Meeting. So he sends his regards.

And, yesterday, at the Interagency Task Force O’Farrell again. Any updates you want to share from yesterday’s Interagency Task Force? Any high-level things? Sorry to put you on the spot.

MR. O’FARRELL: Hey, Barb, this is Jim O’Farrell again. Any updates you want to share from yesterday’s Interagency Task Force? Any high-level things? Sorry to put you on the spot.

MS. CARSON: There were a number of topics and we actually -- Major Clark from the Office of Advocacy is here to discuss one related to procurement if it doesn’t come up during Ken Dodds’ brief on procurement topics in general. So many were related to what Ken is going to brief. Others, we will get to experience here today, focused on access to capital, as that is one of the recommendations of the Interagency Task Force is to understand why the microlending level was flat. And we’ve gone far beyond that in what we’re going to explore today, which is what is available in those lower-dollar loans for veterans, how are we performing right now, what more can we do and why should we do it. And you’ll hear about that from the Office of Economic Opportunity.

In the coming fiscal year, the Veteran Business Outreach Centers, of which there are 20 at this time across the United States, will have their grants end. All of them terminate on the 30th of April, 2018. As you all know, who are members of this committee, their statutory mission is to serve transitioning service members, military spouses, Reserve and Guard, and to offer entrepreneurship advice and counseling to those who are pursuing it as a -- their next vocation.

So this is obviously an incredible opportunity. We’ve done a lot of work in this committee, in the Interagency on -- and because of your visits, you better understand what their mission is. So we turn to you again asking for support on developing requirements. We’ve gathered a lot from the annual reports that have been written in the past and we’ve taken those into consideration as we develop requirements.

If funding allows, we do intend to put the announcement out November 1st, 2017, and have it open for at least 45 days. I do encourage members to get the word out that this opportunity is coming. We expect to make selections no later than the 1st of March so that there will be no break in service as we go forward.

Many things to consider, including what geographic regions coverage should look like, does it continue to be focused on where there are military installations? How much does veteran population weigh in? Because if we went with military installations, for example, you’d have a little band around California, Texas, Florida, Arizona, North Carolina. What happens to the states where there may not be an active duty installation but there are veterans everywhere?

So these are the things we’re taking into consideration and bringing forward to the Administrator for her to have a chance to comment, obviously, before we go out with any funding opportunity.

On the next slide, it’s that time of year...
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1 again. It’s National Veterans Small Business Week at
2 the end of October, October 30th to November 3rd. This
3 year’s theme is Moments that Matter in Veteran
4 Entrepreneurship. To bring to mind what this -- what
5 we mean by that is a moment that mattered in your
6 business might have been getting your first federal
7 contract, getting that small business loan, finding the
8 right mentor to take you to the next stage, finding
9 someone to partner with, your mentor, if you -- and you
10 are the protégé.

11 So we will be working on getting that package
12 out for those of you who are members and also for the
13 public to participate. That first release comes out
14 today for stakeholders on how to get involved and what
15 does this mean.

16 As you may recall, each of you have been able
17 to reach over 6,000 veterans just in that one-week
18 period face-to-face, and that doesn’t even count how
19 many we are reaching via social media and other
20 channels. We intend this year to really engage with
21 our grantees. We now have 33 grantees out of the
22 Office of Veteran Business Development across five
23 different grant programs. You’re going to hear from
24 three of them today related to women veteran
25 entrepreneurship. We want to encourage that they begin

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10 to collaborate together to synchronize their activities
11 and their messages. So expect to see a little bit of a
12 different flavor this year in National Veterans Small
13 Business Week.

14 A little more on the portfolios. We will
15 cover one each day of our core missions, Access to
16 Capital, Partners in Resources, Federal Procurement,
17 and then Assistance, both related to transition and
18 other than transition.

19 So there are ways to get involved at the
20 bottom of the page. And, finally, related to this
21 topic, points of contact are along the last page.

22 This is an eye chart, not great for
23 PowerPoint, but I’m Air Force so everything fits on
24 PowerPoint. It’s a nice link, though, if you do have
25 access to it, the electronic version, so that you can
26 see the programs of each of our grantees and many of
27 the programs -- both their name and when they’re
28 happening and where are on this sheet.

29 We will, with Jamie Wood, who’s the Director
30 of Policy and Engagement, have a more visible product
31 that will incorporate these locations and dates of
32 programs available. We’re working on that -- how to
33 best get that out to the public and on our website.
34 But, for now, here you go.

35 Okay. And moving on to the entrepreneurial
36 development pages on --

37 RECORDING: All participants are now in
38 listen-only mode.

39 MS. CARSON: Sorry for that. For those of you
40 who are on the line, you’re in listen-only, but there
41 will be chances for you to comment and ask questions.
42 Don’t worry. You won’t be silenced forever.
43
44 For Boots to Business, this was a year to do a
45 curriculum refresh, a lighter touch. We got
46 recommendations for how to improve it from folks who
47 went through the course, from this body, this
48 committee, from instructors, and from the -- all of our
49 resource partners and SBA employees. And it was led by
50 Mark Williams on our team and he did a fantastic job of
51 getting folks together. So thanks again for your input
52 from this committee.

53 Modules 4 and 8, one was the Economics of a
54 Small Business. It was a really clunky topic, but all
55 of you who are business owners around this table know
56 that you got to have that straight. So making it a
57 more approachable topic and what’s appropriate in a
58 two-day introduction is what we focused on throughout
59 the whole course, because there were some places where
60 we were perhaps getting a little too deep into

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3 (Pages 9 to 12)
One of those was procurement. Don’t worry, it’s still in there, but it’s more interactive and more appropriate for the amount of time and the level that most people are at. And I’ll talk about follow-on and how that’s going to bridge as well.

Two things that will be entered into the curriculum that weren’t there before, the Interagency Task Force, we are charged with getting Department of Labor information in there about American Job Centers. I don’t -- those of you who have employees, it can be hard to ramp up for a contract and one of the sources for finding people who are trained is American Job Centers. So we’re working a little closer there. And you also can get advice on what not to do in your HR team from Department of Labor.

And USDA is the other addition. Focus on world business. They have financial resources for businesses that happen to be set up in a rural area. You’d be surprised what is considered rural. There are some that are just a few miles outside the D.C. Metro area that are considered rural. And you can get better terms on a loan and different types of loans based on that location alone.

MR. MCADAMS: Ms. Carson, Rich McAdams. You mentioned Module 4 was Economics of Small Business. I didn’t catch, what was Module 8 that was redone?

MS. CARSON: Thanks for catching that. That had been a Frankenstein module of all the things that we didn’t fit in other modules. And so, now, it is more clearly going to be what is your next step. So it’s a recap of -- we are teaching in each of the modules, okay, here’s the topic, here are the learning objectives and here’s where you might go to learn more. It’s bringing all those -- what you learn and from whom is in Module 8.

MR. MCADAMS: Okay, thank you.

MS. CARSON: Mm-hmm.

MR. O’FARRELL: Hey, Barb, so for those in the room that may not be as familiar with Boots to Business, could you provide just, you know, a quick thumbnail, you don’t have to go into too much depth, but how long is it, how many classes have been held to date, where are they normally held, that kind of thing.

MS. CARSON: I’d be happy to, thanks. We have an average of between 750 and 800 courses offered each year at over 200 installations around the world. So the predominant population is within the United States. We have between 150 and 170 installations. I can give you exact numbers when I come back with a nice data sheet, but just to give you an idea of the scope, since 2013, we’ve trained over 65,000 service members and military spouses through the Boots to Business Program.

It is a part of the Department of Defense Transition Assistance Program. It is an elective track. It’s two days long. And by law, it is supposed to introduce service members, military spouses, Guard and Reserve to the vocation of small business ownership and especially SBA resources. So with that in mind, we went back through the course to see if we are doing what we’re supposed to do.

MR. O’FARRELL: So a follow-on question, Jim O’Farrell again. You know we’ve talked about this for the past couple of years. Is there any -- the metrics of, you know, performance, outcomes? So I go to the two-day class. I’m getting out of the Army. Do we know if they start a business? Do we know if the business is in business a year, two years, three years later? I know we’ve talked about this before.

MS. CARSON: We have, and I believe the last time I updated the results was in June. So we can look back at the record for those results. The one instrument that we have to track at an individual level is a survey-based instrument. That’s what OMB has approved for us and that’s what we use.

We, along with every other organization taking part in TAP, are having challenges getting the permission to track at an individual level the long-term outcomes. We are working on that with OMB. So from the respondents, though, yes, we can begin to see that in this short period of time that about a third of the respondents who, you know, took this survey, they’ve started a business and more than -- I think it’s 80 percent are still in business a year later.

It’s a rolling evaluation -- or, excuse me, survey so that one-year anniversary of attending Boots to Business, the person will receive a survey and so we’re calculating at that frequency. And I’m looking over to a new member of our team, Andy Sweet, who has joined us and will be leading the team that is helping with evaluation and analytics. So if you’d like a deeper dive, in December, we can talk about what we’ve learned from the past fiscal year in total.

MR. O’FARRELL: That would be great. We’ll make sure and put that on the agenda.

Mr. Fielder, go ahead.

MR. FIELDER: Ed Fielder. Barb, going back to the second slide, VBOC, it seems to me like -- it’s probably short-term memory lapse -- but we just awarded
Those. So what is the award period? Is it two years or three years?

MS. CARSON: It’s longer than that. Let’s see. We did a four-year back -- excuse me, three years back in 2014. Make me do public math.

MR. FIELDER: Has it been that long? Wow.

MS. CARSON: Yes. But we had an appropriation in 2016 that was unexpected and very welcome. It helped us do our mission. We had an extra $900,000 in the OVBD budget and we rapidly put on seven more.

MR. FIELDER: Okay. So --

MS. CARSON: That’s what you’re recalling.

MR. FIELDER: Okay, so it isn’t my somethers.

So there are a couple of groups that -- I think there’s like five or six that have literally only been going two years at the time of when you’ll make this next award. Are they being rotated?

MS. CARSON: We did this purposefully, that we had them all end at the same time because we have been working on improving the performance metrics and what we expected. We anticipated that we would have new requirements and didn’t want to have two different groups operating when we had an opportunity to really reset the program for the next five years.

MR. FIELDER: Yeah, and I understand that.

But one of the things the committee did was we sort of -- literally, each of us took on let’s go see a VBOC and spend some time with them. And so kind of got invested in the one in Georgia a little bit and really like what they’re doing. But they’re doing great things and they literally have just caught traction and now they’re going to be in a recompetition mode, potentially lose, and there are huge resources that came from outside of SBA to make them successful. I’m just kind of concerned about that. And I’ll leave it there. That’s just an editorial comment.

MS. CARSON: It’s actually -- it’s a great comment and this is the right committee to address it. There -- for example, the women’s business centers have renewal options. That doesn’t exist in the way that the legislation is written for veteran business outreach centers, and that’s something that this committee could take for action.

MR. FIELDER: I’ll just add an afterthought.

Four years to five years or -- actually, the way -- I’m a former government contractor. Two years with three one-year options, where a group is maybe not as successful as they should be, so that you can make those changes and literally pull funds from groups that aren’t using them appropriately or having any success due to -- measured by metrics. It just seems hard on these groups that literally just got their award in 2016.

MS. CARSON: I agree, and it was -- it’s a thoughtful decision we made to do this and you’ll see in the Congressional budget justification how we had to work to prove the integrity of our data and really re -- get everybody on the same sheet of music about where we’re going.

The VBOCs were doing a fine job before. I’m not saying that they were not. What happened that changed so significantly is that the funding of Boots to Business finally gave us the resources to accomplish the mission they were supposed to be doing by statute but had no resources to do in a uniform manner. So with that funding and opportunity comes expectations and so we’ve sent those now. We also have learned that the resources available are not enough to get the mission done. So that’s another thing that we’ll bring forward to the Administrator for her awareness and action.

And, finally, on the point of, you know, we’ve got some great ones right now, past performance will be an evaluation criteria and it doesn’t necessarily have to be that you were a VBOC as past performance, but what is your organization doing within the ecosystem that shows that you are a part of the SBA community or the larger veteran entrepreneurship community, particularly transitioning service members and military spouses. So past performance can mean a variety of things, but it will have weight.

Any other questions at this point?

(No response.)

MS. CARSON: Okay, we’ll move on to the follow-on courses. A brief refresher, we spoke of it -- did we in June? I cannot remember. I don’t believe the awards had been made at that time. So let me go over that very briefly. We put out the award or the funding opportunity for the Boots to Business Program in total. And what that included was evaluation and analytics, it included curriculum, writing and follow-on courses, and delivery overseas.

When we evaluated -- and it was quite competitive, all of the applications -- we saw that there were not -- there wasn’t really anyone, not an applicant, who suggested a significant change to the actual structure of the two-day curriculum. Instead of awarding for any changes to the two-day, we have written into agreements now with our resource partners who participate and these grantees that they will...
22. The other awardee was Mississippi State University, who leveraged their learnings from a grant that SBA gave them for a Lean for Main Street initiative. So those are going to be executed within the next month or so, and I hope to have more information for you in the December meeting if you’re interested in how it’s going and what they’re teaching. I think it would be helpful to have representatives from those groups come. We do have Maureen Casey, the chief operating officer for Institute for Military & Veteran Families here today. She’s here to talk about their women veteran program. But if you have questions, perhaps she can address those as well.

23. MR. O’FARRELL: Hey, Barb, this is Jim O’Farrell again.

24. MS. CARSON: Yes.

25. MR. O’FARRELL: You read my mind. So in December, I would recommend and make this recommendation to the next chairman that we have someone come in and talk to this, you know, hey, six-week virtual classroom program, instructor-led sessions, things like that, just to get an overview of what is actually being taught and if there’s any preliminary data based on the classes that have been held so far on, once again, outcomes-based, how is this affecting or impacting the veteran and the startup of their business. Thank you.

26. MS. CARSON: that is a good question. And I -- it’s tough to know still. What we would like to do more research on is how fast should we expect to see results for a population like this. It’s -- because the demand is obviously you’ve got -- you’ve been appropriated a lot of money, you’ve been doing it for three years, now what can you tell me? We will tell you as much as we possibly can, but it’s hard to know what the cycle is going to be for folks who are at the ideation and feasibility stage of business ownership.

27. MR. MCADAMS: Ms. Carson, Rich McAdams again. I just want to reiterate one of the things I think we have to track is how many service members go into Boots to Business just convinced that they’re going to take every penny they can scrap together, put it in a whatever business, and as a result of Boots to Business, they realize they are not a fit and they decide they’re going to be an employee and that we saved them -- Boots to Business saved them from a train wreck. That’s a success, not just people who get into business and are successful. Saving them from making a bad decision is also a success.

28. MR. O’FARRELL: Rich, Jim O’Farrell. We have a gentleman in the audience, Sean Gwinner, who’s going to -- from Bunker Labs, who was educating me a little bit the other day about the entrepreneur versus the intrapreneur. So just because you don’t go out and start your own business, you might end up being in a company where you’re getting to have some of that entrepreneurship, but you’re inside, you know, a larger mother ship, so to speak. So really excellent point you just made.

29. MR. PHIPPS: Barb, Mike Phipps. Do we have statistics on how many people attend the first day versus the second day of the Boots to Business training?

30. MS. CARSON: We can get that data, but it’s not a pretty way that we can get it. So we’re working on standardizing that and also balancing it with the burden on the actual -- the transition service manager on the installation and the instructors. Because if you recall, the instruction is done by a variety of people over that two days. But we encourage every one of the resource partners to participate in every instance of Boots to Business. So it may be the Women’s Business Center and the VBOC day one and it...
would be the SBDC and SCORE Mentors on day two. So who carries the responsibility for that and how do we ensure that it happens across the board in a standard way is a nut we’re trying to crack right now. We’re having potentially audio problems, so just one moment, please. For those of you who are joining by phone --

RECORDING: All participants are now in interactive talk mode.

MS. CARSON: If I can get one person on the line to confirm that you can hear us, I’d be grateful.

MR. ZACCHEA: This is Mike Zacchea.

MS. CARSON: Thank you, Mike. I’m glad you’re with us and we know that you’re in attendance.

MR. O’FARRELL: Hey, Mike, Jim O’Farrell, glad you’re on the line and thanks for checking in and we’re expecting more questions from you. So, now, that you’re able to hear us, we hope that they will be rapid fire. Thanks.

MR. ZACCHEA: Sure.

MS. CARSON: All right. I may have taken a little more time than you intended for me to take, but are there any questions for me at this time?

(No response.)
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<td>you are actively communicating with, I would appreciate that.</td>
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<td>MAJOR CLARK: Sure. I’d be happy to.</td>
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<td>MR. O’FARRELL: Thank you. Okay.</td>
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<td>MS. CARSON: May I ask a quick question, Major?</td>
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<td>MAJOR CLARK: Yes.</td>
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<td>MS. CARSON: I do think I heard in there that there’s a way to participate and provide comment even if you don’t have one happening in your local area.</td>
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<td>MAJOR CLARK: Yes.</td>
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<td>MS. CARSON: And that’s also on Advocacy’s site?</td>
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<td>MAJOR CLARK: Yes, yes, thanks. Yes, we -- we recognize that a lot of people cannot personally attend these roundtables. So there is a form on our website that allows for individual businesses to submit whatever comments they may have, suggestions, regulations to us, and then we actually respond back to them. So that opportunity is there. Thank you. Thank you very much.</td>
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<td>MR. O’FARRELL: Thanks. And, now, we have Ken Dodds. Appreciate it.</td>
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<td>So my understanding is, Ken, before you get started -- I just introduced you and now you don’t get</td>
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<td>actually have members out throughout the country and we reach out through them to their members, as well as to the -- as I said, to the SBA District Office and to the SBDCs and all of those entities that are out there on the ground making day-to-day -- making sure day-to-day that our businesses are protected.</td>
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<td>MR. O’FARRELL: Could I give you an action item, Major? Could you come back in December and -- or at least through -- in the intervening months, provide the committee a list of those organizations that you’re reaching out to? Maybe there are some that we can add to it.</td>
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<td>MAJOR CLARK: Actually, you can give me that action item, but if you would like to go on our website, you can see many of those organizations there and see the -- see the flavor of what we’re doing. Our hearings are basically being court-recorded and those hearings are -- the transcripts of those hearings are actually there for anyone to pick up and read. So --</td>
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<td>MR. O’FARRELL: Right. And I’m just responding to your comment which was I’m not seeing a large output -- outpouring of support or participation by the veteran community. So if you would be so kind to send the committee, through Barb, a list of those organizations, those veteran service organizations that to speak -- we’re having to reset the online meeting part of this. So the in-person meeting is working fine, but evidently the online meeting needs to be reset. It has frozen up. So they’re going to do a reboot and we will come back on live here in a second.</td>
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<td>(Brief pause.)</td>
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<td>MR. O’FARRELL: Welcome back, everyone. We’re back on the record. If everyone could go ahead and take their seats, we’re going to continue. Ken Dodds is here to talk to us, so we’ll go ahead and start. Ken, you’re on the record and we’ll go from there. Thanks.</td>
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<td>MR. DODDS: Okay, thank you. Let’s see. My first slide, I believe I wanted to update you on some of the rules that you may see between now and December, the next time you meet. So I have a list here I’ll talk about real quick. One is -- the first one is the NAICS 2017 update. That’s just an update to the NAICS table that they do every five years. And so we update our size standards to correspond to the changes in the 20 or so NAICS codes that changed in 2017. The next thing you might see is a Size Standard White Paper. That basically describes how we’re going to do a comprehensive review of all size standards. Under the Small Business Act, we have to do</td>
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a review every five years of every size standard, and
we just completed our five-year review in 2016 and
we’re about to start our new one. So this is just is a
roadmap on how we’re going to conduct those rule-
makings. We’ll still do proposed rules on size
standards and get public comment.
FY -- agencies’ FY 2018 prime contracting and
subcontracting goals. We’re going to send out proposed
goals this week and that takes a couple weeks to go
back and forth between the agencies on what their goals
are going to be. But we should have them hopefully set
right around the beginning of the next fiscal year.
For FY 2018, there will be some exclusions
that will no longer be excluded, but there will be some
DOD exclusions for overseas contracting based on the
NDAA of 2017. So there will be some tweaks to the
goaling base for FY 2018.
There is a -- you will remember that we did
a rule that allows primes and subs to team together to
meet the limitations on subcontracting and we published
that last summer. In order to actually take effect, it
has to get moved to the FAR. There is an interim FAR
rule that we’ve been working on, which would mean that
once it’s published, it will be effective generally 30
days later after it’s published. But I don’t know when

that will be published, but we’re kind of done working
on it. Now it just needs to be approved.
We’re also working on two other things of
interest to you guys, I think. There’s a multiple
award contracting FAR final proposed rule that
implements the Jobs Act of 2010 and a rule that we did
back in 2013, and that’s about partial set-asides,
reserves and setting aside task and delivery orders.
So that might -- you might see that published between
now and December.
We also have a case open on overseas
contracting and how the Small Business Part 19 applies.
Right now, the way the FAR’s written, it’s kind of
confusing. Some agencies interpret it as they’re not
allowed to do small business set-asides overseas and we
don’t think that’s true. We think you, at least, have
the discretion to do that, so we’re trying to -- we
have a case open so that we can talk about how small
business applies to overseas contracts.

MR. MCADAMS: Mr. Dodds, Rich McAdams. Can
you explain the multiple award contracting final rule,
just kind of a summary?
MR. DODDS: Yeah, I mean, it’s -- back in
2010, they kind of -- the Congress gave us the
authority or -- agencies had already been doing this,
but it’s about, you know, sometimes you do a total set-
aside where everybody on your contract is small or SDVO
or something like that. But sometimes agencies want to
do different things where they have some large and some
small. So this kind of sets the procedures where you
might do a partial set-aside. So you might have some
large businesses and you might have a partial set-aside
for SDVOs, for example.
You could also do like a reserve where you --
you’re going to have ten awards, but you’re going to
make sure that at least two go to small businesses, so
they’re at least allowed to play. And then later on,
you can do set-asides of task orders under that. So
it’s kind of trying to set the parameters on how we
deal with this because agencies have already been doing
these kinds of things for -- you know, a decade or
more.
MR. MCADAMS: So it’s really just codifying
what’s already been being done.
MR. DODDS: Yeah. But I think there’s --
there are -- you’re right. But there are -- some
people, when you ask them what a reserve is, they
say -- they have different opinions on what that is.
So we think that the rule -- you know, obviously, we
want the rules to be the same for everybody on
businesses, they would have to have a subcontracting plan.

MR. O’FARRELL: Mm-hmm.

MR. DODDS: And then the small businesses on there, they’re not -- you know, we don’t have -- they don’t have a plan. So they wouldn’t have one. So all those rules still apply.

MR. O’FARRELL: Okay. Is it to the level where the IDIQ -- you know, now you get to the TOPR, let’s say, the task order or call order or whatever that agency calls it. So you’re down and the rubber meets the road. There’s going to be something actually awarded under this. Is it to the point then where you’re saying, you know, so many task orders have to be put out as small business task orders, even though it might have been a large business multi-award?

MR. DODDS: I think -- I think agencies have a lot of flexibility. For example, they could have certain CLINs or SINs that are set aside. That would be like a partial set-aside. So some stuff is full and open. But any order we do in this category will be set aside amongst these concerns. You could also -- agencies also do things where they -- like I said, they would reserve several awards for small business and decide each time they go to order whether they’re going to set the order aside or not. So they might compete it amongst large and small together or they may say for this order, we’re going to set it aside for these three small businesses on this contract.

MR. O’FARRELL: Okay.

MR. DODDS: So it’s all those kind of things that are -- and agencies are doing this already, but they’re all doing it differently.

MR. O’FARRELL: Right, exactly.

MR. DODDS: So, hopefully, with this FAR final rule, there will be more standardized procedures.

MR. O’FARRELL: Right, yeah. There’s a DISA opportunity out there right now that’s active that is fitting into a lot of what you’re saying. So, I think --

MR. DODDS: Yeah, yeah.

MR. O’FARRELL: Okay, thanks.

MR. FIELDER: Ken Fielder. I don’t see anywhere on here any scoring topic coming up, and you touched on it just briefly and I just wanted to get some clarification. I see a sheet here showing government-wide performance as an A. Thank you, outstanding. The change within the NDAA for the scoring technique, if you will, that comes into effect in 2018. Is that what you just said?

MR. DODDS: No.

MR. FIELDER: Because you briefed us on it the last time.

MR. DODDS: Yeah.

MR. FIELDER: And I guess I was expecting it to be part of the 2017 score.

MR. DODDS: Yeah, the score card changed. Based on NDAA 17, it made prime contracting, instead of being 80 percent of an agency’s grade, it’s 50 percent, and subcontracting we raised from 10 percent of a grade to 20 percent, and there’s some other factors in there, like number of contract awards. That’s in effect for this fiscal year that we’re in right now.

MR. FIELDER: Okay, good.

MR. DODDS: But we don’t really get the data -- and I’ll talk about this later -- until January or February and we don’t publish the score card until spring of 2018.

MR. FIELDER: Understood, understood.

MR. DODDS: So that score card is in effect for this fiscal year.

MR. FIELDER: Okay. Just an oh-by-the-way question. Do you have a sense of what the 2016 score card would look like under the new scoring that’s going to be in effect in ’17? Would it still be an A?

MR. DODDS: It’s hard to say because we’re doing --

MR. FIELDER: It’s hard to say.

MR. DODDS: -- we’re doing things --

MR. FIELDER: It was just a wondering question.

MR. DODDS: -- we’re doing things that we’ve never done before, like comparing the number of contract awards in one fiscal year to a prior one and giving a grade on that. We don’t know what it’s going to -- you know, we’ve run some numbers for some agencies, but for the whole government, we don’t know yet.

MR. FIELDER: Having dealt with -- I’ll just make a personal comment. I think the new scoring technique is much improved from the previous scoring technique.

MR. DODDS: Okay.
The content of the document is not transcribed accurately.
it also gives agencies double credit when they award to a small business in a disaster area, based on the RISE Act of 2015. And that rule, hopefully, will come out also in 2018. It has to go to interagency review. But I will update you on that in December, where we are on that.

Can we go to the next slide? Okay, so you do have the score card. There was a question around -- first of all, there is a 3 percent goal for SDVO prime contracting and it’s also for subcontracting. So it’s part of the Government’s grade, it’s part of every agency’s grade. Every agency has a 3 percent prime SDVO goal and a 3 percent subcontracting SDVO goal. As you can see, in 2016, we -- it was the highest ever. We did 3.98 percent for SDVO. We did not meet the 3 percent goal, though, for subcontracting as you can see.

Right now, looking at the data of most -- you know, most recent data, we’re ahead of where we were last year with respect to SDVO prime contracting. So it’s part of the Government’s grade, it’s part of every agency’s grade. Every agency has a 3 percent prime SDVO goal and a 3 percent subcontracting SDVO goal. As you can see, in 2016, we -- it was the highest ever. We did 3.98 percent for SDVO. We did not meet the 3 percent goal, though, for subcontracting as you can see.

Right now, looking at the data of most -- you know, most recent data, we’re ahead of where we were last year with respect to SDVO prime contracting. So maybe this year we’ll even go higher. I think 3.98 was the highest we had ever done, but maybe we’ll, you know, go higher this fiscal year.

There was a question around data and so I’ll just, you know, kind of give you some idea about, you know, verification or validation of data. Agencies -- one of the reasons we don’t issue our score card until spring, even though the fiscal year ends at the end of September, is that we -- agencies do spend months verifying or validating or cleaning or scrubbing their data and they certify at the end of January to OMB that they’re data is accurate for FPDS purposes.

SBA also does surveillance reviews where we go out -- SBA employees go out to agencies’ buying processes and basically look at their contracting representation. One of the things they look at is the data quality that they have in their contracting shop. Of course, there is a protest process where unsuccessful offerors can protest. Also, SBA can protest at any time and so can the contracting officer. So we’ve had situations where we got information to or three years into a contract and we protested the status of the concern in that context. So that’s another tool that we use to make sure the data’s accurate.

FPDS data is also public. So the press or interested parties can question data if they think there’s something that’s not right in the contracting data. SBA also -- once the fiscal year ends, we send out anomaly reports to the agencies and, you know, subcontracting data is monitored. That’s all I have for my presentation. I mean, I’m here to answer any questions before I -- yes, sir?

MR. AUMENT: Ken, Ron Aument. Am I correct that purchase card acquisitions are still not included in any of the data?

MR. DODDS: That is correct. Below the micropurchase threshold, which is $3,500, that information is not entered in FPDS at all. So that’s not something that we track.

MR. MCADAMS: Rich McAdams. I want to make sure I understand where the VA/SBA issue is going to end up. So we will -- as I understand it, we will -- service-disabled and veteran-owned small businesses will still be certified through the VA just for the VA as the current -- similar to the way it exists now. SBA will be a fallback for, I guess, escalation or whatever, and it will be for all of federal government. Is that correct?

MR. DODDS: Yes. So the system will kind of continue to operate as it is now with some tweaks. So the rule that we’ll use for ownership and control will be the same. They’ll be using the one we published --

MR. MCADAMS: Instead of two different ones.
MR. DODDS: Yes, instead of their own. So there will be one rule that we both apply. If you protest a VA procurement, that will go not to the VA, but it will go to the OHA once this rule is in place, which I don’t know if it is or not.

MR. MCADAMS: Right.

MR. DODDS: I don’t know if it’s there yet, but we’ve definitely proposed it.

MR. MCADAMS: Yeah, I’m talking future stake.

MR. DODDS: Yeah. So that would go to SBA OHA, not to the VA. And then if you’re denied an application -- if you apply and you’re denied, that would not go to the VA, it would go to OHA once this rule is in place. So that’s where we are now. There’s been a lot of talk about other things, but right now, that’s kind of where we are.

So they’ll continue -- VA will continue to certify for VA procurements; SBA will continue to process protests for all other government agencies. That will be our role.

Ms. Carson: This is Barb Carson. Those are good questions and, unfortunately, today is your last day as chair. But the next chairman, when elected, the right process to do would be a letter from the new chair to the Department of Veteran Affairs and asking them to appear in December, and those are great questions. So we can help you do that, whoever that might be.

MR. O’FARRELL: Thanks, Barb. You always keep us on the straight path and I appreciate it.

MR. PHIPPS: Ken, I have one question on the size standard -- on the size standard white paper. Something that we’ve discussed a lot. When there’s a -- when a company hits their size standard, they immediately get classified as a large business. So you have a company maybe hits their $40 million three-year average and then they’re now a large business and so they’re automatically classified on the same size standards of like a Lockheed Martin.

So is there somebody within the SBA or is this white paper going to address that disparity between, you know, your $50 million, three-year average and your multi-billion dollar companies now having to compete at the same level, which we know in the government contracting community, it’s just -- you know, it’s been like that because it always has been, but it’s not necessarily, you know, an even playing field.

MR. DODDS: Yeah, I understand that that is an issue and I am sympathetic to that. But the white paper itself is just here’s the measure for your industry, whether you’re small or not. We would -- you know, our direction from the Small Business Act is to set a small business size standard. So there have been legislative proposals around medium-size businesses, which other countries have programs for. But they haven’t gone anywhere or been enacted.

I mean, part of that is we -- you know, there’s a concern that we don’t want you taking from small business. You know, our mission is small business. So if you create this medium-size program, are you going to steal from us or are you going to steal from the large business? That would be the concern.

And the other thing, of course, is obviously setting the size standard. Even for that, I mean, if you set the medium-size business size standard at $100 million in revenue, once a company becomes a $101 million, they’re going to say, well, I can’t compete with Lockheed Martin. So I think it would be difficult -- I mean, it would be very challenging to set that size standard.

So for -- you know, I don’t see anything on the horizon around that, but you never know what’s going to pop into an NDAA. There have been proposals around that. But for now, this is just going to set here’s your size standard for your industry, you’re either above it or below it.

MR. O’FARRELL: This is Jim O’Farrell again. I know this is not necessarily a question for you, Ken, but for the December meeting, if the committee members agree, we should have the VA come in and talk to us about, as we’ve asked before, what does the data show in terms of how many -- you know, whether it’s rejected, declined verification applications. Then once an organization is verified and approved, then do their surprise inspections. How many surprise inspections have led to any service-disabled or veteran-owned small businesses losing their ability to do business with the VA? You know, some questions going through my mind listening to you talk.

And I realize, Ken, that’s not your -- your area.

MR. PHIPPS: Ken, I have one question on the size standard -- on the size standard white paper. Something that we’ve discussed a lot. When there’s a -- when a company hits their size standard, they immediately get classified as a large business. So you
MR. O’FARRELL: Please do.

MR. DODDS: All right, thank you very much.

MS. CARSON: This is Barb Carson, SBA. I am very pleased to introduce our next speaker, who is Manny Hidalgo, who is the Director of SBA’s Office of Economic Opportunity. He’s going to focus on lending to veterans, and he’s going to tell you about programs that you may not be familiar with. And we are already working very hard to make Fiscal Year ’18 all about these programs because, as we stated earlier today, 65,000 participants in Boots to Business, when are they going to be eligible for a 7(a) or a 504 loan? Probably going to be a decent amount of time. They need Mr. Hidalgo’s programs. And so he is going to tell us what those are and we’re going to build the picture for you on how this looks as a continuum. So I turn it over to you, sir.

MR. O’FARRELL: And sorry to interrupt, Manny. Jim O’Farrell. So what we’ll do is we are about 15, 20 minutes behind. We’ll go ahead -- take your time, make your presentation and then we’ll do a shorter break at the conclusion of his presentation before we start the women’s entrepreneurship side.

MR. HIDALGO: Okay, great. Since I met Barbara, this has been something that we’ve talked about quite a bit. We know that when it comes to lending to veterans that SBA could be doing a much better job. And as Barbara mentioned, this is one of the areas in which we feel we can contribute the most to the needs.

I mean, listening to Ken talk about contracts, you know, what’s running through my head is, so you get a contract. Well, without access to capital, right, how are you going to fulfill that contract, how are you going to manage that contract? You have to have one to have the other.

My understanding, at least grumblings that I hear from banks sometimes, is that, you know, having that contract is great, it certainly helps with the credit decision. But they need to see assets, right? They need to see collateral. And that’s probably the -- that is the number one reason why all businesses get SBA loans because of lack of collateral. So we help correct that market in that regard. And I do have some really good news about how we’re doing with veterans in one of our programs.

So just looking quickly at what it is we offer. Basically, OEO, Office of Economic Opportunity, we’re a staff of about 15 folks. We operate these four programs and we do it very efficiently at a cost of less than $2 million as far as our own operating costs, staffing and additional expenses and whatnot.

We essentially run the Community Advantage Program, which is a new program. I’ll get into more details about that. That’s a pilot 7(a) product that actually provides guarantees to nonprofit intermediaries.

We have our Microloan Program. These are direct loans up to $50,000 with technical assistance grants.

The Intermediary Lending Pilot Program was a pilot that did not continue, but we are still managing those loans. That was loans that we made -- larger loans that we made to intermediaries who then, in turn, made those loans. So as opposed to guarantees, these were just larger loans, sort of a step up from microloan. But what we have found is Community Advantage is a great substitute.

And the PRIME Grant Program, these are specifically grants anywhere from $150,000 to $250,000. Actually, some are less than $150,000, but there’s two tiers. One is up to 150, the other is up to 250, and these also provide technical assistance and capacity building and so forth to intermediaries.

And I notice as I talk about intermediaries, you might be asking, what’s an intermediary. So I probably should have started there. So we work with essentially 180 non -- well, all nonprofit -- overwhelmingly nonprofit financial institutions, such as community development financial institutions, CDCs and, of course, microlending institutions. You’re going to hear next from Lisa O’Briant of LiftFund. This is one of our star Microlenders and Community Advantage lenders. So you’ll get a better sense when I say “intermediary” what it is we’re talking about.

Our lending authority for this fiscal year was $44 million and our TA grants were about $31 million. So fairly well capitalized considering that the average loan size for a microloan, believe it or not, is about $13,000 and for a Community Advantage loan, it’s $132,000. Now, that lending authority does not include Community Advantage. It’s just the Microlending Program. But, nonetheless, it’s funding that we believe is adequate. What we don’t want to see are any cuts.

Moving over -- I start with Community Advantage because that’s the good news. I always like to start with the good news. And the reason I say it’s good news is that, first of all, that we’re up to 121 approved lenders as of the end of the third quarter.
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<td>Fifty-eight of them do straight-up microloans; another 49 are SBA CDCs, which means they can do microloans and a lot of them do 504 loans. And then you have 80 of them which are Treasury-certified community development finance institutions. A lot of lenders have more than one designation and, in fact, I think LiftFund is a prime example that they do both the CDC -- I mean, they do both the 7(a) Community Advantage, the micro -- do you do 504? And 504. So they do the whole thing. So they're one of 12 that actually provide the whole array of services. We have done already 3,500 Community Advantage loans for almost a half a billion dollars and the average loan size, like I mentioned, is $132,000. The great news is of this $451 million, $117 million or about 8.96 percent have gone to veterans. So we're actually just about hitting the mark if you look at veterans as 9 percent of all small businesses. For FY '17, we did 80 loans -- and we're not done yet. But as of the end of the third quarter, we had done 80 loans to veterans worth over $10.5 million and that's actually 9.03 percent of our CA loans that went to veterans. So we are showing tremendous progress in this particular program. But we still have work to do. If you look at the next slide, I just wanted you to get a sense of our intermediaries and what kind of work they're doing. Of course, this is just their SBA lending. All of these organizations do a lot more than SBA lending. But this at least shows you the ones that are excelling at the SBA loan product, and this includes both Community Advantage and Microlending. And you can see LiftFund is there at the top, followed by PeopleFund, which is another Texas-based intermediary, and you can see a lot of the others that are doing quite well. Quite a few of them are in California, not to be too surprised, you know, it's such a huge economy. And -- but the two that are the shining stars are from Texas and, of course, LiftFund does a lot more than Texas, but they are headquartered in San Antonio. If you look at Community Advantage, you can see that's -- CDC Small Business Finance Corp. is a San Diego-based intermediary, which like LiftFund does all three, the 504, 7(a), Community Advantage and the Microloans; followed by PeopleFund; and then Main Street Launch is a California organization and there's LiftFund again. So, again, you know, People and Lift, two Texas-based organizations that are doing excellent in the space of Community Advantage. If you look at the -- MR. O'FARRELL: Manny, this is Jim O'Farrell. Can I interrupt you for one second? MR. HIDALGO: Yeah, of course. MR. O'FARRELL: So back on the previous slide and on this slide where you have number approved, dollars approved, number approved, for example, previous slide, LiftFund, was at 214. Is that all -- what percentage of that are veteran-owned businesses or are these all just veteran? That seems high for -- MR. HIDALGO: We are going to get to that. MR. O'FARRELL: Okay. MR. HIDALGO: When we get to -- MR. O'FARRELL: Sorry, I try not to cheat and look ahead and now you're going to -- MR. HIDALGO: Yeah, yeah, we're going to get to that. And I'm sure Lisa probably has some specifics as well. But I believe I have -- at least I have the numbers for Texas, but I think I might have to turn to you for the numbers specific to LiftFund, unless you want to -- you want to ballpark it? MS. O'BRIANT: I apologize. I don't -- MR. O'FARRELL: On the previous slide, the number -- a number was given of 214 approved loans by LiftFund. I was just curious as to the approximate percentage of those that might be veteran -- service-disabled, veteran businesses. MS. O'BRIANT: I don't know off the top of my head. I don't believe we've been tracking service-disabled at this point. So I will have to -- I'll have to look into that. MR. O'FARRELL: Okay. MR. HIDALGO: Yeah, what I have is specific to Texas. In 2016, there were -- 18 percent were to veteran-owned businesses. And, thus far, in 2017, it's 8 percent. But, of course, that number is going up. And you can -- you know, it's definitely one of our better markets. I know LiftFund, as Barb and I were talking about, is the primary reason why they're doing -- we're doing so well with veterans in Texas. MR. O'FARRELL: Okay, yeah. I mean, the follow-on question was then, going down through that list, are there OEOs that are -- and that's what they're -- are there OEOs that are more veteran-friendly than others I guess is where I was going with that. MR. HIDALGO: Absolutely, absolutely. MR. O'FARRELL: Okay, thanks. MR. O'FARRELL: And it's a great question.</td>
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Mr. O’Farrell: And share that.

Mr. Hidalgo: Absolutely. Excellent idea.

Mr. O’Farrell: So -- Jim O’Farrell again. So a possible recommendation from this committee could be for our committee to request from the SBA or some other entity to identify those best practices at those intermediaries that -- where it’s going well for veteran businesses. I think where we have probably opportunities for growth are in some of those other intermediaries that may not have defined veterans as part of their target but should.

Mr. Hidalgo: Absolutely. Excellent idea.

Mr. O’Farrell: Absolutely, absolutely. Excellent idea. I ran a CDFI for nine years and it was focused on the low-income Hispanic community in Metropolitan D.C., and I can tell you that it is really definitely all about best practices for particular demographics and also particular industries. So the extent that -- I think if we did some research, too, around what are the most common veteran-owned businesses and then can tailor the technical assistance to helping those types of businesses is also going to -- it’s going to increase the -- you know, the needle.

So let’s see. If we move beyond Micro -- well, Micro, I’ll just say that it’s a little bit different in terms of who our highest performers are. It tends to be the folks that make the very small credit-building loans, and what I mean by that is helping improve people’s credit scores. So we know that if you make as little as a $300 loan and you coach somebody to only use a third of it, $100, and to pay it off every month, not carry a balance, that in one year, they’ll get about a 670 credit score.

So the way FICO works is they actually -- you know, and 670 is not great, but it’s definitely better than average. I think Fannie Mae will do housing loans down to about 640. So it’s not a bad score. And then you only can build from there. So what these folks do is these smaller loans to build credit scores and then they move people up the pipeline to larger-size loans, all the way up to $50,000.

So looking at the Microloan Program, what you’ll see -- and, particularly, I wanted to point out the slide -- yeah, next one. So the slide -- the graph to the right shows how we’re doing with, you know, particular demographics. These -- OEO focuses on the underserved community and we define that as low income, women, minorities, veterans and start-ups and rural.

And so you can see at least how we’re doing with at least these particular -- these five particular demographics.

Women were excelling in Micro and doing good in CA, but you can see that 7(a), which is the blue column, and 504, the red column, you know, have a lot of work to do.

With African Americans, we’re definitely crushing it when it comes to Micro and next CA. We have a lot of work to do with 7(a) and 504.

With Hispanics, same thing, Micro, CA, and then the other two SBA loan programs.

It’s interesting with the Asian/Pacific Islanders, you can see that actually 7(a) is leading the pack, followed by 504, and then you have CA and Micro. So we’re -- you know, there’s a lot of penetration there.

And then with veterans, you can see that our best penetration is through the Community Advantage Loan Fund, which are those loans that average size about $132,000.

Moving on to the next one, you could see SBA lending to veterans across the board. So you could see with Community Advantage, you can see the uptick there. You can also see the uptick on the right graphic that shows the first two bars are 7(a), and this is a comparison from Quarter 3 FY ‘16 to Quarter 3 FY ‘17. You can see an uptick there as well. And in the next one, which is 504, you can see a slight uptick there as well. So we are seeing increasing changes, increasing production when it comes to the microlending space because we have seen a downward trend this fiscal year compared to last fiscal year.

When you look at the top left graphic is where you can see we have work to do in the microlending space because we have seen a downward turn this fiscal year compared to last fiscal year.

Mr. O’Farrell: Manny, this is Jim O’Farrell again. Can you talk about the -- what most veterans
are using, if you’re aware of what they use that
microloan for? You said on average it’s $13,000.
We’ve been told that in the past that it’s to clear off
credit card debt, for example.
MR. Hidalgo: You cannot refinance existing
debt with micro. You can with Community Advantage.
But the microloans overwhelmingly are working capital.
You know, occasionally, you see somebody purchase a car
or a food truck, let’s say, or, you know, a truck to do
landscaping, what have you, sometimes equipment. But,
by and large, it’s working capital.
MR. O’Farrell: Do you have any insights into
what percentage of their overall -- you know, other
thing that we hear from time to time is that a good
majority -- I don’t know if it’s a majority, but a
percentage of veterans are not actually relying on
outside capital; they’re bootstrapping.
MR. Hidalgo: Well, that’s true across the
board. So of all businesses, only about 34 percent
actually use debt to grow their business, which was
choking the first time I heard that. I always assumed
all businesses had a loan. But I think part of that is
the fact that out of the 28 million businesses in the
United States, about 90 percent of them are micro, are
five employees or less is how they define micro.

And so when you’re -- you know, when you’re
that small and when your annual revenues are less than
a million dollars, you know, debt is not as important
as the larger businesses. So your veteran-owned
businesses with contracts are the ones that probably
make up the lion’s share of that -- you know, that
typical 32 percent that need debt. But it is
interesting that you’re hearing that. I mean, I think
part of the bootstrapping element, too, is part of the
character of veterans. They’re used to making due with
whatever’s available, right?
MR. O’Farrell: And before you end, I know
you’re still going through your slide deck, but as
you’re going through it, think about any
recommendations that you might want to make to this
committee that we would include in our report to the
White House and the Congress.
MR. Hidalgo: Absolutely.
MR. O’Farrell: Thanks.
MR. Hidalgo: So we could skip over this one.
You could look at this at your leisure. It just talks
about the mechanics of the Microloan Program. And same
with the next one. It just shows some more specifics.
The other one I’ve already mostly talked
about. It just shows the maturity of the loans, up to
doi

MR. Hidalgo: you could see we’re also very flexible
when it comes to collateral.
The next one talks a little bit about
technical assistance grants. I think this right here,
your point, Jim, about, you know, opportunities to
mention things to the White House. This second bullet
talks about the fact that technical assistance is 75
percent for post-loan TA. So what that means
essentially is somebody comes into your intermediaries
and they always walk in -- and Lisa can probably attest
to this -- and the first thing they say is I need a
loan. And so you need to, you know, find out, well,
let’s see your business plan, let’s see your -- let’s
see everything. Let’s see exactly what it is you think
you need a loan for.
That whole process of getting to, okay, let’s
do a loan application, is the lion’s share of the
technical assistance. And, yet, currently, the
legislation says that only 25 percent could cover that
piece, which is actually where probably 75 percent of
the need is. Once you get -- once you make the
microloan and you’re asking the intermediaries to do 75
percent of those TA dollars after the microloan, it’s
extremely difficult.
And, again, I can say that from nine years of
doing this. You make a loan and most business owners
are like, thank you very much, and as long as they’re
paying their loan back on time, you really don’t often
see them. I mean, you, try to get them back in and you
try to keep coaching them and some intermediaries are
better than others at doing that.
So many intermediaries are also very clever
and they will do a very small microloan and, therefore,
one they pay that back, everything they do afterwards
is post-loan TA. So I don’t know if you guys do that,
but when I heard that, I thought that was brilliant.
But, again, so that’s an advocacy opportunity
is -- and there is a bill that would eradicate that.
It’s called the Microloan Modernization Bill. I could
get you the actual HR number. But one good thing
that’s already happened is that when SBA put forth its

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MR. HIDALGO: I don’t. That’s a good question. Do you have the approval rate for veteran application? (No audible response.)
MR. HIDALGO: Okay. Well, we can find that out for you.
MR. MCADAMS: Okay, thank you.
MR. HIDALGO: Barb can get it to you.
Okay, so examples of mentoring and technical assistance. I mean, I think one of the things, you know, like I said, the mentoring, the technical assistance is very much geared on helping businesses make sure they can pay back these loans. So a lot is geared around the accounting systems, the projections and so forth. I think one thing that would be interesting here is to look more specifically at what is the ideal TA for a veteran-owned business. And I guess that’s where Boots to Business really kicks in because they tailor the technical assistance.
But I think that same methodology could be applied for intermediaries that are targeting, you know, veteran-owned businesses, because clearly there are some things that veteran-owned businesses need, you know, more than other businesses, and I think that’s true for every demographic. Community Advantage, loan parameters, again, you could look at that separately from this conversation because I really do want to get to more questions.
And the next slide, as well, shows what I already mentioned in terms of where we’re at with Community Advantage. For veterans, we’re at our highest ever at 8.9 percent and 117 million total over the life of Community Advantage. And then you could see where we’re at with Texas, in particular. It continues to knock it out of the park.
Key Community Advantage Program features, again --

MR. MCADAMS: Excuse me a second. I think -- this is Rich McAdams again. Do we have an answer to the question about the percentage of veterans?
MR. LOWDER: No, I don’t have an answer, but I have three questions if I could just jump back.
MR. HIDALGO: Sure.
MR. LOWDER: What I’d really like to know is what is -- we’re looking at your aggregate numbers here, correct?
MR. HIDALGO: Correct.
MR. LOWDER: What would the aggregate approval rate be for veterans who apply for loans on your program? It would be nice to see a breakdown of the various categories. What’s the disapproval rate and why? What do you see in trends in terms of why veterans are disapproved? Those would be important things to ferret out. Obviously, we want qualified people that are opening up businesses, but we’re trying to find ways to qualify them, not ways to disqualify them.
MR. HIDALGO: Exactly.
MR. LOWDER: Okay? Fair?
MR. HIDALGO: Okay. I mean, I could just tell you across the board what typically leads to a disapproval. Credit score has a lot to do
with it, as well as just cash flow. A lot of times businesses will bring their -- you know, their projected cash flow statements. But at the end of the day, you know, loan commitments want to see actuals and they want to know that any business, whether it’s veteran-owned or not, is showing progress towards growing their revenue base and so forth and so on. That sometimes is very difficult to show, especially for a startup.

But I think one thing that could be interesting because this is something that banks have done for other demographics is to provide some form of guarantee to loans made to a specific -- so if there were an entity out there that were willing to provide a guarantee, a stopgap, if you will, and say that -- for the veteran-owned businesses, you know, we’ll cover up to, let’s say, 75 percent of defaults. And I think, you know, the return on that would be significant because you’re an intermediary and if you know you’re going to have a 75 percent stopgap, it makes it much easier to go ahead and take the risk and make the credit.

MR. LOWDER: I’m Lynn Lowder with 1 Vet at a Time. One last point, too, did I say reasons for default? For the ones that do default, what are we seeing there and why?

MR. HIDALGO: That’s a great one. What would you say is the most common reason for default?

MS. O’BRIANT: Default?

MR. HIDALGO: Yeah.

MS. O’BRIANT: I don’t have that information. I will have Alma Brown on the line in a little bit. She’s going to -- she’s my lending expert on hand because lending is not my background and she may have information on that. But I do have some information on why women vets are turned down, to your question earlier. So that will be in the slide program that I present.

MR. LOWDER: That’s fair. All right, thank you.

MR. HIDALGO: Excellent questions. Now one thing that I think is important for us, and when you communicate with the White House and the others, is that the default rate of SBA loans is incredibly low. I mean, across the board, it’s like less than 2 percent. For micro, it’s under 10 percent. And there’s a 15 percent loan loss reserve fund. So anybody who says, oh, this is a waste of money is fooling themselves, it’s not. It’s actually doing quite well. And with Community Advantage, it’s less than 4 percent. So we are very risk-averse as a federal agency and some criticize us for that, you know.

Let me see, it looks like we’re almost out of time. The only other thing I wanted to say about advocacy opportunities -- and you can look at the other two slides at your leisure. So the big one, of course, is our funding. $44 million, like I said, is very adequate for what we need to be able to continue to perform at this level. $44 million is the lending authority. The other amount is for the TA grants. So we would argue $75 million investment in this OEO programs is well worth taxpayer dollars and it makes a tremendous amount of money because think of all that taxable revenue that is being generated as a result of these investments.

The other thing is this Microloan Modernization Act that I mentioned, the 25 -- 75/25 rule, get ride of it, and the other big thing is going to be making Community Advantage permanent because, right now, it is still a pilot. We are working on an evaluation where a third-party evaluator is going to be out in the spring. The administrator for SBA will take a look at that. She will make a decision whether or not to recommend permanency. So I think it’s also speaking to Administrator McMahon and saying why you think Community Advantage is important, and I think the data speaks for itself because it’s the most successful loan program SBA has for veterans. And we’re hoping that will be made permanent.

I can tell you right now she’s been very supportive of it. At a recent cabinet meeting when other secretaries of agencies were talking about cuts, somebody brought up Microloan and CA, maybe cutting it, and she said, over my dead body. So I don’t know if we’ve ever had an administrator say that, you know. I was pretty pumped when I heard that.

So I think you have a very -- you have a lot of support here at the SBA. It’s just -- it’s a matter of being made a priority in Congress.

MR. O’FARRELL: So a recommendation from this committee to continue the Community Advantage Program would be welcomed by your office.

MR. HIDALGO: Absolutely.

MR. O’FARRELL: Okay.

MR. HIDALGO: Thank you. Any other questions?

(No response.)

MR. O’FARRELL: Ladies and gentlemen, we’re
going to take a quick break, five minutes. We are
going to come back here at 10:50 on the
date. Please be back on time. We’ve run a little bit
over. For those on the phone, making sure you have
that information as well.

(Brief recess.)

MR. O’FARRELL: Ladies and gentlemen, we’re
going to go back on the record now. We are very
honored to have several representatives from VSOs.
We’ve got Bunker Labs here, LiftFund as we’ve just
heard about, the intermediary, and the National Women’s
Business Council, Esther Morales is here, as well as
Maureen Casey for the Institute for Veterans & Military
Families.

So they each have presentations that they’re
going to give. I know that we are still in the
situation where the folks on the phone, unfortunately,
are not going to be able to see the presentations. So
we do ask the speakers, as you’re giving your
presentation, you know, speak to the slides a little
bit so that they can -- they get a sense of what’s on
them and then -- go ahead, Barb.

MS. CARSON: Thanks, Jim. I wasn’t trying to
take over. A quick introduction on why we’re talking
about women veteran entrepreneurship today. And I’m
very grateful that the Chairman sees that this is a
good time to talk about it. There was incredible
growth, as we’ve talked about in past meetings, between
2012 -- 2007 and 2012, as we saw in Census, and the
National Women’s Business Council did some work at that
point when we learned this and has done even more,
which we’re going to hear about today.

But our office, Office of Veterans Business
Development, does have a program, the Women Veteran
Entrepreneurship Training Program. And those are the
three grantees you’re going to hear from today, as Jim
mentioned, and each of them has a different approach to
how they’re serving women veteran entrepreneurs.

And this -- when we say women vets -- and
we are also including military spouses in the
population -- so we’ll be particular about how we
describe the research and what we’re learning and which
populations it is. But I do look forward to future
engagements with National Women’s Business Council
because military spouses, 90 percent of them are women
and there are incredible opportunities for them that
SBA is providing. So we’ll find many intersections as
we go.

Thanks, again, Jim.

MR. O’FARRELL: Okay, so, Esther, you’re up
first.

MS. MORALES: Hi, good morning. Thank you so
much for having the National Women’s Business Council.
It’s really an honor to be here. We -- my name is
Esther Morales. As you heard, I’m the Executive
Director of the National Women’s Business Council and
I’m also here with Delores Rowen, Lori Rowen, who is
our Associate Director of Policy and Research, and she
will be talking with you about the data.

But to kick this off, I want to talk to you a
little bit about the Council. We are, like all of you,
a federal advisory committee. We were founded in 1988
with the passage of HR 5050, which is a law that
Congress passed as the women’s economic movement sort
of began to bear real teeth. There were still laws on
the books in many states that required that women
business owners have a male relative cosign a business
loan. And I was an adult in 1988. When I learned
this, I was quite shocked.

And I am passionate about the work that we do
because I deeply believe that it is connected to the
advancement of women’s empowerment and equality and
also because women, as you will see through statistics,
really make a huge contribution to this country’s
economy and there’s still a lot of work to be done.

So the structure of our council -- we can go
to the next slide -- is important to understand because
we are a huge resource for the women business owners in
this country. So we are a council of 15 members. I
serve those members. They are appointed to the
Council. We have one Presidential-appointed chair.

Currently, that woman is Carla Harris. She
is -- she served for three years, from 2013 to 2016,
and was reappointed in 2016. Council members,
including the chairperson, serve three-year terms.

The next 14 women fall into two different
types. Eight of those women are actually small
business owners and those -- because we are a federal
advisory committee, four of them are of the President’s
party and four of them are, by law, are not of the
President’s party. And then the other six members are
-- represent national women’s business organizations.

Currently, those women on our current council represent
the National Association of Women’s Business Ownership,
NAWBO, the Association of Women’s Business Centers,
AWBC, WBENC, the Women’s Business Enterprise National
Council, the Women’s President’s Organization or WPO.
The Astia used to be represented on the Council and
just rolled off in May. And I’m forgetting one, which
I’ll remember in a minute. Sorry.
But I want to turn it over to Lori now to talk about the statistics, but I want everybody to know that we have a lot of information and resources at our fingertips that we would love to share. So encourage any woman business owner to get in touch with us. And while we may not be able to walk them through an application, we can direct them to resources that can help them.

MR. ROWEN: Thank you for that introduction of the Council, Esther. And I would like to speak to you specifically about the numbers related to women business owners. And in 2015, early 2015, 2016, the Council began investigating women business owners, as Barbara had stated, because some of the increases from 2007 to 2012, represented in the survey of business owners or the U.S. Census survey of business owners. And a little bit about that survey is it is conducted every five years. So the two most recent surveys are 2007 and 2012. We have some analysis that goes back to 2002, but we really focus on those 2007 to 2012 numbers.

Some of this may be a refresher and some of this might be new information to you. Later on in the survey, I’m actually going to delve a little bit deeper into the annual survey of entrepreneurs, which is a really new product from the U.S. Census and I can discuss that survey a little bit later.

So in 2012, there were 10 million women-owned businesses and those women-owned businesses generated $1.4 trillion in receipts and employed 8 million individuals. Of those firms, 383,000 were women-owned veteran firms, which was an increase of about 294 percent since 2007. So we had an additional -- over 200,000 firms added to the economy since that time. In 2007, of veteran-owned firms, women represented about 4 percent of those firms. By 2012, they represented 15 percent of veteran-owned -- veteran firms in the United States.

A little bit on that 294 percent increase. Women-owned firms that same time period increased at a rate of about 27 percent. So out of every population I’ve looked at, veteran-owned firms have had the largest increase so far. So veteran women-owned firms are responsible for almost $17.9 billion in receipts and this was an increase of 13.6 percent since 2007. So we are seeing some increases in the receipts generated by veteran women-owned firms. However, we are seeing a massive increase of the number of women-owned firms, over 200, almost 300 percent, but only about a 13 percent in the receipts that they’re generating. So we are seeing some discrepancies there.

So this -- another important factor is that almost women veterans represent 15.2 percent of all veteran-owned firms, they only have 1.6 percent of the receipts. So there is a proportionality disparity there, as well.

To kind of nail this home, for every one dollar generated by a male veteran-owned firm, a women-owned firm generates about nine cents.

The next slide. So the Council -- in previous research, the Council has examined just general rates of business ownership for women veterans by state and has looked at the highest percentage in growth. So I wanted to go over those numbers quickly before I went into some of the proportionality.

For veteran women-owned firms, the top five states are California, Texas, Florida, New York and Georgia. For states with the highest percent growth, we had Washington, D.C., Louisiana, Connecticut, Michigan and New York. And all of that growth was above 500 percent. Washington, D.C. actually had growth of about 1,400 percent. So it was quite dynamic in Washington, D.C.

But there are some issues with just looking at raw numbers because we have California, which has a high population in general, we have some of these states that have bases. So that actually would make a lot of sense why they have high numbers and high proportionality of women veterans -- or high representation of women veterans.

So I often like to turn towards the comparison of women-owned firms towards all firms. So specifically for this, I’m going to look at veteran women-owned firms compared to male and equally owned veteran-owned firms, so veteran women-owned firms to all veteran firms for this specific.

So as we can note that 28.4 -- so Washington, D.C. has the highest representation of women veterans to all veteran-owned firms -- women veteran-owned firms to all veteran-owned firms at 28.4 percent. So what we are seeing here is that no state in the United States has over 30 -- or 28.4 percent of women veterans compared to all veteran-owned firms. Again, to hone this in a little bit more, 71.5 percent of veteran-owned firms in Washington, D.C., are men-owned firms.

States with the lowest proportional representation are New Hampshire, Wyoming, Vermont, Maine and Iowa. All of them have less than 10 percent of women-owned veteran firms compared to all veteran-
owned firms.

MR. MCADAMS: This is Rich McAdams. Do we know what the breakdown is of the entire veteran population male to female?

MS. ROWEN: Well, right now, I think the estimate is 2.2 million veteran women-owned -- women, period. Are you talking about general?

MR. MCADAMS: I’m talking about what percentage of veterans total are female.

MS. ROWEN: About 10 percent from what I understand.

MR. MCADAMS: Okay.

MS. ROWEN: I think that’s supposed to increase to about 16 percent by 2046. So we are seeing an increase in just the number of veteran-owned businesses as more women are entering the military.

So when we transitioned to nonemployer firms, which I -- again, I’m going to talk a little bit here about the survey of business owners and why I’ve used the survey of business owners for this analysis, is that the survey of business owners allows us to look at employer firms and nonemployer firms. Later on, I’ll talk about the annual survey of entrepreneurs, which is just employer firms. So that’s why these numbers are 2007 and 2012.

Women-owned veteran nonemployer firms generated, on average, per firm about 19,000 in average receipts a year. Women-owned firms in general have about seven -- or women-owned, in general, generate about 26,000 per firm a year. So there’s about a $7,000 difference. Now, there’s about a $31,000 difference between men-owned firms and women-owned -- men-owned veteran firms and women-owned veteran firms that are both -- that are nonemployers. So there is a big discrepancy.

What I would like to say, though, is that what we are seeing is that in 2007, the average receipts for veteran nonemployer firms that were women was about $23,000. So we’re seeing actually a decrease of about $4,000 per firm for nonemployer firms. Now, this is partly because there is such a massive increase in nonemployer firms for women-owned veterans. Currently, only about 3.3 percent of women-owned veteran firms are employer firms. So about 97 percent are nonemployer firms. And that was a big increase from the previous -- from 2007.

So a lot of that growth that we’re seeing for women-owned veterans is actually in this nonemployer category rather than the employer category. But it is something for us to be aware of.

The next slide, please.

So this is the annual survey of entrepreneurs and this is generated -- this is a very recent survey that the United States Census has put out in partnership with the Kauffman Foundation and MBDA. So it is a public/private partnership.

Now, the survey only takes into account employer firms, and I really want to hone in on that because what we’re talking about is 3.3 percent of the veteran population. Granted, these firms generate more revenue and they are -- you know, they -- it is not surprising that they generate more revenue, but -- sorry, yes.

MR. FIELDER: Pardon me. Ed Fielder. Before we get too far long.

MS. ROWEN: Mm-hmm.

MR. FIELDER: Nonemployer firms, that would also include firms that are doing 1099s, correct?

MS. ROWEN: So no. The Census defines it as no employer other -- no individual other than the owner.

MR. FIELDER: And so, by definition, the 1099 --

MS. ROWEN: 1099 wouldn’t count for this.

Yeah, sole proprietor, yeah. So there is no one on -- no other person. It’s a sole proprietorship. No other person but the owner.

MR. FIELDER: That’s not the definition of 1099. There are so many small business firms that use 1099 rather than creating an employee base because there’s back-of-the-house expenses associated with that.

MS. ROWEN: Yeah.

MR. FIELDER: And so, by definition, I guess I have a suspicion that many of us are using 1099s for -- in place of employees and are being counted as nonemployer.

MS. ROWEN: I can look into that to make sure that --

MR. FIELDER: I think that’s a very important line to define because when we say that 97 percent are nonemployer, there’s so many of us that do 1099s in our small businesses that -- because we don’t want the employee burden kind of thing.

MS. ROWEN: Right.

MR. FIELDER: And I think that would be part of that 97 percent.

MS. ROWEN: Sure. I can definitely look into that. I know that the Census does ask a question --
MR. FIELDER: Could we turn that into look into and report back to the committee either at the next meeting or whatever?

MS. ROWEN: Of course.

MR. FIELDER: Thank you.

MS. ROWEN: So there are 13,000 -- so the survey -- the annual survey of entrepreneurs, sorry about that, this survey was actually -- the 2015 panel was actually released about a month and a half ago. So this is the most up-to-date information that the Census has released on business ownership in the United States.

So of -- currently, there are 13,000 women-owned veteran firms with paid employees. This is about 3.4 percent of veteran-owned employer firms. And they’re responsible for about 1.1 percent of the receipts generated.

Sales per business stand at about 750,000 compared to men-owned businesses that stand at about 2.9 million per firm. So there are also some discrepancies in revenue being generated.

We can go to the next slide, actually.

For -- as of 2015, women-owned -- women veteran-owned employers had about 85,000 employees or about 2.0 -- or 2 percent of the employment generated by veteran-owned firms in the United States. They had payroll of about 2.9 billion, which is about 1.6 percent of payroll generated by veteran-owned businesses. And they had average receipts or average payroll per employee at about 33.9 thousand. Now, this is a little bit less than men who had -- men-owned veteran firms -- men-owned veteran employer firms, at 42.5 thousand. But I would like to say that this is a little bit more than women-owned employer firms, with 32.9 thousand per employee. So what we are seeing here is that women veteran-owned employer firms are paying per employee -- about $1,000 more per employee. So that does have some positive signs there.

This is actually all I have right now. I’m happy to answer any questions about the information presented. We are continuing our analysis and hopefully we’ll have some -- a larger paper brief for the -- to release in the fall, early winter.

MR. AUMENT: Yes, this is Ron Aument. I’m trying to wrap my head around some of the numbers here.

MS. ROWEN: Sure.

MR. AUMENT: I’m looking back at one of your very first slides --

MS. ROWEN: Mm-hmm.

MR. AUMENT: -- where they’re showing for the number of women-owned -- women-owned, veteran-owned firms. In 2012, there was 383,000.

MS. ROWEN: Mm-hmm.

MR. AUMENT: And then I’m looking back to the employer firms by gender and receipts. And so only 13,000 out of that 383,000 have actual employees as reported here?

MS. ROWEN: Yeah, yes. So currently only 3.3 percent of women veteran firms are employer firms. So about 97 percent have no employees other than the owner.

MR. AUMENT: So those 97 percent firms, what do they look like?

MS. MORALES: So can I help here?

MS. ROWEN: Sure.

MS. MORALES: So this is -- they are solopreneurs. So they employ themselves.

MR. MCADAMS: It can be everything from doing consulting on their own. They could be a home-based consultant. My daughter does that. Got a degree in one thing and is doing something else.

MR. O’FARRELL: Speaking -- I have -- Jim O’Farrell. I have five women -- I was counting them up as you were talking -- who are doing exactly that. One of them just got out of the Army about a year ago and she is a solopreneur. She’s learning how to run a business and take advantage.

Could I just jump in here for one second, though. First of all, I would like some recommendations from your group, your organization on how we can advocate -- something we could include in our annual report that would help to change this situation. It’s really stark the numbers that you’ve put in front of us. Even Ed Fielder’s comment about the 1099s, I think if we could peel that onion back and get to the bottom of it, I still think there’s a fairly significant disparity between the number of women-owned businesses.

The next question, this is a little more in the minutia, but you saw the dramatic increase in Washington, D.C. So I think Beltway, so I think government contractor. So I think the newly reinvented, so to speak, women business -- small business program, have you seen -- have you made a correlation between government contracting and geographically the D.C. area and that increase in the number of women starting businesses that are employer businesses as opposed to nonemployer.

MS. MORALES: I’ll take that last question first. So we don’t have data that links the rise in
procurement numbers with specifically a rise in federal
contracting for women business owners that are veteran
businesses.

With respect to -- I quickly wanted to go
back to the very low number of employer firms. Just so
you know, sir, that is quite in line with the overall
numbers for women-owned businesses. So only about 1.7
percent of all women-owned businesses have annual
revenues of a million dollars or more. So only about
10 percent of women-owned businesses are employer
firms.

So while 3 percent is low in comparison to
that overall number, it is still quite demonstrative of
how much support women-owned businesses need to move
from being a solopreneur to having one or two
employees. A lot of women business owners tell us that
that is the major jump. And, in fact, given that there
is efforts on the Hill right now around tax reform,
some of the things that are being talked about in the
women-owned business community include whether or not
there are special incentives that can be given for
those first few employees because, obviously, that adds
a lot of capacity to a business which then raises
revenues.

So there are -- with regards to specific

---

recommendations, the one organization, sorry, that I
forgot to mention was WIPP, Women Impacting Public
Policy. So I apologize.

But WIPP currently is -- has an incredible
policy platform that we all should look at. One of the things that they are focused on is something called MAC
awards. MAC awards are -- if you all don’t know, they
are major ten-year -- it’s a list that a business can
get on that will allow the Government to contract with
that company via task orders, but over a long period of
time. And, currently, women are shut out of that
market, which also means that women veterans and
veteran-owned businesses are shut out of that market as
well. And we are pushing pretty hard for a specific
designation for women-owned businesses to retain some
of that huge market. So that is something that we’re
looking at with WIPP and I think would be particularly
important to the veteran women-owned businesses here in
the D.C. -- in the Beltway.

MR. O’FARRELL: So, Esther, could you do me a
favor and send us, through Barb, a written -- if you
have two or three recommendations you’d like to send
us, that would be helpful.

MS. MORALES: Yeah, absolutely.

MR. O’FARRELL: So we have it in writing.

MS. MORALES: And then I’ll say we --

networking and access to capital, of course, are two
huge things. How women are linked to a network that
has access to money and how access to capital breaks
down for various groups.

MR. O’FARRELL: Jim O’Farrell again. I did
have a followup question. I’m going back to women and
nonemployer versus employer. So probably a dumb
question, but is there a question being asked in any of
the survey data, ABC Company, if you had the
opportunity, would you hire employees? As those that
designate as nonemployer, is there an intent to hire
but they’re being held back? So that would be more
ammunition for some of these programs.

You know, it’s not that I don’t want to have
-- I know some male and female business owners that say
I never want to have an employee, I don’t want to deal
with that headache. But there are plenty out there
that do.

MS. ROWEN: So the survey of business owners
and the annual survey of entrepreneurs does not
actually investigate motivations or what influx of
capital would be used for, which is why the counsel has
designed a survey currently that wants to get at that
motivation. We have not put the survey out yet. We
were currently going through the OMB process, but we
are trying to investigate those motivations and what
the barriers are to hiring one employee.

Now, the researcher in me always has the
policy recommendation of improved data collection.

Again, the annual survey of entrepreneurs is done -- or
the survey of business owners is done in 2002, 2007,
‘12, and then by the time it’s released, it’s a little
bit outdated because I was just able to touch the
numbers last year. And then the Census went to the
survey of entrepreneurs, which only -- which is more
up-to-date data, but it doesn’t shed light on that 97
percent of veteran entrepreneurs that we really want to
know about. So improved -- increased funding or
improved support for organizations like the U.S. Census
where they’re trying to understand what is going on
with the various subgroup populations through high-
quality data collection is always vital and the
researcher in me can’t let something go without that.

MS. MORALES: Yeah. And I’ll quickly add to
that, we like to break down small business ownership by
NAICS code because that’s pertinent to the women-owned
small business program, which we would love to talk
more about. But, currently, the survey of business
owners, the SBO, where we have the 2007, 2012 data,
think that there are some limitations to the type of research that we can do. The -- like I said before, the kinds of recommendations that we provide to the SBA and to the White House and to Congress include things like we need better data collection that allows us to study and break down veteran women business ownership by NAICS code category and understand the gaps in what businesses are bringing in and what they need to bring in to reach the ceiling of a women-owned small business category, right, the industry category.

So another recommendation would be looking at tax incentives for those first few employees. Another recommendation could be looking at tax incentives -- better tax incentives for industries that are predominantly served by women business owners versus a lot of the industries that are very men-owned firm-dominated, have more tax incentives in them. So we tend to offer these more general recommendations.

MR. O’FARRELL: Ladies and gentlemen, we do need to move on to our next speaker. So thank you so much for being here to the National Women’s Business Council. And we look forward to receiving the input that we discussed. And, Esther, we look forward to discussing the contracting for a longitudinal study as well. Thanks. Good idea.

Next, on the phone, I believe we have Bunker Labs, Mr. Todd Connor. Todd, are you there?

MR. CONNOR: Jim, I’m here. Thank you so much. Can you hear me?

MR. O’FARRELL: Yes, we hear you.

MR. CONNOR: Great, wonderful. Well, thanks so much for the opportunity to join. And I apologize for having to do this by telephone. I’m Chicago-based and tried to move some schedules around, but we had a -- one of our programs this morning that I was pre-committed to speak at and -- the work continues here in Chicago and in other cities across the country. So I apologize for not being there in person, but thought that it was important to be here to attend to some things.

I’m joined by Kirby Atwell, who is our chief operating officer, and Christine Mortensen, who is our chief marketing officer here at Bunker Labs as well. And, Esther, your comments were fantastic and some of the questions, Ron, from you and, Jim, from you as well, and others, I think will segue nicely into some of the work that we want to share. And I’m mindful of time, so I’ll try to keep this to five or six minutes so we can have time for dialogue and...
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25           Bunker Brews is really about building a
23 about the SBA support for that, but the SBA has been a
22 around entrepreneurship. And that’s -- I’ll talk more
21 social accounts, and discover the conversation really
20 people, create their own profile, connect through
19 know, Fort Sill to go on and join a community of
18 and maybe deployed, maybe overseas or maybe at, you
17 it’s a way for somebody who’s on active duty
16 we really know has to happen locally. And so that’s an
15 through a monthly meet-up event.
14 we really invest heavily in networks and we do that
13 to make sure that you're doing the right thing. And so
12 years, which is the time it takes to start a business,
11 $19,000 in revenue, that’s very much sort of the level
10 you know, the typical company that’s only making
9 gamified learning platform that we call Launch Lab.
8 around this, is four stages. We have an online
7 critical to helping anybody start a business.
6 to be about that, that local networks are absolutely
5 The theme of my comments this morning are really going
4 level set, Bunker Labs is a 501(c)(3) nonprofit
3 and just look at our impact model. You know, just to
2 But if we can just go to the next slide here
1 discussion.

network. This is a monthly meet-up that a lot of
people that show up in the cities in which we operate,
which right now is 17 cities, and a lot of them can
meet local folks that are relevant to their network.
The last thing is supporting a program,
and this is what we just had this morning, which is for
veterans that are in the employer status. They’re
post-revenue; they’re making some money; they’ve got
some customers. But what we heard regularly from
veterans was, you know, hey, just because I’m not in
this early stage -- validation stage, I still have
needs and I still want to be part of the Bunker
Network. And so we launched that program to support
CEOs that are growing their business.

If we can go to the next slide, I want to
highlight the partnership with the SBA. And, again,
I’m just learning a lot on this call. And, Maureen, I
know you’re in the room, she and I spoke yesterday, and
we continue to have great partnerships with the SBA
with leading organizations, like IVMF, and others, to
make sure that we’re doing this work responsibly and to

Bunker Brews is really about building a

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1  network. This is a monthly meet-up that a lot of
2  people that show up in the cities in which we operate,
3  which right now is 17 cities, and a lot of them can
4  meet local folks that are relevant to their network.
The theme of my comments this morning are really going
to be about that, that local networks are absolutely
critical to helping anybody start a business.

You need education, you need programs. And
then beyond that, what you really need are folks in
your hometown, a lawyer, a banker, a mentor, people
that you can sit with over the course of months and
years, which is the time it takes to start a business,
to make sure that you’re doing the right thing. And so
we really invest heavily in networks and we do that
through a monthly meet-up event.

We also have an extensive sort of in-person
cohort program that we run. This is for people that
have an idea of a business that they want to start and
it’s done in-person at night to allow for people that
have employment but want to think about how to generate
revenue. And we do it in an environment where they
don’t create personal financial risk. We do it in an
environment where they actually have to go and engage
with customers. They have to get out of the building.
People come into this program having MBAs,

themselves, worked towards starting businesses with
success and failure, which is part of the journey. So
we really understand and try to operate from a place of
having been in the seat or being in the seat of a
military veteran who is starting or has started a
business.

Our model, just to sort of create clarity
around this, is four stages. We have an online
gamified learning platform that we call Launch Lab.
It’s previously been called Bunker in a Box. We’re
undergoing a rebrand based on some user feedback. But
it’s a great platform that allows people to learn about
entrepreneurship in a video-based gamified way, which
is sort of the learning pedagogy that a lot of MUCs and
sort of best in breed educational organizations are
pursuing.

It’s a way for somebody who’s on active duty
and maybe deployed, maybe overseas or maybe at, you
know, Fort Sill to go on and join a community of
people, create their own profile, connect through
social accounts, and discover the conversation really
around entrepreneurship. And that’s -- I’ll talk more
about the SBA support for that, but the SBA has been a
partner and supporter for that work.

Bunker Brews is really about building a

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make sure that we’re maximizing our impact.

The SBA Women’s Veteran Entrepreneurship Training Program grant for us, specifically, it’s helping us do a few things. It’s allowing us to promote our nationwide in-person [audio interruption] programs to women veterans and spouses through targeted digital marketing and channel partnerships.

Digital marketing is really important. You know, when you think about how we talk to next generation veterans, it’s not, you know, in our world, trifold brochures at the job fair, you know, on base.

It really is not. You know, these folks are looking for what feels young, what feels relevant, what feels next generation. They’re on social media; they’re active in Twitter; they’re active on LinkedIn. And so we have extensive strategies to go out and reach these people with digital content and also with channel partnerships. Channel partnerships include entrepreneurship facing brands.

So we sort of wear two hats in the world. We view ourselves, first and foremost, as an entrepreneurship support organization and, secondarily, as a VSO, as a veteran support organization. It’s important that we have deep relationships in both of those channels to be effective, and this grant is

helping us specifically build and strengthen those partnerships.

We’re also producing original content and creating resources specifically to inspire, educate and connect female veterans, as well as spouses, who want to start their own business. So, you know, just yesterday, for example, we filmed a 30-minute interview with Kaney O’Neill. Kaney is a Navy veteran. She suffered a spinal cord injury while on active duty. She rebounded from that and decided to go into her family business, which is roofing. So her father and her grandfather were roofing contractors and she started a business to become a roofing contractor herself.

She’s one of the early members of the Bunker Labs here in Chicago. She’s since evolved to become a board member. And we’ve seen her grow her top line revenue from, I think, $1.8 million to about -- I think she’s going to do like $6.8 million this year. So a real success story in a condensed period of time, owing to a number of things, but I think the network being important for her as well.

And then the third is growing these existing partnerships with ESOs and VSOs and community-based organizations to better support female veterans. You know, one example of that is our partnership here in Chicago with the Women’s Business Development Center, where in our current epic cohort, where we’ve got, I think -- yeah, where we’ve got 13 in the cohort alone, 13 female founders, 5 of whom are military veterans, 6 of whom are military spouses, 2 of whom are military spouses who are also military veterans, and what we’re seeing is some great success with these female founders. And, again, in particular, they’re really hungry for the community, both female entrepreneurs, but also veteran entrepreneurs.

So organizations like the WBDC and others help us identify these entrepreneurs in the community to make sure that we’re supporting them as veteran entrepreneurs. We have these kinds of partnerships locally in other cities as well. So a lot of what this grant’s allowing us to do is to train our local leaders on how to go out and build these local partnerships in their community. Because, again, in our world, it’s very much a local game for how do you build local networks with local organizations to identify the female entrepreneurs in the community and support them accordingly.

I’m going to move real fast here, but let’s go to the next slide. I just want to acknowledge we’re seeing -- you know, we’re in the first quarter of the grant. We just submitted our quarterly kind of grant update. But we’re already seeing some great success, strong representation of female entrepreneurs.

Nationwide, we’re at about 29 percent of our programs participated in by females, which is in excess of the veteran average, which I think, Esther, you shared as 10 percent today doing to 46 percent down the road. We’re proud of that number, we think it’s a good baseline, but we want to grow from there.

We’re also doing a lot to create original video content. It’s really important that you put faces forward that people can identify with. So if we don’t have women, we can’t do that. So having female founders, having women that have started professional services businesses, you know, technology companies, home-based businesses, representing all those folks is super-important because we don’t think you can start a business if you don’t feel like there’s somebody that -- like you who has done that ahead of you. So we’re very intent on that storytelling element of what we do.

And then, again, building and strengthening these partnerships. One example I will share is just Digital Undivided, which is an Atlanta-based nonprofit that we’re working with. They’re in the marketplace...
supporting black and Hispanic female entrepreneurs. So
we’ve partnered with them to say, how do we support the
veterans within that community. And, again, we’ve got
similar partnerships with other ESOs around the country
doing great work.
I won’t speak to the next slide other than to
say these are some of the successes of our national
work, inclusive of female entrepreneurs, though not
only female entrepreneurs.
And then just the last slide here, we’ve got
so many great success stories. Kim Jung is one of
them. She’s a women who started a company called Rumi
Spice, cultivating saffron in Afghanistan. She hires
Afghan women to do the work and she has grown that into
a successful small business based here in Chicago.
And, again, I think what she would endorse as well is
not only the educational platforms, but the network
effects that we’re creating here in Chicago and other
cities.
So let me just pause there and open up for
discussion. But thank you, again, for the opportunity
to join you telephonically.
MS. PEREZ-WILHITE: Todd, this is Fran Perez-
Wilhite. I recently sat on your panel at Bunker Labs.
I believe it was the first one ever in Charlotte, North
Carolina. It was well attended, great information was
shared, and I’ve had a lot of dialogue with veteran and
military spouse-owned businesses ever since then. So I
think it definitely shows how successful that event was
and my hat is off to you.
MR. CONNOR: Thank you, Fran. I appreciate
you participating.
MR. O’FARRELL: This is Jim O’Farrell. So,
you said that you have 29 percent participating across
the -- your platform of offerings, so to speak, your
service offerings, and a third of the entrepreneurs in
your Chicago cohort. And our previous speakers were
talking about, you know, what struck me as a
significant lack of women veteran entrepreneurs.
I would ask you to consider, you know, making
some recommendations to our committee for how we can,
you know, bridge that gap between what they’re seeing
at the National Women’s Business Council in research
that they’re conducting. I guess I’m also kind of
encouraging you to connect with Esther Morales if you
aren’t already doing so so that you could bring us some
recommendations for how we can get some of the good
stuff that’s happening with you guys at Bunker Labs
onto a broader spectrum.
MR. CONNOR: That’s great. Thanks, Jim. And
and, again, I think this can follow in terms of policy
recommendations, but, you know, I showed our bias,
which is around building local networks. In terms of
veteran set-asides and things like that, you know, we
haven’t seen as much movement on that. But I’d be
happy to sort of formulate some more coherent thoughts
as to what it is that folks are looking to do.
Some of this is going to involve culture
shift at the DoD, which we’ve had conversations with
the active duty component about that, like how do you
destigmatize or not stigmatize the idea of pursuing
self-employment while on active duty. That’s a bigger
conversation, but I’d be happy to share some
recommendations offline.
MR. O’FARRELL: Great, thank you very much.
Just out of curiosity then, so going back to what the
National Women’s Business Council said in their
presentation about the number of nonemployer women
veterans -- women veteran entrepreneurs, do you see
that? Do you collect any data across the country in
your different offices about -- you know, I just -- you
know, I doubt that women don’t want to have employers
are any less of -- or more of a rate than men don’t
want to have employees. So do you gather any of that
data? Do you see in some of your -- you know, hey,
welcome to the Bunker Labs, fill out this survey of what you want to do?

MR. CONNOR: Sure. So we collect a lot of data as it relates to their revenue. So at least pre and post, we're measuring that kind of throughout their journey through our different programs. I think, anecdotally, I would offer that you know, the intent, I think, for female founders is no different than male founders, which is to grow a successful presumably to become an employer firm. I don't think that there is an honest conversation about whether folks intend to bring on employees versus 1099.

There's a strong trend in the -- sort of in the next generation to not -- to minimize the overhead that employees bring.

So you know, I think there's a bias towards 1099 employee. I'd probably endorse that bias and say that's probably a smart strategy for an early stage company that doesn't have revenue predictability. But I don't think that the intent for women versus male founders is any different. A lot of folks that are in the stage where they're generating $12,000 in revenue are also probably -- at least in our world, you know, have full-time employment.

So a very common path and one that we endorse is, I've got a day job, but I'm trying to figure out if I can take this hobby project, selling stuff on Etsy or you know, this side hustle of a professional services consulting contract that I've got, I'm trying to figure out if I can actually grow this in scale.

That's very much a conversation that we're having all the time and I think -- so what I don't know is whether $19,000 in revenue represents full total household income or whether that's in addition to what would be W-2 income.

But, certainly here, we're seeing a lot of folks that are working full-time, trying to figure out on the side, you know, at night and on the weekends, how do I take this idea that's generating a little bit of money and turn it a full-fledged business.

MR. MCADAMS: Rich McAdams. Jim, I think you're looking -- and I think we may have all been looking at those numbers thinking this is a replacement -- every one of these is a replacement for working for Raytheon or Lockheed Martin or whoever, whereas in a lot of cases, that is supplemental income that may someday turn into my full-time job or it's something that I'm going to do on the side to supplement or it's just something they enjoy, but they have no illusions that it's ever going to replace their full-time job.

So just because you own a business doesn't mean it's your primary way of making a living. And I think that kind of dirties up our numbers because no one is asking that question, is your intent to take this to replace your day job, so to speak.

MR. O'FARRELL: Good feedback, Rich.

Okay, I think we're going to move on now. We have Lisa O'Briant from LiftFund as our next speaker.

MS. O'BRIANT: All right, good morning, everybody. Thank you, Mr. Chairman and Ms. Carson, members of the committee for inviting me here today.

My name is Lisa O'Briant with LiftFund. And I also want to mention that I have a teammate of mine on the line. Her name is Alma Brown and she's one of my senior lending officers and she'll be able to assist with any questions that you all might have as it pertains to lending.

I'm going to be speaking to you today on the Women Veteran Entrepreneurship Training Program grant and supporting women veteran entrepreneurs with capital and business support services.

So just a little bit about who we are. LiftFund is a designated community development financial institution, as well as a 501(c)(3). Our mission is to provide credit and services to small businesses and entrepreneurs who do not have access to loans from commercial services and to provide leadership and innovation to the microlending industry.

So lending and technical assistance is what we do. We've been around since 1994. We've had almost 20,000 borrowers. We've lent a little over $250 million. Currently, we have 2,700 active clients. We're headquartered in San Antonio, Texas, and we have offices in 12 other states, as well as Texas.

In 2016, we had over 1,100 entrepreneurs and over 4,000 individuals that we served with business and financial education.

The handout that you all just received should reflect this slide here. I believe the packets had outdated information, but I wanted to make that known.

As far as the landscape of women veteran lending goes, we have lent $1.2 million in capital over five years to women veterans.

Mr. Lowder asked a question earlier and I believe this slide addresses it. So of those women -- of the women veteran borrowers, 40 percent -- well, of the applicants, 40 percent receive the loan and 60 percent did not receive the loan for various reasons. So 32 percent were due to credit issues; 13 percent were cash flow; 12 percent were other reasons; and 4
just didn’t meet needs. And, of course, as we know women vets apply for loans at a much lower rate than the men at 14 percent.

Alma, really quick, one question that we had earlier, by chance, do you know off the top of your head why -- why do vets default on loans?

MS. O’BRIANT: Why do they default on loans?

MS. BROWN: Yes.

MS. O’BRIANT: I couldn’t say it’s specifically veterans, but generally the business is not making enough income or maybe they’re not keeping good financials and don’t have a sense of, hey, I need help, or there’s a problem here. Those are the two main reasons that I can think of right now.

MS. O’BRIANT: Okay, thank you.

The next slide -- I’m going to pass on this one. That was from yesterday’s presentation. Okay. So our current work in support of veteran entrepreneurs, LiftFund for several years has had what we call our LiftFund Heroes Loan Program, and this is a partnership with USAA. And since -- and the -- what we’re able to offer is a 5 percent buy-down to veteran-owned businesses who life in LMI areas.

Since 2008, we’ve supported over 900 small businesses with that, and in 2016, we provided 110 veterans across a footprint reaching 2.6 million. So because of this grant and because of the continued conversation and our conversations with USAA, we’re now offering that 5 percent flat rate to all veteran-owned businesses and not just those in the LMI area. So that is really a huge opportunity.

Our regular rates are between 7.25 and 18 percent, just kind of depending on credit and collateral. Several different factors, but I just think that’s something that we would want to promote to veteran-owned businesses.

So -- and then --

MS. BROWN: Lisa, this is Alma.

MS. O’BRIANT: Yes.

MS. BROWN: Lisa, also their spouses.

MS. O’BRIANT: And spouses, too. Thank you.

MS. BROWN: Yes.

MS. O’BRIANT: And, previously, it was not their spouses. So the last item on here is the Women Veteran Entrepreneurship Training Program, and that is the most recent grant that we received. We received this earlier this year and we’re one of three organizations, as you heard from our presenters earlier, in the U.S. who received this.

And so through this program -- by the way, so the hallmark of our program. We’ll have an Accelerator that begins in January. It’s an eight-week program.

It will be hosted in San Antonio and then streamed for remote participants around the state.

Our objectives are to foster entrepreneurship as a viable post-military service career options for transitioning women vets and spouses. We want to increase awareness and outreach to the military community on entrepreneurship opportunities by presenting and participating in event fairs, which is vet fairs, job fairs, panel discussions, and meeting with vet and community resources.

And then, of course, we’d like to initiate our premiere education training program and so this is the Accelerator that I mentioned. And this will be taught by experienced entrepreneurship educators that integrates leadership, integrity, focus, and drive of transitioning women vets and spouses.

So we plan on doing this in three ways. First would be to build and strengthen existing relationships and partner wherever possible. So we’re going to do that through military resources and community resources. Military resources would be like the four support squadrons, the family readiness and warrior support offices, TAP, Fleet and Family Support
Centers, those kinds of offices already exist on the installations. We do serve areas where an installation doesn’t exist, but, of course, there are still veterans and spouses there as well.

So accessing the community resources is still going to be really important. Those are going to be the VBOCs, the Veteran -- SBA Veteran Department Offices, especially through the Boots to Business and Reboot Programs, military and veteran offices on college campuses, organizations like MOAA, the USO, Grace After Fire, ESGR, Goodwill, and so all of those veteran service organizations.

So I guess we already passed it, but I did want to highlight there is a picture there of one of our staff members and that is -- our staff in El Paso on Memorial Day, they were invited to a breakfast with the Veteran Business Association in El Paso.

Next, so our front line staff will provide business and education consultation, lending assistance, access to capital, and act as a resource wherever possible. And so we plan on doing this through Boots to Business. In a lot of our communities, we already have those relationships really solidified, and then in others, we’re working to build those as we speak. The Texas Veterans Commission is a very powerful organization in our state and, again, it’s just reinforcing a lot of those -- a lot of those relationships.

And then also I included the JBSA-Lackland Key Spouse group, and that’s a key connection that we recently made. And one of the challenges for us is to reach the spouses at this point because we really don’t have a lot of go-to organizations that we have found thus far to connect with those spouses. So if anyone has any recommendations on that, I definitely would appreciate it.

MR. O’FARRELL: This is Jim O’Farrell. Can I interrupt for one second?

MS. O’BRIANT: Yes.

MR. O’FARRELL: So at our previous meeting, we heard from -- and I went down and visited the VBOC in Hampton Roads, Virginia. And one of their -- the feedback to me was we don’t have a lot of time to do business consulting, entrepreneurship consulting because we spend a lot of our time on the road. So I’m kind of looking at Barb with this question.

They spend a lot of time on the road traveling to and from Boots to Business classes. So your previous slide said that one of your key focus areas is providing that. Is this grant going to be -- is it nationwide? Is it -- primarily everything I’m hearing is so far in Texas. Nothing against Texas --

MS. O’BRIANT: Right.

MR. O’FARRELL: -- especially with everything going on there. But is this a nationwide kind of deal?

Will they be able to leverage them in Hampton Roads in other words?

MS. CARSON: That’s a good question. And this was -- as I mentioned in our VACA committee yesterday -- a surprise application. The way that we wrote the Entrepreneurship Training Program, we hadn’t intended to focus on access to capital, but it made perfect sense because women veterans, as you just heard on the statistics, seems like potentially an option of necessity, not opportunity when you’re getting those lower numbers of receipts when you compare.

So their application was written to combine some needs we saw, the technical assistance plus access to capital. It is only in Texas. We knew that. It’s a relatively small grant and they’ve made -- they’re really maximized the amount. I mean, it’s public record. It’s $75,000. And when you hear about what they intend to do with it, it’s pretty significant.

And one of the -- what they get the lightbulb right away is that you’re already connecting with our programs and other partners. So thank you for that.

And it is not our intent that they will do more Boots to Business, though that is fantastic. It’s something that we do is try to get partners who are not selling a service in to instruct about particular topics that are relevant to the module. So that was meaningful.

I --

MR. O’FARRELL: So, a -- this is Jim again.

MS. CARSON: Sure.

MR. O’FARRELL: So a recommendation from the committee might be, in our next annual report, evaluate the effectiveness of this pilot program to seek funding for an expansion of the program.

MS. CARSON: That would be helpful. And each of our three grantees for this program report every quarter against their proposal. What did they propose to do and how are they doing on it? And that is something that we can provide to you. You don’t have to wait until the end of the grant period.

MR. O’FARRELL: Thanks, Barb. Any other questions? Go ahead.

MR. FIELDER: Lisa, Ed Fielder. You mentioned a few seconds ago about military spouses. A former member of this committee is the CEO of Blue Star Families. Her name is Kathy Roth-Douquet. I would
I’ve put together a small board of advisors to help me out. And they consist of Julie Walker, she’s an Air Force vet; she’s retired Air Force; and she’s the Director for LMI. And in San Antonio, she’s worked with a lot of small businesses before and she’s very well connected with different community organizations and donates a lot of her time to veteran service organizations as well.

Rebecca Smith, she’s a retired service-disabled veteran from the Army. She was previously in the health care field, but after retiring from the Army, she went to law school and she now has her own law practice.

And then, lastly, Mr. Rick Martinez. He’s retired Army as well. He has founded several businesses. He’s also he’s now an investor and, most recently, he’s a founder of Project Brink. So I refer to him as my entrepreneurship guru.

So just to let you know what I plan on what they will be helping me with. So once we get all the applications for our Accelerator, they’re going to help me vet through those. And then also our Accelerator will have several different speakers for each module and through their connections and their

One of the things the committee has looked at really positive in the sense of what this committee has been looking for in the past, as opposed to I’m going to form an organization, we’re all by ourselves and we’re going to go out and plant a flagpole someplace and draw resources and not coordinating our use of those resources with other organizations. I commend you for doing that.

What I want to encourage you is everything you said about integrating what you’re doing with existing organizations that are successful is hugely positive in the sense of what this committee has been doing over the last several years.

MS. O’BRIANT: Thank you. We appreciate that feedback, too.

Are there any other questions at the moment?

Yes, ma’am?

MS. CARSON: It’s Barbara. I’m going to make one comment. That is also a good point to bring up with our next presenter about -- the Federal Government has -- we can’t be the collector and the vetter. But there are multiple grantees that you’re going to hear from today who are doing an aspect of that. And, also, I’d give a shout-out to the State of Texas for -- their Texas Veterans Commission is really one of the exemplars of how to connect all kinds of veteran resources, whether it’s health or economic opportunity.

Thanks, Lisa.

MR. FIELDER: Just to follow up quickly.

This issue of duplicate resources, overlapping resources is not good for the veteran community. What needs to happen is what you’re now telling us about and going forward.

MS. O’BRIANT: Thank you, Mr. Fielder.

All right, I’m going to move on to the next slide, yes. So in our third objective in how we’re going to do that -- oh, I’m sorry, can you back one up, please? You were ahead of me. Okay, thank you.

So this addresses our Accelerator. Our Accelerator is going to be an eight-week program and it’s going to focus on hard and soft skills. So those would be marketing, sales, finance, strategy, and then confidence, and networking I think are very key to this program.

I’ve put together a small board of advisors to help me out. And they consist of Julie Walker, she’s an Air Force vet; she’s retired Air Force; and she’s the Director for LMI. And in San Antonio, she’s worked with a lot of small businesses before and she’s very well connected with different community organizations and donates a lot of her time to veteran service organizations as well.

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And then, lastly, Mr. Rick Martinez. He’s retired Army as well. He has founded several businesses. He’s also he’s now an investor and, most recently, he’s a founder of Project Brink. So I refer to him as my entrepreneurship guru.

So just to let you know what I plan on what they will be helping me with. So once we get all the applications for our Accelerator, they’re going to help me vet through those. And then also our Accelerator will have several different speakers for each module and through their connections and their
November in San Antonio and it brings about all of the entrepreneurial things that are happening in the community, everybody comes together. There is a series of lectures. Every day of the week there are different happy hours at different gatherings. So it’s kind of like a campaign to shed light on entrepreneurship, but we want to make sure that women veterans have a seat at the table and are visible at one of these events.

MR. O’FARRELL: Jim O'Farrell with a quick question. So those -- the last four bullet points there, provide 160 hours, 35 start-ups, 15 loans, can you talk about the little bit about the consultation and support you’re providing, just a couple bullet points, and then who are the 35 start-ups, what types of companies, are they solopreneurs, are they employer-based, and then the 15 loans, the average size of those loans?

MS. O’BRIANT: Sure. So far as the consultation and support, most people when they do come to get a loan, once they’re -- once they meet with the loan officer, more often than not, it’s determined that they are not loan-ready. And so at that point, they’re referred to our Women’s Business Center, who helps with the technical assistance. And so these people sometimes need help with their business strategy. They haven’t even put together a plan yet. Maybe they’re weak on the marketing side or their finances. And so all of those support hours, that technical assistance, that’s what goes towards this number. But, of course, our lending officers also do a lot of this support, too, and those hours count.

As far as the start-ups, I don’t have that information off the top of my head. The types of loans that we provide -- or the types of businesses, a lot of times they are consultants, so like an IT consultant, a web developer or an HR consultant. We have marketing companies. So there are a lot of consultants, as we mentioned earlier.

I guess, Alma, did you have anything to add on that point?

MS. BROWN: Sure, yeah. We’ve done a couple for storefront businesses, maybe about two of those recently; landscaping. And in those two instances, they do have employees that will be under them. We did for kind of a farming business for one. It was a spouse of a veteran. And there was a catering business as well. So just kind of a general idea.

MS. O’BRIANT: Thank you.

MR. O’FARRELL: Thank you, appreciate it.

MS. O’BRIANT: Sure, yes, sir. Next, I want to introduce just a couple of our borrowers to you. So this is Shelenia and Rico Nelson. They’re both Air Force veterans. And Shelenia is the one who applied and qualified for the loan of $70,000 with the SBA.

And they have a doughnut shop just outside of Austin, Texas.

So when they -- they applied for a loan two years ago and they were Women’s Business Center -- I’m sorry -- clients at that point. My apologies. And so through a lot of technical assistance through them, they were able to apply for the loan last -- two years ago. They opened up their business last year. At first, they only opened up with a handful of doughnuts. Now, they’ve expanded to offering 40 different doughnut varieties and they have a cafe. So they offer full breakfast fare.

And our next -- our next client --

MR. O’FARRELL: Lisa, sorry, one more.

MS. O’BRIANT: Mm-hmm.

MR. O’FARRELL: Just seeing this now. Do you have any activities going on in Houston?

MS. O’BRIANT: We do have activities going on in Houston.

MR. O’FARRELL: Are you familiar with Combined Arms?

MS. O’BRIANT: Yes.

MR. O’FARRELL: Okay. So --

MS. O’BRIANT: My point person in Houston, he would be more familiar with that.

MR. O’FARRELL: Okay. I would encourage you to engage with them if you’re not.

MS. O’BRIANT: What is their name again?

MR. O’FARRELL: Combined Arms. So my understanding, in having met several of the folks from that organization, they have stood up a physical brick-and-mortar project where they’re bringing, I think it’s 26 or 30 VSOs under one roof, offering a myriad of services. And I’m not quite sure they’re covering the access to capital side, so you might want to engage them.

MS. O’BRIANT: Great, thank you.

Next is Michelle Blaney, and she is an Army veteran. She served four years in the Army, and she opened up a resale boutique in San Antonio called Life and Beauty Boutique. She’s actually -- she’s a great success story. After separating from the Army, she immediately was in a car accident that inhibited her ability to work for a while. And then she couldn’t find work for a real long time after that. She found
herself homeless. She was with the GI Forum, who ended up helping her get back on her feet, but also referred her to us because she wanted to look into starting up her own business.

And so after working with her for quite a long time on the technical assistance side, she was soon able to qualify for a start-up loan and she recently opened up the boutique last year.

All right. Are there any other questions at this time?

MS. CARSON: I have one piece of information. For all the statistics that you just saw on what they will perform this year, the award is for three program years total. Assuming that there are funds available and that performance is good, each one of these Women Veteran Entrepreneurship Training Programs will be a three-year period.

MS. O’BRIANT: Great.

MR. O’FARRELL: Okay. And they -- but, yet, they will stay within the scope of where they start in their base year. So that discussion of expansion to other geographic areas is probably limited.

MS. CARSON: That may be a stretch. These are not a typical grant where we give money and we go away. And those who have worked with us before know that a cooperative agreement means substantial involvement of the Government. So these are things that we can learn from and pivot, but that is a pretty substantial ask. But, obviously, we’re learning all the time and not waiting for three years to go by before we have a good idea and act on it. So we’ll stay in conversation.

MS. O’BRIANT: Thank you very much, everyone.

MR. O’FARRELL: Thanks for coming in, Lisa.

We appreciate it.

Next up we have Maureen Casey from the Institute for Veterans and Military Families. Thanks for being here.

MS. CASEY: Good afternoon, Mr. Chairman, Ms. Carson, members of the Advisory Committee. Thank you very much for the opportunity to be here. I will do my absolute best to keep my comments brief as I know that I stand between you and lunch and you will be hearing from me again this afternoon to talk a little bit more about some other projects and programs that we have at the Institute for Veterans and Military Families at Syracuse University. But for right now I will limit my remarks to our program that is focused on women veteran entrepreneurs.

We are, at Syracuse University and the IVMF, long-time and very proud partners with the SBA and Office for Veteran Business Development. And I am going to join Todd, not necessarily sucking up, but giving great credit to the Office of Veteran Business Development because they have been great partners not only in helping to drive us to improve, but also to partner with others. And I think that what we have learned through not only our work with respect to veteran and spouse entrepreneurs, but also our broader portfolio of programs, that it is about building partnerships and not necessarily building capacity just to say you can do it all. It’s about partnering with those who can do it better and make those connections and referrals.

So with that, our Women Veteran Entrepreneurship Program -- and I should know -- I apologize for not having any slides. I will provide a followup fact sheet. I was a little late to the game, unfortunately.

So our program is the Veteran Women Igniting the Spirit of Entrepreneurship, VWISE. This is our second round of grant funding from the SBA focused on women veteran entrepreneurship as well as spouses. It is a women-only program, even though we do have programs for spouses and partners.

I will say that part of the reason we are focused on that was one of the very early learnings when we did our very first VWISE back in 2001, that many of our program participants, it was the first veteran-connected program that they had participated in since leaving military service for a variety of reasons. So we have decided to stay focused on that and create this very unique environment for our program participants.

VWISE is a three-phase program. It -- and it is, I would describe, as very high touch. Phase 1 is a 15-day online program, very high-level introductory program around the fundamentals of small business ownership. The second phase is a three-day in-person training event, very intensive, from morning to night, has two learning pathways. One is for start-up early stage; the second is a growth learning track.

And we also have a number of other, I would call, more on the side of motivational, but also focused on things like work/life balance, how to manage home and manage a business, all of those kinds of things that we have heard from our program participants that are essential to their success.

And then the last phase of our program, which I think is a differentiator for us and I think it...
speaks to, Mr. Chairman, some of the questions and issues you raised around consulting support or additional ongoing support for our women veterans entrepreneurs. So our Phase 3 is a period of post-program support. So it is for all of our program participants an opportunity to leverage a vast network of partners that we have at the IVMF, whether it’s legal, whether it’s access to capital, whether it’s marketing, website design. We have 30 different partners. And as our program participants graduate from their different programs, we remain available to them to connect them to other resources.

So with those three phases, we just held our 18th program in Louisville just last month. I will tell you that when the IVMF got its first grant from the SBA, it was only supposed to be six programs. But the -- obviously, the success will speak for itself when I give you some of our results.

We have had over -- just over 2,500 program graduates. They are primarily the E-4s, E-5s and 03s. Average age is 35 to 54. Most of our program participants are either in the ideation, early start-up phases. Many -- over half of our program graduates are diverse minority representation. But, most significantly, 65 percent of our program graduates start a business, and after three years, 93 percent of them are still in business. They’ve generated over $41 million in revenue and 20 percent of them have grossed over $100,000 a year.

You’ve heard a lot about the kinds of businesses, the professional services, retail, a lot of health services, real estate, and then social services.

Our next program will be in Pittsburgh in the spring and we are in the process of finalizing dates for a program in San Diego in the early fall of 2018.

We have approximately 200 women veterans that participate in each program and all of our -- we do very little advertising. I would say that the majority of our program participants come to us by word of mouth.

As part of our grant, we talked a lot with the Office of Veteran Business Development about how we reach and inform more women veterans and spouses or transitioning service members about the opportunities with respect to small business ownerships.

And I don’t have my glasses on, but I just want to make sure I get the name right -- Mr. McAdams, talking about business ideation, how do we ensure that folks who start down the path of their entrepreneurial journey, we agree with you that if someone sits through one of our sessions, whether it’s Boots to Business or VWISE or some of our other entrepreneurship training programs and decides that entrepreneurship is not for them, that that is, in fact, a success.

So the new program that we launched just recently is called Ignite. It is a one-day training program. It is focused around -- we’re located -- we’ve been doing -- our plan is to do them around military-connected communities. It is a one-day session. It is intended to focus on business ideation. It is intended to do what I think Todd talked about, right, the game is on the ground and it’s local. So not only do we look to inform them about what it takes to be a small business owner, but, more importantly, it is about connecting to networks.

So it is connecting, transitioning service members, women veterans, spouses, and partners that are in a particular geographic area. It is also connecting them to the range of local services, bricks-and-mortar and otherwise, that are available in a particular community. What we know about a transitioning service member population is about a third of them will stay in and around their last duty station. So figuring out how to connect them to those local resources is a very important part of our Ignite program.

As I mentioned, we just launched it in November in Savannah, Georgia. We will be doing our next program as part of the Association of the United States Army Conference here in Washington, D.C. in October. We’re quite excited about that partnership and what doors that will open for us. Too soon to tell with respect to the results from that. At least, anecdotally, we know that many of our participants in Savannah were part of the program participants for VWISE in Louisville. So we know that that will create a pipeline for our more intensive entrepreneurship training program.

So with that, I will stop and I will offer to answer any questions and talk a little bit more about our entrepreneurship portfolio program this afternoon.

MR. MCADAMS: This is Rich McAdams. First, I would commend you on tracking the statistics on how many people start a business and how many are successful. And those numbers are fantastic. Ninety-three percent, I believe you said?

MS. CASEY: Still in business, yes, sir.

MR. MCADAMS: That’s fantastic.

MS. CARSON: No question, but an editorial comment. We do provide just a small amount of the
funding that happens. And members of this committee, you’ve heard from three great organizations today who do work. That public/private partnership, we’ve heard that quite often. It’s -- I ask you to continue to support in your channels as well. This work in meaningful. We can prove it. And we need to get the work out about what it takes to make this happen.

This -- now you’ve heard from three, we have an online predominantly but also connected locally in Bunker Labs, the intensive of VWISE, and then a completely new look at combining technical assistance and access to capital focused on a particular demographic. I’m really thrilled and so grateful that you made time to focus on women veteran entrepreneurship and that these programs are great representatives of what’s possible.

MR. O’FARRELL: Thanks, Barb. With that, we are going to adjourn for lunch. We are going to re-adjourn back here in -- we’re going to re-adjourn at 1:00? We’re going to come back here at 1:00.

(Lunch recess.)

AFTERNOON SESSION

MR. O’FARRELL: Good afternoon, ladies and gentlemen. This is Jim O’Farrell, your chairman of the ACVBA. We are going to commence the afternoon session. We are not going to re-adjourn; we’re going to reconvene, I’ve been told.

So first of all, we have Sean Gwinner from Bunker Labs. Sean, welcome to our committee hearing, and we look forward to your presentation.

MR. GWINNER: Thank you, thank you. My name is Sean Gwinner. I am the program director for the Philadelphia chapter of Bunker Labs. Thank you guys for having us, and thank you to the SBA for the assistance you’ve been providing with the female or women veterans programming at a national level.

Todd, who called in earlier, who is our national -- our CEO and the founder, kind of touched on the basis of what Bunker Labs is, so I kind of want to dive in more at a cellular level and kind of explain from both perspectives being a veteran, an entrepreneur, and now the program director of what I’ve seen that’s been successful kind of within the model and then the pillars that create a perpetual ecosystem to where -- think of a hurricane. It starts small and rotates, picks up energy and just continues to spread.

And I believe what Todd said at an organic level or a grass roots level within each city, that’s kind of how they’re -- we’re having the success we are having.

So next slide, please. So I want to kind of touch into our educational programming and what we offer. The first thing is the exposure, and then we do monthly program called Bunker Labs, as well as an annual summit, which is called the Muster. And really what we use those for is a platform to build our community. It’s bringing like-minded individuals, putting people who have walked in their shoes or boots and then allowing these people who are coming out into it to see the success that somebody that walked in their shoes had, then also create a new kind of a trusted community.

So that’s kind of the foundation of how we build our community. Secondly, next, once we get them in, we have the EPIC program, which is a 12-week program where we have 12 cohort companies. And from there, it’s about four to five hours, one time a week, through the 12 weeks. It’s roundtable discussions where they go around and they discuss their businesses and what bottlenecks they’re seeing, what can be done to improve their business. And then we bring in like we like to say battle-tested entrepreneurs, people who have at some point over an annual generated $1 million of revenue or more. That way there are probably people that got their rear ends handed to them early in business but then learned what worked and what didn’t.

So from that point, it’s kind of a mastermind session of working through different problems. When you have about 12 different minds working on it, there’s sure to be a solution.

From there, we have the CEO Circle. So once they graduate that and they begin generating revenue in their own businesses, it’s almost like an alumni to where they step up. So now, as Todd said, the initial -- the EPIC program is for more of your true startups. Once you kind of graduate, now you’re more of a battle-tested entrepreneur, and you create that perpetual cycle where now you’re giving back to the new guys coming in, speaking, giving them direct mentorship, group mentorship. So now you’ve created this closed loop where you’re replicating entrepreneurs versus employees.

Then from -- so what I wanted to touch on from that aspect and going into this -- if you could do next slide, please -- again, that kind of breaks down our different programming. And one aspect, and I threw that in there that I feel is so important and I just
had a great discussion sitting over here before we
rejoined, I don’t agree with the statement of a lack or
-- a lack of access to capital. I believe there’s more
capital available than we’ve ever had. I believe it’s
a lack of awareness, a mentor to guide you to it, or a
lack of resourcefulness.  
The resources are there. It’s you have to go
find them. But that’s where I believe in any program
it’s creating that mentorship or people who are running
this need to have gone through that experience. I
don’t think you can -- it’s throwing a chef out onto
the farmlands to farm. They’re not going to know what
to do. They know how to cook the food that’s produced.
So I believe that’s been a very big catalyst
to why we’ve had the success we’ve had. It draws a
dynamic entrepreneur. It’s not somebody who’s just
told that and they’re jumping off the cliff and growing
their wings on the way down. So next slide, please.
So with what we do, with the educational
program, the lack or the access to different networks,
it is capitalizations, it’s other VSOs, it’s other
leading entrepreneurs at a grass roots level within
that city, surrounding, or even on a national level.
We deal -- and here’s something else I’ve seen, too,
when it comes down to the lack of capital, nonprofit
partners. You will see people tend to think it’s a
very congested space when there’s four or five of you
in the same city, but I don’t believe that’s the truth.
If we’re doing this for the whole purpose to help our
veteran community, we should be cross-collaborating
versus battling each other.
   Educational institutions, we do a lot of work
locally with Drexel, Temple, and we’re going to
continue to kind of grow that. And I believe that’s a
big resource for our veteran community and different
VSOs. Next slide, please.
   So, again, here’s kind of our three-year case
study. We are still newer. National started in 2014.
Our Philadelphia chapter started in 2015. So we are
tracking the same metrics. They aren’t -- and I can
provide those at some point. But it’s pretty
consistent across the board of what national is showing
you. The next page.
   So, now, what I’m looking at with different
programs getting a lot of funding that they’re not
utilizing or not utilizing correctly, and this is just
providing an example of each chapter. The only startup
help each chapter gets is 25,000, and that’s to
accommodate the program. And, so, the EPIC program,
the Muster, and your Bunker Brews. That’s all you’re
required to do as a chapter.
   Todd allows each chapter to kind of create
their own ecosystem within their city, and he doesn’t
really give us a left and right except we have to meet
those criteria, which is those three programs. From
there, it’s our job to secure the rest, but that’s
where that simple, you know, 25,000 obviously, that’s
true startup, and the rest from there is time equity.
MR. O’FARRELL: Hey, Sean, Jim O’Farrell. So
let me jump in with a quick question.
MR. GWINNER: Yes.
MR. O’FARRELL: So in terms of the -- you’re
describing some of the business model of Bunker Labs.
Do you provide a physical space for this collaboration
to happen? I’m thinking like an incubator, anything
for some of these entrepreneurs that are coming to you
guys for the services, or is it mostly done, you know,
I don’t even know what’s the word, virtually? There
you go.
MR. GWINNER: So we do have a virtual program
that Todd explained. That’s more of an additional
resource, something you read in the morning, different
articles. We do provide a physical location, so we
have relationships with either WeWork which is a cowork
shared space, as well as Benjamin’s Desk. So we have
an office, and then they provide conference rooms or a
room just like this to hold our events. So, yes, it’s
all in-person collaboration.
MR. O’FARRELL: So in other words, you’re not
going out and leasing a bunch of office space that may
or may not ever be used. You’re using the ecosystem
that already exists with places like WeWork and then
you can do -- you know, your entrepreneurs can have
month-to-month, potentially, arrangements --
MR. GWINNER: Correct. And they have
unlimited access to everything we have, correct.
MR. O’FARRELL: Thanks.
MR. PHIPPS: Sean, Mike Phipps. So at this
point, you’re going out -- after you have your initial
startup, you have to go out and raise additional funds?
MR. GWINNER: Correct.
MR. PHIPPS: And how do you guys do that?
MR. GWINNER: So right now -- and I’ll speak
only behalf of the Philadelphia chapter. The majority
of our funding comes from corporate sponsorship.
Comcast is a huge provider, and then a few others that
we’re starting to generate. The other one that now
we’ve realized we were really utilizing is the Muster
event, which is our annual event. We’re using that
more as a fund-raiser.
So we’re kind of choosing based on our needs for the 2018 year calendar, now trying to see, okay, and we’d love to generate this amount of revenue from this. That way we can apply it to our programming. For example, the EPIC, it cost between $5- and $7,000 to bring each company through. So knowing that metric, and as we want to continue to scale, we need to also program to lead in that direction.

Okay, next slide, please.

So a couple of things that we’ve seen and why we feel we’ve been able to scale on a national level and replicate is -- actually, it’s 17 now that Todd let us know. I thought it was still 15, but it’s been actually more of an organic growth through word of mouth. That’s been our most powerful weapon, and it’s when people come, they’re getting that value, and then they’re kind of telling that word forward.

So instead of us going to approach people, it’s engaging them through our social media. So it’s going at them through Facebook. We like to call it ninja-ing them on LinkedIn. I go find people who are veterans, who are local, and I invite them to our events. It’s that simple.

I find spouses, because we’re heavy supporters of spouses of veterans. And, actually, two of them are -- we’re in our last cohort and are having great success with their startups right now. So just that organic reach-out and invite has been our most powerful weapon in scale.

So what we wanted to look at was this, and is something -- for example, metrics of other companies when we’re getting these funds allocated, and in -- what we looked at really was our trajectory, or what we’ve done in the past three years, compared to if we stay on that path, the potential. So I think that’s right there -- those aren’t exact numbers but roundabout given the current trajectory.

MR. O’FARRELL: Hey, Sean, Jim O’Farrell again.

MR. GWINNER: Yes.

MR. O’FARRELL: Can you talk about for your Philadelphia chapter -- can you tell a couple of stories about some of these companies like the diversity of them? You know, we do a lot of government contracting in DC. We’re trying to talk more with, you know, organizations that are supporting non-federal government contractors.

MR. GWINNER: Sure.

MR. O’FARRELL: Are you supporting those kinds of folks that are purely commercial?
So I believe where with other models if you look at it, there’s an element of that that may be missing that’s not keeping the perpetual cycle of growing. Instead of creating employees, we’re creating entrepreneurs, innovators, leaders who are then, in turn, giving back and creating more.

MR. PHIPPS: From our standpoint, capturing some of those methodologies that we could even share with other organizations, that’s a pretty big metric for us. You know, if you guys see -- maybe not in the minutiae but maybe, you know, higher level, whatever it is that you see is working, that would be really interesting for us to weave into a recommendation.

MR. GWINNER: And I believe the biggest thing we look at and I see too many businesses do this where they look at how many people can we bring on. You should always be looking at your attrition, and if you’re losing people, why, what’s going on. Thank you.

MR. AUMENT: Sean?

MR. McADAMS: Sean? Go ahead.

MR. AUMENT: Ron Aument. I’m curious about how a chapter is staffed. For example, do you work for Bunker Labs? Are you, you know, an employee of Bunker Labs? And how many others, you know, are involved in supporting the Philadelphia?

MR. GWINNER: Great question. So originally, what it does is it starts up with an executive director who kind of takes that role. And, again, with that operating budget, they’re not paid a salary. So it’s almost a part-time commitment to what they’re trying to scale. And then through the program, that’s where -- for example, the way I found out about this was almost exactly a year ago from the annual summit we host. And I came to it, it was very inspired, and wanted to help. I just wanted to give back to the community, and I started by volunteering for about three months on top of my other -- my real job. And then just fell in love with it and kind of sold out of my investment firm and came over to this full-time and absolutely loved it.

So it’s -- I think it’s inspiring other people to want that and to embrace that, but what we’re seeing -- originally, it starts with an executive director who pretty much does everything, juggles every glass ball in the business. Once he either gets a volunteer, so you have to leverage different people, so we leverage our marketing, we leverage our events, we leverage relationships with where we can host events or cross-collaborate, for example, with the USO.

From there, once we have enough operating revenue, then our next step is bringing on our program director, who really focuses on the adapting of our programming. We’re very privileged to have Joe, who is our executive director. Just what he did is unbelievable. And, I mean, he’s been there for two years and brought me on three months ago, full-time.

So I am an employee. I’m paid under Bunker Labs. And then we brought on the executive administrator who is awesome, who we got from Temple, who actually did an internship and loved it so much she stayed, but she is now also paid full-time. So that’s how -- and that’s all I can speak on because that’s all we’ve scaled to thus far, but it’s leveraging a lot of our community initially.

MR. MCADAMS: Sean, I was curious. I know I have signed up online and done some of the videos with Bunker Labs, and they were phenomenally well done. I’m just curious, what is the mix of online versus face-to-face, because it seems very current, very hip, very appealing to a 24-year-old sergeant getting out of the Army or whatever service. What’s the mix with Bunker Labs between face-to-face and online?

MR. GWINNER: I don’t have an exact number, but I would say we don’t -- we push that -- the Bunker in a Box, what it currently is. I know Todd’s adapting that. I’m speaking just from an instructor side. I know there’s three learning styles you have, and I’ll tell you, I watch videos and I like listening, but I wouldn’t be able to learn a process through that. I use that as just another resource for catching things that maybe I wouldn’t understand. So I believe that was Todd’s initial idea with it was to use it as an additional resource.

I don’t know -- I don’t have a clear path of what they’re transforming it into, so I can’t speak on that, but I know everything we do, we try and do it face-to-face, not electronically. That’s hence the events we host and the cohort is getting them there, getting them there in person. And I think it was touched on earlier, we’re really adapting a mechanism to kind of -- I think it was weed out people who that may not be a fit for before they have something catastrophic happen in trying to do a business and weren’t really cut for it or didn’t have a good business model. So we’re trying to address that upfront by bringing them to these events in person, where I don’t think you’d be able to identify that if you’re a new entrepreneur online. So we try and do everything face-to-face, at least we do in Philly.

MR. MCADAMS: Okay, thank you. That’s kind of surprising to me because this -- so much of this...
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<td>generation wants to do everything digitally, and I know my kids are 24, -6, and -9, and, you know, they'll text each other from opposite ends of the couch. MR. GWINNER: I think you’re going to see a shift, though. I’m speaking, I hate technology. So I hate email. I’ll put -- that’s why I’d rather go talk to someone, sit down and have lunch with them. Email just burns me out, and it’s even different technologies are separating and breaking out those meaningful relationships. So I think you’re going to start seeing a shift going back into that, and I think -- no matter what, I mean, look at even people with diseases or whatever on Facebook, the Facebookers. You can share ideas, but you’re not going to have that true bond. So I think that’s essential to always have that in-person meet. MR. O’FARRELL: Sean, it’s been very -- very nice of you to come here and speak to us and give us information about Bunker Labs. I would ask that you follow up with us. You can send it to Barb so it goes into the record, but we’re open to recommendations, you know? I think guys have a grant. You’re working with the female veteran population, but some of the best practices and things that you all are doing, we’d be interested in hearing about recommendations that you might have for us that we could incorporate into our annual report to the Congress and the White House. MR. GWINNER: Great. Thank you very much. MR. O’FARRELL: Mm-hmm. MS. CARSON: Jim, may I ask you a question, please, on that topic? Well, it’s a reminder, that you can also tell us what needs to be researched. So even if these groups, if you have -- if you don’t know the answer but you wonder, and I know that IVMF has resources to do research, but if there are other things we learn that are gaps, that’s something else that you could perhaps consider for this report. Thank you. MR. O’FARRELL: Thanks, Barb, appreciate that. Okay, and next we have Maureen Casey from the Institute for Veterans and Military Families. Thanks for being here today, Maureen. MS. CASEY: Thank you again, Mr. Chairman. The Institute at Syracuse University is very grateful for the opportunity to be here. I’m going to focus my remarks just to give a brief overview of what the Institute for Veterans and Military Families does more broadly, but really focus on our entrepreneurship and small business portfolio because I think it will give you a very good idea about how we are moving with respect to the full ecosystem as the new phrase I’m learning to get comfortable with. So the Institute at Syracuse University is relatively new. We are in our sixth year of operation but have undergone some significant growth. Started out at the beginning with six people and are now up to 86 people. We are truly global in operation, thanks to Boots to Business. But primarily our operations, other than our Boots to Business program where we are doing that training on installations overseas, most of our work is here in the Continental U.S. Our mission is really quite simple, to advance the post-service lives of veterans and their families, and we do that through providing programs and services, as well as research, measurement, and evaluation. And I think that’s one of the differentiators for the Institute at Syracuse because we are able to leverage our knowledge by engaging each and every day with veterans, transitioning service members, and their families, and then bringing what we’re learning back to our research and measurement and evaluation team or vice versa. So a very unique differentiator for us there is Syracuse. Our focus areas are on career preparation and employment. Our main program in that regard is Onward to Opportunity in partnership with our veterans career transition program. Onward to Opportunity is a program on 9 installations nationwide, soon to be on 14, and we provide just that career preparation and employment services, facilitated online learning, along with classroom-based learning, and then we’ve partnered with Hire Our Heroes USA to actually connect our transitioning service members and other program participants, to include spouses, with employers. And each and every program participant that graduates from the program is guaranteed at least six interviews with an employer. So when our service members are moving, making that last move out of military service, they can actually move to a job, as opposed to potentially going back home and then trying to sort all of that out. Our second program is -- or service is community-based technical assistance services. And I think there was some discussion earlier, and I think you mentioned the program in Houston. Our particular model is called America Serves. We’re operational in 13 states, soon to be 15, but it is simply what you acknowledged before, a way to bring together organized service providers to make it easier for veterans and their families to access and navigate care and services.</td>
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We did a study two years ago that was funded by Google. It was really focused on higher education, and we were trying to learn more about the challenges associated with veteran success in higher education. And really one of the most revealing learnings coming from that study was that over 70 percent, their greatest challenge was the ability to access and navigate care services and benefits. So this particular program is focused on all of that.

And then where the Institute got its origins and where really one of our biggest portfolios is in the area of entrepreneurship and small business. And over the course of the last few years, I would say we really have built out our services to very similar to what Bunker Labs does to train, to support, and then to connect them to other business opportunities or resources.

And, so, as you’ve heard us talk about, Boots to Business is certainly one of our largest programs. Up until two years ago, we were doing both CONUS and OCONUS. Now we’re just doing the OCONUS program, as well as the follow-on services. We also have an entrepreneurship bootcamp for veterans with disabilities, also a partnership with the Small Business Administration. As noted in its title, it is focused on veterans with disabilities. We started at Syracuse University 11 years ago. We are now operational on ten universities. More than 1,500 graduates, very similar results to our V-WISE program.

In addition and most recently, we have come to appreciate that many of our veteran and spouse-owned businesses are looking for opportunities to connect into the supply chains of other businesses. So not necessarily directly into the supply chains of a Walmart or a USAA or a J.P. Morgan/Chase, but could be a secondary or tertiary supplier in that supply chain, significant opportunities for our veteran and spouse-owned businesses in that business-to-business sector.

So last year, we formed a coalition called the Coalition for Veteran-Owned Business, and really it is about bringing the two halves of that equation together. We have 15 very large companies -- the Walmart, as I mentioned, J.P. Morgan/Chase, USAA, J&J -- companies all interested in doing more business with veteran and spouse-owned businesses.

We are also building up a network of veteran-owned businesses but are also partnering with other what I’ll call veteran-owned business networks. So, for example, Rosie’s Network, which has more than 6,000 veteran and spouse-owned businesses as part of their network.

So how can we, then, in the first instance, prepare these veteran and spouse-owned businesses to be procurement ready? And, two, then make the connections to these larger companies and/or their supply chains?

In my prior life, I worked at J.P. Morgan/Chase and was focused on veteran employment. And if I heard it once, I heard it a hundred times, I would love to hire a veteran if I could only find one. As we’ve moved -- as I’ve moved into entrepreneurship and small business, I hear the same thing. I would love to do more business with veteran or spouse-owned businesses if I could find them.

And then the second thing we learned is if we can find them, are they actually what we have come to define as procurement-ready? Are they actually ready to be a supplier in the supply chain in a business-to-business relationship. So we’ve really been working over the course of the last several months to build out not only that continuum within the programs and services that we offer at the Institute for Veterans and Military Families, but also to build those partnerships. So as you heard Todd reference earlier, we have a great partnership with Bunker Labs and also with a number of other veteran servicing organizations that are focused on entrepreneurship and small business.

I mentioned just previously about one of the unique differentiators for the IVMF, and that is our research, measurement, and evaluation capabilities. One of the things that we’ve come to appreciate is that -- and I think you’ve heard that mentioned several times today -- that there is a need for more research, particularly focused on veteran-owned and spouse-owned businesses and a need for more data collection.

So one of the things that we are just in the midst of pulling together is a study that we launched last fall in conjunction with Bunker Labs. It is one of the largest of its kind qualitative studies where we have done a dozen focus groups across the country where we’ve done in-depth interviews with veteran-owned and spouse-owned small businesses, looking at everything from the profile of their business, what are their challenges, what are their needs, what’s been helped, and where can we go from there.

I think that to the point that you raised several times, Mr. Chairman, about recommendations, we believe that this study -- that the initial report will come out later this month or the first part of next
month, will be very insightful in terms of informing some of those kinds of recommendations, and certainly, we’ll be working very closely with Barb to share those recommendations with you once that report is complete.

I think one area that as we’ve heard talked about a lot, and it is not an area that the IVMF is focused on directly, but it is this whole area of access to capital. You’ve heard me mention earlier with respect to our program, host program support for all of our program participants. Access to capital is one of those subject areas where we refer out, where we have a number of partners.

I think what we’ve tried to do, and it is a phrase that my boss often uses when we talk about transitioning service members, and it is how do we ensure that they are informed consumers, that they know about all of the resources that are available to them, know how to access them and know what the implications are associated with whatever path they choose to make.

So that has been one of the key focuses for us is that how do we continue to grow the network of information, resources, and partners to ensure that whether there are -- our program participants or veteran and spouse entrepreneurs in general, that they know where to access that.

So one of the things that -- another thing that we are in the process of launching as part of our center of excellence around veteran entrepreneurship is to develop a catalog of resources. We have developed more than 15,000 nationwide. They are all being tagged by geography and by type. And, you know, one of the advantages of doing operations on a university campus is that we have a huge contingent of student labor, and they’re very interested in doing these kinds of projects.

So we’re very excited about this particular database that will be launched a little bit later this fall, where if you are in Austin or in Washington, DC or in Chicago and you are looking for resources in your particular geographic area, you are going to be able to go in, do a search, and get access to what is in your area, bricks and mortar and otherwise. So, again, very excited about all of that.

With that, I’m going to stop and allow you to ask for questions. I want to cede the floor. I’ve taken enough of the microphone for today, but any questions?

MR. PHIPPS: Hi, Maureen, Michael Phipps. Go ahead, online.

MR. ZACCHEA: Yeah, this is Mike Zacchea from the Yukon EBV. Maureen, I just want to mention that we just finished our Yukon EBV two weeks ago, August 20th. We had 20 graduate. We’ve already had 13 start businesses. We had 16 men or women. Our geographic breakdown is primarily the East Coast. We had a few geographic outliers, one from California, one from Kentucky. And, so, I just want to -- since Maureen was talking about IVMF mention that we’re the most recent graduate class. So, anyway, I don’t have a question.

I just wanted to let everybody know that, you know, we just finished. Thanks.

MS. CASEY: Thanks, Mike.

MR. PHIPPS: Now Michael Phipps. I’ve seen the initial program you have of allocating all those resources into one place. And it’s unbelievable. It’s something that we’ve been talking about for years here, having a single place for a veteran to go and look up resources, especially by geography. Do you guys have or will you take recommendations for being able to track what resources they’re using, rating that resource so other veterans can come in and see the Amazon.com feedback for those resources and almost move that into part of, you know, the entrepreneurship training, so to speak?

MS. CASEY: Obviously, we are entrepreneurial in our nature and would love to grow it to that. It has been a Herculean effort to get it to this point. I think that I am reminded we did some work a few years ago with the Bush Institute and sitting in a meeting with President Bush, and it goes back to a point that was made earlier, what does good look like. And if I am a user of those services, how can I share what my experience was or was not.

We would love to get there. It is not necessarily part of this phase one, but definitely on the wish list.

MR. McADAMS: Rich McAdams. You mentioned doing Boots to Business OCONUS.

MS. CASEY: Yes.

MR. McADAMS: I’m just curious, and this question is for anybody in the room. What percentage of the military is -- how big of an effort is that, because I’m just curious what percentage of the military is ETS-ing from OCONUS, because I have to imagine that’s quite expensive to conduct. I’m assuming those trainers are coming from the U.S., or are they based in Europe or wherever?

MS. CASEY: So the answer is yes to both. I don’t know the exact number, Barb, that are transitioning, the total number, but we’re doing 1,500
to 2,000 a year OCONUS. And our instructors, some are
based in Europe, so much more cost-efficient.
Barb talked about earlier we have worked very
hard in partnership with OVBD to cluster those
trainings so that we are minimizing those travel
expenses. We also moved this year. We used to do two
instructors for the two-day training, and we've now
moved to a one-instructor model. We will look to see
what the impact and outcomes will be associated with
that, but, you know, our feeling is that, you know, we
should be offering, where possible, to those that are
transitioning out overseas should have the benefits of
the same types of programs that those that are
transitioning here, our opinion. And I think that
we've had some very good feedback from many of those
that have participated OCONUS.

MR. MCADAMS: Okay, thank you.

MS. CASEY: Mm-hmm.

MS. CARSON: And, Rich, I will work to get a
number from DOD on the transition-eligible per year,
but we -- I can tell you that it's been a great turnout
and feedback on delivery overseas. The transition
service managers especially are happy to have in-person
services because many people don't have the same
transition experience, as you might expect.

MR. MCADAMS: Thank you.

MR. AUMENT: This is Ron Aument. Just adding
to it, I think it's not so much that they are ETS-ing
in an -- in the OCONUS location. It's just that
they've started administering the TAP program earlier
in the life cycle there. So I know VA and Labor have,
like, large groups of people that are being deployed to
conduct TAP programs as well, and they have people who
are some cases within four to six months of when
they're expected ETS is.

MR. O'FARRELL: Jim O'Farrell. So, Ron, when
you say that, too, if you -- I mean, my take, being a
starter-upper, a starter of business, is that it's
somewhat perishable. So if you go to a two-day
bootcamp and then you're in Germany and then six months
later you come back to the States and, you know, what
would be the -- what has been your experience at IVMF
of how many of those veterans that get the training
overseas come back home, come CONUS, and start a
business? Is there any kind of tracking of that?

MS. CASEY: So -- Barb, did you want to?

So part of our challenge, and Barb mentioned
that earlier, with regard to our ability as a partner
to the SBA to actually have access to the data
throughout that life cycle by individual because of

some of the personally identifying information, so we
might not necessarily be able to know that I took a
two-day OCONUS in Germany and now I'm part of an EVB
program. I know at least that happens anecdotally, and
we're trying to do more as folks come into some of our
other programs to learn about how they had learned
about our programs at the IVMF. But I will check to
see if we have some of that data, but it has been
hampered by some of the restrictions around what can
actually be shared across lines.

MR. MCADAMS: Rich -- oh, go ahead.

MS. CARSON: Mike, one comment on overseas.
I would also remind you that there are military spouses
who are trying to have a career while moving and
following an active-duty service member. And I would
recommend to the next chairman that you invite someone
who just testified -- well, she didn't testify -- she
was on a panel before Administrator McMahon.
Her name's Lakeisha. She was at Okinawa.
She took Boots to Business every year that she was
there and learned something new. And she ran a
successful import business -- excuse me, she was
exporting. She's American, and she continues to export
now that she's back here and in North Carolina. So
I'll make sure she finds you, Fran. But that's another
population that's served, and especially it's a great
impact on a career to be overseas.

MR. MCADAMS: Rich McAdams again. Something
that I know Sean had talked about with Bunker Labs,
that face-to-face value and the networking and the
building of the relationships and all that, but I don't
really think Boots to Business fits that. It's really
a transfer of information. It's an educational piece.
It seems like that's perfect for an online environment
where if a soldier, an airman, or whatever has half a
day or two hours or 30 minutes that they can do it.
And like the young woman you mentioned that needs to --
took it every year, if you need to go back and do the
finance channel three times over the six months right
before you get out, do it.

Plus, we have better information, like the
question this morning, about how many people come back
the second day. In an online platform, you know how
many times people get five minutes in and skip it
because it's crap and how many people watch every
second of it because it's good. How many people come
back and watch things multiple times. And it's just a
lot we could do, and we don't have to have people
driving 100 miles from their VBOC to go deliver on them
in a lot of cases. So just something to consider.
MS. CARSON: Mike, this is Barb. IVMF does that successfully for many programs, but the Federal Government is the reason why we cannot do that so well for Boots to Business. There are information collection constraints that we continue to address in why we cannot --

MR. ZACCHEA: Well, my question is -- this goes for IVMF.

MS. CARSON: Okay, so, not related to Boots to Business any longer?

MR. ZACCHEA: Well, it’s really to get -- it’s for veterans and military families, and so the resources that they’re getting, do they publish an annual report available to the public that shows what resources according to what programs and what the results are for those resources.

MS. CASEY: Yes, we have an annual report, but I don’t know that -- I don’t know that the annual report makes that -- we certainly include in our annual report the various sources of income, what programs they’re to support, and then I’m not sure that the outcomes are linear in that regard in terms of what you’re looking for.

MR. ZACCHEA: My next question is how come IVMF doesn’t provide any resources to EBV anymore in terms of finances, in terms of money.

MS. CARSON: Well, it is a -- EBV is a public/private partnership. We get a grant from the Small Business Administration and also raise our resources through a variety of private, other private, and corporate donors. So to the --

MR. ZACCHEA: Right, but none of that money comes to the EBVs.

MS. CASEY: That’s correct because the money that is -- the monies that we have that we have raised comes to support the Syracuse CBV. We have not gotten any significant grants to support the EBVs at other schools. And in addition, as you know, Mike, as part of your agreement with the EBV consortium, each school makes the commitment to help raise the resources to support the program --

MR. ZACCHEA: Right, but original commitment was for $75,000 a year. So that’s correct, but, you know, IVMF used to subsidize the EBV’s nationally, and now it doesn’t anymore. So that’s what I’m asking, but how do we make -- well, how does IVMF make the decision about which resources go to which programs and what the results are?

MS. CASEY: Well, that is the decision of our funders. They are the ones that decide where their
MR. ZACCHIA: Okay, so, IVMF, then, doesn’t have any say in directing any resources to EBVs; is that correct?

MS. CASEY: So I’m not sure I actually can appreciate, Mike, what your point is, but I will tell you, does the IVMF have a say in how some funds that are raised, we may, but each program, each funder comes to the IVMF with a particular goal or program in mind. And as those dollars are raised, they may or may not be reallocated to the EBV if we have not gotten any grants or donations or gifts to support the EBV more broadly, we’re not in a position to support that. Ninety percent of the dollars that come in to the IVMF are very specifically program-directed. The balance are to support our operations like any nonprofit.

MR. ZACCHIA: Right, and like any nonprofit, it would have to publish a report, an annual report about the programs it runs, the money -- what money goes to which programs. That’s what the original question was.

MS. CASEY: And I’m happy to, Mike, take this --

MR. O’FARRELL: This is Jim O’Farrell. I’m going to just jump in here for a second. Mike, I think between you and Maureen maybe you guys should have a phone call, one-on-one, so -- because we are limited on time. We’re supposed to wrap up at 2:00 today, which is, I think, in like six minutes. And we have another speaker.

So with that, Maureen, I think we’re good. If anyone has any other questions for Maureen, I would ask you to see her after the -- after presentation.

MS. CASEY: Thank you.

MR. O’FARRELL: Next up with have Lynn Lowder from One Vet at Time. Thanks, Lynn.

MR. LOUDER: Barb and Jim, thank you for the opportunity to be here today. One Vet at a Time is a 501(c)(4) organization, and we exist to promote and advocate veteran entrepreneurship. Over some years ago, I had the opportunity to be the director of military and veteran services at the University of Central Missouri in Warrensburg, Missouri. And I went over there, having no experience in education, really, but, you know, Marine Corps Leadership 101, I know a little bit about that.

So it’s all about getting next to the troops, working with them, finding out what their issues are. And it kind of fell into three buckets: transfer of credits. That’s a whole -- anybody wants to talk to Maureen about the programs it runs, the money -- what money goes to which programs. That’s what the original question was.

Out of all that, the thing that happened over and over and over built as we went -- we built the program from a little over 400 to a little over 1,400 in a year. So many of these young men and women, once they found out I had a background in education, they just come flooding in. And I got to talking with them all the time.

I began to do a little research. I would recommend a book called The Wages of War, if you haven’t read it. It will take you through how we have brought our veterans home from the Revolutionary War a few years past Vietnam. It is a tour de force of how we have received our veterans home. And there’s some really interesting things in it.

It’s a well-researched book by two academics. You should read how we treated our Revolutionary War soldiers when they came back. You should read about the War of 1812; you should read about the Civil War. You should read about the War of 1812 and the first World War, the bonus march, you know, where we were going to cut those guys a check for what they did. They came here peacefully assembled and our legislators said, well, would you take your bonus in the form of teargas and an escort of tanks. We ran them out.

The Korean War, kind of the forgotten war; World War II, the high water mark, but, you know, I also hasten to emphasize that the Serviceman’s Readjustment Act of 1944 -- and I know this because of a good man across the way here I’m looking at, Joe Sharpe, that act passed by one vote. One vote.

And, so, what it all comes down to for veterans, and I really am thankful everybody’s here, Barb and Jim, thank you for throwing your heart and...
soul into this, all you here. Because, I mean, when it
comes down to it, right, we ought to be about helping
our veterans, people that have served, helping them
find their way home. The two things that I saw that
were instrumental out there were two things those kids
were looking for. Number one, who am I now? Number
two, what’s my lane in life? What am I going to do?
And I started digging in, and I found out in
the nine years following World War II, 49 percent of
our veterans ended up going in business for themselves.
Now, the old saying about, you know, history repeats
itself, no, it doesn’t. People repeat history. So we
don’t have to go too far to determine, you know, how
veterans can succeed in small business. And the
success of the post-World War II veterans was nothing
short of spectacular.
Now, I will grant you, it was a different
time and place in the economy, but they had three
choices. They could go to college, and that’s paid
for; you could go to trade school, and that’s partially
paid for, which is another statement in my lawyerly
mind, white collar versus blue collar; and then over
here, in that day and age, if you wanted to buy -- and
I’m a down-state Illinois guy -- if you wanted to buy a
farm or business property, the Fed would be a loan

guarantor, 50 percent, up to two grand. Now, two grand
doesn’t sound like much now, but it was more then. So,
obviously, a bunch of those veterans jumped right on
that, went down that road and did well.
So here we sit now. I started doing some
research and came to the conclusion that the biggest
impediment to veterans getting into business is lack of
access to capital. And I hear what the gentleman is
saying on my right, so maybe I can qualify that as we
got down this road a bit. I have on my key fob for my
car my highest enlisted and probably maximum effective
rank I had in the Marine Corps, lance corporal, E3.
Those are the people that do the heavy lifting in
combat. They’re ducking and dodging and doing all
those things, and they do an incredible job. And then
they come back and they got those two questions and
they’re trying to get their feet on the ground and move
ahead. They’ve got focus, discipline, team play, loyal
to a fault. All those things they have, but they don’t
have a credit score and they don’t have any collateral.
And it was different in World War II. Down
where I’m from in Sullivan, Illinois, if I would have
come out of World War II and my dad would have walked
to me now and said Lowder, Lynn, you know, he wants a
loan, we’re probably going to get that loan. And with
the Fed behind it, we’re definitely going to get that
loan, but that’s not the way the world works now, not
now, not with community bank lending.
I’ve talked to banks from high to low, all
over this -- all over this country. So the atmosphere
or the -- you know, the landscape for lending has
changed. What we decided to do one bit at a time,
we’re like a little recon team of four people. We have
an office in Virginia, and we have one in Chicago. I
got Marti Stiteler back there, Stiteler back there.
She’s one of our volunteers. Bill Offutt is a great
aide. And we decided we would do a special ops
approach to this whole thing, and I’m a Marine Force
recon guy, so we think in those terms, you know, two
ways in, two ways out for everything in life.

General Mattis is right, you know, to be
polite but always have -- oh, I can’t go down that
road. A great officer, a great Marine.

So we decided we would go at it two ways. We
would go at it in terms of the GI Bill with the notion
that why could not a veteran have access to some of
that revenue, you know, that on average it’s a $186,000
across the board. If you averaged it out by highest
tuition, you know, across the nation, but why couldn’t
they do that. Well, I had a lot of people say that

they couldn’t, and the answer I typically got was,
well, because. Now, I’m a parent. You know, the last
fallback you have when your kids are asking questions,
if you run out of patience, is because. Well, I got a
lot of because.

We got involved with this initially with the
Veterans Entrepreneurial Transition Act of 2015. It
got through the Senate committee, I think, Joe, right?
And this guy right over here is a good man. The
American Legion is a stand-up organization in all of
this. And, Joe, thank you for going through those
doors with us. The man’s got a wealth of knowledge on
all this.

And, so, we got involved in that. And the
notion there was to create a pilot study so that
veterans could access, you know, their entitlement to
some degree and move forward. And then that -- it got
hung up in, I think, Joe, the election year, and then
we dusted it off again in 2017. And, so, we’re still
there, and so I guess we’re still going to be beating
our head against the counsel wall for a while. We’ll
keep at it. That’s the federal side.

And it’s a worthy thing to do. It’s about
full employment. Back in that day, nothing was deified
over anything else, not college, not trades, not being
a farmer, not running your own business. Nothing was
up here, you know, with a spotlight on it. It just was
a -- there was a choice. And, again, I think the
landscape of higher education has changed dramatically.
It is a business, folks, big time. It is a business.
So -- and tuitions have been raised
exponentially for nothing that would make sense to me
as a businessman. So that was the federal side we
worked on, and we’re here today, and we’re talking
about that.

But, then, also, special operations, right?
Two ways in, two ways out, always. So I’m from
Illinois, and we’re all familiar with the finances of
the good state of Abraham Lincoln, and we knew some
people down there. We started talking about a loan
program for Illinois veterans. You know, folks, we got
it passed, unanimously. You know, Illinois is just in
political gridlock and upside down financially. So if
Illinois can do this, any state could do this. And
what is “this”?
Illinois is an 85 percent guarantor for a
loan up to $500,000. And this lady down here, Maureen,
has referred some good people to us, and I’m --
Maureen, I’m still down in Springfield beating people
over the head. We’ve had some people referred to us
from the Bunker, and Maureen over here has sent me some
really, really outstanding people, I got to tell you,
for this program. We’re trying to get them stood up in
business.

So how do they do that? And how would they
get, you know, eligible for this program in Illinois?
Step one, they have to be an honorably discharged
veteran. Step two, they’ve got to take an approved
Boots to Business curriculum. And I’ve sat with Mike
Haney and I’ve sat with Todd. I’ve been down to the
Bunker. It’s a great -- these are really, really, I
think, premier, you know, veteran small business
incubators in the land. But the second step is they
have to take an approved Boots to Business curriculum,
successfully, matriculate through it.

Step three, come up with a business plan.
Step four, they have to have that business plan
shartanked. And probably an overstatement of the
term, but there will be a committee of three at the
state level: a state representative, finance
representative and a veteran service representative.
And the veteran will come before them and present --
basically defend their business plan, lay it out.
And at that meeting, it will be either a
green light, pass on through; or a red light, nope,
can’t do that; or a yellow light, you know, we could do
that, but you got to go back and do your homework and
then come back and let us know how it looks and we’ll
take another look at it.

Once they get through that process, they get
assigned -- they can apply for their loan, they get a
mentor for up to a year. We have a -- you know, a
whole bunch of really seasoned entrepreneurs who want
to jump in and help these people, to Maureen’s case,
about we hear the same thing all the time: I’d like to
help veterans, but, you know, where can I get them.
So that is what we are doing. Our intent is
to go to every state. We’re in the state of Missouri
now. We’re getting ready to go into Indiana, and
shortly after that, Wisconsin, and shortly after that
we’ll be in Iowa.

And in this great veteran community that we
have, you know, you know somebody somewhere, or
somebody does, and you’re just looking for an edge to
get in there. But with Eric Greitens’ being a SEAL and
the Governor of Indiana being a former Navy petty
officer, I think our chances are pretty good. And,
again, I can’t wait to tell these people if I get in
front of them, well, Illinois did it, right? And if
Illinois can do it, anybody can do it.

The point of it here is that these veterans
deserve an opportunity for happiness and success and to
have their piece of the American pie. So we’re just a
small bit player in this, but we want to create the
opportunity through legislation for more veterans to
get qualified so that they can be successful, so that
they can -- we can hire more of our own. Nobody gets
us like we get us, right? So and then to mentor them
and pay it forward, right?

And I think these -- if we just get a little
gas in the fuel tanks of these young men and women,
they will make you so proud. They’ll fire off and
they’ll do a great job. So that’s One Vet at a Time’s
role in this. And, so, you’ll be catching us on the
road quite a bit. That’s what we’re going to do, knock
on doors, knock on doors. So that’s our story, and
we’re sticking to it. Thank you.

MR. O’FARRELL: Thanks, Lynn. Thanks for the
presentation.
MR. LOWDER: You’re welcome, Jim.
MR. O’FARRELL: Any questions for Lynn?
MR. MCADAMS: Mr. Lowder, Rich McAdams. How
long has the program been in place? Do you have a
sense yet how much of that guarantee is going to have
to be used? Do you have any data yet that you’re able
MR. LOWDER: Well, you know, how much money will be lent will depend upon a business plan, and also, you know, one of the important things is, just like in the old days, this is still a community bank lending program. Illinois is the guarantor. So that’s where you find out how quickly banks want to reach for their pocketbook.

We just met with Wintrust and found out what specific buckets or programs they like to lend to. They’re -- I was a general counsel for a large franchiser. It’s interesting, but they are big on franchising -- some franchises, right? The operating model and the training model is linear and sequential -- linear and sequential. Veterans, we like that, you know? Step one, turn on -- you know, unlock the doors. Step two, turn on the light. And work the system.

We also -- I wanted to mention this. Thanks, Rich, for asking me the question. I’m a lawyer. I’ll get done here in a minute. We’ve come up with a thing called Apprenticeship to Ownership Program. And this is how I think we can expand the window for Wintrust to be comfortable with this. We got approached -- and I’d like you people to -- you know, if anybody comes up, you come across them, send them our way.

We get approached by people, Baby Boomers a lot of times, and now they’re ready to retire, and they have their own business, they want to sell their business and cash out and, you know, go -- well, they probably won’t go to Florida for a while, but they want to go, you know, to a nice place and retire. That’s great. But they’d like to work with a veteran. Well, we’d love to match them up with a veteran, so the veteran can go into that business, be an -- and it’s like the old ways, be an apprentice, work with the -- in the business, learn the business, see if this is something you really want to do for the long haul.

And then also, frankly, Rich, I think there’s going to be the opportunity for some creative financing there. Who knows, you know, between the owner and the service member. So it’s going to vary. That’s a big chunk of dough. The max that they’ve got there, the 500K, and I sat down with the people and I said, uh, I don’t think we’re going to be going down that road, that deep, anytime soon. You know, we want to be prudent about it.

And, also, we don’t do anybody any favors if we set them up to fail, right? So we all know that being in your own business is a great thing, but you have to have guts, you’ve got to have tenacity, you’ve got to hang in there. You know, you’re a one-man band for a while. So that’s what those stair steps do also.

But I can -- if you want, I can send you the legislation and, you know, and then those quality control steps in between, Rich. It will vary. The size of the loan will vary based upon the business and the other conditions, and the community banks that we get to come in with us, that’s another story. We’re out there selling them, right?

MR. O’FARRELL: So I’ve been saying it all day, and despite what Barb said a little while ago, if you have recommendations that you’d like to make -- no, in all seriousness, though, Lynn, you have -- you’ve been doing this a while. If you have some recommendations -- we heard earlier today from the access to capital folks. If you have recommendations -- and I’ll say it again -- if you have recommendations that you’d like to give this committee, please provide them. We want that to go into our report.

You’ve talked a lot about the state and local -- or state-level funding. If there are things that could be done, and I know you think there are things that can be done, at the federal level, we’d like to hear that, in writing. Put it in writing; send it to Barb; we’ll get it into our report.

MR. LOWDER: We’re going to be able to use stuff out of here, Jim, like the SBA lending criteria. I’m going to dig in on that, right, so I can set that in front of Wintrust and say here’s how the Feds do it.

MR. O’FARRELL: Right.

MR. LOWDER: You know, I’ll say it now after I’ve been in this a while, the one thing we can all do is pray for these veterans. Pray for them. If we get enough people coming together, with a good mind set, I love these kinds of things. We’ve got some bright people in here. We can find a way to do this. If we save one veteran’s life in this whole process, keep some kid from blowing himself away, it will all have been worth it. And I think when it comes down to it, this is about a life of dignity and a life of hope.

And these kids deserve -- I say kids -- I’m 71. You know, maybe I can get away with that at this point in my life. I don’t mean that to be insulting in any way, shape, or form, because these are men and women of the highest order. We all love them. They’re the best we’ve got out there, and they do a great job. But we can do better. We can do better, and that’s why we’re here all about them.

Thank you, guys, for listening to me, and
then just plowing ahead like you are. These things create hope. And we got to -- we’ve got to seed hope to these young men and women so they can -- many of them are far better, in my opinion. I wish I would have opened a Subway when I came back from Vietnam in 1970. I’d have seen more of my wife and my kids instead of being a lawyer, chasing my tail, building somebody else’s company. That’s the 71-year-old man talking, 20/20 hindsight. So at any rate, this is a great option for all these veterans. They can be successful. They can run their own -- if you’re going to put in the time, own it. Equity. That’s what we should be pounding on these -- I talk to them all the time. Ownership, man, ownership. Build it. Cash in later, like that. It’s the American dream. We need a small business resurgence in this country, right? We all know that. We need that so desperately, and our veterans deserve a chance at it. So thank you all for all you’re doing, but pray for them.

MR. PHIPPS: Lynn, this is Mike Phipps. As you’re going through and building this program state to state, have you had any interaction with the small business access to capital people who know all of these banks that could possibly be a resource to funding in different states?

MR. LOWDER: Somewhat. But our state program is aimed at state money. You know, some of these states are more than flush, frankly. And, you know, I’m talking to politicians, right, so they’re -- they want to look good. There’s all sorts of fairy dust we can sprinkle around. Happy to do it, happy to do it, happy to do it.

MR. PHIPPS: Is it difficult to find the community banks to sponsor --

MR. LOWDER: Yes. Yes.

MR. PHIPPS: And, so, does the SBA have access to those with the micro -- with all the programs and all the banks that they have, do they have access to those potential lenders?

MS. CARSON: Yes. They do have access, and we can work with people, and we’d certainly be willing to talk with you, Lynn, about which banks are doing what kind of business loans to entrepreneurs and particularly veterans.

We have a very special guest who just joined us. She snuck into the room. Our Deputy Administrator Coetzee Leslie is here with us today. As you heard me say at the beginning, I was hoping she could come today. Thanks for making it possible, Mr. Fielder.

different states?

Our focus, and in case you aren’t aware, I’m sure Barb being Barb has staffed you up on what we do in our charter, but we are an independent committee, the Advisory Committee on Veteran Business Affairs, with a charter to advise the SBA, the White House, and the Congress on ideas, policy recommendations that can help veterans become entrepreneurs, and then once they are entrepreneurs and business owners to help them grow those businesses.

And I think one of the things that we’ve seen in the last several years, and we’ve got our former chairman, Ed Fielder, from two years ago; we’ve got Mike Phipps, who was the chairman last year. One of the things that all of us have kind of agreed over the years is we tend to -- there tends to be a lot of heat and energy around entrepreneurship and doing the startup thing. But there should be equal emphasis on the business development down the road, you know, what comes next after you become that entrepreneur. You know, so just passing that along to you.

MS. LESLIE: Interesting that you should.

All they know about you is that you -- thus far, ma’am, is that you’ve had a successful confirmation hearing and appointed by the President. You are an admiral in the U.S. Navy Reserves, and you’ve recently come from DOD with great expertise in procurement, which is of great focus here as well.

I turn it over to you, ma’am.

MS. LESLIE: Okay. And I’m very passionate about veteran-owned small businesses. Having had a small business myself at one point in my career, it’s one of those things that I’m very passionate about, and I made that clear during my hearing, and I’m already scheduled to go out to San Diego in October to join Barb for the conference out there, and I’m looking forward to engaging more as we go forward. And I just figured I’d smash this meeting for a little while to see what you guys are doing.

MS. CARSON: And I’d be remiss if I did not introduce the Chair of this Committee, as it is independent, Mr. Jim O’Farrell.

MR. O’FARRELL: Thanks, glad to have you here. Go, Navy, as a fellow Navy veteran. We are thrilled to have -- we had a great session today. We had presentations from organizations that are focused on women’s veteran entrepreneurship. We’ve had an afternoon session today with some members of some veteran service organizations, talking about the work that they do, whether it’s at Bunker Labs or at the IVMF or One Vet at a Time.

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MS. LESLIE: Interesting that you should.
So you truly give that business owner the ability to later, what about 201, what about 301, what about 401? a very short, you know, two-day Business. And Boots to Business, if we viewed that as helped. And now -- then you start getting gray hairs, it's been those mentors over the years that have mentor you along the way. As a business owner myself, it's been those mentors over the years that have helped. And now -- then you start getting gray hairs, And then as we heard from Bunker Labs earlier today, not only do we have their representative, Sean, here from their Philadelphia office, but we had their CEO out of Chicago on the phone earlier today. You know, they talk about it’s more than about sitting in a classroom or doing some online training. It’s about having a network of individuals that can help you and mentor you along the way. As a business owner myself, and something about chronological age, then you start mentoring others. But I think what some of the groups like Bunker Labs are doing is creating that entrepreneur -- I’m sorry, that collaborative network that they want to see. So is there any way that I can see a subset of this group for a brief in the next couple weeks? Absolutely. We’d love to brief you. We know that you did -- you are -- well, the Administrator got a briefing of our annual report from 2016. Our 2017 report is due 90 days after the end of the fiscal year, so we’ll be working on that here shortly, taking everything that we’ve gotten from these meetings during FY16. But we would love to do that. Can I get the ‘16 version first? Absolutely. Maybe sooner than later, and then we’ll do the ‘17 when that’s available? Sounds like a plan. Great, thanks. I will be available to brief that. I wrote that report, so I can brief that directly to you. Perfect. And just on the topic of creating a program like you were just talking about, the mentor protégé program, one of the recommendations in the report -- I’m just going to put this into your mind for the record -- is there is no formal business development program for veterans similar but different than the 8(a) program. Okay. And, so, that could pull many different resources onto a permanent program, and I know there are some obstacles and some discussion around that, but I just want to set that layer in your brain for future. For pulling? For retrieval. Thank you. Well, ladies and gentlemen, we ran a little bit over today. Our open session, on-the-record session, was going to close at 2:00, and we ran a little over. So thanks to those of you who have stuck around. We appreciate you being here. We appreciate the presentations. I think we’re going to go off the record at this point. (Brief pause.) Oh, do we have any public comment? Anyone on the phone? Anyone in the room? This is your time to speak. (No response.) Right. Hearing no public comments, I do want to take a moment to thank Jim. This is his last meeting as the chair this year. It is a one-year term. It has been -- I hope you’d call it a labor of love. I know it’s been a labor of time and energy, and you’ve done things -- it’s just been a succession of great leadership from Mr. Fielder to Mr. Phipps and Mr. O’Farrell. We’ve gone to veteran business outreach centers; you’ve grown the participation in people coming to testify because I believe that your work is making a difference in what we do. We’re listening to you, and you’ve made recommendations we can act on, and I don’t know that we were there a few years ago. So I wish you a brief respite because you’ll continue to serve, just not as the Chair, and we’ll do everything we can to continue to support you. Thanks for your leadership. Thanks, Barb, and back to you. You’ve been wonderful to work with, you and your team, Jamie, Amy, Cheryl, all great professionals,
always supportive. As somebody said earlier today, Jim, I’m getting the impression being the Chairman of this Committee is like a duck. It’s all calm on the surface, but underneath, legs are moving, turtles are trying to pull you under the water, you know, just that kind of thing. So it’s been a real pleasure to work with you and your team, and I thank you.

(Applause.)

MS. CARSON: This is Barbara Carson, Associate Administrator for the Office of Veterans Business Development, and we are closing this session of the Advisory Committee on Veteran Business Affairs.

(Whereupon, at 2:21 p.m., the meeting was adjourned.)

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