U.S. SMALL BUSINESS ADMINISTRATION

ADVISORY COMMITTEE ON VETERANS
BUSINESS AFFAIRS

PUBLIC MEETING

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(Meeting called to order, 9:05 a.m.)

MS. CARSON: Good morning. For those on the phone, you have joined the Advisory Committee on Veteran Business Affairs. I am Barbara Carson, the Associate Administrator for the Office of Veterans Business Development here at the U.S. Small Business Administration.

Before I turn it over to the Chair, I do want to share some administrative remarks. For members of the committee and any speakers, please ensure that you use a microphone when making your comments and that you state your name before you begin your comments. This record will be transcribed and available on the SBA.gov website within 90 days of this meeting.

I will now welcome our new Chair, elected at the last meeting, Mr. Ron Aument.

MR. AUMENT: Thank you, Barb. It’s my pleasure to be chairing today’s meeting, and I’d just like to say I’m very grateful for having been chosen for this. I feel truly honored to be elected to this position. I follow in some pretty big footsteps on this table with a good handoff from Jim O’Farrell, who received a good handoff from Michael Phipps, who
received a good handoff from Mr. Fielder as well.

So -- but I know we’re pressed for time. Our first speaker, Tom Leney, is -- who we’re pleased to have with us today, I know has some, you know, pressing other appointments, so without further ado, can we do a quick roll call on that? So let me begin with myself, Ron Aument.


MR. MCADAMS: Rich McAdams, ReliaONE.

MR. FIELDER: Ed Fielder, Fielder’s Choice.

MR. LENEY: Tom Leney, Department of Veterans Affairs.

MR. WONG: Robb Wong, SBA.

MR. DODDS: Ken Dodds, SBA.

MR. SINHA: Ajoy Sinha, SBA.

MS. CLIFFORD: Sandra Clifford, SBA.

MR. GOLDSCHMITT: Marc Goldschmitt, Goldschmitt & Associates.

MR. AUMENT: Anyone on the phone besides Rich McAdams?

MR. ELKINS: Daniel Elkins, the Enlisted Association of the National Guard.

MR. O’FARRELL: Jim O’Farrell, ATBVA and Board Member, AMSG.
MR. THOMAS: Good morning. Mark Thomas with Big Sky Enterprises in Rockville, Maryland.

MR. AUMENT: I believe that’s it, Barb. So without any further ado, I’d like to introduce Tom Leney, who is the OSDBU Director for the Department of Veterans Affairs. And Tom has been, you know, gracious enough to join us today. He’s going to give us an update on all things pertaining to verification and certification processes for the Department of Veterans Affairs and sort of the state of the union with regard to that program. So, without further ado, Tom?

MR. LENEY: Thank you. Thank you very much, Ron. Before I jump into that, I want to echo something that Robb Wong said last night at the National Veterans Small Business Coalition dinner. Things like certification and verification are a means to an end, and one of the things that we at the VA in collaboration and partnership with the SBA are committed to ensure that when you get certified, and in our case with the VA program, verified, that that’s not the end of the story. It’s really the beginning of the story.

And, so, I want to -- before I jump in and talk a little bit about updates on verification, I wanted to address the question of how we’re doing at
the VA. As you all are probably aware, we provide more dollars to veteran-owned small businesses than the rest of the civilian agencies and the Federal Government combined. The only other agency that does more work with veteran-owned small businesses is DoD. They do about 8 billion a year. This year, we broke 5 billion for the first time.

And in the -- there’s a lot of discussion, consternation, argument, debate over the impact of Kingdomware on the VA. It has had an impact, and it has been generally positive in my judgment. While it’s not just Kingdomware but the renewed attention to the commitment of the VA to the Veterans First Program has resulted in about an additional almost $1 billion going to veteran-owned small businesses in 2017 over that amount that went in 2016.

So we are -- there are those who, you know, think that’s too small a number. Our goal is -- our objective, and I am consciously avoiding the use of the word “goal” because the VA is not using “goals” to manage its veteran-owned small business procurements. The objective set by the Secretary is maximum practicable opportunities. And that’s -- that’s the centerpiece of discussions with the VA, so the fact that there is a goal of 12 percent for VOSBs is
1 essentially meaningless in the VA.
2 We did over 20 percent last year, and we are
3 continuing and my office is responsible for making sure
4 that veteran-owned small businesses get the appropriate
5 consideration. We just came back from the National
6 Veteran Small Business Engagement last week in St.
7 Louis. We had 13 federal agencies there. We had over
8 300 large commercial business participants looking to
9 partner with veteran-owned small businesses. And most
10 essentially we had over 250 VA program managers who
11 went to St. Louis and spent three days engaging with
12 veteran small businesses.
13
14 I think that is a clear demonstration that the
15 VA continues to seek to identify those veteran-owned
16 small businesses that can add value to our mission,
17 engage them, and then provide them with meaningful
18 opportunities.
19
20 I do want to talk a little bit about
21 verification. There is some good news happening. We
22 have -- those of you who recall the NDAA 2017, we were
23 directed to do two things: one, establish a single
24 rule regarding ownership and control for veteran-owned
25 small businesses to affect not only the VA program but
26 the SBA program; and the second thing is to address the
27 issue of appeals for status protests, verification, et
I’m happy to report that we have collaborated very closely and effectively with the SBA, and a shout out to Ken Dodds and his people. We have put together a new rule. We took advantage of this opportunity presented us by the Congress to seek to develop a rule that is more consistent with normal business practices. So a lot of good work has been done on that. We expect to have the rule in the Federal Register for public comment here within the next month or so.

I would encourage you all to look at it and then to give us feedback as to whether or not we were successful in making sure that the standards for ownership and control do not actually disadvantage veterans by making it difficult for them to gain access to equity financing. That’s the measure that my office used on this new rule.

We are still seeking good ideas, and that’s one of the things we hope to get out of the public comment period to make sure that we’ve -- while we give opportunities to veterans to own and control businesses, we don’t have such a rigorous standard that actually disadvantages them.

On the appeals, we have again worked very closely with SBA. A new rule is coming out on that.
In fact, it’s already been in the Federal Register and it has closed. I don’t see any issues on the horizon with respect to that. We will be using the Office of Hearing and Appeals here as soon as that rule goes into effect. But both those things are important, and they are a positive change.

We do have -- I did want to bring up one issue that I think this group needs to be aware of. We’ve done some analysis, and in the last two years, over a quarter of a billion dollars -- that’s over $250 million -- has been set aside and awarded to veteran-owned small businesses who are not eligible for those awards. How do we know that? Because those are firms that came to our verification program and were found to be ineligible. And they are doing business with other federal agencies.

So we are now working with -- Robb Wong and I are working together, our staffs, to take a look at how we can close that hole because as you all know, with the exception of the VA and FAA, all other federal agencies operate under a self-certification principle. As a result of self-certification, like I say, I don’t think it is the typical extent of the problem, but we have a situation where at least a quarter of a billion dollars has gone to the wrong people for the wrong
For the 12,000 firms that have been through -- that are verified, that we are highly confident are owned and controlled by veterans, that should be a concern. So I will leave it at that. Thank you.

MR. AUMENT: So, Tom, do you have any idea about the total extent of this problem? You know that those who have gone through the VA process and were found not to be eligible, you can see what awards have been made to those. What is the entirety, in your opinion?

MR. LENEY: It’s very difficult to say. The only thing we can speak to with any degree of certainty is that those who came and applied for verification, and then when we determine that they’re ineligible, they withdrew from that process and have not subsequently reapplied. And since that occurs at the end of the process, the only reason to not reapply and become verified would be if you’re not -- you remain ineligible.

Now, since we are only talking about those firms that went through the process, you know we have over 44,000 -- over 40,000 self-certified VOSBs out there. There are 12,000 that are verified. So one of the things we are looking at is do we expand the
certification program because once SBA finishes its effort to complete the women-owned small business certification program, SDVOSBs will be the only socioeconomic category that is self-certified. And I will speak for the VA, but we’re a little special. No contracting officer in the VA will talk to a veteran-owned small business that’s not verified.

My concern is, as I hear it from contracting people and prime contractors throughout that do work in the Federal Government, prime contractors don’t want to do work with veteran-owned small businesses that they have any doubt that they’re the real deal. And, so, we see a lot of -- you know, we have 12,000 people in the program. Less than 2,000 of them do business with the VA. So the other 10,000 are there who see the value of being -- making it very clear that there’s no doubt about their status. And there’s about another 4,000 are doing business that are verified doing business elsewhere in the Federal Government.

MR. AUMENT: Just one followup question to that, Tom. That quarter of a billion dollars, the firms that you’ve identified there, do we know that those are -- the awards were made as SDVOSB setasides versus a small or women-owned or anything like that?

MR. LENEY: Those are awards made as SDVOSB
setasides. What we did is we calculated an award that was made after the finding of ineligibility.

MR. FIELDER: Ed Fielder. Tom, before -- I’ve got three questions, but before I do that, you know, there was a term you used when you were talking about a 12 percent goal at VA and going plus 20 percent, and you called it max?

MR. LENEY: Maximum practicable opportunities.

MR. FIELDER: Thank you. I like that term.

The first question would be related to Ron’s question, the number of contracts. And at what point in your verification process did you determine what these unqualified veteran small businesses were, in fact, doing and is that part of your certification process?

MR. LENEY: If I understand the question you’re asking, at what point did we determine that they were continuing to do business? It was after the fact. We determined --

MR. FIELDER: So was that part of your certification process, or was that just a curiosity factor that caused your folks to go back and check that?

MR. LENEY: Neither. It was a response to concerns that were raised to my office from VOSBs who
were competing in other agencies and losing awards to firms that they believed were ineligible to receive those awards. When someone files a status protest with OHA, the SBA position has to be -- the fact that they’re not verified is not -- does not mean they are not, in fact, owned and controlled because not everybody has to go through the verification process. So you have this very large group of firms that are self-certifying.

But in response to those concerns, we did some analysis. Basically we went back and looked at all of the firms that we found to be ineligible, okay, and who as a result of that finding withdrew from the verification process. And then we looked at which of those firms had received setaside awards after that fact.

MR. FIELDER: Okay. And then the second question -- you addressed the third, but the second question would be number of contracts, size of the contracts, and what agencies.

MR. LENNEY: It’s about -- I think it’s about 150 firms. We did not -- I don’t have the detail analysis on size of contracts, but they ranged everywhere from a few hundred thousand dollars to several million dollars.
MR. FIELDER: Particular agencies that sort of maybe had a higher percentage of these awards than others?

MR. LENEY: I have alerted my colleagues, however, I’m not prepared to speak to specific agencies. I think the issue from where we sit is not -- I don’t say this is an effort to chastise a particular agency because they are all doing everything absolutely legally. Okay? No agency is doing anything wrong.

The problem is that we have a giant loophole when it comes to veteran-owned small businesses. They don’t have to be owned and controlled. They self-certify that. No contracting officer in any other agency can even demand verification because that would be protested by the VOSB saying you can’t make that a requirement. Some do, but that’s the --

MR. FIELDER: So you’re lending my questioning to go in a direction where I wanted to go -- self-certification and the limitations on the contracting officer to dig deeper. Right now, it’s the protest system allows, and so you’re saying that other veteran-owned businesses came to you all and it got -- it got you to dig a little bit deeper on those that were unqualified. Why are they not using the protest system
if, in fact, they feel aggrieved in this situation?

MR. LENEY: Because it doesn’t work. Because if I -- if somebody files a status protest, they have to have cause. They have to have demonstrable cause to say that somebody is ineligible. And we found firms to be ineligible by looking at their operating agreements, their bylaws, their documentation. This is information that is not available to the general public.

So there’s no way that -- and we went back and looked at all the status protests, and most status protests appropriately are thrown out by the Office of Hearings and Appeals because the protester has insufficient information about the firm they’re protesting. It’s not good enough to say I think you’re ineligible. You have to provide OHA with documentation, and that documentation is not available. So status protest is not a tool to fix the problem.

MR. FIELDER: Thank you, Tom.

Ron, we’ve always been curious about this in the sense of how it works and whatnot. Could I strongly suggest that we make this an agenda item for our next meeting and bring people that can talk to the protest system and why it works, why it doesn’t work, and how that either tells us that self-certification is the correct methodology or tells us that maybe we
should start going down the conversation of what would a certification program look like?

MR. AUMENT: Duly noted.

MR. LENEY: Ed, I want to emphasize, OHA is doing it correctly. The other agencies are doing it correctly. This is not a -- this is not a problem where somebody’s not doing their job. This is a problem where the system is not set up in this particular case with, to me, the most important socioeconomic category in the Federal Government, which is veterans. We just haven’t set up a system that enables the good guys to demonstrate that they’re the good guys. But I don’t feel strongly about it.

MS. PEREZ-WHITE: Mr. Leney, I’ve attended that National Veteran Small Business Engagement on four separate occasions, and I found it very worthwhile. Thank you for doing that every year.

We all know there’s a cost to doing business. Unfortunately, a lot of the veteran-owned businesses I talk to say that they cannot afford to attend this conference anyway. I’ve heard some chatter about possibly doing it locally in multiple parts of the country. Are there any thoughts, or is it going to continue to go the way that it is?

MR. LENEY: Absolutely. That’s a great
question, Frances. What we seek to do with the National Engagement is to enable veteran-owned small businesses to gain access to procurement decision-makers. Those are the program managers that establish the requirements, have the budgets, et cetera.

I will tell you flat out, the National Engagement is not the most efficient way to accomplish that. I’ll give you an example. We brought 46 IT program managers from Washington to St. Louis. About 300 veteran-owned small businesses in the IT world flew from Washington to St. Louis to meet the 46 people we flew from Washington to St. Louis.

So I can’t sit here and tell you that that’s an efficient way to do business. However, it’s an effective way to do business because there is no other place -- time or place that 46 VA IT program managers are going to spend three days talking to 300 VOSB IT firms. What we seek to do, and I’m hoping to bring it to fruition in 2018, is to substitute three things.

One, to have separate sector events like IT, have them at the center of gravity, like Washington, DC, so that people don’t have to spend money in needless travel. Second is to conduct some regional events for those sectors for which regional decisions are made, particularly in the area of minor
construction and nonrecurring maintenance. Those are local and regional decisions. So we are exploring -- or not exploring; we’re actively partnering with the Society of American Military Engineers to conduct some -- at least three, and hopefully six of those events in 2018, to spread those out.

Third, we will be establishing a local program because for those in the medical services and supply area, the hardest thing is to get to the clinicians. If you’ve been to the last four, there are no clinicians in St. Louis; there were none in Pittsburgh; there were none in Minneapolis. So if the mountain doesn’t come to Mohammed; Mohammed’s got to go to the mountain. And we will be conducting local expos inside the medical centers so that we can get to the clinicians.

And I expect that we will have the contract in place before the end of January, and we -- in two thousand -- and beginning in the third quarter of 2018 we’ll be starting to conduct local events. So we’re spreading this out so that people have more opportunities to engage, again, with the program people, the people that you really need to talk to if you’re a business guy. You don’t want to talk to a small business
specialist. You don’t really want to talk to a contracting officer. You want to talk to the guy who’s got the -- man or woman who’s got the requirements, got the budget, and you can identify how you can help them. So we’re moving in that direction, but I am not going to abandon the national event until I can give you something better than the national event.

MR. AUMENT: I guess we’re at a point right now where we’d like to open up the discussion to any public comments. Any questions from, you know, from other attendees?

Mr. Leney?

MR. GOLDSCHMITT: Tom, you mentioned 150 firms that were doing business that probably shouldn’t be doing business. If we or one of the groups were to FOIA that list, would we be able to get enough information from the FOIA about why they were denied so that other veterans could use that in terms of a basis of a protest to find the factual information that you need?

MR. LENEY: I don’t know. The only way that will be determined is if I receive a Freedom of Information Act request, then I will certainly act to comply with the Freedom of Information Act and provide all possible information. But to be -- I’m not trying
to dance around the question, but that has not been
tested yet, and there is some question amongst the
legal beagles as to whether or not that is -- you know, what is releasable. But if we were to get a Freedom of
Information Act request, then we would have to
ascertain exactly what we need to release.

MR. FIELDER: Ed Fielder, committee member, again. My first thought would be that the FOIA process
is painfully slow, and if it did work in this case,
then the folks that were trying to protest would use
the FOIA process to strengthen their protest. So it’s
clear to me that there needs to be other things done
besides the FOIA process.

MR. LENNEY: I think the FOIA process -- I
would agree with you -- is incomplete. I will tell
you, if I receive a Freedom of Information Act request,
and I’m allowed to release the data, that release will
not be slow.

MS. CARSON: If you’re calling in, please mute
your phone unless you are speaking.

MR. AUMENT: Timekeeper, where are we, Barb?

MS. CARSON: It’s time to move on.

MR. AUMENT: All right. Well, I’d like to
thank Mr. Leney for joining us and for sharing his
remarks with us today. I think there’s quite a bit to
digest in what he’s had to offer, and we’ll see how the
FOIA process may work.

MR. LENEY: I’m leaving Beth Torres behind so
that VA will continue to be very well represented, my
Deputy Director for Executive Actions.

MR. AUMENT: Thank you, Tom.

MS. CARSON: Yes, thank you.

MR. AUMENT: All right. Barb, I think the
next person on the agenda is you.

MS. CARSON: Yes. Thank you. I appreciate
that, Chair. And I’m really glad to have your
leadership. Thanks for all the work that you’ve done
to make this a substantive meeting today.

At your request, the Office of Veterans
Business Development was asked to provide a more
comprehensive update on Boots to Business, so we will
be doing that today. Dina Moglia is here with me, and
she leads this program for our team. I will also give
just a few highlights from the Fiscal Year 17 as
outlined in the agenda. We’ll move on to the next
slide.

We’ll start with the Veterans Business
Outreach Centers, and this group has been extremely
helpful in our work to align this resource with its
statutory mission to provide services to transitioning
service members, particularly through the Transition Assistance Program. They increased their performance by 50 percent. So you can see year over year that what they are intended to do is actually what they are doing, and they're doing a fantastic job of it.

So we expect counseling numbers to come down a bit, those one-on-one sessions, because it does take quite a bit of effort and expertise to cover the Boots to Business at the frequency they're occurring across quite a broad geography. I remind you that we only have 20 Veterans Business Outreach Centers and approximately 50 counselors, and they have trained this many people in just one year. So that's approximately 32,000 people.

Moving to Boots to Business, just a quick highlight to show you year over year our performance there. This is a throughput. We’ll get to outcomes in a later slide, but over 17,000 service members and military spouses, Guard, Reserve, have taken part in Boots to Business, either face-to-face or through an online program for those that are isolated or cannot -- don’t have access to it on their installation.

So we reached 89 percent of our goal of 20,000. We are assessing whether that’s a reasonable goal. We are basing our number target on forecasts.
received from DoD. The forecasts arrive in the fiscal year that they are expected to occur, and we do not get validation of the actual throughput through Transition Assistance until up to two years later. So it is tough to know exactly, but more to follow on that later in the year.

For contracting, we do support government contracting and business development colleagues who are here today in force -- thank you so much. The way that we do that is through providing some business development training for service-disabled vets and veteran-owned companies through our grantee, the Veteran Institute for Procurement.

We are extremely pleased with these outcomes. They have -- a graduate has immediate market value as displayed by their level of award in the VA vector contract, for example. Thirty-three percent of awardees are VIP graduates; 21 percent of awardees of the GSA VETS2 GWAC are VIP graduates as well. They’re making good teaming partners with each other, and they’re getting increased opportunities.

And another -- they just do really well as a collaborative cohort. Once they graduate, they’re staying in touch and mentoring others. I encourage you, committee members, to please engage with this
1 group, and I would like to discuss that further in another meeting if you would be willing.

Okay, moving on. Outreach is incredibly important. You have heard me say that it’s tough to get the word out about our programs. Some of the big ways that we do this are through three outreach and training programs for service-disabled vets, women vets in the veteran federal procurement that I just covered, which is VIP. Together, those programs reach about 920 clients a year. That’s just this past year. We expect that to grow. Some of these are new in their award performance with SBA.

National Veterans Small Business Week, an annual occurrence, we’ve reached over 6,000 people in person thanks in great part to our colleagues in SBA district offices and our Veterans Business Outreach Centers and SBA’s other resource partners, so I thank them.

Social media is a way we need to engage. If you consider that veterans are anywhere from 23 years old to in their mid-sixties and beyond, we have to engage in multiple channels. And we were incredibly successful in that way. Over 6.7 million were reached in that way in just one week.

And, finally, our public forums. This
committee in particular has been incredibly instructive
to us in how we can improve our current programs and
how we can reduce barriers and increase opportunities
for veteran entrepreneurs. We value that greatly.

Next.

I’m going to turn it over to Dina Moglia for a
more comprehensive look at the Boots to Business
program as requested by this body.

MS. MOGLIA: Good morning, everybody. Thanks
for the opportunity to update you on what’s happening
with the Boots to Business program. This slide just
gives you some throughput data on what the program has
accomplished since inception in January 2013. You can
see the numbers there. I won’t get into every single
year and the results from those years, but since the
program began in 2013, we’ve reached a cumulative
amount of about 70,000 transitioning service members
and trained them on the Boots to Business Intro to
Entrepreneurship curriculum.

You can see the blue boxes are the Boots to
Business graduates. The red boxes indicate those
transitioning service members that took the Boots to
Business training through the JKO module, the Joint
Knowledge Online module. We do prefer, and it’s
consistent with DoD policy, that as many transitioning
service members who are interested in taking the Intro
to Entrepreneurship course go to a brick-and-mortar
class, and that is reflected in the blue boxes there.

Moving on. Some programmatic changes just
this year actually that you should be aware of. In the
past, I think folks were familiar with, of course, the
Intro to Entrepreneurship class, it being a two-day
course, and then we used to characterize Boots to
Business as sort of a two-step process.

We recommend if people are interested in
entrepreneurship those transitioning service members,
spouses, caregivers, eligible parties, then they could
pursue additional entrepreneurship development training
after that two-day intro course through an eight-week
course that was offered previously through Syracuse
University, the Institute of Veteran Military Families.

That course has been taken offline, actually,
and it’s been refreshed and replaced by all the courses
that you see on this slide now. So the first one
listed, through a new grant with Mississippi State
University, they have created the Revenue Readiness
Course, information you can find online at the URL
that’s listed on that slide.

But just to give you a brief summary of what
that course is about, it meets twice a week. It uses
Zoom web-conferencing technology for six weeks and prepares the participants to take their business idea from concept to an executable business model in a relatively short time frame. Upon completion of the Revenue Readiness Course, then those participants are connected with appropriate veteran entrepreneur -- veteran entrepreneurial development resources sponsored by SBA.

The next course that you see listed there, the Market Research course, a new course developed by IVMF in partnership with Cornell University, that also is an online course. And, again, information you can see -- can be found at the URL on that slide. And the Market Research course actually has a couple of different topics. It focuses on primary market research, which teaches students how to use tools for creating a value proposition and market validation. And it also looks at defining and redefining the product market fit.

And that actually launched in -- I believe it was September, and the Revenue Readiness course launched in August.

Then the most recent course that’s launched is the third one listed on that slide, the Business Fundamentals course. That just launched this month. So far, they’ve got 63 participants. It’s hosted by
IVMF at Syracuse in partnership with Cornell.

Additional information, again, can be found at the URL specified on this slide.

They cover many different dimensions of small business, including legal issues, HR issues, sales, risk mitigation, customer acquisition, SBA resources, entrepreneurial marketing, economics. The list goes on and on. But, again, additional information can be found online.

And then the last course that actually is still in development. It’s not just one course; we anticipate it will be several different specialty tracks, and there are a number of different topics that are on the table for discussion between us and our grantee, again, IVMF at Syracuse University, in partnership with Cornell.

Some of those specialty tracks that we’re looking at include technology, product development, services, social enterprises, government contracting. Again, sort of in discussion and trying to finalize those, but certainly open to other suggestions from the floor. Moving on to the next slide.

Another programmatic change that you will see coming up and being implemented in the next calendar year is the curriculum for the Boots to Business
program. So the curriculum itself really hadn’t been refreshed since its inception in 2013. We took the opportunity this year to really kind of scrub it and take all the feedback that we’ve gotten from the bodies that you see listed on that slide, so from folks such as yourselves, participants who have gone through the course, instructors of the Boots to Business program, as well as a curriculum work group that we had pulled together with various stakeholders and resource partners to provide subject matter expertise on teaching the course out in the field.

And pulled together, synthesized all of that feedback and information and used that to refine the curriculum, which I’ll get into the specifics on the next slide, but just wanted to let you know we are in the midst of finalizing the instructor guide.

And a couple of things that we are hoping to do with that are to provide teaching tips that we’ve gathered from the field to improve the quality and the consistency of the course so it’s fairly standardized across all of the United States, as well as OCONUS installations. There’s additional resources that we will be using to build out the instructor guides so the instructors can share those with participants in the class, and then providing vignettes and whatnot.
We anticipate launch of the new curriculum in April of next year -- April 1st, so we’re starting to ramp up all the communications on that, so you’ll probably be hearing more about that soon after the holidays.

Moving on to the next slide, just some specific changes to the curriculum. The market research module, it now incorporates the government contracting -- Federal Government contracting content. That was actually in one of the later modules, and then it was moved up to this market research model -- or module, excuse me, which is earlier in the Boots to Business curriculum. It’s usually in day one.

The economics module now includes some break-even and high-leverage content. Module 6, which is financing, has better integrated various SBA financing options, so Community Advantage you’ll see referenced in there. Microloan will be included.

And then the last module, resources, is now including various rural development resources that USDA provides. That’s something that we heard very strongly from folks in the field for those people who are in rural areas or returning to rural areas who are interested in doing something entrepreneurial in their community. They really would -- they know about USDA
and the plethora of resources they provide, but didn’t necessarily have access or know how to go about finding out more information. So we’ve now embedded that into the Boots to Business curriculum.

So moving on to the next slide. This is some information on the outcome survey that we conduct. We do it -- I say annually, but that’s a little deceptive because it is conducted on a rolling basis based on Boots to Business graduates’ date of completing that program. So we did our first push back in -- I think it was February 2016. That was the first time that we had sent out a survey, OMB-approved, on trying to assess the impact of the Boots to Business program on those participants who went through it and whether or not they ended up starting a business as a result of that training.

These are some of the findings, which can be a little hard to read on this slide, but generally you can see the top blue portion based on the results of the survey and it’s now been a couple of years of data worth that informs this slide. Ninety-four percent of those that had gone through the Boots to Business program are still in business. Forty-one percent of the respondents had started a business.

So the 41 percent, if anybody’s eyes are as
bad as mine, is the first blue box, the rounded blue box on the left. And then if you just follow that slide over, it’s a progression. So one of the next questions we asked was after, you know, the training and if you completed it, did you start a business, in what time frame, are you still in business. So that’s sort of the flow of that particular chart.

The bottom portion, the orange blocks, indicates those survey respondents that indicated they tapped in to SBA follow-on resources, and we are defining that a little bit more broadly than we have in the past. In the past, we used to think of it as, you know, the eight-week online course that was offered. But now we’ve broadened that, so it’s not just the eight-week online; it’s all those follow-on courses that you saw, excuse me, in the previous slides, but also whether or not folks are connected with their local entrepreneur ecosystem in the field, so that could be a VBOC, a Veteran Business Outreach Center. It could be an SBDC, a Small Business Development Center, or a WBC, Women’s Business Center, or SCORE, a number of different resources that we try to direct people who are interested in entrepreneurship to tap into.

MR. FIELDER: Sorry to interrupt, but if I
don’t have the question right now --

MS. MOGLIA: That was a lot.

MR. FIELDER: This chart, from a statistician’s point of view, 41 percent of respondents started a business. What was the total respondents based on the database of, what, 69,000 or whatever that was, and what does the statistician say in the sense of the reliability of that database, because it seems to be overwhelmingly of those that responded are starting businesses.

MS. MOGLIA: Right. Yeah, that’s sort of the challenge with this survey tool.

MR. FIELDER: I mean, there’s lots of numbers --

MS. MOGLIA: Exactly.

MR. FIELDER: -- but do they mean anything?

MS. MOGLIA: Yeah, so what we found, even though we know we hit -- we target -- we touched 70,000 --

MR. FIELDER: Right.

MS. MOGLIA: -- transitioning service members and spouses, of those, we were able to get usable -- because this is done via email, it’s online, so of all of those individuals, we were able to get 10,000 usable email addresses. That’s who we sent to. And of those
people who received the survey, to date, we’ve gotten approximately 1,2000 usable responses. So it ends up being like less than 1 percent, frankly, of the survey pool that is responding. It’s a small data set.

There are inherent biases, right? Self-reported data has got its own biases. So, you know, the tool is something we use as just sort of an initial indicator until we can get some other evaluation activities in place, and I’ll speak more about those in a couple slides, but it is a small data set. We are actually working with the DoD and the other interagency partners -- VA and DOL -- in trying to improve that through a data-sharing agreement.

And one of the investments that SBA has made to live into the tenets of that data-sharing agreement with DoD and the other interagency partners was acquiring a CRM -- customer relationship management -- system so we can hopefully keep track better of and more efficiently and effectively of the numerous stakeholders in this space. It got to be a little much to try to keep track of all the resource partners and the instructors and the participants and the 200 -- nearly 200 installations that we provide Boots to Business on, and all the locations for the Reboot courses.
It got to be a little much for an Excel spreadsheet, so we invested in the CRM. It meets federal IT requirements, so it’s a secure place that DoD feels would address the security requirements necessary for obtaining and using their data. So the plan is once we have got our CRM, which is operational, although it is not fully built out because we just launched that in July, the plan is to eventually have that system talking and feeding data back and forth with DoD so we can hopefully have better access to those 60- to 70,000 folks that we know we’ve touched.

MR. FIELDER: Okay. First, a comment, and then a followup question, which you started touching on it. So you anticipated my followup. The comment would be I’m not a statistician. When I see 1,200 out of 69,000, generally the statisticians will tell you that those that are really happy and those that are really unhappy respond; those in the middle never respond. And, so, just to note that.

Secondly, we’ve been talking about, the six years that I’ve been on the committee, usable data to provide usable metrics to say is this successful or is this not successful. I’m still puzzled why we can’t track 69,000 people if they’re in our hands for coursework. And, so, you started to answer that with
the CRM database. Maybe this isn’t the time to talk about it. Maybe we need to talk about it at a future time, but -- go ahead.

MS. CARSON: Dina’s going to continue with her program evaluation and other things, but we would appreciate the support of this committee in any data-sharing effort that we have. There are constraints. It took 18 months to even get a survey instrument. The access to administrative data and sharing between agencies is quite a heavy lift, even with some legislation that encourages such collections.

MS. MOGLIA: So moving on to the next slide, I mentioned just a minute ago about some of the other evaluation activities that the Boots to Business program has begun to undertake, and the first one listed there, and I’ll get into that one in a little bit more detail in a few other slides, so I won’t put too much emphasis on it here.

But the first item there is a formative evaluation, that the Boots to Business program is partnering with SBA’s Office of the Chief Financial Officer on. We received extracurricular funding from our CFO to look at factors that influence the execution and the participation in the Boots to Business program. So that’s something that we are in the middle of right
now. We will be getting into a little bit more detail in a few other slides.

The second item on here is something that Barb already alluded to. It’s called the Boots to Business Performance and Goal Setting Analysis. There is some work that our staff has done internally looking at the data, analyzing it, and trying to discern if the current 10 percent annual performance goal that we have set up based on transition projections is really practical given our resource level.

The next item on there is a fairly new evaluation activity for us. It’s something that we just found out about about a month ago that we were selected by Carnegie Mellon University. Our proposal was submitted quite a few weeks ago, proposing an analysis, looking at the factors that could maximize Reboot course attendance.

And I’m sure you’re familiar with Reboot. That’s the extension, if you will, of the Boots to Business curriculum to all era veterans. There are many veterans that didn’t have the benefit of access to the Boots to Business program because they transitioned prior to that being launched. So Reboot is an opportunity for SBA to provide that service to all era veterans who might not have gotten that benefit prior.
We anticipate that work to be complete next spring. It’s dependent upon the graduate students who are staffing that project.

The next item listed on this slide is a program impact project, something that we have taken on along with Army’s -- the Military Academy’s Office of Economic and Manpower Analysis. They had approached us wanting to look at Boots to Business and how it has impacted their Army-affiliated participants. Army is one of our highest throughput service branches, so we were thrilled when they said that they wanted to take a better look at Boots to Business and how it’s impacting their service members.

We are in a holding pattern on that at the moment because although OEMA has a number of data-sharing agreements, because they’re doing this type of work all the time, one of the data-sharing agreements that they have with Census and with IRS is actually being renegotiated right now, so it’s a holding pattern until that can get settled. Hopefully in January 2018 we’ll see that restart.

And then the last item on here was actually the previous slide with the blue and the orange, the outcomes assessment. And I won’t get into the detail on that since we’ve just discussed it, but just to say
that was actually one of the initial outcome-oriented
activities of this program, which is -- I call it a
baby step towards broader program evaluation.

There really wasn’t any data of this type
being collected for a program this young. So to get
the survey drafted and to get it approved by OMB and
launched was actually a huge undertaking that gets us a
step in the right direction. So it’s nice to at least
get it launched. Now we can look at fine-tuning it and
seeing how that fits in addressing other research
questions that are coming up through, you know, folks
such as yourselves and other Boots to Business
stakeholders.

Moving on to the next slide. The survey tool
that you keep hearing us talk about, the outcomes
assessment, it actually is going to expire this time
next year, so we are in the midst of trying to renew
that. There might be some slight modifications to it,
but it is open for public comment now, and you can see
the notice here on the slide. It’s in the Federal
Register currently, the November 24th edition. Details
are there. The comment period will close January 23rd.
All the contact information is in that notice if you
know of folks who want to provide any feedback on that.
Certainly welcome to.
Moving on to the next slide. This is the little bit more detail I offered to provide on that formative evaluation project that the Boots to Business program has undertaken with the SBA’s CFO. And this is being done by an independent contractor. They have completed a number of tasks so far to get us to the point we’re at now, which is we’re about to launch interviews with select installation transition service members, resource partners, and veteran-business development officers and district directors within the SBA offices.

So the things that the contractor has done to sort of get up to speed on this -- on this project was they reviewed a lot of the program data. We gave them reams and reams and reams of information, so they really immersed themselves, studied that, and have come up to speed quickly. They conducted a literature review. They have analyzed the existing program administrative data, and we are now in that last part where we’re consulting with them to refine the methodology that they proposed, which I think is outlined on the next slide.

Yeah, they’ve proposed a mixed-methods design to this study. Again, the interviews I just touched upon, we anticipate those launching within the next
couple weeks, and it will probably go into early next year. We are looking at the existing survey instrument, which you heard me talk about. That’s the outcomes assessment. It was crafted a couple of years ago. It was crafted in 2015. The program has evolved since then, so we know that there’s probably some tweaks that we’d like to make to some of the questions.

And then the deliverables that we expect, hopefully in the summer, more or less, for next year, but, of course, project plans can get upended, but that’s the initial time line, is the study findings from the contractor, as well as actual recommendations on how to improve the program to get better results, and then they also offered to provide us an implementation plan on taking action on the recommendations.

Challenges is the next slide --

MR. AUMENT: Excuse me, Dina. You said that is like due summer of 2018?

MS. MOGLIA: Right. We’re anticipating it.

And then moving on to challenges, I know this is always something we’ve been struggling with since -- and I think every program does, really, since their launch in trying to track that long-term, that longitudinal connection between what it is the
program’s providing, the service in this case, entrepreneurship training, and how that is impacting the participant down the line, but also what does that mean for the services that they come in contact with, including SBA services, throughout that journey.

So it’s an ongoing challenge. We have been a bit hamstrung frankly because of not having a secure system to house all of that data that we could potentially get from DoD. But, again, we’re kind of turning the corner on that and moving forward. So we’re making progress there.

And that leads to the second point, which is the data exchange between DoD and SBA. None of that’s possible, frankly, unless we have a secure system. And, again, we do -- we were fortunate enough to get the authority to operate the CRM earlier this year from SBA leadership.

The last point, marketing and outreach to increase enrollment, that’s an area that we’re always interested in exploring, particularly looking at the Reboot courses. We know that’s a demographic that we could probably do a better job of trying to get them -- increase their awareness of this resource.

I think that’s all I have, and I don’t know if there’s time for questions, but happy to give the floor
MR. AUMENT: Open for questions.

(No response.)

MR. AUMENT: I can really empathize with you on the challenges of particularly program evaluations. I frankly applaud you for actually doing that. There are very, very few, in my experience, you know, federal departments or agencies that actually are doing program evaluations. That was sort of a lost art in a sense, too, but -- so I applaud you for doing that.

MS. CARSON: This is Barb Carson, SBA. I’m going to continue on with the OVBD briefing. I am very grateful to Dina and her team for all the work that they are doing in program evaluation. And, Dina, I don’t want to misspeak, so I’m looking at you, but the OEMA project on the Army population, maybe that first step that Mr. Fielder is referencing, a good population, if we can get the Census and IRS talking, that will help us get that administrative data that we’re trying to make the case for the larger population. So please be on the lookout and encourage agencies to help us complete that study, and perhaps we can expand once we’ve shown that it is meaningful.

Moving to the Veterans Business Outreach Center, I am very pleased to announce that we do have a
new Veterans Business Outreach Center program director. Stan Kurtz is here with us. I am asking him to stand in the room. We’re very pleased to have him. He is a Navy retiree, a senior master chief --

MR. KURTZ: Senior chief.

MS. CARSON: Excuse me, Senior Chief. The Air Force always gets it wrong. We’re not just as fancy, but we’re thrilled with his -- not only his military experience but all that he has done. He comes to us from the Texas Veterans Commission, where he was leading their employment for veterans in the state. If you know anything about Texas, they are among the most well-integrated veteran programs, from everything from economic opportunity to healthcare and multi-organization, so public, private, nonprofit, academic. So we expect to put all those talents to use in the VBOC program. We’re glad you’re with us, Stan.

MR. KURTZ: Thank you.

MS. CARSON: He is jumping right into a great time in the VBOC program. The funding announcement is out. Every VBOC is being recompeted. I told you that currently there are 20, and we have some outstanding current members, but there is no such thing in this program as continuation. They all must compete. So that is open until January 8. It can be found on
The criteria for what we’re looking at for VBOCs is listed there for this committee’s review, but no surprises. Because their unique statutory mission is transition service, they need to be nearby and able to serve military installations through Boots to Business instruction. They also need to serve Guard and Reserve, veterans of all eras, and military spouses. So although they do serve anyone for anything that they need, veteran-related, we are focused on transition assistance, and that’s why you see that listed there.

We can show you all the ways that we’ve tried to outreach and let a wide population know that this opportunity is there. We need competition, and we will be evaluating those responses in January to February. We need to make that announcement by March in order to have no disruption in service. And they will be up and running May 1st.

Next. National Veterans Small Business Week, a great collaboration between my partners here in SBA and partners who are grantees. We now have 33 grantees. They joined us for this. So just a quick highlight on what happens and a reminder to you that the last -- the week before Veterans Day is when we do
this. This time, it happened to be the last week of October, which is October 1 to November 5. Here are some of the graphics we used.

The next slide is the impact and who participated. So I’ve already briefed a bit of this. I just wanted you to have it for the record. Next slide, and the one after.

This would be something useful perhaps in the spring meeting, Mr. Chair, on what would you like us to see, where do you think we have opportunities to do outreach, if this is our best opportunity to reach veterans, what do you want them connected with? So really would appreciate your input, giving you this chart here that shows how we focused on the different vertical each day and how we did that. Happy to adjust with your input.

Moving to the next slide. This is a demonstration of what happened in the field.

Continuing, on to the next slide. These are the face-to-face events, and the next slide shows you some of the social media reach and impact.

Moving on, some national-level events. These are our grantees and what they are doing, that we can see, at least, and we continue to look for updates. We’ll be looking for ways, Jamie and her team, on ways
to be more progressive in pushing this out on a regular basis. But for now, that’s what we have.

And moving on. And a real high-level look at what’s ahead in ’18. The top five or more, just a few more, priorities that we’re working in 2018. You’ve heard about them all today. And for policy and engagement, these are national-level engagements that will begin. The American Legion continues to be an outstanding partner to us. We look forward to introducing our SBA Administrator to the new American Legion Commander in February, looking to Joe Sharpe to make it happen.

The next FACA committees are listed there for you, 7 and 8 March. National Small Business Week this year is 29 April to 5 May. And ongoing, we’re participating continually in Hiring our Heroes transition summits with the U.S. Chamber of Commerce Foundation at military installations around the United States.

And, finally, for the Veteran Business Outreach Centers, we are going to make those announcements, as I promised you. We will bringing all the new awardees to town to get them trained up. We’d love for the committee to meet them. We’ll see how we can make that happen. And then VBOC 2.0 is our naming
convention for providing some tools to ensure consistent and progressive service and resources regardless of the VBOC. And then they can add on their special talent, but we want to have a common frame and resource for them.

Unless there are any questions, Chairman, I’m complete.

MR. AUMENT: Just one quick question. What is your criteria for the district nominations of the VOSB, SDVOSB of the year?

MS. CARSON: I would have to look to SBA’s criteria, and I’m happy to share that with you to share with the committee.

MR. AUMENT: Yeah, right, thank you.

MS. CARSON: Mm-hmm.

MR. FIELDER: Barb, just to follow up on the recompete, there are, I think, five or six VBOCs that have barely gotten themselves started in the sense that their initial was 18, 20 months ago. And in the source selection criteria, as they’re evaluated, I would hope whatever momentum they’ve gained is part of the evaluation so that we’re not starting all over again with new groups.

MS. CARSON: Past performance is absolutely one of the criteria we assess.
MR. FIELDER: Thank you.

MR. AUMENT: Any further questions, either from those in attendance here or on the phone?

(No response.)

MR. AUMENT: All right. Thank you, Barb.

Moving on to the next item on the agenda, it looks like we have already gone through the updates from Barb and from Tom Leney, so it looks like, you know, Ken Dodds, updates on the contracting and business development.

MR. DODDS: Thank you very much. Good morning. I’m going to give you a brief update on pending FAR small business cases that might be of interest to you, upcoming SBA rules that you may see in the next fiscal year, and then the NDAA of 2018 was signed on the 12th, so there are some small business provisions that I want to give you a high-level, you know, brief on.

So starting with the FAR, we have a case on similarly situated entities that allows firms to team together. We finalized our rule in 2016. We’re trying to do this as an interim final rule. We’re done in the small business committee working on it; it’s just a question of getting it submitted to OIRA for intra-agency review. So hopefully it will be published
sometime this fiscal year, but I don’t think it will be
published before the next time we meet in March.

We also have a rule that we worked on around
joint ventures because you know back in 2016, and we
did a rule on all-small mentor protégé, which allows
SDVOs to get a mentor, joint venture, and go after
government contracts. We want to update the FAR to
make sure it’s accurate in the way that it causes talk
about eligibility, but the important thing to note is
that SBA’s rules, which are final and effective, are
what we use when we do a size or status protest. And
we’re the ones who decide whether a joint venture is
eligible for a small business or SDVO setaside. So we
will update the FAR, but you can still contract and use
all the things that we did in 2016.

The multiple award contracting final rule,
this is from the Jobs Act of 2010. You know, we’re
still -- SBA did a rule in 2013, and we’re still trying
to update the FAR around reserves and order setasides
and things like that. Because we require size
standards on orders under our policy, there are some
impacts on FPDS and contract-writing system, so we are
talking about how that rule will be effective, but
hopefully we’ll issue that this fiscal year.

The fourth rule up there is the one around

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contracting outside the United States. The FAR currently says that the Part 19 does not apply outside the United States. We’ve always argued that you have the discretion to contract with small business outside the U.S. Some agencies read that and say, we’re prohibited from doing setasides outside the U.S., so we’re trying to update that language to make it at least usable outside the U.S., especially since some of that is included in the goaling base for agencies.

And then the last rule really applies to other-than-small businesses, and that’s the one where they’ll get credit at lower tier for subcontracting. And that case was just opened in December, so there’s still a lot of work to be done on that rule.

Let’s go to the next slide; thank you.

So these are the rules that you may see in the next fiscal year. The first one, there are some adjustments that I think need to be made to the limitations on subcontracting rule. There are some questions about whether you can do a setaside under a setaside contract or an order setaside, so we’re going to propose some language and get comments on making some adjustments. And there’s a lot of other things from like the NDAA of ’16 and ’17 in there. It’s kind of a mix of many different things in that rule, but
hopefully that will be published this fiscal year.

The one of interest to you that Tom talked about, the SDVO ownership and control rule, we’ve worked with the VA. We’ve drafted something. It’s gone through clearance. The next step is to get it to the Administrator for signature, and then we can publish it in the Federal Register. This rule does not have to go to OIRA for interagency review, so that cuts off probably three months of time.

So hopefully it will be published end of this month or in January. It will have a 60-day comment period, which means the comment period will close before the next time we meet in March. So you can go to Regulations.gov and submit your comments online. And you can also, I believe, sign up there to be alerted when a rule is published in the Federal Register, since most of you probably don’t read the Federal Register every day. So that’s the way you can do it.

So after that, we have a women-owned certification rule that we’re -- we’ve drafted, but it’s not yet in clearance. But that’s from the NDAA of 2015, which said we need to have a certification program for women-owned small businesses. So hopefully we can get that published this fiscal year as well.
And then we’re going to work on a proposed rule for HUBZone and make some adjustments because, you know, we’ve struggled to meet the goals for HUBZone. It’s one of the ones that we have missed for 20 years now, and part of the problem is compliance is so difficult. So we’re going to try to come up with some ideas to make using the program and being in the program easier.

All right, let’s go to the next rule. So Tom did mention also that OHA will now -- under the law will hear protests and appeals from CVE verification. There’s the cite to the rule. It was published in September. The comment period has closed. I think the final rule is in clearance here at the agency, so you’ll see that maybe before the next meeting in March as a final rule. And from that point on, all those kind of things will go not to the VA but to SBA’s Office of Hearings and Appeals. Let’s go to the next slide.

So the NDAA ’18 was signed. One of the things that is in there that is of interest to government contracting is the portal idea. This is kind of called the Thornberry Amendment, and the idea is that you can go -- the Government should just be able to go online and order items. So it’s going to be phased in, going
to be run by GSA. Let’s go to the next slide.

They did mention small business. One, if you order from a small business through this portal, you’ll get credit as an agency. It also says that nothing in this law limits your ability to restrict competition to small business, which we think is important. Let’s go to the next slide.

So it will apply to items, commercial, off-the-shelf items, and it will apply to procurements that are below the Simplified Acquisition Threshold. Let’s go to the next slide.

So speaking of the Simplified Acquisition Threshold, it was increased to $250,000. And the micropurchase threshold was increased to $10,000. And they put these terms into Section 15(j), which is the statutory small business contract reserve. So what that means is every time in the future that they raise the SAT that the statutory reserve will also go up. So we think that’s great. Let’s go to the next slide.

Because this went up, the limitations on subcontracting and nonmanufacture rule will not apply to small business setasides below the SAT, so now it’s going to -- right now it’s at 150, but it’s going to go up to 250 because that was raised. They also put in language defining a prime contract to include contract
or contractual action.

And, so, to me, when you look at the Small Business Reserve, that kind of means that that may apply to orders. We’ve had, you know, the Kingdomware case, which involved the VA using orders and whether they had to do a rule of two. This language, to me, kind of applies it to the entire government, but we’ll see how that’s interpreted. Go to the next slide.

A lot of changes around HUBZone. Again, Congress is also trying to make it easier to comply with the program and to use the program. Of note, governors will be able to petition the SBA to create a HUBZone. Right now, HUBZones are created based on statistical designations, but if the governor can make a case and there’s criteria, they can come to us once a year to ask for an area to become a HUBZone and we can approve that. Go to the next slide.

One of the big changes is also that the map -- one of the problems with the program is like every year the map changes, and now you have to move your business across the street to become eligible, and people will have to move where they live. So they’ve basically -- Congress froze the map, so there’s not going to be any changes between now and 2020. Then we’re going to do an analysis in 2020, and then from then on it will be
every five years. So it won’t be an annual change to the HUBZone status. So we think that will help stabilize the program as well. Let’s go to the next slide.

All right, now I’m going to turn it over to Ajoy, and he’s going to tell you about Certify.gov.

MR. FIELDER: Ken, can you take questions before we --

MR. DODDS: Oh, yeah, I’m sorry.

MR. FIELDER: Yeah, I had a question all the way back on slide four.

MR. DODDS: Oh, I’m sorry.

MR. FIELDER: Slow down, man. Back to slide four. In reference to the earlier conversation, and I think you were still in the room when Tom was talking about the VA certification program and this troubling -- we found a quarter of a million dollars, that was the people that we couldn’t certify -- yeah, quarter of a billion, excuse me, dollars. And, so, the first question, SDVO ownership and controlled proposed rules. You sort of went right straight through that. What’s the substance of that rule?

MR. DODDS: We have -- SBA has rules that define what ownership is control for a serviced disabled veteran business that we use for our protests...
throughout the Government. And the VA has their own ownership and control rule that they use to be certified by them to get in their database and to go for VA contracts.

Now, generally speaking, they were very similar, but there were slight differences. And, so, it’s a better -- it would be better policy if we’re defining it to have one rule that everybody follows. And, so, that’s what Congress hopes --

MR. FIELDER: Assuming this may be the crux of this -- the similar data that’s coming out, self-certification and their program. Is this a rule that a contracting officer can apply, or it only applies when it gets to the protest stage?

MR. DODDS: The contracting officer really doesn’t have a role in determining eligibility. That’s not their business, but they can file a protest at any time. So if they see something that makes them think that it’s really not being -- this company isn’t really owned and controlled by a service-disabled veteran, they can and should file a protest with us. And, of course, SBA can also file a protest if we get information.

MR. FIELDER: Okay, now, this one’s going to put you on the spot a little bit. So you can hand off

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if you have to.

MR. DODDS: Dodge it? Okay.

MR. FIELDER: This comment about the protest system not -- and these are my words. These are not Tom’s words, but not working, so that when other contractors protest, they don’t have the data to sufficiently -- and we talked about FOIA and a couple of other things, they don’t have the data to be able to adequately protest awards, and therefore self-certification, with the way it’s working through the protest system, may not be an adequate system, could you comment on that?

MR. DODDS: I mean, I’ve been at SBA now 20 years, and, you know, we’ve had from the beginning a self-certification program for small business, you know, and so to some extent, it is a self-policing kind of community where, you know, we do get a lot of protests where the status is challenged. I can’t -- I don’t know, like, what the data really shows. For example, there could be anomalies in there where a contracting officer misclassified it.

There could be -- there are situations where we may say they’re eligible and they may say they’re not, just based on -- it’s just kind of a -- to some extent, it’s subjective determination, when we’re
looking at documents to determine whether you really are owned or controlled. So there are some nuances there.

MR. FIELDER: Yeah, and I can just follow up. What was troubling in that conversation was is that protesting contractors are not able to get adequate information so that they can adequately protest. Too many adequate, but nonetheless, I think you know what I’m trying to say.

MR. WONG: This is Robb Wong. One of the challenges, I think, is that you have to kind of look at business in general. Are businesses inherently trying to do good, or are they trying to inherently do bad? We’d like to think that they inherently try to do good. By the same token, then you have to also have an orderly process because this is a competition, right?

And, again, I think that -- so if you look at things that businesses are trying to do good, we want to take away the restrictions for good businesses to -- that impede them to get into business. So on one hand you have self-certification, right? Okay, well, then we have opportunists, right? And that’s -- you know, that’s the elephant in the room.

The opportunists will take an opportunity that if, you know, when in doubt, right, you know, when in
doubt, push forward, right? Or we could take a restrictive government view and say when in doubt, kick it out, right? Somewhere in the -- we have to -- we have to -- it’s an imperfect science, but we have to make the best efforts that we can to try and find equilibrium between the good actors and the bad actors.

One of the things that complicates the things, and this is something that Tom didn’t say, and I’m anticipating your question, it’s not something that SBA can do necessarily on its own to enforce against all of the bad actors. One of the weird things you have with the legal system, aah, it’s the lawyers, right? But the lawyers require that just because you see something wrong, you have to actually -- these are my words -- you actually have to have standing, which means that you have to be an interested party, you have to be in that game and effectively have something to stand -- to win or to lose, but you had to put some skin in the game first.

So even if you see something that’s wrong, you can’t really -- you can’t -- right now, the rules don’t allow you to be able to have standing to enforce those rules. And it’s very similar to watching a football game. If everybody sees a clip, but we’re not playing the game, and we don’t have access to -- we don’t have
access to the referees, okay?

But what I think will happen with these rules here, it will hopefully help the good actors to, as I tend to say, when you look at rules, lots of people, or there are some people that try to avoid the rules and try to figure out the rules and try to have the -- to find loopholes to the rules. In my opinion, though, businesses should look at those rules as an instruction manual on how to structure your business and when to qualify.

But the problem that you have in terms of even if -- to your question, even if the individuals had the information about the bad actors in this case, they still don’t -- they still may not have standing. And we’ve dealt with a couple of cases in our office already this year. So that’s -- it’s just something else for the committee to consider.

MR. FIELDER: So I don’t even know if this is a rhetorical question or it’s a question, but please take a shot at it. If Tom tells us there’s $250 million and it’s essentially 150 contracts that they’re aware of and that those are contracts from $100,000 and on up, okay, just do the math, 150 into $250 million, those are big contracts. Is there any -- am I being naive to suggest that this rule may clear up a good
MR. WONG: I think that it will help. I think that it will help, again, with the bad actors. You know, I think there are some people that intentionally try to game the system, absolutely, but I think that there are people that are protested who unwittingly or just merely through the appearance may not actually be in violation. I don’t doubt the number that Tom proposed, and at 250 million, you know, on my radar, that’s way too much. So we’ve got -- we’ve got to act, and we can’t simply say it’s not our problem. It is our problem. And I think that we need to be as proactive as we can to ameliorate as much of the damage that’s being caused by that as we can. But it is -- it is not simply within any one agency’s capability.

MR. FIELDER: Let me drill down one more time.

MR. WONG: Sure.

MR. FIELDER: The difference between the SBA certification program and your ruling, what’s the -- what is the actual substance difference between the two? Will we be lessening the VA, or will we be strengthening the SBA ruling?

MR. DODDS: I mean, I think we’re -- like I said before, they were very similar. There was just some distinctions at the margins where it could impact
a company. So now they’ll be unified, and we’re going
to get comments on it. So it’s just a proposed rule.
So we can refine it and make it better if we missed
things, if something is too restrictive. We can get
comments and take that into account.

The other thing it did, like for example, it
unifies the definition in terms of it allows a
surviving spouse to qualify for a certain period of
time, which the VA has in their legislation but we did
not have in our rules.

It also allows ESOPs to participate and, you
know, basically we’re picking over that ownership, and
then you still have to be 51 percent owned by an SDVO.
So the good news is that everybody, VA and us, will be
operating under the same playbook once we -- once we
finalize it.

MR. AUMENT: Ed, let me jump in to sort of
amplify. First of all, I was really remiss when I
introduced Ken, and I also should have introduced Robb
Wong, Associate Administrator for Government
Contracting and Business Development. Thank you very
much for being with us today, Robb. Your interest is
well noted.

But correct me if I’m wrong on this, Ken. The
fact that we’ve got the definitional aspects of this,
of ownership and control, has nothing to do with the verification process. We’re not putting in place any sort of a process to actually apply that rule across the board towards companies. VA still remains the only entity that actually performs that type of activity.

So while it’s a great thing to have that rule, that is unified on that, the real question is, you know, how do we -- how do we apply that rule to the companies that are not currently, you know, subject to any verification process.

MR. DODDS: Yeah, the legislation itself, you know, directed us to create a unified rule and to allow protests and appeals to go to our Office of Hearings and Appeals. It didn’t have anything to do with setting up a government-wide certification program. So in order to do business with the VA, you have to be certified by them, and those procedures will continue. For the rest of the Government, it will continue as self-certification until such time as there is legislation telling us to create one.

MR. AUMENT: Would that require legislation?

MR. DODDS: I think so. I mean, that’s certainly -- it would be my interpretation.

MR. WONG: But I think one of the things is that, you know, it’s moving from a present state, which
is unacceptable, to a better state. You know, because
until -- you know, until -- it would be great,
everybody could, you know, until we get to the better
future state, right, I think that we’ve made an
improvement. Again, it was something I said last
night. We’re not perfect yet, but please accept that
we’re trying to make progress.

MR. FIELDER: One editorial comment. $250
million on 150 contracts, that gets out to Congress,
you’re going to have a situation to deal with that’s
beyond just a simple rule adjustment.

MR. WONG: No, we understand that, and that’s
one of the -- you know, that’s one of the things that,
you know, I’m advocating as hard as I can. We see
these problems. You know, the challenges that we --
you know, we often get blamed for those problems,
right? So I don’t like that as much as anybody else,
and it -- you know, for lack of a better term, I don’t
need to be hit over the head before I understand that
that’s a problem. But -- so we’re trying to do as much
as we can now as fast as we can.

MR. SINHA: If I can just add something, I was
privy to the list that Mr. Leney did provide, so I did
a quick ad hoc review of some of those contracts,
extactly three. Of the three, two of those businesses
that received the awards did not self-certify as being veteran-owned or service-disabled veteran-owned.

Two, of those, one of those actually was issued by the VA itself. It’s not as easy as we all think. It’s not the small business that may or may not be, you know, implying that it is something that it is or is not. It’s not necessarily a CO who just ignored the certification. There’s a whole host of problems. One of the biggest issues I’ve always had is that we somehow need to put sufficient time in identifying what is it that we’re really looking at. So let’s say $200 million in contracts were issued to non-service-disabled veteran-owned businesses. That sounds good on a piece of paper, but what does that mean?

We’ve had 20-plus years of a system where the policing was done by an interested party, which included SBA, the contracting officer, including other businesses that submitted an offer. It has been a truly good system. For the most part, it has been beneficial. It’s been accurate. We’re talking about a certain percentage. And, yes, I do concur with you. We should look at it. We should specifically identify the issue, and then we should move forward. I completely concur with that.

MR. AUMENT: I would argue, though, that they
did not discreetly self-certify explicitly in some fashion. The mere fact that they applied for the setaside contracts, it doesn’t -- you know, is a statement.

MR. SINHA: Okay, and so that’s perfect. That’s one interpretation. My other interpretation could be something as simple as this. The activity that issued that award was behind on a goal and they simply checked it off. We don’t know which scenario happened. It’s a possibility that both could have happened, and we do not know.

It’s not necessarily that a non-service-disabled veteran business actually went and submitted a proposal on a specific setaside. These things happen in the Government. There’s a lot of changes that have occurred. We’ve had a cadre of contracting officers that have retired, and we have a whole new generation coming in that is not as well versed yet, simply based on experience on FAR 19.

These things really do take time, but I do concur with you that we should look at this, what percentage of contracts are truly awarded to non-service-disabled veteran-owned small businesses. We need to really look into it. The Veterans Board is a great place to look at it, I concur.
MR. O’FARRELL: And this is Jim O’Farrell.

Can you hear me in the room?

MR. PHIPPS: Yes.

MS. CARSON: We can hear you, Jim.

MR. O’FARRELL: Okay, Barb. Hey, I’m a board member of ATBVA. I apologize. I’m sorry I’m not there in the room with you today. I just wanted to hear those numbers again. Did I hear it said that of the $250 million in contract awards that were found to be not certified SDVOSB that there were only three contractors that participated in that $250 million, or did I mishear that?

MR. SINHA: No, that is not what I implied, and I apologize if that’s what came across. When I received this list, basically I do what people do, a quick analysis, right? I looked at -- I just ad hoc picked three identified contracts and three identified firms and went into SAMS and looked up to see what could have been the issue. What surprised me is that the two of the three that received the awards, they, themselves, never self-certified in SAM as to being a veteran-owned small business or a service-disabled veteran-owned small business.

There’s no conclusion to that. Two out of three is not a sufficient statistical range to make any
kind of conclusion. I just -- an ad hoc review.

MR. O’FARRELL: Okay, but you don’t know if anyone else has taken the time -- wasn’t it like 150 contracts?

MR. SINHA: Yes, there was 150 contracts. And, of course, we will be looking at it because it’s within our office, absolutely.

MR. O’FARRELL: Okay. So, Ron, I would definitely suggest that we have this reported back at our next quarterly meeting.

MR. AUMENT: Can we ask that of the Office of Government Contracting and Business Development?

MR. WONG: Thank you, Ajoy. Sure, we’ll take a look at the numbers for you. I think what Ajoy is trying to say is something that we -- Ajoy will be very busy. He’s very happy to help.

(Laughter)

MR. WONG: One of the things, I think, that Ajoy is trying to say, and this is something that we discussed, right? We need to -- you know, as a group, the reaction generally is post hoc ergo propter hoc reasoning. If that is the result, therefore it must have been created by this. And sometimes that’s simply not so.
One of the things, if you look at our rules and regulations, I’m one of these people that says, you know, I like to use simple words and short sentences if I can because I’m not really that smart. But by the same token, I like to be clear, and I like to be simple, and our regulations are not clear and simple. You listened to Ken Dodds, and that’s the way he speaks every day.

(Laughter)

MR. WONG: You know, but, no, we’re in very, very good hands with Ken, but the thing is is that if you look at things like ownership and control, why do we have two different rules and regulations? Some of the contractors, what Ajoy is saying, is that they did not -- you know, it’s impossible to tell even from the result whether initially when they self-certified or they were being lumped into the category of being bad actors. It’s entirely possible they either misread the rule, misinterpreted the rule, or in the case of VA, they misread the rule when they certified them.

So there’s plenty of different ways that blame can be apportioned, but I think that we should focus more on the solution, to reduce that amount or eliminate that amount, you know, of contracts that are going to people that are determined to be ineligible at
the time that we’ve reviewed them.

MR. O’FARRELL: Okay, this is Jim O’Farrell again. I just -- the reason I bring up the analysis of the 150 contracts is that I was at the NVSDC dinner in November when Mr. Leney spoke, and he raised that issue very prominently during his briefing. And then I was in St. Louis for the business engagement -- small business engagement with the VA, and he once again raised that issue. And it’s kind of, in my opinion, fanning the fire, and yet we don’t know what’s behind that fire. So it would be -- it would be very helpful to have that analysis completed.

MR. AUMENT: If I could maybe try to bring this a little bit to closure on this, too, I will say that it’s been a very, I thought, a useful discussion here. As I mentioned to Barb a couple of months ago when we were talking about the upcoming year for the committee’s agenda, the two things that I’m really interested in pursuing this year during -- under my tenure as chairman, is, number one, is trying to put together recommendations regarding certification to create a more level playing field across government on this.

I would like to see it two ways. First of all, the -- doing business with VA should not be
substantially different in my view from doing business
with any other agency of government. And I would also
like to see some sort of parity across government
preference groups as well, too.

The processes, you know, for verifying the,
you know, women-owned, you know, small businesses
should not be substantially different in my opinion on
this, and this is opinion, than for veteran-owned small
businesses. And the -- one other goal for the year,
too, but we’ll get around to that one a little bit
later, but I thought this discussion really helps
inform those views, so thank you very much.

MR. FIELDER: Under the auspices of Jim’s
comment about fanning the fire, we need to know what
that $250 million is and the 150, and as you suggested,
is it just poor recording? Is it just not going to the
SAMS? We don’t know.

MR. SINHA: We don’t know.

MR. FIELDER: Hear me out. I don’t believe we
want it to be fanning the fire of VA certification
across government. We’re all proponents of self-
certification. And I’m a proponent of self-
certification. Let me correct myself.

(Laughter)

MR. FIELDER: And this fire gets fanned, then
we’re going to be having that conversation again.

MR. WONG: So one of the things, I mean, if the proponents to self-certification mean that businesses can get into business much faster, right? What we have to try to do and what we’re being asked to do is also look at things but, you know, in that speed, we’ve got to, you know, we’re obviously -- the $250 million on its face appears to be that we’re also losing quality.

Okay? So for running a business, that’s one of the things. We can produce as many widgets as you want, and half of them will work and half of them won’t. By the same token, we could take ten years to make the widgets. All of them will work, but by that time, everybody doesn’t need them. But, so, again, we’re trying to -- we’re trying to find the right equilibrium in the balance.

MR. PHIPPS: I’m going to interrupt and change the conversation a little bit. This is Mike Phipps. I have two questions that might take a little bit of time. Internally within the American Legion, we’ve been having some discussion on AbilityOne and the impact that AbilityOne is having within the VA, specifically with the new Supreme Court ruling.

So I just wanted to get a little bit more
information on the specifics about the nonmanufacturing rule from page 3, an interim final rule, and the details of that, and also the limitations on subcontracting adjustments. There’s some relation to both of those, and that could have potentially a big impact on veteran-owned small businesses.

MR. DODDS: All right. So right now, under -- you know, under the law, you can -- you have to do certain percentage of the work but setaside so that, you know, we don’t want to have setasides where it’s just passed through to large businesses, right? So, for example, in the service context, it’s 50 percent of the cost incurred for personnel. You know, that’s the standard limitation on subcontracting.

Under some of our laws right now, you can team up. You have to do that as the prime, or you can team with a sub to do that. For example, on an SDVO setaside, a prime sub can team together and meet that limitation. Also in a HUBZone setaside, right now you can team together and do that. But for 8(a), small business, and women-owned, you can opt, based on the way the law was previously written. In the NDAA of 2013, that’s when they changed the law to make everybody allowed to team in a prime-sub relationship to meet the limitations on subcontracting.
And then for the nonmanufacture rule, we just wanted to -- we clarified a lot of things around how that’s supposed to be done. This is a law that allows you, if there are no small manufacturers, it allows you to sell the product of a large business to the Government. So there has to be that determination. They have to come to SBA and get that blessing from us.

Once they have that, then they can do a small business setaside, and it can be a product of a large business. Otherwise, the starting point for a supply contract is small business has to supply the product of a small business. That’s what we want, we want small manufacturing. If there isn’t any manufacturers that are small, that’s what we can do to stop manufacturer rule waiver.

So that’s kind of what that’s about. It’s about, you know, letting us -- making sure it’s known up-front before you do a competition what the rules are because we’ve had situations now where things are set aside for large business products and there is no waiver, so you’re in jeopardy there because when you submit an offer you’re basically saying you are supplying the product of small business. So these are trying to improve the rules of the game as we play. Now, if we go to the next slide, the proposed
rule that I was talking about, there are certain scenarios, let’s say, of a service contract where it’s for environmental remediation, let’s say. So you’re going to go out as a small business and do that work with your employees, but you also have to transport it and dispose it, and that costs a lot of money. And the only ones who do that are large businesses.

So let’s say it was 60 percent of the contract was off to a large business to dispose of it. Under the rule, it says 50 percent has to be done by you, so an agency would maybe take the position that we’re not going to do a setaside now because you can’t do 50 percent. And we don’t think that’s what it intended, right?

So there are certain little niche industries where there’s problems. If you apply the rule strictly, agencies may not do setasides. So we want to go with the proposed rule and create these exceptions, get public comment and create those exceptions. So that’s what we’re trying to do with that particular rule.

MR. PHIPPS: So going back to the limitation -- the nonmanufacture rule, if I’m a large software manufacturer, as most -- as there are a lot of them, and it’s a commodity-type, Microsoft, VMware, go
down the line, and I’m a reseller of those products,
I’m not -- as a small business I am not -- there’s no
small business set-asides for those large procurements,
in essence making the large manufacturer the ability --
they can only get it through a full and open
competition, and the Government can only do the
procurement through full and open competition.

But as a small business, because there’s a lot
of small business -- small businesses that resell
software at that level, they would -- every time a sale
came up or an RFP came up and they wanted to resell or
get a set-aside for that particular large software
vendor, they’d have to go to the SBA first and get a
waiver. Am I understanding that right?

MR. DODDS: Right, correct. Previously, you
know, we didn’t even address kind of software in our
rules because, you know, if I hire you to create
software for me, that’s a service, but obviously the
Government and people buy software as a commodity, too,
where it’s just off the shelf, right? So we -- in our
rule that we did in 2016, we clarified that you can
request a waiver for software, and we said how to do
it.

So we thought that was an important policy,
and that will be hopefully updated in the FAR as well.
But we’re following that right now. So, yes, you can come to us and request a waiver for that.

MR. AUMENT: All right. Moving on to Certify.gov with Ajoy.

MR. SINHA: Thank you. I’m here representing the team from GCBD to talk about its new system, Certify. Just on a personal note, years ago I was a deputy to this office, Office of Veterans Business Development, under William Elmore. We were responsible for implementing Public Law 10650. So I am very intimately aware and passionate about the veterans issues. I fully understand it, so it’s a privilege to appear before this committee again. Thank you.

Okay, Certify. Just to give you a little brief history on this. Prior to this system, what we had in 2015 and prior basically is somewhat of a system based on previous technology, wasn’t so efficient, wasn’t so cost-effective. The administration actually provided sufficient amount of funding to reanalyze that whole system. The decision was made to eventually mothball an old system and come up with a better, technologically relevant system that we’re trying to implement now.

Certify.gov. It’s almost akin to a one-stop shop, something similar to those of you in the
contracting arena, if you’re aware of it, is the contracts-writing system. You can execute and implement a contract within it from beginning to end, including collect payments from the same system, PRISM.

What we envision Certify.gov is something that’s fully enclosed. Enhancements would be built over time. You know, it will adjust to new technologies, new needs for the Government, new needs for the client, so on and so on.

The system, as it is right now, it’s very efficient -- I can sincerely say that -- for small businesses seeking to participate in the 8(a) program. They now have the ability to sit down, organize their documentation, upload it by specific categories. So, in other words, the dividers are already set up. So once they upload all their documents, SBA becomes more efficient because we no longer need to search to ensure the documents are in the right category, so I don’t have to go through 19 files just to find the one document that I need to review. So this is truly a cost-saving and time-efficient manner for both, for the public sector, the individuals trying to get in, and for the Government to actually see it and analyze and do its job.

I’m going to give you -- it’s not the general
rule, but just to put it in perspective for you, right?
If a business is truly organized, it knows what the SBA requires to participate in this particular program, it has all its documents in place, it can actually upload all of its information within 47 minutes. Now, obviously, this is very extreme. This is not going to be the typical business coming into the 8(a) program, right?

We’re looking at the average somewhere between maybe 40 and maybe 100 hours of man-time to sit down and go through the system, upload its documents, et cetera, et cetera.

What is it?
MR. GOLDSCHMITT: Did you say hours?
MR. SINHA: Hours, yeah, because you need to know what the regs are. You need to understand what you have to provide. And you have to have those documents handy. You can PDF it, organize it, and then upload everything.

So you still have a substantial amount of work to do. It’s not that -- you know, it’s not like a credit card. You’re not going to just give me ten set of numbers and I’ll say yes or no, right? It’s a lot of supporting documentation. But the outliners are 47 minutes to maybe 100 hours.
The efficiency in this system alone I can tell you is that within, I don’t know, a month and, say, 15 days or so and we have well over 200 applications received. Generally, we get about 100 applications per month. So we’re already speeding it up, and if you take the time and consideration that it was a holiday, Thanksgiving Day, that we basically, you know -- I mean, this has just been one great scenario so far.

But what does the system do? It obviously makes it much easier for you as an applicant to read, to understand it. It’s a question-and-answer scenario at times. It’ll guide you through the system to submit the required information. At the end of the day, the end result is that we get a cleaner, a better application that we don’t have to go -- hopefully -- back and forth 30 times to get something organized to say this is now a completed application.

I’m just going to sort of combine all these things. This is -- the details I think you really don’t need to know. Back in the efficiencies, what SBA has actually succeeded in doing to date is increasing the number of applications coming into the agency. I haven’t done a full analysis yet, so I can’t say anything about the quality or the benefit of the actual applications. Has it improved, has it not improved?
I’m not certain. It has not been a sufficient amount of time.

We have received some wonderful accolades from the businesses saying, wow, this was very friendly to use. We’ve delivered our products. I’ve had analysts now that are actually sitting down and looking at the caseloads and looking at the documents submitted. We’ve had some glitches, obviously. It’s a brand new system. We’re moving along. I think we’re doing tremendously a very good job.

As a gate, we have in excess of, I think -- I checked it yesterday, it was 203 applications, so you can increase it by, I don’t know, maybe 20, so maybe we’re close to 220 applications as of this morning.

I think we’re going to be able to reduce the time in review. We’re going to reduce the cost to the small business. We’re going to reduce the time and efficiency for us to free our time and resources to actually help the businesses that get into the program because now we’re automating the system. So, whereas, for example, 60 percent of a VOS’s time was devoted to paper processing, we’re looking at maybe 20 percent. Now they have 80 percent of their time to devote to the small business and doing the actual business development, stuff that we should be doing.
Thank you.

MR. AUMENT: I have a question. It’s sort of a two-part question. First of all, is this system a potential candidate for, you know, certification or verification of service-disabled veteran-owned small businesses?

MR. SINHA: In this system, the answer is it could be, yes. It depends on what certifications, the funds available, yes. It’s a system. You can grow the system to do anything.

MR. AUMENT: And the followup question is a question of scale, its capabilities of going -- you know, being taken to scale. So you’ve -- to date, since November, you’ve done maybe 220 applicants on that. If you had, you know, tens of thousands of, you know, companies banging up against it, does this have that kind of capacity?

MR. SINHA: The capacity to collect and gather the information and to prepare it for review, the answer is yes. The ability for an agency like us to sit down and pull down an application and review it and within 90 days, that is stretching it.

MR. AUMENT: Thank you.

MR. SINHA: My pleasure.

MS. CARSON: We’ll now introduce Sandy
Clifford of the All Small Mentor Protégé program.

MS. CLIFFORD: Good morning again. Thank you for the opportunity to address you and just give an update on what’s been a little bit more than one year of the All Small Mentor Protégé Program. We have actually been live in the Certify system that Ajoy was just talking about since October of 2016.

We’ve received over 450 applications. We have over 360 approved mentor protégé agreements in our portfolio, an average roughly of ten-business-day turnaround time once we receive a complete application. We’ve declined approximately 71 applications, generally for failure to provide the requested information in a timely fashion.

And as part of the lessons that we’ve learned, we’ve learned that we need to continue to work with our federal agency partners to get them more up to speed on the All Small Mentor Protégé program and the opportunities that it provides, especially for service-disabled veteran-owned small businesses that wish to participate in our program.

And going forward this year, we’re looking to take the opportunity to work to enhance our customer experience. We have a protégé community of practice that we’re very proud of. Protégés can call in and
participate. Last month, our big topic was how to get a security clearance and how to work with the GSA on schedules. And we’re also looking to develop additional joint venture guidance for our firms.

And there is just a quick snapshot of the firms that have SBA certifications that participate -- or not -- that participate in our program. And as you can see, veteran-owned businesses and service-disabled veteran-owned small businesses are certainly -- 37 percent -- is our largest constituency. So we’re here. We’re happy to help. And please feel to reach out.

MR. AUMENT: Any questions?

MR. GODWIN: Can I make a quick comment on...

Good morning. My name is Jerry Godwin with the Office of Veterans Business Development. So I have a comment and a suggestion for the HUBZone program. So I’ve been with federal service and the SBA two years in October. Right before the SBA I was with the Montgomery County, Maryland Department of Economic Development and was a business incubator manager. So we ended up building five in total. As we were going through site selection for our second high-tech business incubator, we said, hey, why not build it in a HUBZone and add value to the small businesses.

So we did. We procured almost $3 million from
the county council, built our business incubator in Silver Spring. It’s still there, just south of the Silver Spring metro, the big white building there. It looks like a big ocean liner, Silver Spring Innovation Center. And only to lose the HUBZone designation about two years later.

So I felt like a jilted boyfriend a little bit, as did the four companies who had gotten the designation while they were there. So they had to move -- so actually five, but four had secured business, so they moved to chase HUBZone. So I applaud the efforts to stabilize the HUBZone program every five years.

For example, you’re getting the local government -- so as a suggestion, I would also like to say for companies that got the HUBZone designation and after the zone gets -- loses a designation to give them an extra three to five years -- choose what you like -- to hold the HUBZone designation to provide further stability and reward those companies for having participated in the rehabilitation of that business zone. And who knows, they may get a 504 -- SBA 504 loan in the meantime to buy or build a building in that HUBZone. Thank you.

MR. WONG: So, Jerry, I agree with you. You know, this is my own personal feeling. We have to --
we have to socialize this and I have to bring this up
to the Administrator, and I’m trying to bring this to
her attention.

But in general, I’ll tell you that I think
that the HUBZone program is a tremendous program in
idea, but in practice, I think that the rules that we
have right now penalize small businesses for being
successful. The 35 percent rule stinks. I think that
the -- I think that the principal office rule also
works as a disadvantage. And, Jerry, thank you for
bringing that -- you know, the evidence. I think we
need to hear more people who have similar experiences.

The thing that I generally look at as I
have -- you know, you look at a small business and
you’re asking them to go to an area that they may not
necessarily want to go to, and they put -- they put
their stake down into an area, only to possibly have it
changed randomly through really no fault of their own,
but they’re already making this investment.

As a businessperson, I think the current rules
are -- one of the reasons is if you look at in
forecasting as a business, sometimes you don’t have
enough time to make good decisions, so the decision is
not to do it. But I think in general, if we can
address the 35 percent rule and the principal office
rule, give some fixed time period, at a minimum, for
people to be able to go into the programs, I think that
we’ll be able to definitely achieve finally getting the
goals and exceeding the goals that we’ve been missing
for 20 years.

I’ve been on record as saying that the 8(a)
program, I believe, has been a cornerstone to SBA’s
success. It’s been synonymous with our name, and it
has a lot of integrity with our agency, but I do
believe that HUBZone has the capability to be our
future and exceed that, but we have to -- we have to
make some legislative and regulatory changes.

MR. AUMENT: I think we’ve reached that time
where we are going to take a quick break here. It is
just a couple minutes before 11:00. If we can be back
in five to ten minutes, we’d like to resume with the
discussion of 8(a) and, you know, for veteran-owned
businesses. All right.

MS. CARSON: We’re going off the record
momentarily. We’ll be back at 11:10.

(Recess.)

MS. CARSON: This is Barbara Carson, Deputy
Administrator, Office of Veterans Business Development.
We’re going back on the record at this time. I’m
turning it over to the Chairman.
MR. AUMENT: Thank you, Barb. I think I mentioned earlier that as I was, you know, trying to consider, you know, what to focus on during my tenure as Chairman, I mentioned two things. One was the sort of normalization of verification/certification processes, you know, for veteran-owned small businesses. The second one, though, was something that this committee has talked about many, many times over the years, is trying to advocate for a business development program for veteran-owned small businesses. And we’ve heard many, many speakers who have informed us of this. I think Max --

MS. CARSON: Kadalov.

MR. AUMENT: -- Kadalov has had some very interesting data that he has shared with us in the past regarding the -- you know, just trying to take a look at this notion. And then basically saying there is no business development program focusing on veteran-owned small businesses. So we’re going to be having some discussion on that, starting today, and, you know, further discussion in -- I’m hopeful -- hopefully leading to some recommendations that this committee could ultimately make during the course of the upcoming year on this.

So I’ve invited someone I know has great
passion regarding this issue and has spent a lot of
time, you know, researching it and, you know,
developing a very good understanding of this as an
issue, and without further ado, I’d like to invite Marc
Goldschmitt to, you know, sort of take the floor and
step us through and share his thoughts with us.

Marc?

MR. GOLDSCHMITT: Thank you. If you take a
look at the back door, about five feet in, about four
years ago, that’s where a couple of senior SBA folks
and retired SBA folks launched me on a journey of
working to get an 8(a) certification when they said,
yes, you’re an SDVOSB, or SDV, you can do it. As part
of the adventure, and I think I’d probably call it an
adventure rather than a journey, an opportunity to look
through and, like in other programs, look through the
statutes, the regulations, and I think master some of
the ideas and then pass that forward to other veterans
through some of the Veteran Institute of Procurement
sections.

But as I go through there, there was a lot of
questions I had, a lot of things that I observed. So
what I’m going to talk about right now is on that
adventure what kind of things did I learn, what kind of
things did I observe, what kind of ideas do I have.
And the purpose is to establish a dialog around some of the different areas, around some of the different ideas so that we can get some kind of an idea forward to maybe make some progress on a business development program for service-disabled vets.

What I learned, I had to do this for a couple -- I had to demonstrate to people that I can still learn, so I had to put that first. But in here, the veteran community does not really understand the 8(a) program. As I got into it, I found some perceptions, et cetera. And my observation was when I started to get into the issues, that veterans really are socially disadvantaged through their military service. In the context of the VSOs, it’s an earned benefit.

And the other is that there is -- within the regulation, there’s mechanisms that this can be done administratively, not necessarily requiring legislation. Next slide, please.

I decided to put the agenda second because that’s really a walk through the process that I went through, some of the questions I asked, some of the issues that were addressed, and the things of where we have to go to move the program forward, both in the veteran community and, I think, SBA. Next slide, please.
I wanted to put this in there as kind of a standard. I think everybody knows the definition that’s in the room, but I put this in there for a specific reason. One is the Small Business Act, but the second is as you get in -- as you really get into there, very few people, particularly in the veteran community, read much past the ethnic prejudice statement. They don’t look at the cultural bias within American society and don’t look at an interpretation of what that really means.

I reference in the back 30 questions. That really is addressed around some of the samples that SBA provides in the regulation of what kind of things do we look at “such as.” So it’s a starting point, but I give it to some of the veterans -- service-disabled veterans to say here’s where you can start to look to see if you may be qualified in terms of discrimination that may be chronic and sustained. Next slide, please.

When I say vets do not understand the program, I got asked the question last week in St. Louis by Sean Crean. He said, “What are you guys really looking for?” Are you looking for sole-source, or are you looking for a business development program? My first response was sole-source, because that’s what I generally think of, you know, from the business side.
This is what most people are looking for. And I think that’s still the answer you’ll get from most veterans, we want the sole-source capability.

But then when I thought about it some more and I went back and, oh, wait a minute, let me go take a look at this. I started to look and said, well -- the other thing I’ll say is from the VSO perspective, it really is considered a welfare program by a lot of the executives and not necessarily a business development program.

So when I looked at the definition from the SBA website, what constitutes a business development program, there are a number of pieces in there. And when I started looking at the different pieces, I saw those are all things that the veteran community is asking for in one form or another, so the real answer is while we may be saying we want the sole-source authority, we’re really looking at we need a business development program. Next slide, please.

The other is the issue of social disadvantage and what is it. And this is an eye chart, but I figure if somebody before used an eye chart, so I’m good. It is a little dense, but I put some examples in there of where are places we can look for what would constitute some ideas of either Congressional language, programs
that may say, yeah, we really do have a disadvantage.

If you believe in the Transition Assistance Program, the purpose is really to take care of that and address the disadvantage, both on the employment side and the entrepreneurial side. The language is not necessarily that specific, but what it does say is if the contract -- if the commanding officer -- too many acronyms. If the commanding officer believes you will not be essentially disadvantaged, you’re excused from the program.

And I don’t have statistics -- that’s not what it says?

MS. CARSON: It’s not -- that is not the case.

It’s mandatory now.

MR. GOLDSCHMITT: Mandatory?

MS. CARSON: Yes.

MR. GOLDSCHMITT: Okay.

MS. CARSON: But I understand your point. I’m not trying to stop your line of reasoning.

MR. GOLDSCHMITT: I’ll quote someone from last night -- I may not be right, but I’m never in doubt.

(Laughter)

MR. WONG: Sometimes I’m wrong.

MR. GOLDSCHMITT: Oh, sometimes I’m wrong?

Okay.
MR. GOLDSCHMITT: Well, I mis quoted that. I
mis quoted Robb. So --

MR. WONG: But very well stated.

MR. GOLDSCHMITT: I lost my train of thought.

But the idea of living outside the mainstream of
American culture, there are some examples in the
standard operating procedure book. But if you look at
the military as active duty, I lived in Virginia Beach
as part of -- I lived in the community, but my life
centered around the squadron, it centered around the
command. There was a different criteria for promotion,
which is basically statutory. I lived under a
different set of rules, and not only the community
rules, but I lived under the UCMJ, which is a different
thing. Promotion was a completely different animal
than what I would find in the civilian sector. So
there’s a lot of pieces that I was in the military that
where I was conditioned to do and it’s very
conditioned, it’s very prescribed, and this is the way
I’m going to live my life for the next 20 years.

When I got out, it was a whole different ball
game in the commercial sector. So while I can say I
lived in the community, I was not part of the
community. I was really outside of that mainstream.
Congressional statements, I put that in as just kind of a placeholder. It’s been a long time. If you go back to the 1997 when some of this started, there were issues that came up in the Congressional commission and the report. Many of those issues are still issues and problems today with veterans adjusting to both employment and to the entrepreneurial world.

And it comes down to more recent things like Chairman Chabot’s statement that he made in a press release and effectively used terms that equate to disadvantage. And I see that in a number of different documents. Once I went through the program, I got very conditioned to start looking at specific terms. I noticed them in different writings, and it really is up to me in some ways to get a whole stack of those to say here’s what people are saying.

I continually reference the 30 questions. They’re in the back. I wouldn’t recommend reading them right now, but essentially it is a starting place to ask the question, did something happen to me? Because when I looked at these questions when I was first going through the program, I could say every veteran I know can answer yes to at least one of these questions.

And then you get into the question of what then becomes the criteria for how many, how much, how
frequently, how long that it’s going to take to make
the threshold for what is essentially qualifying as
socially disadvantaged. So I think in some cases that
can be extensive, particularly with some service-
connected disabilities. Next slide, please.

I looked at three different alternatives and
based upon some of the answers that I’d seen. One is
8(a) inclusion. And the reason I listed that as what I
favor is it’s -- it can be administrative, and it can
be quick, relatively speaking. If I want to do an
expanded sole-source capability that would be
government-wide, that’s going to take legislation,
that’s going to take regulation, and an extensive
period of training contracting officers in a new
program. So it’s going to be a long time before
veterans see any benefit from that.

The other is as a separate BD program,
effectively you’ve got the legislation again, the
regulation. Now you’ve got to do something for the
appropriation. You’ve got to hire the people, stand up
the organization, develop the policies, and then take
that out to the contracting officers and train them on
yet another program. And that can take a very long
time.

I put this in here from a capitalizing on CVE
verifier. Tom mentioned there’s over 12,000 veteran companies that are already vetted for ownership and control, so from the context of a burden of what has to be done for bringing veterans into the 8(a) program, you’ve got the vetting of the ownership and control already done, and it’s a limited set of documentation after that that might be required.

The other is Ajoy talked about the centralized system. It fits in that context, to be able to do that. And I think it also encourages adoption of a government-wide certification standard or standards. And my understanding is the reason that the government-wide was never adapted or adopted by the committee — Small Business Committee — was because of the two standards. And once those are resolved, it sets the stage for going to a government-wide program. Next slide.

Recommendations. I kind of took the step of saying this is an opening dialog to some of the different issues and questions. I expect a lot of feedback. I expect a lot of pushback in some of the different areas, but really it’s a first step, I think, in putting together a package to say we really want to go through here and get approval. What that will be, where that will go, when that will be, that’s another
question, and I think it may get resolved within Hopefully this committee.

The other is gain VSO commitment that this really is an earned benefit. I’ve been through that with a little white paper that I presented to a few people. It really is because of service. We have as -- particularly as service-disabled vets incurred a lot of time. There may be rehabilitation. There may be other issues. There may be manifestations of some of the different service-connected disabilities. That would apply to say these are things that have limited my ability to get a job and get promoted, do an effective job and be part of the workforce.

I think the other thing is -- and I think, Robb, you mentioned it before, and you mentioned it last night, every program has its own ownership and control mechanism. And the ownership and control is really the same between all the different programs. The only thing that’s really different is the demographics of the owners.

So if there is an ownership and control issue that you’ve identified for an 8(a), for women-owned small business, for HUBZone, why not have that accepted by VA for ownership and control? If VA has vetted a number of companies, why not take their vetting and use
that for any of the other SBA programs?

The others, you know, from the government-wide certification, I think it’s time that we really take a look. The veteran community has been looking at doing that for as long as I can remember, and, you know, it’s been self-policing. It will still be self-policing, but I think that will help particularly if there is an issue with those 150 companies and the $250 million. It will help get to the root of that, identify if there is a problem, where the problem is, and how we can fix it.

The other -- and this is from my experience, and I’m not going to go much further than that, is I think some of the SBA evaluators could use a little bit of training in some of the veteran-unique issues that are there. And I promise you I’d talk to you then about that offline.

And the other is a little bit from -- I’ve been through both the SBA’s Emerging Leaders class and the Vendor Institute of Procurement -- the VIP Grow class. I also instructed the VIP Start class. When I looked at these pieces, I think there’s always been a question for small businesses, whether they be veteran-owned, 8(a), HUBZone, small business in general, what’s it going to take to help them succeed.
And the essence of what’s in the VIP course, from a curriculum, in terms of the operational aspects of what do I have to do to win business, is important. The other piece of that is the strategy that you pick up and start to learn and the three-year business plan from the Emerging Leaders class.

And if you put those together in the right order, I think you talked about before having mandatory training, those might be the two essence pieces of those, where you can take the key pieces, you’ve got existing programs that you can leverage, you’ve got the feedback, the knowledge of what works, what doesn’t, and I think you could put those in place to expand and essentially have people more procurement-ready.

MR. AUMENT: Marc and I have had more than a single conversation on this issue, and I know Marc is very passionate and he has, based upon his researches and I think thoughtful consideration of this issue for, you know, quite some time right now, is very confident that the existing 8(a) program is the way to go for a business development program for service-disabled veterans and veteran-owned businesses. I feel very fortunate today to have what I would consider to be a brain trust of SBA people here as well, too, to comment on that, whether or not you believe -- you share Marc’s
views on this, if so, why; if not, why.

MR. FIELDER: Ron, before that happens, one of the great things about being on this committee for six years, you know the right questions to ask and when to ask them. One of the sad things about being on this committee for six years, you hear the same questions over and over again.

Three years ago, I think at that point Mike was in the room. Jim, you’re on the phone. Ron, I think you were just joining us. We had an SBA person come in here and tell us that vets were qualified for the 8(a) program, that previously it was a track record, 10 or 12 years ago, of vets successfully becoming part of the 8(a) program and that all that needed to happen was for a series of events to apply to start the process to see what would come of that. And that was reported in the report, the annual report, when I was Chairman three years ago.

And, so, we heard SBA that it’s possible. And, so, I’ll just put an edge on that response from the SBA folks.

MR. WONG: Oh, so thank you, Barb. This is what you were talking about. First and foremost, I want to say I think one of the -- you know, I have a passion to help all small businesses, but I am
particularly -- I like veterans. We have an individual in our office who has -- I take the time to get to know him and his past, and the commitment that veterans have to our country -- I said this last night -- they provide people like me the luxury to run away from danger because they run towards that.

And in that regard, the thing that you are talking about, Marc, was, you know, they certainly -- they certainly deserve earned benefits, absolutely. The challenge that we might have in terms of the 8(a) program -- if you want I can go through these with you and tell you maybe present state, and then we can also discuss future state, okay?

I am inclined to listen to small business -- to veterans, and thank you for taking the time to get to know me through last night’s dinner, through -- I’ve been to two Triad conferences already. I’ve been out to Goldcoast. I have lots of veterans within my office. I hear this all day long, and I love it. So I’m inclined to help.

Mr. Fielder, going back to your concerns, I don’t think that SBA was lying to you, but I think that some of the things that they’re saying -- what they’re talking about with applying and getting, you know, a couple of people together and putting the application,
that’s the process, but it’s not guaranteeing the
result, right?

What they have to do is -- you know, what I
would tell you from a -- very simply, and we can go
into this and I can spend as much time as you want, the
8(a) program right now will accept veterans as long as
they can prove their social disadvantage by a
preponderant standard. In the old days, you couldn’t
say that.

However, what I think what you’re looking at
is you want to -- you want to have the class of
veterans to be approved for 8(a) certification as if
it’s a presumptive class. Okay. The challenges we’re
going to have is that these are things that even if I’m
willing to do them, for example, we’ve got to do things
with -- you know, we have to work through Ken Dodds’
shop, and then we have to work through OGC, and then we
have to work through Congressional liaison to work with
Congress, to work with Mr. Chabot so that we can change
those rules. Okay?

So is that something that -- is that something
that is rote? It’s probably rote, but by the same
token, is it something that’s guaranteed an outcome?
Or a favorable outcome? I would say that that’s a
difficult -- that’s -- it’s certainly more difficult
than it may have been presented to you. Okay, is it
worth trying? Absolutely. Right? I said last night,
only the hard things are worth trying, right? You
know, because they’ll make an -- they’ll make a
necessary impact.

So let’s look at present state. In present
state, one of the things, Mr. Goldschmitt, is that I
see your 30 questions, and I think that’s an excellent
roadmap. One thing I’ll tell you is that in my opinion
after reading those things, I think that it will help a
lot of the people in your community. It may not help
all of them, okay?

Another thing that you’ve said that, with all
due respect, I don’t know if this is true. I’m
certainly willing to listen to it if it’s true. I --
from the anecdotal evidence that I’m able to gather,
you make the statement that you believe that service
disability is a disadvantage, and if you could show me
additional evidence that the rest of your community
does feel that way and that the community at large
feels that way, then I’m certainly willing to listen,
and then I can help you in trying to give you guidance
on how to have service disability as a presumptive
class.

You have significant challenges, however, with
1 that. Under -- if you’re looking at the 8(a) program
2 as the 8(a) program and the rules that govern the 8(a)
3 program, per se, okay, this is all not doom and gloom,
4 okay? I do believe, generally speaking, that we will
5 find a way or we will make one, okay?

6 But, so, under the current rules, if you look
7 at the history, okay, and history is very, very hard to
8 change, the people that are benefitting from these
9 sole-source programs, and I know that’s -- you know,
10 you said that you didn’t necessarily want that, but the
11 ones that are benefitting from the sole-source program
12 have a history of long-standing discrimination, right,
13 and prejudice.

14 So in order to make the case for the class,
15 for a presumptive class, you’ve got to provide
16 compelling information, and it’s a higher standard than
17 preponderance, but you’ve got to show that the United
18 States has a history and a pattern and a practice of
19 discrimination and, you know, mistreating people who
20 are veterans.

21 Moreover, you also have another combination of
22 evidence that you have not only just veterans, but you
23 also have service disability. We’d have to make a
24 distinction between service disability and then
25 disability in general because I know that the SBA, one
of us at this table among the three -- and it’s not
Ajoy and it’s not Ken -- in a former career with SBA
had the issue of looking at disabled -- people with
physical disabilities and looking at them as a class.
So I’m just saying that that’s the table that we’re
looking at, okay.

So one of the things that we can do, again
today, for present state, you asked about business
development. I do agree with you, and I talked about
this last night. In general, I don’t -- I like the
fact that we have a product, and I’m looking at SBA and
our division more or less like it’s a company that’s
producing four certifications that the public wants to
have so that they can go and make more money.

Well, we’re great at producing the
certifications, okay? We’re doing better at making
sure that we have the quality that’s there to make sure
that people who say that they’re qualified are
qualified. By the same token, we have another
challenge, that if everybody has a certification, then
they’ve got to have a contract that goes with that
certification, because that’s the whole point of it,
right? Simply put, if you get our certification, the
public has the expectation that they’re going to make
money with it. It’s going to improve their ability to
make money on that. And we’ve got to do a better job
to do that. So part of my -- excuse me, I have a cold
-- part of my -- part of my challenge with this office
is not just to make sure that the public gets their
certification but that they can also win contracts with
that.

So the other side of what I have to do with
our contracts is we have to talk to Federal Government
agencies and the Federal Government in general who
hires these companies with these certifications so that
-- so that they have trust in them so that they can
provide more -- a higher supply of contracts for the
people that have them.

In that regard, we talk about business
development. And the thing I was talking to you about
last night is it is my wish that we improve the quality
of the companies that are in the certification. One of
the things that has traditionally been -- that a lot of
companies have traditionally used our 8(a) program --
and, again, I’m just focusing on them, but you can see
it relates to others -- somehow we’ve let -- we’ve let
the public or part of the public believe that the 8(a)
program is a startup program. They think the hard work
of business is to get the certification. And it’s --
that’s the beginning of the journey. You got a ticket
to ride, but you still got to walk through the park in order to get on the rides, and in some cases, you still have to be this tall to go on that ride. I’m a short guy, so I know what I’m talking about, okay?

But, so, here’s the thing. And sometimes there are some things where you’re just wanting to do something, just wishing you could do something, it doesn’t really -- it doesn’t really deliver the mail, right? That’s not enough. So I feel that one of the things that I want to do here is to increase our ability to add some real industry-level BD to the BD in GCBD. Okay?

So what does that mean? It’s just like, okay, I helped you to get your certification; now I want to tell you how to use it, answering the simple questions that we run into every day, and I mean every day, that since I -- you had asked me a question before. I’ve worked with SBA for about ten years, okay? I ran the 8(a) program for six months during that time. And then I went to run two of the district offices. So I know SBA; I love SBA. I came back here, what an opportunity. Two of these guys are some of my best friends. I remember Ajoy here from his first day. Okay?

So this is how much I -- you know, this is how
much I believe in this program. I have one of my best friends, Bill Gould, right now, he left private sector on a partnership track to come here. I’m committed to trying to do good. But I do understand from my experience how I think I can help people. And in this regard, when we get back to business development, this is what I’ve done for the past 20 years for small businesses, for 8(a) companies, for HUBZone companies, for service-disabled companies. I realize the challenges that everybody has so I have an opportunity to fix it.

In that regard, something that we could possibly do is we’re trying to create business development experience. How does the Government buy things? How do you put together a proposal? How do you find people who buy what you sell? These are all things that people think. They think that if they try it once and it doesn’t work, well, then, the system’s broken. All right?

Here’s one thing that I do -- you know, that I’m preaching to everyone. It’s probably Asian dad syndrome and things like that, but we can provide you the opportunities, okay, but I can’t do the work for you, okay? But what I can do is I can try to train you up, and I can train you so that you can develop those
capabilities, and that’s what we’re trying here. But that works right now.

Something else is Sandy -- you know, Sandy Clifford is here, one of the secret weapons we have with SBA, and you’re sitting right next to her, Mr. Goldschmitt, you know, is Sandy Clifford’s program is the All Small Mentor Protégé, okay? And we still have 8(a) Mentor Protégé.

But as I said last night, I think that’s a secret weapon that nobody really knows about, and they don’t know how to use it, but that’s the glue within our current programs right now that if you have a service-disabled veteran-owned company or a VOSB-certified company, you could take that as the glue and you can take Mighty Mouse and team them with Superman.

And that’s how you -- okay, we can’t turn -- we can’t go back to 1978, because that’s how long I know the 8(a) program. I’m a teenager on the fourth floor of my uncle’s warehouse. I’m afraid of heights, and his answer was put a -- if we had a fifth floor, you’d go up there, okay? Didn’t learn to -- after working with him for three years, I didn’t learn to like heights any better, but I liked my uncle a little less.

(Laughter)
MR. WONG: But the thing is -- but we can’t -- in the old days, the 8(a) program was a program where you didn’t have to do any marketing. They would -- the BOSs would pick up the phone, and if you needed office machinery or you needed office furniture, you’d call Government Marketing Services, and then I’d have to go pick -- I’d have to go pick the tickets.

Well, we can’t do that anymore, because if you look at the Government, if you look at the Government industry for contracting right now, it’s getting much more sophisticated. We have so many things that are working that are going to disfavor small businesses of all kinds. And, so, we have to have this business response.

And if you look at -- if you look at how the government industry is working, they’re going to consolidation, strategic sourcing, category management. It’s going to -- we’re going to hit the -- you know, Ken Dodds is going to be really happy. We’ll hit the dollars -- the prime dollars awarded to small businesses, no problem if I do absolutely nothing. But the problem is this. I’m trying to do something. And we’ll hit the dollars, but it’s going to be compressed into a much smaller group of companies, right? Everybody agrees with that. So we’ve got to do
something as -- you know, as a business response. I’m trying to advocate to not only the small business but mostly to the government agencies to let them know we’ve got to continue to provide the supply of small business contracts, right?

So those are the things that are on my plate. The things that we’re trying to do for -- again, right now, for the 8(a) companies now, that I believe that, you know, we can talk about this as a way to possibly assist you. You asked for some business development. We can possibly try to include you, that group, which typically would not be included under 7(j), but perhaps we could try to do that as an interim step between present state and future state.

But what it will do, I am trying to get industry-level business development assistance so that it will literally teach people to understand the federal marketplace a little bit better. One of the things we’re doing is we’re taking -- we have -- with 7(j), we have a one-to-one approach, okay? We help maybe 10,000 companies. We have 350,000 registered companies in our database. I’m trying to turn this around so that it can be one-too-many. We could certainly include -- I think that -- well, I can’t say certainly, but we could certainly try to figure out a
way that we could include that information or get that
information to service-disabled veteran-owned, okay?

I think with your education for some of the
service-disabled veteran-owneds, who do believe that
being -- having a service disability is a social
disadvantage, I think that your 30 questions is
incredibly helpful. You can give them hope today. It
doesn’t matter if the other service-disabled company
doesn’t believe that. They believe that. And, you
know, we can’t help everybody, but we can help some of
them that are willing to do that. And then combined
with, you know, some of the beginnings of the industry-
level business development that will help small
business today, hopefully that will be more beneficial
today with the service-disabled companies.

MR. PHIPPS: Robb, thank you very much.

Marc, did you want to --

MR. GOLDSCHMITT: I wanted to make -- I’m
going to change hats for a minute. This is one of the
organizations, ACT-IAC, that I’m a member of. They
have initiated a program to start looking at what is
meant by procurement readiness. And I’ll be doing --
especially leading that group, asking the questions
involving some of the government people, the government
buyers. And what I’ve seen so far from the market
research side and from the procurement readiness side
is there’s a relation between the two, and when you
talk about the government-wide marketing, I think
there’s pieces in there that can help give you a
roadmap to those things that would be important. So
I’d like to get your office’s support in doing the
study, making that available to you, and being part of
that group.

MR. WONG: Thank you.

MR. PHIPPS: This is Mike Phipps. Marc, thank
you very much for your presentation. In fact, if we
can, whoever is working the slides, I’d like to go back
to page 5. Robb, are you a lawyer?

MR. WONG: Yes.

MR. PHIPPS: Okay, great. And in this case, I
think that’s a huge benefit for us.

MR. WONG: Could you please say that louder?

(Laughter)

MR. PHIPPS: It’s a benefit because you’ll be
able to help us nonlegal types, and I think this is not
a conversation that’s going to be solved here. I think
this is going to -- this opens up a discussion that has
been ongoing. We had an excellent presentation with
Max Kadalov, who did a full study on this subject at
the Naval -- Post-Naval Graduate School, something like
1 that.
2 So he took us through legislation from the
3 1970s, all the way through when the SBA had a chance to
4 actually roll, in 2005, and there was some opinion on
5 the SBA and the FAR Council for the 3 percent rule.
6 The SBA had an ability at that time to make a business
7 development program but did not, 2000-and -- so that
8 was before your time, a little bit before your time.
9 This is not a pointing of fingers at, hey, SBA
10 could have or should have done this. The most
11 interesting part of this is following the legislation
12 through the last 40 years and seeing all these
13 opportunities -- these lost opportunities to create a
14 business development program for service-disabled
15 government-owned companies.
16 This chart here is huge, right? Because what
17 we have now in the -- and Barb’s program, amongst other
18 resources for service-disabled veteran-owned companies,
19 we have all of this or some of this -- I’ll take as
20 step -- some of this in very disparaged, very
21 unorganized fashion, right?
22 So a business development program -- and we
23 had -- veterans have access to these resources at some
24 level. Not having it under one program makes it
25 inefficient. Also, we’re very popular right now as a
community because of the ongoing -- that historically will change. We will -- the veterans -- the veterans community historically goes through ebbs and flows within society of when we are getting paid attention to.

So having a business development program is our goal separate from the 8(a) program. I am not against -- and that’s why I’m listening to this, listening to Marc’s actions here and his comments on how you could make it into a current -- bringing SDVOSBs into the current program, we do see the challenges. I think when you get to those 30 questions and having talked to many, many veterans, those 30 questions are why the veterans doesn’t want to go into the current 8(a) program. The current -- those 30 questions is not something a service-disabled veteran-owned company owner wants or feels he has to go through and answer.

It’s an earned benefit, right? It’s an earned benefit. So having to answer those questions is where I get a lot of pushback. It’s the number one reason why, right, when we have to -- and I read your questions. What I like about your approach is the time line, but sometimes the harder path is to kind of take the longer time line. We actually wrote an outline,
and we spent a lot of time. I actually testified for
the Kingdomware case at the Senate Small Business and
Entrepreneurship Committee on this very subject. That
has led to the last two years of putting together what
we think might work as a program, understanding there
might be some legislative hurdles, understanding that
there might be some things that we could do
organizationally within the SBA to get -- to get a
program like this started. We did speak to the
Associate Administrator about this actual program.

And, so, what we would like to do is show you
the plan or show you what from a non -- like from a
nonlegal perspective what we think is a way forward.

And I think it’s very important, especially if
we’re going to go and maybe somebody like the American
Legion is going to take this onto Capitol Hill to talk
to Congress about this, that we have the buy-in from
the SBA prior to that, that we say that you guys give
us some direction and say, you know what, yeah, that’s
a good idea, but in practice, as you were describing
earlier, it would work like X, Y, Z because that
program ten years ago I started -- before I was even
captured up to speed on certain things in business, but
what I did know I would go and teach at American Legion
conferences, and that’s continued on from the last ten
I had Vietnam veterans coming up to me, talking to me about this very subject, a decade ago, and I didn’t even understand what they were talking about until really I got more involved and was able to utilize the resources within the SBA and really look at the programs that had been developed. If it wasn’t for Barb and her program, we would have nothing in terms of a program. So taking that to the next level is something I think even the veterans before my generation and then the next generation of veterans that are now -- they have less patience, right, for the legislative process.

So I think being able to work through that with you so we can take something to Congress and really just nail down exactly what we’re talking about legislatively, looking at the history, and putting together a program with the SBA would be a huge benefit for this committee in our eyes.

MR. WONG: Great.

MR. AUMENT: Do we have a question here?

MR. KLINKELHOFER: No, I have a few comments.

MR. AUMENT: Comments?

MR. KLINKELHOFER: I’m Victor Klinkelhofer. I’m on -- I’m the Vice Chair of VET-Force, and I also
I am on the Economic Opportunity, I think it is, Committee for the Vietnam Veterans of America. And I’m also a lawyer, who’s been doing government contracts for the last 30-some years, 35? Something like that. Anyway, I spoke with Marc about this several months ago and started looking into it from a legal perspective. And I -- it’s my opinion, you know, and it’s not set yet, that it is doable. It is doable under the existing regs. You look at the initial Congressional findings back to 1987 -- 1990-whatever it is, ‘79, I think it was. Yeah, in 15 U.S.C. 631(f)(1), they find that -- and this is many such persons -- they’re talking about the 8(a) program here. These are people who are qualified: Any such persons are socially disadvantage because of their identification as members of certain groups that have suffered the effects of discriminatory practices -- and here’s the kicker -- or similar invidious circumstances over which they have no control.

And you go and look at the 8(a) regs, and now they talk about a cultural bias. So what is a culture? Being a veteran myself, I know that the veteran community is a culture in and unto itself. We are different. We are certainly a minority in this country, though there are a lot of us. And over the
years, there -- I remember when we were not allowed to wear our uniforms in airports. I remember that well. I remember when I was accosted in Los Angeles airport just because I had no hair -- high and tight, as they say.

And, you know, I remember, you know, the way we’ve been treated over the years in films and in books, in newspaper articles. You know, you look at any newspaper article, the first thing they check on a shooting or anything else is whether it’s a vet. And they identify them.

If you look at the movies and books and all, the vets are certainly the disabled vets are people who are on the verge of massacring people because they have PTSD or they’re living under a bridge somewhere on alcohol and drugs. I mean, and, yes, right now we have a certain popularity, but I don’t think that that popularity necessarily translates to economic advantages.

You know, I think in many ways we are still discriminated against, that people are afraid of doing business with many of us because they have that inner feeling that something wrong is going to happen if I’m dealing with this veteran, especially someone who is disabled. You know, can he fulfill the contract? Can
he do what he wants -- what we want?

You know, it comes down to basically a showing of cultural bias. And I think if we phrase it in such a way that we’re looking at cultural bias, we will overcome the reluctance many veterans who feel that -- that they are a minority group, you know, it is the cultural bias that they talk about in 124.103(d), where they talk about having a presumptive class. And this is only a presumptive class. This isn’t a set class.

This means that if you’re a member of the presumptive class, you don’t have to answer all of those 30 questions maybe. You know, there’s still a lot of showings you have to make, you know? And veterans, by and large, are economically disadvantaged.

When I was discharged through the medical conditions back in 1980, I had $600 in my pocket. I was a combat arms officer who formerly was a combat arms NCO. I had no training in business. I had no good knowledge of business. You know, I had virtually nothing, no good experience. I mean, you know, there weren’t people who were looking for former nuclear weapons officers or field artillery, you know, NCOs. There’s not a lot of market for that in the community.

But, you know, I think that there is a -- I think that if we work with the SBA, there is a good
chance that we could put in an application, some group of us. And I’m not quite sure what that is. I believe the last time that was happen -- that one was attempted was when the Hasidic Jews tried to apply as a presumptive class and were turned down. I would like to have discussions with the SBA on what actually is looked for. I don’t know when the last time a presumptive class was added. I don’t know if one ever was added specifically. That would be an interesting question.

But, anyway, I also agree that what we’re looking at is business development. I do a lot of pro bono work with these -- I call them kids -- people getting out of the service now who have nothing. And they get an idea and they want to start a business, and you have to help them through, you know, everything, part of business development. And I think that is a big thing.

But also the sole-source awards is important. A lot of veterans really are upset about the fact that at the end of the contract year, there are many contracts that are awarded on a sole-source basis just to get them awarded, and the vets aren’t getting any of those, even though there’s some mechanism in place that isn’t followed for such awards.
So I am in favor, personally of Marc’s proposals. Thank you. Sorry I went on so long. It’s a passion.

UNIDENTIFIED PHONE PARTICIPANT: Great way to put it, Victor.

MR. AUMENT: Yeah, thank you, Victor. Marc?

MR. GOLDSCHMITT: I wanted to add one thing to what Victor just said that I inadvertently left out of my chart, that when veterans look at the 8(a) program, it’s a “but I’m not disadvantaged.” So when you look at Victor’s term of the invidious and how that is and the fact that maybe it’s just the wording in the context of changing that and it’s, oh, yes, I’m qualified. Maybe I don’t have to ask all the 30 questions or I could put them in a different context, has this ever happened to you. And I think a lot of people would answer yes. So it may just be the context and the terminology that we need to adjust in my questions and some of the ways that we approach the veterans.

MR. AUMENT: Additional comments?

MR. KLINGELHOFER: I don’t know, I find this to be very instructive conversation here, and I really do consider it that, a conversation. We’ve heard some
1 -- I believe some very well-reasoned advocacy, you
2 know, for two different approaches on this. And I feel
3 a little more informed on that. I certainly personally
4 still believe that there’s additional persuasion that’s
5 needed and some additional reasoning that’s needed on
6 this, but I think it’s at least it’s been a great start
7 today.

MR. AUMENT: Any additional comments?

MR. FIELDER: Ron, Ed Fielder. Whenever you
have a conversation like this and everybody agrees to
agree, as opposed to agree to disagree, if you walk
away from the conversation, it just stalls. So I would
ask -- and I’m not the one -- but those that are,
comment on what are the actual takeaways from what we
just talked about.

MR. AUMENT: Yes, I don’t disagree at all on
that.

MR. PHIPPS: Ed, I think the first takeaway --
I’m just going to jump right in here.

MR. AUMENT: Yeah, go.

MR. PHIPPS: Is to have the dialog with the
SBA on -- first as our committee to circulate what we
have previously generated in our research and kind of
formed the recommendation for this program, take a
deeper look at that after today’s testimony, take that
information, hand it off to -- I think Robb is probably
one of the key personnel here because he understands
the differences of implementing the current program or
performing a new program. It is a legal issue, and a
legislative -- a mixture of -- and legislative --
current legislation, and those are the issues that have
to be addressed. And I think that has to be addressed
from Robb’s office because we have a lot of good ideas
in what we think and, you know, what we want to do, but
I think those hurdles should be evaluated, maybe by the
SBA, and I think we should have a deliverable to the
SBA to evaluate.

MR. FIELDER: So I heard, Mike, you’re going
to step up and --

MR. PHIPPS: Absolutely.

MR. FIELDER: -- lead that effort.

MR. PHIPPS: Absolutely.

MR. FIELDER: And I also heard that the
American Legion might have some interest. Marc’s got
some interest. And, I’m sorry, your organization, sir?

MR. KLINGELHOFER: Vietnam Veterans of
America.

MR. FIELDER: Vietnam Veterans of America has
some interest, and they --

MR. KLINGELHOFER: And VET-Force.
MR. FIELDER: -- and VET-Force, and maybe they should be in the room, too.

MR. WONG: So if I can offer, you said, Mike, that you would -- you had a plan for the SDVOSB business development plan. Why don’t we start, and we’ll have lunch, and you can show that plan to me.

MR. PHIPPS: Sounds good.

MR. WONG: All right. I’m still here next week. I don’t take vacation too much, but I got to go see my Dad. I broke his heart three weeks ago when he had a birthday party, got me to go, and then I ditched him at the end, for Bill Gould.

But, no, I’d be happy to -- I’d be happy to see that, or if you could send that over electronically.

MR. PHIPPS: Absolutely. Marc, I’ll send it to you. I’ll send it to the Vietnam Veterans. I’ll have -- the American Legion has seen it because they’re on the board and they made comments on it. Joe Wynn, I’ll send it to you as well. We’ll get input from as many people as we can. And I think having an 80 or 90 percent solution with everybody’s input is better than after-the-fact we start any infighting that we see occur so often. So we’ll start -- I’ll start that as well, Robb, and then we’ll get you --
MR. AUMENT: Yeah, I don’t want to be a bureaucrat, so I’m going to have Barb do it.

(Laughter)

MR. AUMENT: I’m kind of curious. I just want to make sure that whatever we’re doing in this regard that we’re FACA-compliant.

MS. CARSON: If there are any considerations to be shared, I will make sure that you have them so that you can be compliant. I will look for the appropriate attorneys in SBA, but what I have heard proposed so far is an external engagement among VSOs who would present a proposal to the SBA, and there is nothing within the FACA guidelines that would prevent that.

MR. WONG: I think that this -- yeah, in my -- you’ve socialized an idea. I just want to see what you’re talking about. And we’re not going to take any official action at this point, but, you know, it’s just education. One of the things I’d like to also leave the committee with, Victor, thank you very much. I thought that the information is certainly probative, right? And so that’s a very good start.

The challenge is whether that’s going to be dispositive, right? And, so, that’s -- you know, it’s -- it is through advocacy. It’s through strength of
advocacy. It’s going to be -- you know, it’s certainly
not my decision alone to make. But, you know, to the
extent that I can help you out, I’ll certainly try.

One last thing I’ll tell you is just, you
know, it’s not all doom and gloom. Right now, for
example, for the constituency, this is, you know, try
to, you know, find solutions, and we got to figure out
how. But, you know, with, you know, Mr. Goldschmitt,
with your -- you know, Marc, with your proposal right
now, for those service-disabled companies, right now in
present state for our programs, with those companies
that want 8(a) certification and can make that case
using your 30 questions as a guideline, they can become
8(a) certified. There’s no bar against that, okay?

For those people that don’t feel that they
want to be subjected to those questions, that’s a
choice that they make, okay? But the option is open,
right? It’s the difference between being good turning
into great, or great turning into greater. But just
because it’s not greater doesn’t mean that it’s not
great, right?

But -- so there’s still a way, and those
things I can give you a commitment that, you know, our
office and even with our field, with the initiative
that Mrs. McMahon has going, we’re empowering our
field. We’re empowering 68 district offices so that we can become more customer-centric, so that we can use our 68 district offices more as a sales force, which is going to deliver not only the products that we sell but the customer service on how to use those products, okay? And worse comes to worse, you all have my phone number and you have my email.

You know, okay, then I’ll give it to you.

MS. LEWIS: For those on the call, I apologize. I don’t know who’s speaking, so if you could identify yourself, I would appreciate that.

MR. WONG: This is Barb Carson.

(Laughter)

MR. WONG: No, this is Robb Wong.

MS. LEWIS: Robb Wong.

MR. WONG: Yes.

MS. LEWIS: Thank you.

MR. WONG: But, Michael, I’ll give that to you right after the meeting, okay?

But, you know, right now, I just want to emphasize again that service-disabled veterans, while they are not a presumptive class, they are still eligible for those that want to avail themselves of that opportunity, they are still eligible to apply and receive 8(a) certification.
Okay, the other things I’ll tell you is that with our existing state with SBA, if they need to staff up, if they need to get stronger, use that All Small Mentor Protégé. There’s amazing benefits, okay? One thing that I’ll tell you as the Asian dad, okay, this is not the seventies. We do not call you with contracts. We don’t have pockets of contracts ready to hand out at the moment’s notice, okay? But it’s incumbent upon -- it’s incumbent upon the small companies, and particularly it’s being requested by DoD and by GSA that we need to improve the quality of the companies that are performing these contracts.

The small businesses that get our certifications need to focus on quality. The old way -- I’m digressing a little bit -- but the old way used to be, hi, I’m a minority and you have goals. Okay? My experience says that’s not a great way to sell. The best thing to do is to say I know you have a problem and I have a solution, and I’m the best at doing this part of the solution, even if it’s not the whole solution. But it’s something just to start that conversation and then, oh, by the way, I have an acquisition method that will make it easier for you.

And those are the things that --

MS. LEWIS: Mr. Wong, can I comment?
MR. WONG: Yes, ma’am.

MS. LEWIS: Good morning, everyone. We brought this up -- I got in on the tail end, so -- but I heard Marc’s presentation. I just couldn’t see the slides. But we brought this issue up once before, and I know there was someone in the room who had mentioned the historical data was -- I think that might have been Mike -- was given to veterans, and I would like us to go back since we’re having this discussion again and revisit the disparity study that was done by the Department of Transportation that gave the DBEs their presumption and, you know, socioeconomic status.

So I would add that veterans were at that table, and we keep bringing this issue to the forefront. We just haven’t had the resources to dig it out of the archives. But those who are in the position that’s looking at the historical data, I would ask you to go back and look for that data from the Department of Transportation because veterans were at the table. They did not get the designation because there was no follow-through in my opinion, but then the historical data was lost, and the Department of Transportation took it down.

But there were representatives at the table when that disparity study was done, and veterans were
included. So I just want to add that, if we could go back and pull that information, it might help what we’re discussing for the guy on the --

MR. AUMENT: Thank you --

MS. LEWIS: And this is Valerie Lewis, I apologize.

MR. AUMENT: All right. I would like to see if we can bring things to closure for the morning session here. We ran a little bit over time, but I thought it was, you know, a valuable use of all of our time. And I want to thank all of the presenters who have presented this morning. You know, at this segment, Marc and once again to the Office of Business Development?

MR. DODDS: Government Contracting.

MR. AUMENT: Oh, oh, I see. Well, thank you. Let’s resume the afternoon session at 1:00, please.

(REcess.)

MS. CARSON: This is Barbara Carson, Associate Administrator, Office of Veterans Business Development. We are going back on the record for the Advisory Committee on Veteran Business Affairs.

Mr. Chairman?

MR. AUMENT: Yes. Thank you, Barb. So it looks like this afternoon -- this afternoon, later
we’re going to be doing some followup to some of this morning’s presentations, in particular the notion of certification, options for certification and verification of veteran-owned businesses. But first, before we do that, I guess we’re going to be having an internal presentation from SBA, in fact from the Office of Capital Access.

Peter Gibbs?

MR. GIBBS: Yes, sir.

MR. AUMENT: All right. Thank you, Peter. Please.

MR. GIBBS: Hello, everyone. I’m going to give you a presentation on SBA’s lending, analysis on SBA’s lending. So the first slide shows you SBA’s entire portfolio and how much money we lend on an annual basis since 2012. It shows you the loans that were approved and the dollar amount. Next slide, please.

In our small loans, SBA has a Microloan program, which is a program for loans that are $50,000 and below. And we have a Community Advantage program, and that is for loans that are $250 and below -- $250,000 and below. And that shows you our activity since 2012. Next slide, please.

What you guys are more concerned about is
lending to veterans. This shows you since 2012 the number of loans and the percentage of our portfolio that goes out to veterans and service-disabled vets. Next slide, please.

If anyone has any questions, you know, feel free to ask.

MR. PHIPPS: Hi, Peter. This is Michael Phipps, and I think we talked about this yesterday. Any insight onto the decrease in the amount of approved dollars to the veteran-owned companies?

MR. GIBBS: I’m not sure. We can -- I’ll take that question back and try to figure out, you know, why that’s occurring.

Okay, so loans to veterans, they get a relief, so the fee that veteran and service-disabled-vet businesses is reduced if they’re in that category, based on the loan size, that’s the fee that a veteran or a service-disabled vet pays.

The next slide shows you -- the last column tells you, like, as far as dollar value how much relief the veteran-owned businesses has taken advantage of since 2012 -- 2014 to 2017.

MR. AUMENT: Question for you.

MR. GIBBS: Yes, sir.

MR. AUMENT: The number of approved loans from
2015 through 2017 were, you know, quite similar. The approved dollar amounts of those loans are not that far apart --

MR. GIBBS: Mm-hmm.

MR. AUMENT: -- but the fee relief for '17 is quite -- quite different than for the preceding two years. Is there any explanation for that?

MR. GIBBS: Without looking at the details, I would guess that it’s the size of the loans. That’s probably why it’s smaller.

MR. AUMENT: I guess the math would suggest that the numbers of approved loans and approved dollars, you know, are pretty much in line, but it’s only the fee relief that’s not...

MS. CARSON: This is Barb Carson, OVBD. I do have some context. There is fee relief that was approved by the SBA Administrator in ‘15, based on whether we could stay subsidy-neutral or not, and that amount of fee relief that could be given in those two years, ‘15 and ‘16, was substantially higher than what was available in 2017 to remain subsidy-neutral.

For example, the fees up to $5 million on 7(a) were half -- reduced by half, and that obviously drove some significant yearly to the higher dollar level loans. If you would like a further breakdown, though,
I can work with Peter and the --

MR. GIBBS: Right.

MS. CARSON: -- the Office of Capital Access to get you a more detailed breakdown.

MR. AUMENT: At yesterday’s interagency meeting, there was a good presentation on, you know, capital access as well, too. One of the things that the speaker mentioned would be talking about annual adjustments in order to hit that zero subsidy, and there would be instances where the, you know, ceilings or floors and everything would be, you know, raised or lowered in order to achieve that.

One question I had, Barb, was does that mean -- is that only for the, you know, veteran loans? I know they’re the only ones that are eligible for fee relief, but where you have experienced losses, does that look at the total universe of loans versus just the veterans loans?

MR. GIBBS: Yes.

MS. CARSON: Barb and Peter would answer. It looks at the entire population of the lending portfolio. There is not one segment that is receiving -- veteran relief is a part of the total package, so for example, one correction I would make is that yesterday for all borrowers, there’s no fee on certain
7(a) products under $125,000.

Veterans can -- we can continue the modeling to provide some additional fee relief and still remain subsidy-neutral, so in addition to the no-fee at $125,000 and below, like every other borrower gets, veterans have further relief from $125,000 to $350,000 on non-Express, 7(a).

And one distinction -- you didn’t ask, but I’m going to tell you anyway, is that the Veteran Entrepreneurship Act of 2015 provides for zero fees to be paid by veterans on that up-front guarantee for $350,000 and below, but only on SBA Express products. And that is why we -- I mean, SBA has to stay subsidy-neutral, but that’s why it is especially important to that Act, being able to be enforced. We would lose that relief if we were not subsidy-neutral.

MR. GIBBS: Okay, so that’s the last slide, but I am the Acting Director of the SBA’s Office of Surety Guarantee, so I decided to bring a bonus for you guys today. So Germaine is going to give you some -- I want to give you a breakdown of how, you know, a significant number of veterans, they own construction companies. And the biggest -- one of the biggest obstacles for construction companies is the ability to get what’s called a surety bond, a performance bond.
And my office, you know, we provide -- we guarantee bonds up to $10 million if it’s a federal contract. On a regular contract, we can go up to $6.5 million, and we have what’s called a quick-app. So if you have a contract that’s $400,000 and below, you can get a bond through our program in less than -- in a couple of hours. A regular contract, we approve it in about less than two days.

So I apologize, I only have like 15 copies, so the people who can see it, in FY17, you know, we guaranteed over $522 million in contracts, and which was for 764 bid bonds and final bond contract, which means that half a billion dollars was submitted in bids, and the final contract, which means that the veteran-owned business actually got the project, we had $128 million in contracts.

If anyone who does not have a copy wants to get a copy of it, but we -- we’ve been reaching out to veterans. I’m a veteran, and I have three or four members of my staff that are veterans, so we do a -- we reach out to veterans and we see the numbers as far as veteran-owned construction companies actually obtaining surety bonds increasing over the last couple of years.

Yes, ma’am?

MS. PEREZ-WILHITE: What has your approval
rate been for the VOSBs that contact you that want those bonds?

MR. GIBBS: The approval rate in our program as a whole is about 98 percent. Very rarely do we not approve a bond. And it’s several reasons. We partner with 31 surety companies and about 400 agents, so the agents who are -- who have user names and passwords to submit bonds to us, they know our program. So by the time it gets to us, they’ve done their vetting, so they -- so rarely do we ever not approve a bond.

Any additional questions?

(No response.)

MR. GIBBS: All right, thank you.

MR. AUMENT: Thank you very much, Peter.

Our next presented, just a little bit of background, as we were trying to put together the agenda for this -- you know, today’s session, we wanted to, you know, expand upon the whole theme of verification/certification of veteran-owned businesses. So far this morning, we talked about the different options for those of us who are working in the govcon area, and whether it’s going through the VA’s more formal process or whether it is a self-certification process for SDVOSBs or VOSBs that do not choose to do business necessarily as VA as their primary customer.
But we also know that there are more veteran businesses that are actually doing -- you know, relying upon either selling goods or services in the private sector than there are in the public sector. So we wanted to talk to some entities that have been -- their experience in going through certifications of veteran-owned businesses, you know, for the work that they do in the commercial supply chains.

So I’d like to start out with a presentation by Matthew Pavelek, who is with the National Veteran Owned Business Association. And he’s here with his colleague, Mimi Lohm. And I think you have one other colleague with you?

MR. PAVELEK: Yes, we do. We have Shirley Bailey. She works with our team, and she’s with GCC Technologies.

MR. AUMENT: Okay. Well, please.

MR. PAVELEK: Okay, so first of all, I’d like to thank Ronald and the committee for having us here today. We really appreciate the opportunity to speak with you all. My name is Matthew Pavelek. I’m the President of the National Veteran Owned Business Association. And just in terms of background, I’ve been the executive editor of Vetrepreneur Magazine for the last nine years, and I’ve been extensively working
with the veteran business community. I’ve written quite a bit about federal spending and government programs, but our core advocacy has been with the private sector and corporate contracting entities and trying to help veterans get equal inclusion in diversity circles within corporations.

   And, so, my colleague, Mimi, if we can go to the next slide -- actually advance two slides forward, please -- she and I have been working together, but largely she’s really led our advocacy efforts over the years to get more corporations to include veterans. So in 2007, when NaVOBA launched, there were about 100 companies on the Fortune 500 list that had goals to include veterans. That’s increased to more than 430 companies now, largely because of that advocacy. So we’ve seen a really high level of engagement with corporations wanting to include goals for veteran businesses. So next slide please.

   So what we’ve really worked to help veterans or help the corporate community understand is the value of working with veteran businesses. So the argument that your customer base for corporations is very diverse and so should your supply chain has largely been the reason for supplier diversity in general. We take that a step further with talking about what the
1 military teaches people and what veterans learn. Many
2 of us in this room are veterans, but there’s a lot of
3 discipline and leadership and skills that are taught,
4 intangible skills that make veterans excellent
5 employees and also make them excellent suppliers. Next
6 slide, please.

7 That translates into a greater propensity for
8 entrepreneurship for veterans, and there’s been a lot
9 of studies to try to understand why that is. But in
10 either case, what it means is for private sector
11 corporations the answer to the bottom line, they have
12 shareholders. They don’t give contracts to anybody
13 based on who they are; they do it because it’s good
14 business reasons. And including veterans in that
15 supply chain is important.

16 One of the other things that we’ve worked
17 really hard through the magazine and through just
18 conversations is to help everybody understand how
19 diverse the veteran community is because veterans are
20 everybody. The key distinction is over the last 44
21 years or so, everybody that’s served in the military
22 volunteered to do so.

23 And, so, we had some commentary early about
24 the way that the media portrays and our society
25 portrays the veteran experience, and I have some
experience with that in my research. When I went to the University of Kentucky for my Ph.D. program, I was looking at how media covers veterans, and what I found in about 85 percent of cases, you do see a lot of those themes of PTSD, homelessness, unemployment, what I coined the broken hero syndrome or the damaged goods syndrome, which is unfortunate because what we talk about, even with veterans that have incurred a service-connected disability, we still see a lot of great business leadership skills and a lot of great businesses.

And, so we honor our women vetrepreneurs of the year and the minority vetrepreneurs of the year, Hispanics, et cetera, to make sure we truly help people understand that there is a great diversity within the veteran community.

And, so, if we could advance the slides forward to show all the different covers, because we write these stories about these great people because we can help personify this notion. So these are all excellent business owners that we were able to recognize this year, and with that discussion earlier, Dave from Coqui Disposal, the third one in from the left, he’s actually an 8(a) company as well. So, I mean, there’s a lot of synergies to what we’ve been
talking about today.

So if we can go to the next slide, please.

One of the other things that we’ve found to be very beneficial for the veteran business community is veterans like to hire veterans. And this is not unique because women-owned companies hire women as employees and et cetera. And, so, this is a great opportunity to -- for -- so so many corporations have initiatives to hire veterans as employees, and also to include goals for veterans as suppliers in their supply chain, so this is something that actually helps on both of those fronts when they include goals for veteran-owned companies.

So we’ve been studying this for a while, and so veteran businesses are 30 percent more likely to hire veteran-owned -- or veterans to work with their companies than nonveteran-owned companies for a lot of those same reasons, and especially because if you’re the owner of a company, you understand your military experience and what that did for you, and that translates into how you understand that benefit from your employees as well. Next slide, please.

So NaVOBA is -- we’re a nonprofit organization. We just went through that process to get the IRS approval. And it’s very important for us to
let you all know that we are governed by Corporate America. So the majority of the board seats on our board of directors are the corporations themselves to make sure that this is patterned -- is nearly identical of a fashion to what we’ve seen as the gold standard for the [audio interference] programs with the Women’s Business Enterprise National Council.

MS. CARSON: Could you please mute your phone if you are not speaking? Thank you.

MR. PAVELEK: So it’s important for us to get the feedback and the leadership from the corporate community. So making sure that they have that voice in how we are operating to make sure that this brings maximum value to the veteran businesses that work with them in their supply chain so they can guide our policies and how we go about certifying these businesses and connecting them with these businesses.

Next slide, please.

So we also want to help -- for businesses that are not just necessarily those businesses that are part of the supply chain, America does love veterans right now. And to Mike’s point earlier, the -- it is cyclical. There’s time that -- in America that that was not necessarily the case. It is right now.

And, so, what we want to be able to do is for
those companies that own products that are actually
sold to everyday consumers for them to recognize that.

Once again, this isn’t something new. I was just at
the grocery store yesterday, and I saw a box of
cucumbers that said women-owned right on the box as it
was coming from a women-owned farm. And we wanted to
make sure that we replicate that, too, so when everyday
consumers want to say, hey, I want to support the
veteran community, I can do that by buying products and
services that are actually provided by these large
companies that use these companies in their supply
chains.

So we have this certified veteran-owned logo
that we’re putting on products. So if we go to the
next slide, pointing out -- so all of these folks that
have served in uniform, we did research a while back to
find out what level of people -- or how what level of
support from the average Americans and from respondents
from all walks of life.

We found that 95 percent of folks feel a sense
of gratitude toward people who have served in the
military; and two-thirds of people said they’d be
identified -- or they would be inclined to purchase
from a business identified as veteran-owned, all things
being equal -- price, quality, et cetera. So there’s a
propensity for that. And, so, that’s a huge impact for
corporations to want to be able to recognize that. So
if we can go to the next slide.

This woman that you see there, this is her
company. It’s Savannah Sauce Company. I don’t know if
you’re familiar with her company, but we worked with
her last year on a cookbook project that they did, and
the proceeds of the cookbook went to the Tiny Homes for
Heroes, and they built a community of tiny homes in
Savannah, Georgia for homeless veterans.

But these products are sold in WholeFoods
Markets, and so to be able to take a product like that
and say, okay, there’s this product that’s an excellent
product, but also see that it’s a veteran-owned company
and supports the veteran community is what we want to
accomplish with this program to get more of these
things out there because we know that the veterans will
benefit and the corporations will benefit as well.

So we have more than 435 companies that do
want to support veteran-owned businesses. And like I
said before, that’s quadrupled over the last decade,
which is fantastic. And, so, what we also like to do
is recognize that. So if we can go through the next
several slides, when I get to the FAQs later in the --
at the end of the presentation, we’ll take a look at
all these different companies, but these are the companies that support NaVOBA and have asked us to create a program like this and said we want to be able to recognize these veteran companies that we’re doing business with.

And, so, we also recognize the best corporations for veteran business enterprises. We’ve conducted this survey for the last decade, and it started off with, as you might imagine, a lot of the large prime contractor, defense companies that really had aggressive goals to recruit veterans and work with veterans and largely because of Public Law 10960, et cetera. But that has expanded so much further outside of that beltway requirement now and it is for -- all of these companies want to be inclusive of veterans. And, so, we like to recognize that.

And, so, our -- this year’s survey, we had more than 163 corporations respond who want to be included in this recognition program, which is fantastic because it just demonstrates the level of commitment and then the corporations want to be able to identify that they are doing great things for veteran companies to be as inclusive in their supply chains as possible, including folks who have served in the military.
MS. PEREZ-WILHITE: I have a quick question. These companies that you have here, are they also -- is this their focused areas of giving to -- with their community relations? Are they also giving to the veteran community? Is that how you found them? How did you determine which companies would work with you with this?

MR. PAVELEK: So the companies that we work with, we work with their supplier diversity programs. So their commitment to us is they demonstrate they want to work with veterans in their supply chains, in their diversity inclusion programs. Many of them already have a program that’s in different levels of community engagement and outreach, military affinity, et cetera.

And more frequently you see much more engagement with hiring veterans and supporting the military community and supplier diversity because of its specific nature is actually you see less corporate -- so some corporations might have a great program to hire veterans, but don’t actually have a robust program for supplier diversity. So the folks that -- these corporations, these are the ones that have dedicated supplier diversity resources and include the efforts to use veterans in that supply effort.

Next slide, please. So the one thing that
we’ve found is very important and something that our
corporate members have pointed out to us quite a bit is
it’s vital for us if we’re going to say we’re spending
money with companies we need to know who they are and
make sure they are actually owned by who they say they
are owned by. And, so, we patterned our program
largely after the Women’s Business Enterprise National
Council’s program. We hired their president emeritus
to consult with us for most of the year in 2015 to
write the standards for how we certify the ownership,
operation, and control to that 51 percent.

We went through the U.S. Patent and Trademark
Office to make sure that we got protections for
certified veterans business enterprise and service-
disabled veterans business enterprise to make sure that
it’s consistent with the private sector contracting
world. So in the private sector, they track spending
with women’s business enterprises, minority business
enterprises, and so we wanted to make sure that we did
everything to stay consistent with that.

One of the reasons, too, is because for
corporations, they don’t necessarily have to have a
small company. They can work with a very large company
if it’s certified as minority or women-owned. They can
still take credit for that, so that’s one of the key
distinctions between an OSB program versus a BVE program, et cetera.

And, so, next slide, please. So we’ve been spending a great deal of time trying to educate veterans on who can benefit from our certification program. For the majority of companies that are just trying to sell more products and services in their hometown or where they live or even online retailers, et cetera, the overwhelming majority of companies really don’t need to get certified unless they’re actually working in the supply chains for corporations that want to do that, and I know Misty’s group can talk a little bit more about the opportunities that are out there for veterans and just entrepreneurs in everyday America.

But, so, who needs it? Why is it valuable? It’s a huge value-add to your corporate customer is what we try to help our corporations or our veteran business enterprises understand. So the reason that you do this, because if your corporate customer has already said we need to be inclusive in our supply efforts, and if we’re accomplishing this by spending money with your company and you’re veteran-owned, please let us know that so we can measure that effectiveness.
And, so, it’s valuable to the corporations that want to be inclusive of veterans. And, so, for the -- then by its nature it’s also valuable for the veterans business enterprises that want to be able to provide that value-add to that corporate customer or that prospective corporate customer.

It’s different from the VA’s business verification in a couple different ways, and we’ve heard the term “certification” kind of used interchangeably with what the VA is doing, and it’s not the same thing. And with the self-certification program, understanding the vernacular with the corporate contracting world, that certainly applies with self-certification, but in the private sector contracting, certification is a much more clearly and rigidly defined term that is the 51 percent ownership, operation, and control of at least one or more veterans, but it doesn’t have to be a small company, but it also includes a site visit in 100 percent of the cases in which VA has been progressively reducing the number of site visits they conduct for the businesses that they verify.

The other key difference is the VA’s verification program is for VA to be compliant with its own spending in its supply efforts. It’s really no
other requirement for any other agency outside of the Federal Government or inside the Federal Government to use the VA-verified database. And for the majority of the businesses that have been verified through VA, they actually have not gotten VA contracts. And many of them are not trying to. They just want to have some measure of validation of their veteran status. And, so, that’s one of the -- that’s probably the biggest difference about what we’re doing is that it’s designed for that private sector, so when these companies say, well, I’m a VA-certified or VA-verified business, it doesn’t really apply that much to corporations when they say they want to go get included in these supplier diversity efforts.

They do have to pay a certification fee. Once again, this is identical to the WBE certification fees with WBENC, and it’s $350 for every other year at the lowest tier for veteran companies and goes up from there. We know that there are other certification programs that are much more costly and much more frequent that they have to be conducted.

But all of the information about this is available on the NaVOBAcertification.org. So if anybody wants to check that out and take a look at the requirements and read the overview and understand
exactly what it’s about, if it’s right for you for your current customers or your prospective customers and what to expect. I think someone made a great point earlier that no one -- I think it was Ben, actually, that said that no one’s going to give you a contract based on who you are and the idea that, hey, I’m a service-disabled vet, what do you have for me, is -- that’s something we have to educate the veteran community on.

I mean, no one is ever going to give a contract to anybody based on who they are, especially in Corporate America. They’re going to give -- they’re going to find solutions to their problems, and they’re going to find ways to bring value to their shareholders and boost their bottom line. And if working with your company, the -- and the products, services, expertise you provide helps them achieve that, that’s great. And if you also happen to be diverse in some category that they can measure that, that’s how it works, and that’s what we try to educate the veterans on what to expect.

So looking at supplier inclusion and diversity, this is -- it’s been around for 40-plus years, and this is inclusive of the LGBT community, the veteran community now, the Hispanic community, minority, women. But this is an important program for
these corporations that want to make sure that they include as many different groups as they can in their supplier diversity programs because their customers are inclusive of all these other groups.

So the best companies want to be part of what this thing's called the Billion Dollar Roundtable, and that's these corporations that spend more than $1 billion annually with companies that they can measure that are diverse companies. And, so, 26 percent of those companies are also current corporate supporters of NaVOBA that are on that Billion Dollar Roundtable.

And, so, we have discussions with corporations every day to be more inclusive of veterans and to understand how veterans can be part of these existing programs. Next slide, please.

So most importantly, why is an inclusive supply chain important for the veterans? This -- having different companies that can provide -- small companies in general, small businesses in general, provide great value to corporations.

So we had our annual conference in Phoenix last month, and we met so many different businesses. One business in particular was impressive to me. They have an alternative to Sterno, the canned heat. So they're essentially distilling rum, but they're turning
it into a canned fuel source, and it’s also a lighter fluid that you can use, so it’s a direct competing product to Sterno and to the Kingsford lighter fluid or anything like that. It doesn’t have any aromas; it doesn’t have any -- the char that happens at the bottom of the chafing units for the hotel industry when you use those things. It doesn’t produce carbon monoxide; it’s much cheaper to produce.

And it’s an incredibly innovative product that our corporations -- especially the companies that want to see -- so if you’re a customer, you see something that’s an innovative product, that’s actually a better alternative, and it’s on the shelf, and you also see that it’s provided by a veteran-owned company, that’s going to help boost sales for that company for the corporation that puts that on the shelves, et cetera.

So companies understand -- the corporations understand that having an inclusive supply chain of people that bring different ideas and fresh perspectives, and that’s true for all small business and not just veterans.

And in certain areas, we do see that veterans in particular have a much greater likelihood or a different set of skills. Like in unmanned aircraft operations for -- and the private sector opportunities
for that, we see a lot of veterans that have a lot of expertise in that area simply because of the military applications.

So -- am I running out of time?

MR. AUMENT: Yeah, you’re doing fine. Can you talk a little faster?

(Laughter)

MR. PAVELEK: Okay, so we’ve had more -- at any given time, we’ve had generally 70 to 80 active corporate members that work with us. We’ve had 135 over the years that have been financial supporters of NaVOBA. And, so, they’ve asked repeatedly for this certification program. Please do for the veteran community what the women community has done for women’s business enterprises.

Okay, and so we’ve done that. We’ve gone through this process. So I’ve talked about the VBE and the SDVB certification program. So all the SDVBEs, those are the folks that can also demonstrate that they have a service-connected disability, are inherently VBEs. The majority of the veteran companies are not service-disabled, however, so the majority of veterans would be veterans business enterprises.

And what we’ve found is there’s a -- it’s a self-identity issue. There are so many veterans that
are doing business with corporations right now, but the corporations don’t know it and the veterans haven’t told them that because there’s really no advantage. They don’t understand that value-add to their corporate customer by saying I’m a veteran-owned company, or they say, well, I didn’t serve in combat, or I wasn’t wounded. And, so, I’m not a veteran, but yes, you are if you served honorably.

And, so, we’ve really been working with our corporate partners to reach out to their supply chains, to help their suppliers understand the value of identifying if they’re a veteran-owned company and the value that brings to that corporate customer.

So we talked about the trademarking those certifications and seals, and then the site visit is conducted in 100 percent of the cases, and that’s, once again, consistent with all private sector certification programs. We do an incredibly thorough document review to find out everything we can about the ownership, operation, and control of the company.

And then we’ll go out and visit you. We’ll look at a government-issued ID to make sure the person that we’re talking to is the person we should be talking to, that you are who you say you are and what we found out to be true on paper we know is true in
fact. And are you making the things you say you make, are you providing what you say you provide, et cetera. Next slide, please.

So there’s the gold standard that’s out there. So in any -- in as many ways as we can be identical to the standards of these other groups that are out there, with the Women’s Business Enterprise National Council, the National Minority Supplier Development Council, the National Gay/Lesbian Chamber of Commerce, and the U.S. Business Leadership Network, the VA verification, we will work with the companies that have gone that process because we know how robust VA’s process is.

I mean, it is, they do put you through -- and in many ways -- not many ways, but in a few significant ways, it might be a little too much for the limiting on the business’ -- the veteran business’ potential or you don’t necessarily need to do certain things for that. So -- but we do look at that VA verification record. We know that they put that application together, so we’ll still do the site visit for that. But it’s the same gold standard.

And, so, for our program, I think this is a key distinction, too. It’s every other year. I know that for the majority of private sector certification programs it could be every year or every other year.
The VA recently switched to every three years for your verification to be valid, but our corporate board felt that every other year would be something that would be trustworthy that we could depend on things.

We still have ways to make sure that if things have changed with the company they can provide that information to us, but not necessarily put that much burden and cost on the veteran business applicant. We wanted to keep that as minimum as possible, especially knowing that the VA is providing this to the veteran company at no cost to them.

Now it is -- there’s significant cost to the taxpayer, several thousand dollars per verified firm, but still, the veteran applicant doesn’t actually have to absorb that cost. So we wanted to make sure that we minimize that to the veteran as much as we could.

And, so, for the veteran businesses -- next slide, please -- you know, the navobacertification.org is where we have the certification application program. They can take a look at everything and see if they feel that it’s going to be right for them and their current or prospective corporate customers. And we have events. We’ll be announcing the 2018 events, and we work with other groups to help veterans understand that if their company is that type of contracting company
that can benefit from private sector certification, please do so.

Next slide, please. We have a lot of corporations that work with us as founding members and support us, and we’re building a database of our certified veteran businesses so these corporations can find these firms to work with. And also other veteran business enterprises can find other veterans to work with. And just like every other community, there’s a lot of V-to-V contracting or whatever, so veterans want to support other veterans when they can, or find other veterans to work with because they know what they’re going to get from a veteran company.

So for the corporations, we ask them to get their suppliers certified because we know they’re already doing a great deal of business with veterans, so they can start to measure what they already have. And then we work with the employee resource groups at a lot of these corporations because they have so many of these groups that have goals to try to do something to give back to the veteran community and to provide that resource. And a lot of times they can work with us to help us find people to do those site visits and make sure that the companies are who they say they are.

And a final slide, please. So these are the
questions that we get from veteran business owners, because I talk to veteran business owners all the time. So the first question, who authorized NaVOBA to certify my business? And, so, that’s why I showed you the slide with all of those corporate logos on there. All of these corporations that have said please do this for, that’s who. It’s important to them, so if those companies are your customer, do this for your customer because that’s what they want us to do for them.

Why do you have to get certified? You don’t. It’s -- we use the metaphor that it should be viewed as a hunting license. If you tend to use this certification to work with these prospective or current customers, then do it. If you choose not to do that, that’s at your discretion.

Why do I have to get paid -- or why do I have to pay? Because it’s costly. It’s very detailed work, and whether it’s VA verification or anything else, you have to have people with expertise that know what they’re doing, to look at the documents about how a company is structured and controlled.

And, so -- and at the same time, the corporations were unanimous, because we did talk about that, that there is some price sensitivity. The VA does this essentially for free to the corporate -- or
to the veteran applicant, and they were unanimous in saying, well, if they’re going to -- if this value-add that’s going to cost them less than $350 to us is something they’re not willing to do, they’re probably not doing business with us. Okay, understood. Cold, but it’s business, right?

So -- and if you’re already certified somewhere else, why do you need to do this? Well, there’s ways that we can take -- we can capitalize on whatever certification that you’ve already had and not make you do duplicative work if necessary, but simply to say that you’re a -- so we’ll use an example. So, say I’m certified as a women’s business enterprise, and -- but the woman -- but I have three women owners. One of the woman owners is a veteran, but we all own it equally at 33 percent or so of the company.

So we couldn’t -- we still qualify as a WBE because we’re greater than 51 percent women ownership, but we wouldn’t qualify as veteran because we have less than 51 percent veteran ownership. So it’s important for us to make sure that we look at all of those aspects, even if you have been certified in another area, because it must match our standards to be a NaVOBA-certified VBE.

And that’s all I had for today. Does anybody
have any questions?

MR. AUMENT: Yes, Matt. Thank you very much.

Are the majority of the veteran-owned businesses that are going through your certification process, are they product companies versus service companies, or is there an equal mix?

MR. PAVELEK: I’d say the majority of the companies now are service companies because they are those companies that are already providing services, or they’re the companies that are familiar with what a veteran-owned business is and try to sell to the Government.

We do get a decent number of product companies, but oftentimes we’ll have folks that if they’re not going to be a product that they actually want to sell to the corporations, we tell them they don’t really need to get certified through us, that they can actually work with the different organizations to be able to put that product out there and let them know it’s coming from a veteran, because they might not get the value, because once again, our corporations want to see the companies that they’re actually working with in their supply efforts. So I would say at this point there’s probably close to 60/40, service to product.
MR. AUMENT: Okay.

MR. PAVELEK: But there’s, you know, a lot of -- if those products aren’t selling to corporations, then it’s not necessarily applicable.

MR. AUMENT: Other questions for Matt?

MR. PAVELEK: Stephanie.

MS. BROWN: Stephanie Brown. My quick question: How many do you have certified currently? I know this is relatively new, it’s very exciting.

MR. PAVELEK: Yeah.

MS. BROWN: And what is the approximate time frame from application to certification?

MR. PAVELEK: Okay, so we officially opened our certification program November 9th to coincide with our national conference in Phoenix. Over the summer, we went through our pilot program. We did about a dozen businesses to get their feedback on what they experienced with the certification program.

Right now, there’s about, I would say, 30 businesses that are in process right now, so we get three or four businesses every week. We have a list of 520 firms that have told us over the last year that they would like to apply, and so we’re reaching back out to that list.

Time frame, it always depends on the veteran
applicant. So 96 percent of folks that apply for business to get VA-verified do not submit a completed application the first time through. And there’s a lot of time going back to those business owners and saying, hey, can you provide this, we need to see this, or you need to work with them to say, hey, the way that you have this template that you downloaded from the internet and it has your operating agreement doesn’t actually work to satisfy that you own the company, et cetera.

So -- but when the application is submitted in its entirety, especially if a company’s already gone through the VA verification or something else, it’s a matter of several hours for a case analyst to look at that, and then as quickly as we can line up a site visit or -- and we will coordinate together, so our site visitor will meet with the business owner; they’ll set up a time; and then they’ll go out and meet with them at that location, but it could happen as quickly as, you know, a couple weeks’ time, if everything works out.

It might take longer, but we usually try to say that it’s -- it’s going to happen within 60 days, if they complete it, but once again, I’ve got to stress that it is vital that the application is submitted in
And so, they’re not on -- we’re not on the clock until they’ve completed their aspect of it.

Thank you, Stephanie.

MS. BROWN: Mm-hmm.

MR. AUMENT: Other questions?

(No response.)

MR. AUMENT: Thank you very much, Matt.

MR. PAVELEK: Thank you.

MR. AUMENT: All right, next we’re going to be hearing from Jill Houghton of the USBLN, and I had the pleasure of speaking to a couple of your colleagues about a month ago to learn more about USBLN, Jill, and so I’m very excited that you’re able to be here with us today, you know, to tell us about your organization and the, you know, certification process that is relatively new, as I understand, you know, for USBLN. So, please.

MS. HOUGHTON: So thank you, Mr. Chairman, and thank you members of the Advisory Council. My name’s Jill Houghton, and I’m joined with Brian Horn, a member of my team over here, chief of staff. So to begin with the next slide, just a little bit of information about who the USBLN is, because our name doesn’t really do us a lot of justice.

So 27 years ago, when the Americans with Disabilities Act was passed, that was civil rights for
people with disabilities, and that is inclusive of veterans who either have encountered disability as a result of their service or encountered disability outside of service. And, so, the Congressman that introduced that piece of legislation, Congressman Coelho, had the foresight that, you know, we can -- we can give civil rights, we can give access to buildings and public transportation, et cetera, but the one thing that we can’t do is legislate attitudes.

And, so, he believed that one of the things that we would have the hardest time achieving would be employment for people with disabilities and inclusive of service-disabled veterans and veterans with disabilities. So that being said, fast forward. He had this concept that business responds to their peers. So if one company is doing something that’s good for their bottom line, the other company wants to know what it is and they want to do it better. So, thus, the USBLN was born, and that’s the back story on this whole concept of business leadership network.

If we -- go back to that. If we fast forward just to paint a picture, we’re a national organization. We have over 50 affiliates across the U.S. We’re focused on disability inclusion in the workplace, the marketplace, and the supply chain. So in other words,
we represent -- today, there’s like 137 corporate
partners -- BIT, multinational firms -- that want to do
better. They want to include people with disabilities,
service-disabled veterans, veterans with disabilities.

And they are part of our network, and we have
a wide variety of programs to help them do that. Okay,
so but today we’re here to talk about certification,
but I just wanted to kind of level set for, like, who
the heck are you. So if you go to the next slide, the
back story on this disability supplier diversity
program is essentially that in 2010 Walmart and IBM,
two of our partners, came to us and they said, we want
to include disability-owned businesses, service-
disabled businesses, and there’s not an entity out
there that provides certification. And we have done a
review, and we think that you’re the right place.

So we said, okay. And then they connected us
with the Women’s Business Enterprise National Council,
WBENC. There’s a theme here, with the same person that
helped NaVOBA, she helped us, their president emeritus,
and at the time she was the president. And the
founders, Justin and Chance, from the National Gay and
Lesbian Chamber of Commerce. And it was a beautiful
thing because what they said to us was the sandbox is
really large, and we’ll teach you everything that we
know, which is like a gift.

And, so, they took us under their wing, and we needed to go out there, and we needed to figure out, well, how do you define disability. And that’s a very complex thing because there’s, like, over 70 federal definitions alone before you even get down to the states. So next slide.

I’m going to jump around here. So we did focus groups. We engaged with people. And what we decided is that we would rest with the definition that resides in the Americans with Disabilities Act, as well as add a component for service-disabled veterans that I’m going to get to in a second. And our corporate partners said we see you creating three certifications.

One is for what we call a DOBE, which is a company that’s 51 percent owned, operated, controlled, and managed by a person with a disability or persons with a disability. And then a V-DOBE, which is a veteran disability-owned business enterprise, where it’s 51 percent owned, operated, controlled, and managed by a veteran who has encountered disability outside of their service. And then the SDV-DOBE, which is the -- you know, it’s pretty self-explanatory. Next slide.

So in terms of highlights of the program, in
the early days, we went out and we got 15 founding partners because the National Gay and Lesbian Chamber of Commerce did that, and so we set out to get these 15 companies to help us build this thing. We developed a strong national certification committee. So we have a national body. We never reveal, like, who’s on it, but what I can tell you that who’s on it are procurement leaders and service-disabled veteran-owned businesses, and disability-owned businesses.

So these are people that this is -- you know, that they know this business, and they oversee the procedures, the policies and the procedures of the program. As well as we have built out a procurement council. So we have a procurement council with about -- representatives from probably 90 of our corporate partners. And on that procurement council, there are leaders from procurement and supplier diversity that are there to talk about, like, cutting-edge things, issues that are going on in their companies, challenges that they’re having, things that they need help with that will help to influence this program.

We have also built out -- we are the place where Corporate America comes together around disability. So we have built out a whole supply chain
track of our conference. We have a conference that this year attracted 1,200 corporate leaders, including businesses owned by service-disabled veterans and veteran-disability-owned businesses that are there to match-make and to have lots of opportunities to engage with each other.

Recent initiatives, we’ve taken everything and we’ve put it online. So I’m just here to tell you, like, we’re building this thing. We like to say we’re, like, driving the car and building it at the same time. So in the early days, we were a whole bunch of spreadsheets, but we’ve grown up, and it’s now all online on a sourcing hub, and it’s accessible. So if you’re a service-disabled veteran or a veteran or a disability-owned business and you’re blind, guess what, you can use our system because it’s fully accessible, and that’s a big, like, sticking point for us. So it’s accessible.

We do a webinar series for our corporate partners. We have a mentoring program. You know, and I’m not here to say -- I mean, we’re building this thing. So, like, we launched a mentoring program last year, and we had 12 matches. And then we’re going to take that and we’re going to double it in size this year. We’ve modeled it after -- we’ve got a whole
rising leader program that we do that’s separate, with
college students with disabilities that include
veterans with disabilities, where we’re matching them
with our corporate partners.

That program’s, like, got 300 matches a year,
so this program is kind of following in its footsteps.
We’re working with our partners at the National Gay and
Lesbian Chamber of Commerce directly to go into state
and local governments to try to get our certification
recognized. So we had a huge win in the State of
Massachusetts when Governor Baker signed an executive
order and recognized NGLCC’s certification and USBLN
certification. And then we subsequently had a win in
Pennsylvania. And now we’re working on New Jersey, and
we’re working on New York. And, so, we’re trying to
fly together and get included together, just like the
Billion Dollar Roundtable. So, you know, that’s an
entity that was created in 2002, and it was a really
big day last August when they decided that the sandbox
was larger, and they included veterans, and they
included disability, and they included LGBT. So we
believe that there’s power in working together.

We’re trying to increase the numbers. We have
got a lot of work to do. So we’ve got 150 certified
businesses, and about 30 of those are service-disabled
veterans and veteran-disability-owned businesses. And I can tell you, 19 of those are VA-verified. So we’re an opportunity-rich environment, and how we’re doing that is that -- so our organization, we had chapters before we had the national mothership. Then we created the national USBLN in 2007. So now we’re working backwards. So in -- we had to build things nationally, and now we’ve got to work with our local 50 affiliates, our footprint, and we’ve got to take what we’ve built nationally, and we have to make it local.

So, for example, this year, we were able to get a grant from Wells Fargo and begin to work with seven of our affiliates locally to take this program and help make it local, to be our boots on the ground, to try to reach these businesses.

And lastly, but certainly not least, is that we’re trying to work with our corporate partners. You know, certification isn’t for everybody, like you were talking about. And if you don’t use it, it’s a piece of paper. But on the corporate side, we need companies to include it in their programs and to measure it and to be held accountable.

And, so, how are we doing that? So as an organization, we also were involved in something called the Disability Equality Index. It’s something that we
created in partnership with another organization called the American Association of People with Disabilities. If you go to disabilityequalityindex.org, the survey lives out there. There’s a whole section in that survey on supplier diversity.

It’s there for a reason. And it calls out specific questions around service-disabled veteran-owned businesses and veteran-disability-owned businesses and disability-owned businesses, because we want to be included. We want our certified companies to be included and utilized. And, so, we’re using this tool. We had 110 corporations take that survey this year; 69 of them are Fortune 500 firms, and slowly over time raising this bar, but rating them on their efforts to be inclusive of disability across their business.

Next slide.

This is the criteria. It matches -- it’s very standard. I’m not going to waste your time reading it, but I will say that we have changed. We’ve -- for the -- since the beginning, it was a one-year certification. It was $200 for one year. Effective January 1st, we’re moving to a two-year certification for $300. Next slide.

There’s our definition of “disability.” So specifically in terms of a service-disabled veteran,
it’s a person who served in active military, naval, or air service and who was discharged or released under conditions other than dishonorable, and whose disability was incurred or aggravated in the line of duty in the active military, naval, or air service and is documented by a disability ratings letter issued by the VA. Reservists or members of the National Guard who are disabled from a disease or injury incurred or aggravated in the line of duty or while in training status also qualify. So just giving you the facts there. Next slide.

Status qualifiers in terms of -- I just told you it’s the DD -- it’s your adjudication letter, and then it’s the DD 214 or the National Archives and Records Administration letter, and then there’s a bunch of different status qualifiers there for people with disabilities. Next slide.

We -- our certification committee went through this whole process because we recognize that veterans who are going through the VA process, that it’s a very rigorous, cumbersome, lengthy process, to put it mildly. And, so, what we wanted to do was we wanted to create two paths. So we have one if you’re non-VA-verified, then you go through the standard process, and there’s more paperwork involved. The next slide.
There’s an abbreviated paperwork that’s involved if you’re VA-verified because we want to recognize the fact that this veteran business owner has already been through this lengthy process, and our goal is to not create more barriers or burdens. Next slide.

Our process, our process takes 90 days. Sometimes it takes less, but I’ll tell you the applicant starts the application process. Nine times out ten, they don’t turn in everything, and so you got to hunt it down and help them. It goes to our certification committee for review. Then it goes out to a site visit. Then it goes back to the certification committee, and then the determination is sent to the business within 15 days.

And the certification committee either votes to approve, deny, or request more information. If they deny it, there’s a whole appeals council, and there’s a whole appeals process. Next slide.

Ways that we support our certified businesses. Monthly teleconferences. We have scholarships, so we -- through the support of partners, we utilize that to support people to go to the Tuck School of Management or to go to Google to learn more about Google Analytics. Our corporate partners provide information on bidding opportunities during networking
events throughout the year with quarterly spotlights and newsletters, our conference, our mentoring program, webinars.

And we’ve got an awesome partnership with the Institute for Veterans and Military Families, and we don’t do what they do. And they do it very well. So together we like to think that we make a really good team because they do -- we’re just -- we’re the certification body. Next slide.

That’s our contact information, happy to answer questions.

MR. AUMENT: A very simple question, Jill, and thank you very much for your presentation. How do you define your affiliates? You spoke of them a couple different times. Please explain that -- who they are.

MS. HOUGHTON: So they’re a rainbow, so to speak, you know. In some communities, they are, like, robust. And in some communities, they’re an opportunity to grow and to develop. But at the core of each of our affiliates, they’re business. So we bring together business leaders in a community that are committed to including people with disabilities.

And a lot of times, these may be employee resource group leaders that may lead the military and veterans ERG or may lead the disability employee
resource group, business resource group, because a lot of times in our corporate partners, we’re seeing a lot of connection between military, their veterans efforts, and their disability efforts.

In fact, a lot of companies have created positions where they’re sandwiching those two together. And, so, locally, you’re going to see local procurement leaders, local, you know, human resources folks, technology, because that’s a really hot topic around the accessibility of technology. You’re starting to see accessibility people come into our mix. And you’re going to see business owners.

MR. AUMENT: So would they be, for example, an offshoot of the local chamber of commerce or something like that?

MS. HOUGHTON: It depends on the community. So in Chicago, we are part of the Chicago Chamber of Commerce, the Chicagoland Chamber or Commerce. In New Jersey, we’re part of the New Jersey Chamber of Commerce. But in Indiana, we’re associated with the SHRM, the Society for Human Resource Management, whereas in Alabama, we’re associated with the vocational rehabilitation agency. So we look different depending on the community.

MR. AUMENT: Do we have other questions for
Jill?

MR. PHIPPS: Jill, really quick --

MS. LEWIS: We can’t hear the questions on the phone.

MR. PHIPPS: Hi, Jill. This is Mike Phipps. Can you explain the Disability Equality Index a little bit, and is there a differentiator for veterans versus the other groups that you represent?

MS. HOUGHTON: So the Disability Equality Index was inspired by something called the Corporate Equality Index that is a tool that was created by the Human Rights Campaign, or HRC. And it is a tool -- the Disability Equality Index is a tool that was created in partnership between our organization and an organization called AAPD, the American Association of People with Disabilities. We created an advisory committee of corporate leaders and of people with disabilities.

And, you know, the two cross over and there are some individuals on there that are veterans, veterans with disabilities. And they created a tool that looks at leadership and culture, employment practices, enterprise-wide access, community engagement, and support services, and now supplier diversity. It’s a 72-page survey.
It’s out in the public domain at disabilityequalityindex.org, and it is intended to be a tool to help business get better at including people -- all people -- including service-disabled veterans and veterans with disabilities. And, so, it causes a company to bring together a cross-functional team and to look at these questions, respond to these questions. And we then turn around -- it takes -- the survey -- the registration is open right now. It closes on January 12th.

The survey goes live on January 24th. It’s online. It runs until April 13th, so and on April 13th, companies will submit their surveys. And then we present the results in July, and we -- we talk about the top companies for people with disabilities, and we only talk about the companies that scored an 80 or above because it’s not a “gotcha.”

So this year, in 2017, 110 corporations participated. Again, 69 were Fortune 500 companies, and then we call out opportunities that we see where people can do better. So, for example, we saw that 51 percent of the companies that participated included disability service-disabled veteran in their procurement. And we see that there’s a real opportunity for the other 49 percent to get in the
game. If they want to get more points, then they need to be more inclusive. So that’s kind of an example.

Over time, the bar will raise. So this year, we added a nonweighted whole category on supplier diversity, and we’re telling people that get ready, because in 2019, that category is going to become weighted. And, so, we’ll determine how and what questions, but so for example, there’s eight questions in that category right now, so we may determine -- the committee may decide five of them are going to become weighted, and so in order to get ten points, let’s say you have to answer three of five affirmatively.

And you don’t just answer. Then you have to provide us with the documentation. So if you say, yes, we include service-disabled veterans in our supplier diversity program, okay, great, show us a screen shot. So it’s not just a --

MR. PHIPPS: It’s just for the corporations.

MS. HOUGHTON: Exactly, exactly.

MR. PHIPPS: To measure how well they’re performing.

MS. HOUGHTON: And to try to encourage them to do more.

MR. PHIPPS: To do more, right.

MR. AUMENT: Other questions for Jill?
MR. PAVELEK: Hi, this it Matt Pavelek from NaVOBA. So you’d mentioned something about Guard and Reserve service and how that applies to the veteran status. How does that work if -- are they eligible if they’ve never been activated?

MS. HOUGHTON: So I am probably not the most -- I would defer to my team member, Patricia Richards, who is not present. And I can get an answer and come back to you with that fact.

MR. PAVELEK: I know Patricia well.

MS. HOUGHTON: Okay.

MR. PAVELEK: It’s something that we’ve been getting a lot lately, and I just didn’t know how other organizations were handling that.

MR. AUMENT: Let me jump in there, too. Jill, you probably can answer this question as well as anyone. That typically if you have been activated for a period of six months or more on that, you become a veteran in that instance. Otherwise, if you are -- if you receive a service-connected disability or aggravate a disability on a period of duty, active duty for training, a period, even though you’ve not served six months in an active-duty status, you, you know, are eligible in that case.

MR. AUMENT: Well, if there are no more -- oh,
1 yes, Marc.
2        MR. GOLDSCHMITT: Marc Goldschmitt. When I was in the Reserves and I was activated for 30 days or more, I received a green card, and when I got out a DD 214. I don’t know if that’s still the situation, but --
3        MR. AUMENT: I know at VA we went through lots and lots of sea changes back in the -- at the beginning of, you know, our adventures in Iraq, and where we started using -- increasingly using Guards and Reservists in that particular capacity. And I could stand to be corrected, but I thought it was six months at that time to automatically become a veteran.
4        MR. GOLDSCHMITT: Just when I look at things like VA verification, DD 214 and/or -- and if you’re going for service-disabled vet a letter from the service or a VA disability.
5        MS. HOUGHTON: I just want to thank you.
6        MR. AUMENT: Jill, well, thank you very much. We do appreciate it, and I was very pleased to learn more about the USBLN as well, too, and the good work that you do. So thank you very much for joining us today.
7        MS. CARSON: The person who’s on the phone, could you please mute.
MR. AUMENT: All right, our last presenter for the day, last but not least, is Misty Stutsman from the Institute for Veterans and Military Families and Coalition for Veteran Owned Business, is going to be speaking to us today about commercial supply chain opportunities for veterans. Misty, thank you for joining us.

MS. STUTSMAN: Thank you very much for having me. So as mentioned, I am Misty Stutsman. I am the Director of Entrepreneurship and Small Business at the Institute for Veteran and Military Families at Syracuse University. I am not a certifying body, so what I will talk to you about, though, is what IVMF is, and I’m going to go over a little bit of an overview.

And when I was invited to speak in front of this group, I was also asked to include one of our partner corporations. So here in a little bit, we will have a couple of words from actually Walmart to dial in to talk about why a group like this is important to them as well.

But first I’m going to start with a little bit of an overview of what the IVMF is, what we do, and how the Coalition, which is now just about two years old, kind of fits into this whole group. So the IVMF is an institute that’s about five years old. And our mission
is pretty simple: To advance the post-service lives of America’s service members, veterans, and their families.

Really, we started and were founded on entrepreneurship and small business. And, actually, those programs predate our institute. So we were started on the entrepreneurship bootcamp for veterans with disabilities, which was started about 11 years ago. And since then, we’ve grown up a little bit into a portfolio of programs that in entrepreneurship alone has served over 70,000 veterans and their families.

To dig into that a little bit, here I just provided a slide of what our focus areas are. So at the IVMF, we focus on career prep and employment, community-based care coordination, which basically means that we bring together groups in different communities in order to better serve veterans and their needs. We also do entrepreneurship in small business.

And then we have what’s kind of interesting, is an entire group of researchers and evaluators that look at our programs and that also look externally to see what’s going on in the larger ecosystem and how not only programming but policy can better serve our veterans and families. And they really look to provide those insights to not only ourselves but to external
groups so that our research is informing our practice and our practice is informing our research in a cyclical manner.

So when it comes to small business, small business, we are a portfolio of brands that really work to meet veterans where they are in their entrepreneurial career. As you can see there, we started with EBV, EBV-F, VWise, IGNITE, all of those that have been supported by the SBA. We then, you know, started to realize that our companies are growing up. So they’re no longer startups. They now are large companies that are doing business with corporations. They’re larger companies that are doing business with government, and they are larger companies that are looking for more opportunities.

And what we realized, not only from feedback from them, but also again looking at a larger ecosystem, is that we now need to kind of extend that continuum and stop just working with startup groups and actually work to advocate for and provide opportunities for larger veteran-owned businesses. And that’s where we came up with the Center of Excellence, which is a research aggregator and resource aggregator, as well as the Coalition for Veteran Owned Business. And those are the things that I’m here to talk about today.
Both of those were supported by corporations like FirstData, BNR Founding Partners, to kind of bring to the forefront. Recently, an offshoot of that Coalition of Veteran Owned Business is what we do here and why we’re here to kind of talk about is our Vet Source, which is a training program for veterans that are interested in becoming procurement-ready so that they can work within private supply chains.

So while we do not certify those companies, we will not tell you, you know, they’re 51 percent owned or operated, we will get them ready so that they can take advantage of the certification and understand all the opportunities that are out there in the private supply chains and understand how to make those relationships and grow their business through those supply chains.

So to dig in on that a little bit, the Coalition for Veteran Owned Business is a first-of-its-kind coalition of large companies. So think -- and I’ll have their logos up here in a second. But it’s FirstData, it’s Walmart, it’s Disney, that actually sit around the table four times a year to come together, and we use their input all throughout the year to really discuss and share best practices, not only within theirself as corporations but also with veteran-
owned businesses. They have agreed to come together and get more veteran-owned businesses into those supply chains.

We have three major priorities, so it’s increased opportunities and information for veteran-owned businesses when it comes to corporate supply chains, create networking opportunities and capitalize on the convening power of a coalition and corporations, and create awareness and advocate for these opportunities for veterans within the supply chains.

Here are the corporations that are involved with our coalition so far, and with that I’m going to see if Joe Quinn has dialed in. Walmart is actually a very important partner with us in the coalition. This past fall, we launched Vet Source. Vet Source is a one-day training program where we look to bring together veteran-owned businesses to not only learn about the opportunities that are out there in corporate supply chains but also we bring in corporate supplier diversity professionals to work with those companies, not only to understand the opportunities, but to understand the nuances and how they can best prepare themselves to do business.

In addition, it’s much more than just getting those companies ready to do business with Walmart, but
actually getting those companies ready to do business
with each other, because we do know that past tier one,
veterans do want to work with veterans. And while they
may not be ready to be, you know, in Disney’s supply
chain, they may be ready to do business with a prime
contractor that is in Disney’s supply chain.

So with that, Joe, if you’re in, I’ll let you
say a few words.

MR. QUINN: Yeah, hey, Misty. Thank you all
for, you know, giving us an opportunity to sort of walk
through some of this this afternoon. Just, you know,
sort of briefly, we have a long relationship with
Syracuse. We consider Syracuse some of the best
thought leadership on veterans issues in the United
States, and our foundation has funded their work for
many years now.

And then we sort of evolved from that to using
some corporate dollars for some work that we are doing
with Misty, really trying to help veterans sort of
understand what it takes to maybe compete in the
marketplace. And along the way with FirstData and with
Misty’s team and, you know, I think we’ve found some
interesting things as we pull veterans together. I
mean, first and foremost is, I think, what is the
difference between, you know, a veteran who has a
concept or an idea or a thought versus a veteran that
has an actual business.

So I think pretty quickly you get into the
realization that some people say they’re a small
business, but they’re really just someone with an idea,
and they have not secured capital, they don’t have a
business plan, and they come to events that we are
doing and sort of have some, you know, conversations
with us where I think we try to put them on the right
road to becoming an actual business. So I think that’s
one issue.

The other issue, I think, and I have found
this a great deal since we started down this road, is
that people who have been in the military, I think, are
too hung up on government contracts. And at Walmart,
we spend, you know, billions of dollars in virtually
every state buying product from companies here in the
United States that we sell.

And I -- the thing I have said over and over
to the veterans groups that we speak to with Misty in
terms of helping better prepare them to function in the
marketplace, I mean, the message I deliver is you have
to have a great widget. You know, if you bring Walmart
a product that we think our customers want and it’s at
the right price range, we’re going to be more than
happy to sell that.

But we don’t pay extra because you’re a veteran. We don’t subsidize you because you’re a veteran. And those are issues that I think -- now, those may sound like simplistic messages to some people on this call, but I think we have found that those are messages that some of the small businesses that are veteran-owned need to hear as they come into this process with us.

So we -- we are embarking with Syracuse on doing more events this year, where we could pull together veteran-owned small businesses and help them better understand how to deal with a big company like us or a big company like FirstData, and, again, I think that may sound simplistic to you, but I think there’s a lot of need to sort of help these people understand the fundamentals of what we are about and what they want to be as their business grows.

We think it’s meaningful work. We think the time is right. As I say to people all the time, Iraq and Afghanistan are now off the front pages, and the transition issues that veterans face I think are very real, and I think a company of our size and scope, working with, for instance, a company like FirstData, I think we can use our collective voices to try to keep
these issues sort of out there in the forefront. I think that’s another important part of this work.

That’s why we want to do events with Syracuse. I think events matter because when you convene smart people to talk about veterans issues, maybe in a city or a market with a large military presence, you’re kind of just elevating and driving the discussion. I don’t think really any of us can take for granted that the discussion is going to advance without us.

So that’s sort of some broad thoughts on why we think helping small businesses understand how to do business with larger businesses matters, and at Walmart, we’re committed to hiring 250,000 veterans by 2020. We hired 188,000 so far. We think we’re making good progress in that direction. We think these issues are very real, and this whole body of work matters a great deal to our company.

MS. STUTSMAN: Thank you, Joe.

And to kind of continue, really what the CVOB also looks to do is educate both sides of the coin. So we really look to work with groups like USBLN, like NaVOBA to put everyone to their first best use so we’re not duplicating efforts, right? So part of that’s been even having the corporations kind of share their own best practices. LaQuinta came forward with 15-day
payment terms for veterans. So how do we get that out there to let them know, not only on a national front, but on a local front, they want more veterans in there, and they will pay you within 15 days.

Well, hearing that, groups like other groups around the table, FirstData being one of them, challenged themselves to do their payment terms. So that’s really what we’re looking at. You know, building off of what Jill said earlier, companies see another company in their area doing good, and they want to do better. And, so, we use that kind of challenge mentality to basically make a better ecosystem for veterans.

So moving on, just a little bit of the things -- well, I guess I should mention, we also have about 500 veteran-owned businesses in our database that our corporations do have access to, and we are building that. And then we have a great network of affiliates, obviously some that are in the room right now, again that we work with to get kind of the advocacy out there that we work to share opportunities that all these affiliates bring forward to get veterans where they need to be.

Our themes that run through all of this is train, mentor, connect. That’s really what we do
through this coalition. Year to date, we’ve been to many different events, obviously advocating, but also learning more about the ecosystem, understanding why -- what gaps are in the market and what we can do to fill them, but also how can we convene others to make sure that, again, it’s not just one person trying to work towards those gaps.

So we did launch Vet Source with Walmart. We have the first one in Hampton Roads this next year. Next year, we’ll be going to Austin, Texas in February, more on that later, and also two more locations. So get at those events. We bring together groups like Johnson & Johnson, Lockheed Martin, Walmart, so that they can work side by side with these veterans.

We also launched VETNET, which is monthly webinars, and then we also have tools and resources so they can learn more about certification, they can learn more about access to capital, they can learn more about employment.

So one thing that I mentioned earlier is that we are constantly looking at what gaps are in the market and how we can adjust them. I did include a couple of slides in here that I will go through rather quickly so we can get to the end, because I know I’m standing between you and break time. So really, we
launched Operation Vetrepreneurship this year to further understand what veterans are lacking and so that again we can educate both sides of the coin -- what stakeholders need to do about that.

So with that, here we’re really looking at what are the motivations behind veterans starting companies, it is one of the larger qualitative studies of its kind done to date, so we went around and so far have interviewed over 85 veteran-owned businesses in nine different cities, and we’re continuing interviews throughout this year.

Features, we’ll actually have a checklist in the back of it, and I do have some copies here, so that stakeholders understand what veterans are lacking and what we can do about it. And we’re looking at this to start kind of bringing together again back to the convening factor other groups to say here are the gaps and here’s how we as IVMF fill, so looking at the larger ecosystem, what you can do to address them.

We’ve talked about motivations, why veterans are pursuing entrepreneurship and common challenges. I don’t think any of these come as a surprise to anyone who has ever worked with a veteran entrepreneur. So the top three challenges being access to capital, limited networks, and difficulty developing mentors.
There’s a million people out there that want to mentor a veteran-owned business. There is not a lot of people on either side of the equation that understand how to manage a mentoring relationship.

And, so, these are the three themes that through the coalition we’re going to be building into all of our training programs, but we also want to make sure that we provide tools, resources, and information to other stakeholders and bodies interested in also building these into their programs so we can address what good looks like and make sure that that’s being delivered to our veteran-owned businesses.

And these are also resources that veteran entrepreneurs find most helpful and ones that they feel like would benefit but they can’t find enough information on.

So what’s next? VetEdge is a new conference that we’re bringing together through the coalition, again to train, mentor, and connect. We’ll be working with groups, many of which presented today, to get those connections made. We’ll be having two more Vet Sources next year, and we’ll be looking to grow the coalition. This is the big event that we’re launching next year, so it’s a first-of-its-kind conference. It’s really focused on growing veteran-owned companies.
So they’ve had to be established. It’s not for startups. There’s going to be over $175,000 in capital that will be deployed into veteran-owned businesses during that week, or weekend. There will be a procurement event.

There will also be a mastermind event, where we’re bringing in top entrepreneurs from across the country to work one-on-one with a smaller cohort of veterans, preconference, so that they can really take advantage of the learnings over the next three days.

In addition, I’m extremely excited to announce that we are actually working with a group that you would all recognize with 5,000 in the name to celebrate the top 50 veteran-owned businesses in the nation. So this is veteran-owned or operated growing businesses in the nation, so we’ll have a dinner celebrating that.

But, again, you know, this is something that we are not the certifying body, but we are trying to train veterans and corporations and other stakeholders how to do better by each other when it comes to business and supply chains. So with that, I will take any questions.

MR. SHARPE: I’m really excited about this conference that you’re putting together. For the American Legion, the deepest concern that we have and
what we hear from our veterans is that many of them
go into business don’t really know how to run a
business. And not only that, they’re not able to
maximize their profit margins. So we always feel like
there should be another level of training for those
already in business to really teach them how to stay in
business and to grow and make a decent profit. So
that’s something that we really like to see.

MS. STUTSMAN: Thank you. I think a big part
of this, too, is when we bring together over 150
veteran-owned companies, that’s going to happen. So
there’s going to be a lot of learning from each other.
We really got out the agenda for thoughtful networking
and jam sessions. And another thing that we’ll be
announcing at this is a lot of people are familiar with
our entrepreneurship bootcamp for veterans. It’s been
a program, like I said, that’s been around for 11
years, and it’s been extremely successful.

Next year, we’re taking it to the next level.
We will still be doing EBV to help veterans that want
to start and have a great idea. We also have two
schools that will be launching a new version of EBV
that will be focused on growth. So the companies had
to have already been in business for a certain amount
of time and have to have a certain amount of revenue,
and then we have another program that meets them again further down the continuum so that they can keep growing.

MR. PHIPPS: Hi, Misty. It’s Michael Phipps. One of the things that this body does is it’s able to make recommendations to change the way government deals with veteran-owned small businesses. And, so, when I see your qualitative study, it’s very interesting. Is that a study that’s complete?

MS. STUTSMAN: So it’s a study that we’ve turned out an interim report right here. We’ll be turning out a final report next year.

MR. PHIPPS: Excellent.

MS. STUTSMAN: So at that point it will be complete.

MR. PHIPPS: One of our challenges is finding qualitative or quantitative studies that point us in the right direction, such as the common challenges. We’ve seen variations of this, and so having that report will really help, I think, this body just in simply some general directions.

One of the things that we’ve -- and I just want -- you may not be able to answer this, but business development/marketing as a whole has -- we’ve seen in a lot of cases, like that’s more important than
access to capital. Have you come across that issue?
Access to capital is really cool, we keep hearing it, but it’s usually not the top

MS. STUTSMAN: Access to capital has actually become like almost a blanket term, right? So I’ve had a veteran come to me before and say I need a loan so I can open a gym. It’s, like, well, do you have customers yet? Well, no. So why don’t you host bootcamps even outside, build up a customer base, and get some equity, get some skin in the game, and then you can probably get your loan a little bit easier.

So I think that right there that’s exactly it. Access to capital is a blanket term that just means I don’t have money. And, so, really what we’re looking at here is actually diagnosing what you just talked about, that is it a sales issue, is it an idea issue, is it a product issue, is it a service issue, is that why it’s now a cash issue? And, so, I think that, you know, that’s what we’re looking for in some of this. I think that we’ll be turning out a final report, but then over the next two years, we’ll actually be diving in on some of these themes. So when we say access to capital, this is what we really need. And it’s something that we’ve taken into account. We do over a million dollars in pro bono services a year for our
graduates, and one of the ones that we just brought on
was actually sales training as one of our partners. So
I agree with that completely.

MR. PHIPPS: So if you -- just from your
experiences and some of the outcomes that you have can
show or provide some recommendations to this committee
for us to consider, that would be very helpful because
it seems like you have a really good knowledge base
and, you know, that could help this committee

MS. STUTSMAN: Of course. We’ll share all of
our findings.

MR. AUMENT: Agreed, Michael.

Misty, just a quick question. You had the top
50 veteran-owned companies that you are going to be
recognizing. What is your criteria for deciding who
these companies are

MS. STUTSMAN: So right now there is a body
Inc. 5000 that already takes in and identifies the top
50 or top 5,000 growing businesses in America. So
right now, we’re identifying the veteran-owned
businesses in there. Moving forward, we’ll actually be
working to refine that a little bit more to make sure
that veteran-owned businesses know that they can apply
to that and be celebrated as a separate group. So it’s
-- but they do, they have an entire auditing process
MR. AUMENT: Do we have other questions for Misty?

MS. LEWIS: Yes, on the phone. Valerie Lewis. Misty, I was wondering, I kind of missed the talk, I guess you were saying that you guys are now offering mentorship matching, so to speak, at this next coming event that you’re holding. I didn’t really follow that.

MS. STUTSMAN: Yeah. So at the event that we’re hosting, we’ll have a lot of mentoring going on at that event. So instead of — I mean, we’re going to have learning pathways and breakouts and panels and everything that you would expect there, but we’ll also be having jam sessions, which is something where we bring in successful entrepreneurs and subject matter experts to actually talk with businesses one-on-one to kind of assess what their challenges are and start working through a roadmap to address those challenges.

And then we will have a procurement event called our Vet Source, which is really looking at the education side of things, but we do bring in companies that are looking to do business with veteran-owned businesses to talk about their opportunities and how you as a veteran-owned business can take advantage of...
those opportunities.

MS. LEWIS: So I do thank you for that. Do we sign up? Like, do we tell our constituents that they would have to sign up with you? What’s the process so that the body knows that these are veteran companies that are actively looking for mentors

MS. STUTSMAN: Yeah, so you can sign up -- signing up for the coalition is completely free if you’re a veteran, to get in there, but signing up for Veteran EDGE, and I did not put the website on my slide, but it’s just IVMF.syr.edu/veteranedge. And you can see all the information there, and veterans can sign up for the conference there.

It is a small registration fee. It’s $150 for the conference. The veteran gets themselves there; hotel and meals are covered during that time.

MS. LEWIS: We thank you so much.

UNIDENTIFIED PARTICIPANT: What hotel

MS. STUTSMAN: It’s at the Hilton -- the Hilton Austin Airport.

MS. LEWIS: What is the deadline for that signup --

MS. STUTSMAN: December 30th.

MS. LEWIS: Great. Thank you.

MS. BROWN: Stephanie Brown with the Rosie
First of all, I am a VWISE grade, so I can attest to the quality of the -- that particular program and the support -- the follow-on support that you receive is pretty remarkable. We’re also a resource partner with the CVOB. Of course, Ron asked my question, how are -- what is the application process for that top 50 veteran-owned. Is there -- is that going to be announced through Inc. 5 -- Inc. Magazine, or is it -- will it be available through IVMF?

And then how many approximately participants do you get in your survey, and how can a veteran or a military spouse-owned business find that survey in order to participate in it?

MS. STUTSMAN: So we are still really formalizing the relationship that we’ll have about the Vet 50 going forward, and so there will be more information coming out on that this year. Like I said, we’re using an existing list to recognize, and then we’ll be looking to build that out going forward.

To your second question about the survey is it’s a qualitative survey, so if I know that there is a veteran-owned business that wants to be included in it, there is a site for Operation Vetrepreneurship that they can go to and actually sign up for an interview. And our research team will call and conduct an
interview, and there’s another quantitative survey that goes out after the qualitative survey, which basically means we look at numbers and feelings. So, you know, we’ll look on both sides of that as well.

MS. BROWN: How many typically

MS. STUTSMAN: So in this qualitative so far, in terms of interviews, we’ve done 85. Now, one thing that I should mention is that IVMF has surveys. We have what we call our residency graduates, so VWISE, EBV, EBV-F, and you all get a survey about once a year, and that’s another big quantity. And that’s about 5,000 people that that survey goes out to.

MR. AUMENT: Thank you very much, Misty

MS. STUTSMAN: Thank you.

MR. AUMENT: That was very informative.

I’m told right now that we’ve got about seven more minutes of access to this room, and after which, you know, the -- we’ll probably be concluding our public meeting. So I guess at this point in time, while we still have a few minutes left, if there are any public comments that either speaking to any of the presentations that we’ve heard today or other matters, we would welcome it at this time.

MS. LEWIS: Could you please let us know how we get copies of the slides and name and contract
information of presenters if it’s not on the slides?

MS. CARSON: Hi, Valerie. This is Barb Carson. Please write to veteransbusiness@sba.gov. Again, it’s a plural, veteransbusiness@sba.gov to get the slides.

MS. LEWIS: Thank you.

MS. CARSON: Thanks.

MS. KANDO-PINEDA: Hi, this is Carol Kando-Pineda from the Federal Trade Commission. I just wanted to make one remark if there’s still some time. I wanted to draw everyone’s --

MS. CARSON: Go ahead, Carol.

MS. KANDO-PINEDA: -- hi, hi, Barb. I wanted to draw everyone’s attention to a new website that our Acting Chairman has directed the agency to create. It’s ftc.gov/smallbusiness, and it’s meant specifically to help small businesses and their employees to avoid scams and to protect your businesses’ computers and networks and to keep your customer and employee data safe.

So you’ll get tips on there about how to avoid scams that target businesses, and they can run the range of various types of scams, but small businesses are targeted just the way the average consumer is targeted as well. And, so, we’re trying to provide
information for those small businesses to be able to
protect themselves.

Again, that URL is ftc.gov/smallbusiness, and
I’m happy to take any questions if anybody has any.

MS. CARSON: And, Carol, this is Barb. I’m
just going to give FTC a shout-out. They really are
working on a few other financial -- individual
financial literacy items, and also working with other
federal agencies and sectors to address licensing and
credentialing barriers that are particularly difficult
for military spouse entrepreneurs and often for
veterans as they exit service.

Reciprocity and multistate contacts, they’re
trying to draw together some disparate actions among
federal agencies to address those issues. So thank you
for all the work that your organization is doing,
Carol.

MS. KANDO-PINEDA: Thanks so much, Barb. We
really do have a focus right now on helping our service
members as they transition and our military spouses in
terms of finding employment and starting their
businesses and protecting those businesses as they move
forward.

We also have a website that’s
militaryconsumer.gov, and we do have some veteran-
related information on there, mostly consumer-protection-type issues. And over the course of 2018, we’ll be looking to build that out a little bit more and add in more helpful links for people for the particular kinds of consumer issues and financial issues and money management and debt collection and identity theft, those kinds of things that might affect or target veterans in particular.

MS. BROWN: This is Stephanie Brown again with the Rosie Network. First of all, thank you for all the work that this group does. I -- as a military spouse, my husband retired after 30 years. I just have a quick comment. We’re seeing a growing number of military spouses choosing to become an entrepreneur versus traditional employment because of the challenges that so many of us here are already aware of, given the lifestyle that we lead.

We certainly as an organization headquartered in San Diego, taking care of the Southern California area, we’re seeing that more and more often. And while some of the older mind set may see unfortunately military spouses, you know, not as competitive but, you know, as taking away from. We’re actually adding to. It’s the other side of the same coin. You can’t have a military spouse without a veteran or an active-duty
1 member.

2 So I just ask and encourage you all, and I know the SBA and Barb’s office does this tremendously, is this IVMF, really keep in mind the military spouse, the family member, because it’s often time a husband-and-wife team, especially when they’re active duty and the service member deploys. It’s often the military spouse, he or she, that is at home running the business or launching it. So that’s one of the things that the Rosie Network does focus on. And thank you for keeping that in mind as you move your programs forward.

3 We also host veteran and military family-owned business showcase events around the country. You can find the calendar on our website, and it’s an opportunity that we put our local-based veteran-owned small business owners and spouses in front of the communities, typically in large shopping centers or big community events that usually bring about 40- to 75,000 people. And it’s a chance for them at no cost to actually interact with their communities, sell their products and services directly to customers.

4 So there’s lots of great things that we’re doing that include the military spouse, as well as the veteran. And, again, thank you for all the work that you guys do and for having me.
MR. AUMENT: Well, if there are no further comments, I’d like to thank all of the presenters for today. And thanks to all of the attendees as well. And with that, I guess we’ll go off record?

MS. CARSON: Yes. This is Barb Carson again, Office of Veterans Business Development. We will be ending this and going off the record. A reminder that the next Advisory Committee on Veteran Business Affairs will be on Thursday, March 8. Thank you.

(Whereupon, at 2:40 p.m., the meeting was adjourned.)
CERTIFICATE OF REPORTER

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