U.S. SMALL BUSINESS ADMINISTRATION

INTERAGENCY TASK FORCE ON
VETERANS SMALL BUSINESS DEVELOPMENT

PUBLIC MEETING

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1:00 P.M.

Recorded by: Jennifer Metcalf Razzino
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(Meeting called to order, 1:08 p.m.)

MR STUBBLEFIELD: Okay, we’re going to get started. I guess we’ve got a few people that will come in. We have folks out in the lobby area. We’ll get them down here.

For our visitors here today, you’re used to Barb Carson. I’m not Barb Carson, obviously. Barb is deployed. She’s an Air Force Reservist. She’s over in Qatar now, or Qatar, whichever way you present -- you pronounce it. So, in her absence, our administrator asked me if I would mind being dual-headed, so I’m the Acting Associate Administrator in the Office of Veterans Business Development for now.

So, I want to thank all of you for being here today. A special thanks to our task force members for your time and diligence in preparing for the meeting. I want to thank all of my SBA colleagues. A special thanks goes to Amy Garcia, sitting here to my left. I know all of you know Amy, and Cheryl Simms for all the work that they’ve done to prepare for our Task Force meeting here today. And there’s Jen over here. We’ve got our recorder from For the Record. So, thank you all for being here as well.
I had another individual I was going to introduce. He’ll be back in a little while. We brought an intern on board from Yale to work a special initiative that I think will interest the Task Force. So, when he comes back, he’ll introduce himself and talk a little bit about that initiative.

I want to say a little bit about my role as the DFO, the Designated Federal Official. You know, I’m the liaison between the Task Force and the Agency. Mostly I’m responsible for ensuring that all the requirements of FACA are met. And also, in my role as the DFO, a critical responsibility is to work with the appropriate agency officials to assure that all appropriate ethics regulations are satisfied.

So, in saying that, we have a full agenda today. We put adequate time for the presentations in the schedule, if you will. We want to stick as much to the schedule as possible because we want to leave time here at the end for public comment.

Okay, for members of the public requesting to make a comment, we’re going to ask that you hold your comments to five minutes. As per FACA rules and regulations, minutes of this meeting are being transcribed, and copies of the minutes will be available on SBA’s website within 90 calendar days of
this meeting. They’ll be at www.SBA.gov/ovbd.

So, again, I want to thank the Task Force for your participation in today’s meeting. We’re looking forward to the discussion. At this time, I’m going to convene this meeting of the Task Force on Veteran’s Business Affairs.

Just real briefly here, the next meeting is tentatively scheduled for September 5th. It will be held right here in this room. The last thing I want to just say real quick is to, you know, use your mic when you’re speaking, and speak directly into the mic, you know, for the folks who are out in the public and so that our recorder can accurately capture you.

Okay, so at this time I’m going to give a -- we’re going to go into an update on some of the highlights and things that are happening in the Office of Veterans Business Development. So, we’ll go to -- I’ll just talk about my office here and then we’ll go around to some of our program offices.

The National Veterans Small Business Week is scheduled from 5 through 9 November. This year the theme focuses on our Community Partners. I see I have a note here to say the theme has kind of changed to -- what is this? -- our hashtag VetBiz Community is the theme? But the bottom line is the theme is going to
focus on our partners, the resources partners. So, in developing businesses, as you see on the screen, is not a solo mission. You know, it is really a team effort. So, for the National Business Week, local events will be held and led by SBA District offices. And just so that you know, last year’s National Veterans Small Business Week was a huge hit. We had over 6,000 -- close to 7,000 veteran service members and their family members, military spouses, participated in training events all around the country led by the District offices, 150 events to be exact. With our social media engagement, we reached over 6.7 million people.

The next bullet I’d like to talk about -- there’s outreach. If you notice -- if you look behind me, you’ll see part of our view marketing with our new SBA logo. SBA and Resource Partners are required to incorporate the new branding into related materials.

The next bullet talks about outreach. I’m just trying to make sure I follow the slides here with my notes. The Veterans Women Igniting the Spirit of Entrepreneurship will meet in San Diego in September, September, I guess, 14th through the 16th. Last year, that program, we called it VWise. There was close to 450 folks participated in the program. This year we’re
looking to exceed that number. We have an estimated 530 folks that we think will participate in VWise.

Also, there on the screen is the Veteran Institute for Procurement, or we call it VIP. It’s an SBA grantee. This program is free, and participants are responsible for their own transportation. This is a very successful program as well, as evident by the number of veteran-owned small businesses who have graduated and are winning contracts and creating thousands of jobs and growing their businesses. This program is kind of like, I’ll call it, an intermediate program. It’s beyond initially starting the business. It’s like business startup 301, if you will, as opposed to 101. So, it’s also a very important program here at SBA.

Next slide, please.

This slide talks about our Boots to Business Program. As you know, the pilot for Boots to Business was initiated in 2013. It was made permanent in 2015. The second quarter of this fiscal year the Boots of Business Program reached a milestone by -- we have successfully trained up to 80,000 transitioning service members since the program began.

We’ve launched a curriculum refresh. Those updates include making the curriculum more practical
and less economic, strengthening connections between follow-on resources and adding a USDA rural development section. Also, on this slide it talks about SOP revision. We've got the Boots to Business and our Reboots Lessons Learned that are going to be part of the Boots to Business SOP revision.

The annual Boots to Business outcome survey, it's an OMB approved collection tool. We're kind of struggling with this one a little bit. The response rate has been a little low. And we're looking to improve this in terms of looking to long-term versus short-term outcomes. Like a long-term outcome would be how many businesses have been created as a result of Boot -- you know, folks attending Boots to Business. And at this particular time, you know, we are not there in terms of being able to tell those types of results. But short-term is how many folks have followed up with resource partners and so forth.

So, we're working to incorporate that into the survey by adding a veteran box, checkbox if you will, on that 641, the Counseling Information Form, where we will be able to better track how many folks have gone to follow on resource partners for additional help.

Also, on the survey there, or on the slide rather, it talks about the Carnegie Melon Reboot
Evaluation. We had students from Carnegie Melon University. They volunteered more than 2,000 hours to review and evaluate SBA’s Boots to Business Reboot program. Out of that effort, we came away with some recommendations that will lead to process efficiencies and helping us develop better marketing strategies for that program.

I kind of skipped over the OIG report. It says it’s pending. The report is actually out now. We’re -- there are seven findings in the report. The good news is there are no smoking guns or anything like that. Because the audit went over a year, if you will, about 15 months, a lot of the findings were already working on making those improvements. So, that’s pretty much a good news story there.

All right, next slide.

Okay, we -- in terms of our VBOCs, last November SBA released a funding announcement to recompete all VBOCs. As of May 1st, SBA -- we expanded the program from 20 VBOCs to 22 VBOCs. There’s new states. Tennessee and North Dakota are covered. As part of the new agreement, VBOCs are responsible for 100 percent coverage in their assigned areas. We’re going to get all of the VBOCs here in August. They will be here in the building from 7th through the 9th
of August for training. At that time, we’ll go over new performance requirements, the rollout of new business planning tools, share best practices. What we really want to do is establish a mentorship program between existing and new VBOCs.

The slide also talks about VBOC 2.0, which is IBIS World and LivePlan which will be used by the VBOCs to assist clients with business planning and doing feasibility analyses.

The last bullet there talks about the VBOC SOP. For the first time ever, SBA has a VBOC SOP. It’s in clearance now, and we look for it to be available by the end of the fiscal year.

MS. GARCIA: Let’s do roll call, and then Sid is here, too.

MR. STUBBLEFIELD: Okay, all right.

All right, so then that’s going to conclude -- let’s go over to the next slide. That will conclude my portion here. This is kind of like our contact information. I’ve been reminded that we should have done roll call, so how would roll call work?

MS. GARCIA: Just go around the table.

MR. STUBBLEFIELD: Okay. Well, I guess we’ll start with Bill.

MR. METHENY: Bill Metheny from the Department
of Labor.

MR. PHIPPS: Michael Phipps, American Legion.

MR. UPHAM: Daniel Upham, Small Business Administration.

MR. DODDS: Ken Dodds, SBA.

MR. ROCKEFELLER: Good afternoon, Mark Rockefeller, Streetshares Foundation.

MR. JACKSON: Shannon Jackson, Department of Defense.

MR. GAVINO: Amando Gavino, GSA.

MR. STUBBLEFIELD: That’s it? Do we have any Task Force members on the phone?

MR. BLUM: Yes, Matthew Blum, Office of Management and Budget.

MR. STUBBLEFIELD: Thank you, Matthew, for joining us.

Anyone else?

(No response.)

MR. STUBBLEFIELD: Okay, if not, before we get into the presentations, Sid has come back into the room. Sid, I’d ask you to move to the table where you can use a mic, introduce yourself, and then let the group know why you’re here at SBA.

MR. SANKARAN: Hi, everyone, I’m Sid. I started here on Monday. I’m a current intern, just
finished graduate school a couple weeks ago. I’ll be here for a couple months helping the Office of Veteran Business Development with an initiative to get veterans easier capital access via CDFIs. I’m doing this prior to starting full-time employment in management consulting at Boston Consulting Group in August. So, I’m really excited to be here. Maybe I’ll get a chance to engage with many of you in the upcoming weeks.

MR. STUBBLEFIELD: Okay, thank you very much, Sid. So, we are right back on schedule now. So, it’s 1:20, and we’ll start with Ken Dodds, who is the Acting Deputy Associate Administrator in the Office of Government Contracting and Business Development.

MR. DODDS: Okay, thank you. Since the last time we met, we announced the SBA scorecard for FY 2017. In late May, we issued it. Overall, the government received a grade of overall of A. We did meet the 23 percent statutory goal, 23.88. We did meet the 3 percent SDVO prime contract goal at 4.05 percent, which is actually the highest percentage we’ve ever had for service disabled veterans.

Just to highlight a couple other things, in FY 17, it was the most dollars ever awarded to small businesses at $105 billion, the most dollars ever awarded to SDBs at $40 billion. Then, we had the
highest dollars ever awarded to service-disabled
citizen-owned small businesses at $17.9 billion. And
then, for women-owned, we also had the highest ever at
$20.84 billion.

So, overall, we met the small business goal. We did not meet the women-owned goal of 5 percent. We did 4.7, I believe. We did meet the SDB goal. We did meet the SDBO goal. And we did not meet the HUBZone goal.

Let’s go back to the prior slide. One more.

All right, so DOD is here, but I’ll highlight, because they are the biggest spender and the most important driver of us actually meeting the goals. They met their small business goal. They did -- their goal was 22 and they did 23 point some percent. They did not meet the women goal, owned goal. They did meet the SDB goal and they did meet the service-disabled citizen-owned goal at 3.33 percent which is about 9 point -- I’m having trouble reading it -- 9.8 billion, it looks like. And they did not meet the HUBZone goal. But -- so again, like the Federal Government, they met three of their five -- their five prime goals.

Let’s go to the next slide.

The other really one that you’re very interested in, of course, is the VA. The VA, they did
not meet their small business goal, or did they? Yeah, I guess they did. They did meet their small business goal. They did not meet the women-owned goal, but they did meet the SDB goal. And of course they met the service disabled veteran goal. They did 19.7 percent because of Kingdomware and VetFirst, 5.1 billion going to service disabled veterans. You know, noted here is that there was low, very low, subcontracting achievement for service-disabled veterans.

Then, let’s go to the next slide.

I just wanted to mention this case for everyone’s awareness. Kingdomware is the famous case that went to the Supreme Court about VetFirst and whether the VA had to consider veteran businesses first before procuring from some of the other type of business. In a unanimous decision, GAO said you do have to consider it. In this case, an order is like a contract.

This bid protest decision at GAO involved trying to take that logic and apply it to a non-VA procurement. Right now, the rules -- our rules say that agencies have the discretion to do orders set aside for small business, but they’re not required to, like if you’re trying to order off the Federal Supply Schedule.
So, this is the first case. This was issued I think in late May, May 18th. So, it’s the first case where someone tried to make that argument that Kingdomware should somehow apply outside of the VA, and GAO did not agree. So, they dismissed the protest.

This could end up going to the Court of Federal Claims and maybe even, who knows, back to the Supreme Court. But this is the latest, or the newest, case that’s been issued around, you know, kind of how the Rule of 2 applies to orders when you’re buying.

So, that’s all. That’s my update for the group. I’m certainly open to any questions if there are any. If not, I’ll turn it back over to Larry.

MR. STUBBLEFIELD: Okay, thank you, Ken. We will next have a presentation from the Office of Capital Access. We have Daniel Upham here who is the Chief, Microenterprise Development, the chief of that, Microenterprise Development Division.

MR. UPHAM: Thanks, Larry. Hi, everybody. Happy to come down and give you a quick update on the Office of Capital Access. As Larry mentioned, my name is Daniel Upham. I’m the Acting Director for the Office of Economic Opportunity, which manages several of the loan programs within the Office of Capital Access. My expertise is in a program known as the
Microloan Program, which we’ll get into in a couple of slides as we sort of dive down into a few of the different programs offered in the Office of Cap Access.

If you can click to the next slide, thanks.

MS. GARCIA: Your stuff didn’t make it to the disc, but everyone has their handouts.

MR. UPHAM: Next slide, please.

MS. GARCIA: You’re stuff didn’t make it to the disc. It just made it to the printout. So, everyone has a print out.

MR. UPHAM: Oh, everybody has a printout?

MS. GARCIA: Everyone has a printout.

MR. UPHAM: Okay. If everybody can -- sorry about that. We’re good here. So, if we flip to the first slide, I just wanted to show sort of our flagship programs first, which are 7(a) lending program and 504. This is where the vast majority of the dollars make it to the hands of the small businesses through the SBA. As you can see, these totals are from the beginning of our fiscal year October through April 30th. The bottom line to this slide is that SBA has plenty of Cap Access resources to meet any, you know, veteran entrepreneurs’ needs.

If we can flip to the next slide, this one shows our 7(a) small dollar loans. I just wanted to
show this because this is really where the vast
majority of the loans to our veteran entrepreneurs are
made. So, this is our 7(a) activity in small loans, up
to 150,000 and then 150 to 350. It’s a robust area
within SBA. And, like I said, this is where the vast
majority of those loans to veteran entrepreneurs are
made.

Next slide. I’m looking at the slide now that
says loans approved to veterans as of April 30th. I
just wanted to show you the volume of loans as well as
the dollar amount of loans. It has gone down year over
year. We’re not 100 percent sure of all the reasons
for that. Just to let you know that there are plenty
of resources available to meet the needs.

You know, I’d like to think that -- you know,
the ultimate goal of SBA and with any of our loans,
loan guarantees, lending programs, is to build the
capacity of our small businesses so that they no longer
need any government support at all. So, my way of
looking at this is saying well, we’ve done a great job,
and these guys are now getting conventional loans and
no longer need quite as much support from SBA as maybe
what they did in the past. That may be a glass half
full view, certainly, but I’d like to think that that’s
the reason for this.
I’m just going to flip over to the next slide.

MR. ROCKEFELLER: Hey, Dan, it’s Mark Rockefeller, if I could, from Streetshares Foundation.

MR. UPHAM: Sure.

MR. ROCKEFELLER: So, it’s gone down now for two consecutive years. I mean, do we have any operating theories here? Have we researched this? Are there any studies? I mean, this seems like for this committee something that we should be concerned about. Should we not be concerned? What’s your view on that?

MR. UPHAM: Yeah, you know, I don’t think we should be concerned. Yes, it has gone down. I think that the -- you know, the dollar volumes and the number of loans being completed are in line with the number of small business starts for veteran entrepreneurs. So, I don’t think we’re necessarily, you know, underproducing or overproducing in terms of our participation in that market.

You know, one of the reasons that could be a direct driver of this volume coming down a little bit is simply SBA subsidy. And we’re going to get into this a couple of slides down the road in terms of the fee relief that we make available through our 7(a) program to veterans, especially on the small dollar loans. And I think over the last couple of years there
has been a slight reduction in the amount of fee relief that we’ve been able to make available on the small loans, both to the veteran entrepreneurs and other small businesses that are borrowing in those smaller dollar ranges. You know, so, if there’s anything to point to, it might be that.

But that is driven by -- that is driven by the requirement for us to operate our lending programs at a zero subsidy, meaning the amount of money we’re bringing in in fees equals the amount that we predict that we’re going to lose on those loan guarantees or have to pay out on those loan guarantees over the life of those loans. So, as that model changes, our subsidy changes, and that has a direct impact on what we have to charge for fees. And so, that’s one thing that might have somewhat of an impact.

MR. ROCKEFELLER: When I raised the same point last year, I think, around a similar time, it might have been my first meeting on the Task Force. We had been down at that point for one consecutive year; now we’re down two. At that point, I think someone raised from your office, it may have been you or someone else, the theory that it was a coding or a tagging issue. So, basically, the loans were still being made to veterans at the banks, but the banks weren’t tagging
them as veteran loans so were undercounting.

MR. UPHAM: That is a possibility. That's something that's impossible for us to tell. The information is self-reported and it's not verified. So, we have to go at face value in terms of what is input into the system.

One of the things I was wanting to talk about in -- as we go through the slides is, you know, any veteran that is applying for a loan or is getting training technical assistance, any of the support services from SBA, just how important it is for them to identify themselves as a veteran. You know, without identifying yourself, there are at some points benefits, but if we don't know you're a veteran, we don't give you the benefit. So, very important, and then again, you know, so that we have accurate details on exactly what it is that we're doing.

So, I'm going to move on to the next slide. This one describes our mission lending program. These are the programs that I have a little bit more expertise in. When we talk about mission lending programs, we're moving from our larger loan guarantee programs into our smaller loan programs where the dollar sizes of the loans in the Microloan program, for instance, are from zero to $50,000. That's the largest
loan a small business can get under that program.

Under community advantage, that is a subset of the 7(a) program, but the limit on a loan under that pilot program is 250,000.

When we say mission programs, what we’re talking about there is that we work with mission-based nonprofit community development organizations that deliver these products. Unlike a commercial lender that has a profit motive, the mission lenders, if they are making any profit from operating in these programs, it’s their mission to put that money back into the community, back into doing additional services.

With the Microloan program in particular, it’s a requirement of the program that the intermediary lenders provide training and technical assistance, and that they provide those services free of charge to the small business.

So, in terms of, you know, veterans that are leaving military service, want to start a business, we see a very high percentage of startups being funded through the Microloan program. We see a reasonably high percentage of loans to veterans in that program. And it is a great avenue for any entrepreneurs that wants to start a business to get some of that essential training and technical assistance and know how and
have, you know, a partner that’s willing to work with you, not just before they make you the loan but for years after that.

And SBA does provide a technical assistance grant to help those intermediaries offset the cost of providing that training in TA. But, you know, this a program that is a very good fit for a veteran entrepreneur that’s looking to start a business.

The next slide. Just a little bit showing some of the numbers in terms of Microloan, the Microloan program in particular, and the underserved markets that it’s meeting, this is one of the programs that we can show a year to date. This year is actually putting more dollars on the street to veterans than what was reported for last year.

You know, same thing goes, same proviso, you know, all of this information is self-reported and to a large degree unverified, at least by SBA. So, we have to take it at face value for what, you know, what’s being entered into our reporting systems.

Next slide. The next slide is showing some of the veteran guarantee fee relief. And what we’re looking at there is under our 7(a) program. Depending on the size of the loan, this is the amount of closing fees that are being waived by the SBA, or guarantee
fees that are being waived by the SBA. I know that these fees do fluctuate from time to time, depending on subsidy modeling and so forth.

The decisions on overall fees to be charged under the programs, those decisions are usually made in the September time frame. So, it’s possible by the time this committee meets again in September, that we’ll be able to update what those rates will look for -- look like going forward to the next year. But these are currently what vets would save on these dollar sized loans.

Next slide is titled Lender Match. And this is an important slide. Any veteran that visits the SBA page and is interested or needing capital, the SBA web page has been redesigned so that anybody that has that need is very quickly going to be funneled down to an online service called Lender Match. It’s basically a portal where an interested entrepreneur answers a series of questions, I think there are a total of 18, at which time within 48 hours they get replies from interested SBA approved lenders that want to discuss their needs.

I know that -- I don’t have the exact number, but the system has been very successful in terms of making those matches between small businesses that are
looking for capital and our participating lenders that
can provide those services and that capital. So, this
is an important link at the SBA.gov page,
SBA.gov/lendermatch.

The final slide just has my contact
information, and that’s the end of my presentation.
I’d be happy to answer any other questions you may
have. If not, turn it over to Larry.

MR. PHIPPS: Hi, Dan, this is Michael Phipps.
You know, this is just more of a question on some of
the statistics, especially with the lowering of the
dollar amounts to veterans. Do we have a statistic
about denied loans, because if we were able to compare
proved and denied and see if it’s -- if that metric
fluctuates, then that might be more cause for alarm as
opposed to if it’s steady, together, it might not be as
big of an issue as we may think.

MR. UPHAM: Right, yeah, I mean, great
question. You know, the unfortunate answer is that the
lenders, when they’re reporting into SBA, are only
really reporting in on the ones that are approved. So,
I don’t think we have good statistics on the ones that
are declined.

MR. PHIPPS: Is there any way to pair this
data with any other set of data to give us some
insight? I know you can’t force the banks to do that, but we’re just -- from our perspective, we’re just trying to find a way, whether it’s IRS or other records that we may -- maybe Census records that we can use to try to dig down into this a little bit deeper.

MR. UPHAM: Yeah, I don’t know that we have dug down using outside sources of data specific to our lending to veterans. I think it is something that we could take a look at.

I know in our CFO’s office we have a program office there for performance of reviews of program offices. And every year they will -- you know, they’ll choose a program office or two within each of the main areas within SBA and try to dig into questions like that, using outside sources of data as well as surveying and existing data from our systems to try and pull out some of those -- you know, some of those meaningful statistics. But to date, I don’t think anything has been done specifically with Cap Access and veteran lending.

MR. PHIPPS: Will you be speaking tomorrow at the --

MR. UPHAM: I believe so, yeah.

MR. PHIPPS: Okay, excellent. I’ll see you there.
MR. UPHAM: Okay.

Anything else?

MR. ROCKEFELLER: Yeah, it's Mark Rockefeller from the Streetshares Foundation. I'm very into lending to vets to make sure they have capital. It's kind of my thing, so you've kind of hit a button here a little bit.

In responding to Michael's question, you know, you said that those type of deep dives haven't been done with veterans. Have they been done with other groups, women-owned, HUBZone, et cetera? That is, does SBA have the capacity to do that, they just haven't yet done it in veteran's case?

MR. UPHAM: Yeah, that's a great question. The office that I was referring to in the CFO's office that is reviewing performance is fairly new. I think that last year was really the first year where they had an operating budget to actually hire contractors and do some of these third party analyses.

You know, I think our Office of Advocacy from time to time looks at these types of issues also. But my understanding is that in the CFO's office with the Officer of Performance that they will have the ability to do sort of deeper dives than I think what's been done in the past.
And no, I don’t think within Cap Access that, you know, looking at minority lending, women lending, startup versus existing business, a lot of those types of issues, you know, what are the drivers of loan defaults, is TA effective, you know, a lot of those types of issues I think have been raised, and it’s going to take a little bit of time to, you know, really dive into them and, you know, do the data analysis.

MR. ROCKEFELLER: Okay. Could I suggest then that the Task Force may put that down as an action item to make that recommendation of it? It seems like if our job is to sort of, you know, advise the SBA on these programs, and if lending to veterans is now down two consecutive years, that should be -- that should raise enough concern that at least an inquiry or an investigation, you know, should be recommended by the Task Force. I don’t know what the process is to get that going, but as a member, I would suggest that we perhaps pursue that.

MR. STUBBLEFIELD: Great point. I know it’s captured on the record. We will definitely explore that and report out.

MR. ROCKEFELLER: Okay.

MR. STUBBLEFIELD: In the future.

MR. PHIPPS: This is Mike Phipps. I think
that would come in the form of a study, possibly, where
the office could start -- I think take the initial
steps of finding out what additional outside resources
are out there and then form -- and maybe we could even
see what that study might look like. But I think the
recommendation would come in the form of some sort of
deeper study.

MR. ROCKEFELLER: Okay, thank you. On slide
5, where you talked about community advantage, we don’t
break that out into veterans. Do you know much of that
has gone to veterans?

MR. UPHAM: I know what it was for last year,
just because it on a percentage basis was one of our
higher performing offices in terms of veteran lending.
I think it, like our other program, 7(a) 504, and it is
a subset of 7(a), has come down slightly this year.
But I know that last year it outperformed, so to speak,
on a percentage basis regular 7(a). I think that the
percentage of loans to veterans from a dollar
standpoint, if I’m not mistaken, were between 5 and 10
percent. So, I know it exceeded 5, and I think it was
just under 10.

MR. ROCKEFELLER: Okay.

MR. UPHAM: So, you know, I know that there
are some community advantage lenders that are some of
our higher volume lenders that do a significant amount
of veteran lending. And that was sort of pushing that
statistic for that particular program.

MR. ROCKEFELLER: And then, on page 7, where
we talk about some of the fee relief here, how do these
benefits compare to the Patriot Express Program that
was discontinued in 2013? Are these better than that?
Are they equal to it? Are they less advantageous to
the veteran?

MR. UPHAM: I’m not familiar with the Patriot
Express Program, unfortunately. I mean, my office of
expertise is really in the mission programs, and I
believe the Patriot Express was really a 7(a) loan
guaranty program. So, I’d give you an answer, but I
wouldn’t be very confident that it was the right
answer.

MR. ROCKEFELLER: Okay, thank you.

MR. UPHAM: Sure.

MR. STUBBLEFIELD: Okay, are there any more
questions or comments? Great discussion, by the way.

(No response.)

MR. STUBBLEFIELD: If not, I -- we’re going --
if everyone is okay with this, we’re going to deviate a
little bit from the schedule and go around and do the
member updates before we get into Judge Holleman’s
1 presentation. We okay with that, everyone?
2 (No response.)
3 MR. STUBBLEFIELD: All right. So, then, we
4 will start with the Department of Labor.
5 MR. METHENY: Thank you. I want to provide a
6 few updates. As always, we like to highlight how
7 veterans are doing in their unemployment numbers
8 overall. May’s numbers just came out at the beginning
9 of this month, and veteran unemployment was 3.4
10 percent, 3.4 percent, which is the same as it was one
11 year ago. And it’s the same as the nonveteran
12 unemployment rate. So, low numbers across the board.
13 So, we’re excited about that.
14 The national unemployment rate for May was 3.8
15 percent. So, if you’re trying to do the math, how do
16 those all add up to 3.8? The national number is
17 seasonally adjusted, and that’s why there’s a little
18 bit of a difference. With the smaller populations and
19 subsets for veterans/nonveterans, it’s not seasonally
20 adjusted. So, that’s what those are, 3.4, 3.8. The
21 3.8 national number is the lowest it has been in 18
22 years. So, that’s also another good number.
23 Shifting from unemployment numbers, one of the
24 other big emphasis in the Department and for the
25 Administration has been apprenticeships. So, about a
year ago, an Executive Order was signed to expand apprenticeships in America. And over the course of a year, there’s been an interagency task force that has been working on how to do that and what that looks like.

So, we are pretty familiar with registered apprenticeships where employers and businesses can meet certain criteria to get registered and then they’re entitled to certain benefits as a result of that. But we also know that there are lots of other opportunities that don’t need to necessarily go through all of those hoops and all those requirements and can turn around and meet the needs of industry quicker.

So, industry recognized apprenticeships as sort of a new term of art that’s been evolving over the course of this last year. And the idea there is instead of the government registering apprenticeships, let industry define what those credentials need to look like. And maybe those apprenticeships are instead of a one- or two-year program, they are shorter like a few weeks program. And what we’re finding is that those are very popular.

The industries are now figuring out what those look like so that they’re recognized and have some sort of standardization. What’s nice is they still retain
the positive aspect of an apprenticeship in that they -- people earn while they learn the new trade and with an apprenticeship, it rolls into full-time employment with that organization. It’s not a training program that then you have to go look for another opportunity. What’s exciting in this group is that apprenticeships are a great way for transitioning service members to move out of military service, many of whom have completed apprenticeships in their service or have gone a long way towards earning some sort of a certification or credential that a shorter term apprenticeship can meet the need and roll right into a pretty good paying job. And when we look at salaries for those who complete apprenticeships, it’s on par or better than some of the other options out there for them, like somebody who has just come out of a four-year degree.

So, excited about the growth of apprenticeships, particularly for veteran apprenticeship programs is where our interest is. We’re very excited to work with the Department of Labor Office of Apprenticeships who are really fleshing that out with the nation. And then, finally, I’ve gotten to share a little bit -- again, about a year ago, signed into law
was the Hire Vets Medallion Bill, which became an Act, honoring investments in recruiting and employment veterans.

And so, this is a national award that employers, businesses can apply for. And if awarded, they will receive a medallion that they can use to highlight the fact that they have met the standards of the Federal Government to be sort of veteran-friendly. Well, what that means is they are recruiting, they’re hiring, they’re training and retaining veterans in their businesses.

There are three different categories, small, medium, large businesses and are two different levels of the award, gold and platinum. That award will kick off and be sort of announced even more formally late in this fall. And then the application system turns on in January of ’18.

We’re talking it up a lot now because we just completed a practice run through in a demonstration project where we opened up the system to try everything out so that we knew what we could make the system do and get some initial feedback on how that went.

What we found is we left it open until we had 300 completed applications, and then we stopped. Of the 300, most of them were small businesses. So,
that’s exciting in this particular group. So, what that gave us a sense of is who got the word, who was able to try it, and the fact that the system and the application process was not too cumbersome to cause small business owners to shy away.

Now, it’s important to note, you know, how do we define a veteran. Well, it depends on who you ask and what we’re using. Well, similarly, what is small, medium, and large? With Hire Vets, small is 0 to 50 employees, really small. Medium is greater than 50 but less than 500. And over 500 are the larger businesses.

There are different criteria for each of those, and that was by design so that the smaller businesses can earn the award and receive it without a lot of the extra requirements that you would expect of a really large organization to be able to do in terms of affinity groups and so on.

So, we’re excited about how the program demonstration went. We’re trying to use this summer and fall to get the word out to folks who might be interested in businesses, employers who might be interested in applying when we turn the system on in the winter time. It will be open from January to April to put applications in. And if -- and we will be looking to get the word out through all of our friends.
and partners that work in the community.

And if you want to know any of the details about what I just described, there’s a website that’s already set up that lays out the specifics. It’s HireVets, all one word, HireVets.gov. It’s a great website. It will be up and running. Businesses who are interested can go there and enter to start receiving regular updates on how it’s going or what you can be doing now to help get ready and make sure that you’re eligible.

It’s not a competition. As many as apply and meet the criteria will get the award. So, we’re hoping that lots will because we want to recognize all the great employers out there.

That’s all I have for today, thank you.

MR. STUBBLEFIELD: All right, all right.

MR. JACKSON: Shannon Jackson, DoD. So, first I want to definitely highlight that this is the fourth year in a row that the Department of Defense have achieved their overall small business goals, which is huge, from several years of not making those goals in four years straight. Right now I can say that we are
continuing to focus in on our goals in a different -- with the new -- some of the priorities we’re looking at for the Department. So, again, it is still a focus for the Department.

One of the things I do want to say is that that also trickles down to the veteran goals, as Mr. Dodds mentioned. You know, again, we’re still focused again on the veterans and the companies that are participating in the opportunities currently. We’re right now trending above the goal. We’re at about five billion for veteran-owned opportunities.

So, we’re only completing the third quarter here the next couple of -- oh, actually, in the next couple of weeks. And then we’re going into that fourth quarter which is where, you know, all of the components will definitely have a huge push.

Some of the things we definitely want to highlight, in the third quarter we did have a huge training event, collaborated with SBA and all of the services. I had about 600 and some odd folks participate in an event, a great training event for the Department and SBA as well.

Also, one of the things that we’re actually doing here in the next couple of months in the fourth quarter in August, we’re going to have our Beyond Phase
mentor/protégé rapid innovation fund event in Orlando from the 14th through the 16th. This is really going to look at innovation for the Department, utilizing these three programs that all work in concert to identify technology to be transferred. The theme of the event is Connect, Collaborate, and Transition, so we’re really focused on transitioning technology, utilizing small businesses. So, one of the things we wanted to highlight.

Just a couple notes in regards to some of the information that was provided today. Definitely would like to get the information on that Boots to Business study definitely because some of the information we need to help try to shape as military folks retire from the military. And, you know, having that data and finding out those areas that they are focused in on would definitely help us in how we look at doing our own outreach when we’re doing our piece.

Also, I think you answered the question on that Hire Vets. I wanted to know if it was going to be a competition. But if they do apply, they will get an opportunity, because we have a lot of companies that are doing very well in the Department that I think that would be a great thing to put on their mantle to have.

But that is the updates from the Department.
I’ll take any questions.

MR. STUBBLEFIELD: Okay. Oh, I’m sorry, go ahead.

MR. PHIPPS: Hi, this is Michael Phipps. How are you doing, Shannon?

MR. JACKSON: All right, good.

MR. PHIPPS: So, I have -- there’s one question that I’ve had a couple calls about over the last week, and that’s the 809 Panel Study. Are you familiar with the 809 Panel Study?

MR. JACKSON: I am.

MR. PHIPPS: So, the 809 Panel Study is an independent panel commissioned by DoD for best practices and acquisition. Is that --

MR. JACKSON: Yes, it is.

MR. PHIPPS: That’s how I understand it, okay. So, one of the things that kind of people were -- some very good things -- one of the concerns was that DoD is looking to do statutory changes for their own small business goaling. So, the big, big question on the table is, does that mean that they don’t have to report to the -- there’s a lot of questions, right, but do they not have to report to the SBA? How are small business goalings going to be dealt with? What are the impacts on small business and, for our concern,
veteran-owned small businesses if DoD does follow that kind of new legislation? And then, what would that legislation look like? So, those are probably the top questions that I’ve been -- that are being asked.

MR. JACKSON: Those are very good questions. So, as you know, the report was just a report. One of the things Ms. Lorde is actually really looking at doing is she is going through all the reports and figuring out what is the priority for the Department.

One of the things that we’re, you know, going through right now is this reorganization and really trying to figure out what that looks like. There’s a lot of things that are currently on the table. But, you know, from a priority -- from the Department, we’re still focused in on our achieving our goals. It’s just a matter of how we really shape those goals with the Department.

We know that we’re going to get our 22 point some percent this year for our goal, and that hasn’t changed. Again, it’s just a way -- how we get at those goals.

So, again, right now, in the foreseeable future, we have not changed the path that we’re going in regards to goaling and our focus for the Department. It’s just the fact is that you’re still going to have
those things that we have to do on a regular basis, you
know, and we’re still going to have to do them. So,
there’s no change in that.

MR. PHIPPS: If there is -- this is Michael
Phipps. If there is legislation that’s suggested by
DoD, could you brief this committee on one of the
meetings just so we have a heads-up on it?

MR. DODDS: If I could chime in here, if you
don’t mind, this is Ken Dodds from SBA. I read the
January report as well. To me -- I mean, I share your
concerns. But to me, they are really telling DoD to
focus on getting innovation and technology into the
Department because it’s so cumbersome and hard to do
business with DoD that they won’t give us stuff that we
need to fight our wars. So, that makes a lot of sense.
Yes, make it easier to get the technology we need --
and so forth.

I don’t think it necessarily means that we
don’t care about the base maintenance or the
construction or the other things that small businesses
do for DoD. I think those are still important, but I
think they want them to kind of change or at least
focus even more on getting these rapid technologies
into these. So, that’s why they focus on rapid
innovation, SBIR, things like that. So, I hope that’s
1 where it goes.
2 But really, what this is, this panel is making
3 a recommendation to Congress. You’re already seeing
4 them take pieces of it and put it into NDAA
5 legislation. So, even if the proposed Senate and House
6 versions, there are pieces of the report in there. I
7 think there’s still two more reports to come from 809
8 panel.
9         MR. JACKSON: Yes.
10 MR. DODDS: And so, then, at some point, maybe
11 DoD does have to weigh in on what they agree with and
12 what they don’t. But right now, it’s really kind of a
13 panel talking to, at least in my opinion, to Congress
14 and then they kind of run with it.
15         MR. PHIPPS: Thank you, Ken.
16         MR. JACKSON: We’re going through some
17 changes, but, you know, as Mr. Dodds has basically
18 stated, is that our focus is on the war fighter,
19 whether it’s the support on the bases, whether it’s
20 technology. I think that’s where -- when the final
21 reorganization actually shows up, you’ll see where they
22 really tried to look at how best we can do that,
23 because the Services will not go away for the
24 Department.
25         MR. PHIPPS: Thank you, Shannon.
MR. JACKSON: No problem.

MR. STUBBLEFIELD: Okay. I know you mentioned the data that gets out of our IG report. I guess we can work through the DoD Transition Assistance Program Office to get back with you and figure out where we’re going to go with that one.

MR. JACKSON: Yes, sir. I appreciate it.

MR. STUBBLEFIELD: All right, thank you very much for your report.

Okay, I don’t know if we have the Department of Veterans Affairs with us in here anywhere on the phone or any place?

(No response.)

MR. STUBBLEFIELD: If not, we’re going to go to GSA.

MR. GAVINO: Good afternoon, everyone, again. I’m Amando Gavino for Charles Manger’s office. I’m the IT Services Director at GSA. Similar to DoD, GSA has earned an A again for small business, making it its eighth consecutive year. We’re pretty proud of that. Specifically, GSA awarded approximately 1.9 billion small business in fiscal year 2017, more than 42 percent of our eligible contracts. So, we’re -- he wants me to announce that, or he said he’s pretty proud of that.
Some of the activities that Charles Manger has participated in is basically the SBA-hosted Matchmaking event at the Greater Reston Chamber of Commerce, the BTG Matchmaking Conference for Small Business Expo, and the OSBDU Office have hosted over 300 in person and virtual counseling events nationwide throughout the past year.

Something that I’m personally responsible for right now is the Vets2 GWAC contract. Basically, the Court of Federal Claims, COFC, protest was redrawn last month, so we have approximately about 70 SDBOSB awardees on the Vets2 contract. I’m going to meet with them face to face during the Vets18 event next week, Williamsburg, to provide additional information.

In addition to that, we plan to do additional GWAC DPA training virtually the next three consecutive months as well.

The OSBDU basically plans to have a vets event, virtual coaching event, on August 23rd. And lastly, VetForce meeting will be held at GSA headquarters September 11th. That’s all I have for GSA.

MR. PHIPPS: This is Michael Phipps with one more question. All my questions are for you guys.

MR. GAVINO: Yeah, I’ve got your question.
MR. PHIPPS: So, this is another issue I’ve been getting a lot of calls about because it just made it into the house version of the NDA 2019. GSA -- and this has been going on I think since mid-2017.

GSA is proposing an e-commerce portal that would basically be a portal that the government would purchase goods from. The difference of this portal is that -- some other names you might have heard in the news might be the Thornberry Amendment or the Amazon Amendment.

It really doesn’t matter what -- who or what the company that would -- or companies that would do this portal. But some of the questions that have come up about this portal is -- and some of the statements that it wouldn’t buy America would not apply, the Trade Act Agreement would not apply, no small business set asides would apply, the initial number for the minimum purchase or the maximum purchase is already 25,000 and there’s a thought that this threshold may be raised to 50,000.

So, the real concern -- and GSA is, I’m sure, putting together more information. They have put out some information. The concern is that there’s going to be an e-commerce portal where tens and tens of billions are going to go through that -- the normal federal
acquisition regulation, the normal rules that all government contractors today have to abide by will no longer have to be followed.

So, that’s just a big concern I’ve heard as it’s kind of gone further down the path on the legislative side. There’s been a lot of -- I’ve gotten a lot of calls and questions about it. So, it’s just something I think we would like to pose what would be the impact to veteran-owned small businesses and maybe to get -- you know, there’s a ton of other questions that people have just for procurement questions. If maybe GSA could address some of that and maybe SBA could get involved and see what the impact on veteran-owned small businesses would be.

MR. GAVINO: I mean -- this is Amando Gavino. Thank you, Michael Phipps, for that question. I will bring this question forward -- it’s a valid question, by the way -- to my bosses back home. It’s a valid question. Thank you.

MR. PHIPPS: Thank you, Amando.

MR. BLUM: This is Matthew Blum at OMB. Michael, I just wanted to jump in here. The program to which you were referring is actually one that OMB also has a responsibility and we’re working closely with GSA. The overarching vision of this, of the program,
is to creating more simplified and less expensive transactional experience for those buyers and sellers as well as resolutions that -- evolving technology to achieve a contemporary buying experience for comparison shopping that’s basically on par with consumer experience in terms of ease, speed, and access to the market.

That said, if you look at the legislation -- and the FY 17 NDAA, one thing that I think, amongst others, that Congress thought through in anticipation of some of the types of questions you’re raising is this is really, you know, a complicated question. Why is there mention to this from -- designing a program to achieve those goals, including impact on salaries, how this could alter the relationship of those sellers on platforms where they currently sell, the way in which our buyers reach them, the way compensation is used, all of these things?

So, what Congress did in designing the program that said, you know, the Executive Branch, you need to not only do the implementation in phases, but you have to -- you actually should develop a plan in phases so that -- and they required us this past March as the first phase to kind of lay out the big picture vision, which we did. But they then said you need to span out
the next year which we’re starting on – and pressure testing, doing intense market research with platform dividers, with businesses, including small businesses, to understand how the marketplace currently works to figure out -- and what is the best way to approach all of this before you actually fully implement the program. In fact, talk closely with GSA about doing a proof of context.

So, there’s a lot of discussion about what are the products that might make sense, not just from a small business perspective, but taking into account, for example, supply chain mismanagement. So, one of the things that -- you know, it may create challenges if we just allow people with purchase cards to buy, you know, off of this program.

So, we’re thinking about all of them. We have a public meeting that GSA is sponsoring, but we will be actively participating in on June 21st. So, that’s one form of general outreach. I would encourage my colleagues and folks from the various industry associations to try to join in there if you can make it.

There are going to be not one but two requests for information that are going out very shortly that we’re working with GSA on. One is specifically asking
a bunch of questions to platform dividers, and the
two is specifically asking questions to sellers that
use platforms and asking types of questions -- I would
also note that my understanding of this is that all of
the goaling and other small business basic
responsibilities of achieving small business
participation stay in effect.

And just one observation on that, which I
realize -- but that is with respect to raising the
micro-purchase card, purchase threshold, and the use of
purchase cards. Back in 1994, when we created the
micro-purchase threshold, I think people have always
thought of a purchase card as being a sole source
activity. You know, you go through this -- go find the
source and you buy from your favorite source. But, in
fact, I think when people use the internet today in
their personal lives, there are very few people I would
argue that click and pick the first source that they
find.

Therefore, if we use -- if we understand the
marketplace and we use it effectively and we build
rules which I think need to be modernized but still,
you know, take into account, you know, our
socioeconomics into consideration in thoughtful ways,
we cannot only greatly increase the use of competition,
but we should still be effectively achieving our goals and getting better value along the way.

MR. PHIPPS: This is Michael Phipps. Thank you very much, Matt. You know, one thing that has been raised that we would like to see is there have been a lot of public hearings. Do you think there’s going to be a congressional hearing on this so people can do things on the record to Congress as opposed to just public hearings?

MR. BLUM: I can’t speak for, you know, what the Legislative Branch will do. I know that they are very interested in this and have had a number of -- at the staff level, had a number of meetings involving GSA. We’ve been involved in some of them as well. I am certainly happy to, you know, arrange for, you know, discussions, you know, through, you know, your organization and our other -- our members of the Task Force, you know, as these questions come up so that you can, you know, engage directly on some of this, if that’s helpful.

MR. PHIPPS: That would be great. Thank you very much, Matt.

MR. STUBBLEFIELD: Okay, thank you, GSA. I’ll see you next week at Vet 18 as well. I’ll be there also.
All right, so, we have Matt. I guess I might as well just -- you might as well continue, Matt.

We’re up to OMB next.

MR. BLUM: So, thanks. I think since our last time we convened, OMB announced the president’s management agenda, which lays out a long-term vision for modernizing the federal government -- to improve -- ability to deliver mission outcomes, consistent good service and do effective stewardship in taxpayer dollars on behalf of our citizens.

With respect to acquisition, it lays out several cross-agency priority goals. The one that’s probably most relevant to the Task Force is there is one on category management. What is particularly important, and I hope consistent with some of the conversations we’ve had at task meetings, is that in laying out our goals to improve results from contracts for common goods and services that this goal makes clear that agencies are simultaneously required to continue to achieve their small business contracting goals.

In other words, you know, achievement of category management goals is not an excuse for missing the Agency’s small business goals. Every agency’s small business contracting goals and industrial-based
difference as a result of benefits and drawbacks of adopting and giving category management solutions, you know, will vary from agency to agency.

So, we are working on guidance that will help to reinforce this. As part of that, we have been conducting an outreach tour. We had the pleasure of speaking to the Women’s Chamber of Commerce, the HUBZone Council. We’re trying to set something up with the National Veterans Small Business Council. Again, we’d be interested in talking to folks of the task force about additional meetings.

We’ve put together a presentation, which we’ll make sure that the Task Force members have. Just very briefly, our focus in terms of how to make sure that we’re harmonizing the goals of category management with continued achievement of small business goals has really focused on three areas. One is the Agency guidance -- tools to make smart decision-making. The third is to efforts, strategies to increase small business participation on our government-wide solutions.

With respect to guidance, we realize that, you know, as well intentioned as our statements are, we need to make sure that, you know, our work force understands the expectations and gives them enough
information that they can, you know, harmonize category
management with small business participation. That
includes, you know, working closely with our OSDBUs so
that they have what they need.

So, the guidance that we’re working on, for
example, would recognize that there’s a balance,
category management being managed much like we have
agencies manage achievements of their small businesses.
There are directors within the agencies that negotiate
goals with SBA, and then we leave it to those directors
to work within the Agency’s mission and culture to
achieve those goals.

In much the same way, we have been asking
agencies to identify senior accountable officials to be
responsible for aligning their -- with category
management principles, but leaving it to them to figure
out, you know, what that specifically looks like for
their agency and to do so working closely with their
directors as they consider migrating to a, for example,
best in class solution. The OSDBU also has information
to evaluate whether it makes sense for the Agency or
not.

So, this guidance was one, to make sure that
there are mechanisms for this collaboration, provides
them this flexibility, and you should probably expect
to see the word balance in the guidance, that we want to make sure that there’s a balanced approach so that agencies can achieve their small business goals, so that they can get new entrance and build a supplier base but still get better value for the taxpayer.

This includes providing some examples of why an agency may choose a local solution over a government-wide solution such as the work requires specialized skills not available through small businesses on a government-wide solution that may be available from small business. So, guidance is one criteria we’re focused on.

The second area, as I mentioned, are tools to support data-driven decision-making. We can’t realistically expect our OSDBUs to be able to give advice to senior accountable officials about the impacts of using a government-wide solution in a given instance unless they understand what the makeup, the small business makeup on a contract and what’s the nature of the work that we would -- that they would be performing.

So, if they haven’t already, there is a -- small business -- that compiles a detailed -- small businesses on best in class vehicles including -- vendors -- opportunities, terms and conditions, so
forth -- has been developed with not only our category
managers in the agencies, but also with the involvement
of a number of --

Thirdly, we wanted to form a government-wide
solution in order to make them attractive, more
attractive. We want to increase small business
participation on them. One key way to do that is to
emphasize consideration of on-ramps for small
businesses during the contract term. This is not a new
concept, but it is one that oftentimes gets talked
about in theory and not in practice.

So, we were very pleased that our GSA
colleagues recently used an on-ramp to add 31 new small
businesses to OASIS. We want to see much more of that
as well as the Agency level. And also to continue to
think about opportunities for more government-wide set
aside vehicles.

So, as contracts expire and new ones are
considered, we think about -- like we have the veterans
set asides that Amando mentioned a minute ago. We
talked to the HUBZone Council about potentially
thinking about, you know, reviewing what our experience
was with the HUBZone GWAC many years ago -- has changed
and, you know, that make it appropriate today. I think
similarly in the space of this task fore, you know,
making sure that, you know, the GWAC that we had make
sense and whether there are more things that we can do
with our government-wide solutions.

So, a lot more conversations to come. I
really appreciate the collaboration that we received
and look forward to many more good conversations.

MR. STUBBLEFIELD: Okay. Any questions for
OMB?

(No response.)

MR. STUBBLEFIELD: If not, we’re going to go
to the American Legion.

MR. PHIPPS: Thank you very much. The
American Legion is hosting a Women Veterans and Spouse
Small Business conference in Minneapolis during the
Legion’s 100th anniversary convention. That’s being
done with IVMF in Syracuse.

On the advocacy part, in April, the Legion
presented on a Senate panel discussing career technical
education as an alternative to traditional four-year
college degrees. There we were able to talk about the
SBA’s Small Business Education Entrepreneurship
Development Program as an alternative to a four-year
degree. I think you probably worked with the Legion on
that.

Today, Davey Leghorn is actually on the Hill.
He’s at the House Small Business Committee. He is
testifying on the adverse effects of the VA’s Med Surge
Prime Vendor Next Gen Contract. That program’s J and A
proposal will systematically wipe out small business
distributors. Small business wholesalers are starting
to feel the pinch, not just from the VA but across the
board in federal government contracting due to the
manufacturer’s anticipation of the implementation of a
government’s commercially commerce portal. So, we will
have some more on that after the testimony.

MR. STUBBLEFIELD: Okay, thank you very much.
Let’s see now, we have Streetshares
Foundation, Bill.

MR. ROCKEFELLER: Yes, thank you. This is
Mark Rockefeller for the Streetshares Foundation. Our
foundation exists to support and fund veteran
entrepreneurs. That’s why we’re here. I’ve got three
very short comments here.

The first is, I think we should take a minute
and just thank and congratulate the agencies on hitting
a five-year record. That really is an extraordinary
thing. I think, you know, we are all mission-oriented
people. When you achieve that mission, it really is
important to sit back and pat yourself on the back and
enjoy it for just a minute. So, that’s an
extraordinary thing. So, thank you to the agencies for making that happen.

I know on our end, about 30 percent of our members are in GovCom. Set asides for this community is, in my view, the number one way that the federal government can support members of society that deserve that support, like veterans, HUBZone, et cetera. So, it’s a wonderful tool that the federal government has. When the federal government hits those goals, in this case hits a five-year goal, that’s an extraordinary thing that should be celebrated. So, thank you all for that.

Two quick updates on our end. One, we have a partnership with Sam Adams beer. Actually, on my way here, I had a case of Sam Adams beer and then my better judgment took over and I decided that probably shouldn’t be brought into the meeting. With this, though, we are giving $100,000 in grants to veteran entrepreneurs over the next year. We’re doing four awards, $25,000 each.

We’ve done the first of those. The second of those has a food and beverage theme. So, it is to veteran entrepreneurs in the food and beverage space. It’s by public vote, which is a lot of fun. So, the public gets to log in to Streetshares and vote for
their favorite veteran entrepreneur. The top three we’ll bring down to Orlando to pitch in front of a crowd, sort of military influencers and focused media. Then, they will vote on the winner there. So, there’s $100,000 that we’re doing this year with our partner Sam Adams for the veteran entrepreneurship community.

Lastly, we have a speed coaching event in June, June 21st, up in New York City in conjunction with the BourBiz event that is being held up there in which executives from Sam Adams are coming down to coach and mentor veteran entrepreneurs. So, I just wanted to make folks on the Task Force aware of those two opportunities. Thank you.

MR. STUBBLEFIELD: All right, thank you for that report. The next time we’ll look for that case of Sam Adams. We can take it outside of the building, you know.

All right, so, let’s see Student Veterans of America, I don’t know if we have anybody. We don’t.

All right, so what we’re going to do real quick, let’s just take like about a 10-minute break and then we’ll get into the next briefing, which is Judge Holleman. We’ll talk about, as you see on the screen there, Center for Verification and Evaluation Protests and Appeals.
UNIDENTIFIED MALE: Do you want to ask if anybody from Treasury is on the phone?

MR. STUBBLEFIELD: Do we have --

MS. GARCIA: I'm not sure. They might have joined.

MR. STUBBLEFIELD: All right, good point.

Treasury, is anyone on the phone from Treasury?

(No response.)

MR. STUBBLEFIELD: Okay. All right, so let's be back, like I said -- it's 2:28, so about 2:38, 2:40 or so.

(A brief recess was taken.)

MR. STUBBLEFIELD: We're going to get started again.

UNIDENTIFIED MALE: But there's been desertion.

MR. STUBBLEFIELD: I know. I thought one person was going to leave, and I thought everybody else was staying. We're just going to get started.

Okay, so, with that, I'm going to turn it over to Judge Holleman for his presentation.

JUDGE HOLLEMAN: Wow, all right, this is -- I'm Christopher Holleman. I'm an administrative judge at SBA's Office of Hearings and Appeals. I'm here to talk today about the new procedure for Center for
Verification and Evaluation Protests and Appeals. The NDAA for 2017 gave -- authorized SBA’s Office of Hearings and Appeals to handle the protests and appeals coming out of the Department of Veterans Affairs Center for Verification and Evaluation database.

So, next slide, please. Who’s got the slides?

MS. GARCIA: I do.

JUDGE HOLLEMAN: Okay, fair enough.

So, we’ll be starting our regulations to deal with this. We’re published on March 30th. Take effect October 1st. We’ll be starting to adjudicate them then.

Next slide, please. The protests for Veteran-Owned Small Business and Service-Disabled Veteran-Owned Small Business Set Asides.

Slide. Who can file one of these protests? Well, a VOSB or an SDVOSB is awarded a Veterans Affairs procurement, the secretary of the VA, the contracting officer, or an unsuccessful small business concern who bid on the solicitation and didn’t win, one of the other offerors, all of these parties can file a protest.

Next slide. What can be protested? The contracting officer or an unsuccessful business concern can make a challenge to claim that the awardee cannot
provide evidence that it meets the definition of a veteran, service-disabled veteran, or service-disabled veteran with a permanent and severe disability. So, the question is, is the person upon whom the company’s claim of eligibility based actually a veteran service-disabled veteran?

Next slide. The protestor may protest that the concern is not at least 51 percent owned and controlled by a veteran.

When can they be filed? Well, if the CVE protest relate to a VA procurement, the contracting officer can file a CVE protest at any time during the life of the contract. An unsuccessful small business concern can only file a protest within five business days after being notified of the awardee’s identity. Now, by business days, we mean not Saturday, Sundays, and federal holidays. They don’t count.

Next slide, please. So, you know, if on a Monday the CO is -- unsuccessful offeror gets the notification of the awardee’s identity, you start counting on Monday, count Tuesday, Wednesday, Thursday, Friday. The fifth day is a Saturday, so the conclusion of the time period, your deadline is Monday, unless it’s a federal holiday, in which case it’s Tuesday.

Next, please. Where do you file it? The
unsuccessful small business concern has to file the protest with the contracting officer, either in person, by US mail, or by e-mail. The contracting officer must then forward that protest to us at the Office of Hearings and Appeal.

What do you include? It has to be in writing. It has to have the solicitation or contract number and the specific allegation, together with credible evidence that the protested business concern doesn’t meet the eligibility requirements for inclusion in the CVE database.

Next. What must you -- any information the protestor deems necessary for the administrative judge to consider. Anything that backs up your claim, any evidence you have, put it in this protest, and put in your contact information, name, address, phone number.

When should a protective order be requested? A protective order will allow counsel for a business concern to review the confidential information of a protested concern as it relates to the specific litigation. If desired, a protestor may request a protective order in its initial protest or within five days thereafter unless good cause is shown. We’ve got the procedures in our regs. We don’t issue protective orders that allow nonattorneys to review a case file
that contains confidential business information.

Now, there are certain statements counsel has
to make in order to be allowed to review the file.
Counsel must agree not to pass the protected
information on to anyone, including their client. They
have to show that they’re not involved in the company’s
competitive decision-making. Those are violations of
these terms. There will be sanctions against the
attorney, potentially including bar discipline.

What are the filing and service requirements?
All parties, including the protested concern, must file
a Certificate of Service. That’s a document signed by
a person filing a pleading attesting they have sent a
copy of their pleading to all the parties listed and
identify those parties by name and address. When
filing with us, you can file via our hearings and
appeals upload e-filing system or via e-mail at
OHAfilings.gov. And we have an example of a
Certificate of Service there on our website.

What happens after the protest reaches us?
The administrative judge issues a Notice and Order
notifying all parties that we’ve received the protest
and establishing a due date for responses, usually 15
days. Then the protestor may supplement their protest
within that 15-day time frame. After the date
for responses is passed, the record will close and the
administrative judge will not allow further pleadings
unless there’s good cause shown. The VA has to send us
the case file.

When will we dismiss a protest? If it’s
untimely, if it’s late, if it’s nonspecific, if it
doesn’t contain specific allegations. If it’s based on
allegations that aren’t protestable, then in those
cases, we’ll dismiss the protest and notify all parties
of the dismissal.

Who can respond? The protested business
concern, the director of CVE, the contracting officer,
and any other intervening offeror if the protest stems
from a VA procurement. The response has to be filed by
the date specified by the judge. If a party wishes to
reply to a response, the judge has to approve it first.

How do we decide the case? We base it on the
case file and the information provided by the parties.
We reserve the right to request further information if
necessary. We’re going to give greater weight to
specific signed factual evidence over unsupported
allegations and opinions and base our decision on a
preponderance of the evidence. The contracting officer
can award the contract after the protest is filed. It
has to hold off until we issue a decision unless they
determine the award is necessary to protect the public interest and they notify us.

What happens when the protested concern is found ineligible? The director of CVE must immediately remove that concern from the CVE database. The awarded contract may be deemed void ab initio, invalid from the outset. The business must not submit an offer in a future VA procurement until it’s been readmitted into the CVE database.

Can a decision by the Office of Hearings and Appeals be reconsidered? Well, any party to the case can file a petition for reconsideration with us within 20 business days of receiving our initial decision. It has to show that we’ve made a clear error of fact or law in the initial decision. Since we don’t make errors, of course you -- but, in any event, that’s protest.

Appeals, who may file a CVE appeal? If CVE status is denied or cancelled, the company can file an appeal with OHA challenging the decision if they’re denied entry into the database or VA cancels them.

A business concern may only file if the decision was not based on the failure to meet any of the veteran or service-disabled veteran eligibility criteria. That’s because that’s a decision that’s
1 going to have been made by the VA. We won’t second-
2 guess the VA on an issue like that. The only thing
3 we’re going to consider are ownership and control of
4 the business concern.

When can you file the appeal? Within 10
business days of receiving that denial or cancellation.
If it’s late, it’s late, and we dismiss it.

What you must include? Copy of denial and the
date it was received. An explanation, including any
pertinent information we should consider on why the
cancellation or denial was made in error. Again, if
you’re the appellant, this is your shot. Put in all
your information here to support your claim and include
the appellant’s contact information or that of their
attorney.

Again, the appellants have to file a
Certificate of Service. That’s a document signed by
the person filing a pleading attesting they’ve sent a
copy of the pleading with all parties and identify them
by name and address. Again, we’ve got a template of
that on our website so you can see what it is.

Who do you serve? You serve the director of
CVE and Veterans Affairs. When you file with us, again
you file on our e-filing system at SBA.gov/OHA or
OHAfilings@SBAgov.
How does the case file reach the Office of Hearings and Appeals? The director of CVE at Veterans Affairs has to provide us with the entire case file. Further, once we get that, we issue a Notice and Order notifying all parties that we’ve received the appeal, and we set a due date for responses, again usually within 15 days.

Who can respond? The director of CVE or a designee, usually VA counsel, can file a response to the appeal. If they want to serve the response, it has to be served upon the appellant and anybody else identified in the Certificate of Service. If the director of CVE files a response, the appellant may file a motion seeking to reply and attach the reply. We’ll ultimately decide whether we’ll allow the reply.

The standard of review is whether the denial or cancellation is based on a clear error of fact or law. The burden is upon the appellant to show by a preponderance of the evidence that an error has occurred. However, we will not allow evidence beyond the case file unless the appellant has shown good cause. So, there’s no new evidence, there’s no discovery, there’s no oral hearing. The hearing takes place on paper.

What are our criteria? We base it on the case
file and the information provided by the parties while also reserving the right to request further information. We give greater weight to signed, specific, factual evidence over unsupported allegations and opinions. We will also be able to consider that we’re not -- issues not raised in the pleading or the denial or cancellation letter.

What are the effects of our decision? It’s a final agency decision. If we dismiss or deny the appeal, the director of CVE’s determination remains in effect. However, if we reverse the denial or cancellation, the director of CVE must reinstate or include the appellant in the database.

Can a decision be reconsidered? Yes. Any party can file a PFR, Petition for Reconsideration, within 20 calendar days of receiving our decision. Again, they have to show that we’ve made a clear error of fact or law. There are the new rules. They were published in the Federal Register on March 30th.

And that concludes the little presentation.

Do we have any questions?

MR. PHIPPS: Can you say that one more time?

JUDGE HOLLEMAN: Sure, but I need some of that Sam Adams that he neglected to bring us.

MR. PENTINO: I have one. Marc Pentino, US
Department of Transportation. I work on disadvantaged business enterprise appeals, among other things.

Sir, you mentioned on slide 13 that the petitioner can’t be a competitor?

JUDGE HOLLEMAN: Wait a second.

MR. PENTINO: To get a protective order.

JUDGE HOLLEMAN: No. Protective orders, okay.

We’re going to get the file from the VA on this company. That’s going to contain confidential business information. That sort of thing is not given directly to a company, to one of the other offerors, like a protestor.

But there is a procedure -- it’s been worked out in procurement law and places like GSA and the Court of Claims and also with us with size appeals where if the company has independent counsel, not involved in their competitive decision-making, that counsel can have access to the file under a protective order. He’s got to agree not to release the protected material to his client or to anybody. They can use that then to prepare their pleadings.

MR. PENTINO: Okay.

JUDGE HOLLEMAN: And to make their criticisms of the protested concern. All of this happens under the protective order. We would issue the final
decision under a protective order and then give the company whose information is involved the opportunity to request redactions from the final decision before it’s published.

Mr. PENTINO: Okay. I misunderstood the competitor reference.

JUDGE HOLLEMAN: So that’s why — it can’t go directly to the company. But an independent attorney can have the opportunity to review the file.

MR. PENTINO: Got you. And in this rule or in any other SBA rule, do you ever get deep or any of the OHA hearings on the burden of proof definitions, preponderance of evidence, clear and convincing?

JUDGE HOLLEMAN: No. It’s preponderance in all of our proceedings except employee grievances, and that doesn’t apply here. It’s preponderance. Clear and convincing is a higher standard than preponderance, and we don’t apply that to anything.

MR. PENTINO: Okay.

JUDGE HOLLEMAN: You know, the standards — you know, there’s beyond a reasonable doubt for criminal cases. That’s the highest standard.

MR. PENTINO: Right.

JUDGE HOLLEMAN: And there’s clear and convincing. Then there’s preponderance which is the
usual for most civil cases. Then, for some administrative cases, there’s the substantial evidence standard. It just requires more than a scintilla to uphold an agency action. But we’re not -- we don’t allow the Agency to have that here. It’s a preponderance standard.

MR. PENTINO: Okay. We struggled with that. We have a few spots where we declare clear and convincing as needed. We have some of our recipients who make these decisions before they come to appeal to us struggle with the burdens.

JUDGE HOLLEMAN: Clear and convincing is a tougher standard to meet than preponderance, sure.

MR. PENTINO: Sure, okay. Those are the only two questions. Thank you.

JUDGE HOLLEMAN: Welcome.

MR. STUBBLEFIELD: Okay, do we have any other questions or comments on the presentation?

MR. PHIPPS: This is Michael Phipps. This only applies to VA procurements or to other SDVOSB set asides?

JUDGE HOLLEMAN: Okay. We have -- of course, the SBA has -- am I not on? Okay, how about that? Am I on now? Okay, I’m on, great.

For some years now, we’ve been handling SBA’s
procurements for service-disabled veteran-owned small business concerns. We’ve been continuing to do those and will continue to do those for the procurements outside the VA or from the SBA’s program. We’re adding these. So, it’s going to be -- so, that particular part of the CFR will remain undisturbed. We’re adding these two new sections dealing with CVE protests and appeals.

MR. PHIPPS: Thank you.

JUDGE HOLLEMAN: You’re welcome.

I feel lonely.

MR. STUBBLEFIELD: Okay, any other questions?

MR. PHIPPS: Will you be presenting tomorrow, at tomorrow’s --

JUDGE HOLLEMAN: Yes, I will be.

MR. PHIPPS: You’ll have a lot more questions tomorrow.

JUDGE HOLLEMAN: Okay, fair enough.

MR. STUBBLEFIELD: Okay, I guess we’re a little ahead of time. I don’t know if we go straight to the public comments period.

All right, is there anyone on the phone who would like to make a public comment or add to the discussion here?

(No response.)
MR. STUBBLEFIELD: Okay. Well, then, I’m getting my directions here from Amy.

Okay, well, then, that concludes our session.

Again, thank you all very much. For those of you I’ll see tomorrow, I look forward to getting together for the committee meeting.

So, thank you. Thank you very much.

(The meeting was adjourned at 3:01 p.m.)
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