U.S. SMALL BUSINESS ADMINISTRATION

INTERAGENCY TASK FORCE ON
VETERANS SMALL BUSINESS DEVELOPMENT

OPEN MEETING

WEDNESDAY, SEPTEMBER 5, 2018
1:00 P.M.

Recorded by: Jennifer Razzino
ConteNts

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PROCEEDINGS

(Meeting called to order, 1:00 p.m.)

MR. STUBBLEFIELD: In the interest of time, we’re going to get started. And we’re going to allow them to continue to work the technology out. I apologize that we don’t have this set up, but that’s lessons learned for the next time around.

Okay, so our Task Force meeting is officially open -- yeah, opened is the word I want to use. It is extremely hot outside. In fact, I was just out a few minutes ago, and I bring that up to just thank all of you in this room for braving the heat to be here today with us.

I want to thank our team here at SBA -- Amy, Cheryl, Tyler, Jerry, and everyone -- for putting all of this together. A lot of hard work went into it, and I think we will kick our meeting off with a roll call. So I’ll start first. I’m Larry Stubblefield, the Associate Administrator in the Office of Veterans Business Development, and then we’ll go to my right here.

MR. METHENY: I’m Bill Metheny with the Department of Labor Veterans Employment and Training Service.
MR. DODDS: I’m Ken Dodds, Government Contracting and Business Development at SBA.

MR. GAVINO: Amando Gavino, GSA, Director for IT Services.

MR. PHIPPS: Michael Phipps, American Legion.

MS. TORRES: Beth Torres, Department of Veterans Affairs.

MR. STUBBLEFIELD: Okay, thank you all again for being here. And what I’m going to do is I’m going to go through a few slides here real quick to try to get us back on time. My time ends at 1:20, and Ken will come on from the Office of Government Contracting. So I think you all have paper copies, and I have it up on the screen.

And, so, if you look at your first slide, it talks about outreach and engagement. Just a pitch here for National Veterans Small Business Week. That’s going to be the 5th through the 9th of November, and you can see our theme there, Your VETBIZ Community. We are in the process right now, working with our district, 68 district offices or 22 VBOCs around the country, to get the outreach kits out.

And I will tell you that we have a meeting scheduled for sometime next week to work with the district offices to make sure that we’re all in sync.
We’re looking to have a bigger -- a much larger outreach -- more outreach than what we had last year. And, so, National Veterans Small Business Week is on track.

On the second slide, I just wanted to highlight a couple of our outreach and engagements. I don’t know how many people here have ever been to the Dog Tag Bakery. I still haven’t been there, but it’s one of the places that I want to go, but they just had a graduation -- a cohort graduation here -- coming up here in September. And for our SDVETP program, we’re going to have a recompete in FY19 for that program.

The Veterans Federal Procurement Entrepreneurship Training Program, we’ll have Barbara Ashe here. Let’s see, Barbara Ashe will be here tomorrow for our committee meeting, but we want to just highlight the fact that recently the VIP program just had their 1000th graduate. And for those of you who are familiar with VIP, you know, they have three levels of -- their program runs on three levels. There’s the Start program for, you know, entrepreneurs who are just coming on board. There’s also the Grow for folks who want to grow their business, and then there’s the International phase that Barbara Ashe and that group does as well.
The last bullet there talks about the Women Veteran Entrepreneurship Training Program, known as VWISE. That’s going to take place out in San Diego. It’s their 20th anniversary, and we’re working now to see how we’re going to support that from the headquarters.

Then on the next page, I just wanted to let you know that from the 7th through the 9th, here in this -- actually in this room, we brought the VBOCs in for their annual training. And the Administrator had the opening remarks for the event, welcomed participants, and explained the reimagined initiative, her goals and objectives for SBA.

We had 44 attendees, including VBOC directors, staff, and others. We have five new VBOCs -- five new VBOC directors, two new VBOCs. A VBOC in South Dakota/North Dakota, and a VBOC in Kentucky/Tennessee were our new VBOCs onboard. We had panel discussions, to include local district directors and some of our stakeholders. And then we had representatives from our CRMs -- Neoserra, IBISWorld, and LivePlan -- that provided in-depth training.

The last bullet on there, the big point here with the last bullet of our resource partner funding change, you know, VBOCs are now going to be required to
participate 100 percent in the Boots to Business
courses. We are not funding the resource partners when
we’re talking about SCORE, the women’s business
centers, the SBDCs. The VBOCs have got to pick up the
Boots to Business 100 percent. And that was one of the
points that we had really to stress and work through
how we were going to do that during the VBOC
conference.

So on the next slide, here’s our contact
information. And I don’t know if anyone has any
questions or comments, but I think I’ve got us back at
least two minutes ahead of time. And if not, we’ll
turn it over to Ken Dodds from our Office of Government
Contracting and Business Development.

MR. DODDS: Thank you, Larry. Sorry I didn’t
see my sign up there, but you guys know me. So I guess
we don’t have the slides up, but I think I sent these
earlier. I’m going to give you some updates on some
rules and cases and legislation that has to do with
small business government contracting.

So just to highlight, we still have five FAR
cases that are open right now that have to do with
small business. The first has to do with revisions to
the limitation on subcontracting where firms can team
together as a prime sub to perform the limitation on
1 subcontracting that apply to set-aside contracts.
2 That’s based on an NDA of 2013 rule or law and then a
3 2016 SBA final rule. That will be a proposed rule out
4 for public comment, hopefully this year.
5
6 There’s a case open on policy on joint
7 ventures, again a proposed rule. We changed our rules
8 around joint venturing. We created an All Small Mentor
9 Protégé Program, which allows service-disabled veterans
10 and other small businesses to participate with a mentor
11 as a joint venture and go after set-aside contracts.
12 Those rules are already in place and you can use them
13 now, but we’re going to update the FAR to make sure the
14 FAR clauses are consistent with SBA’s rules.
15
16 Third, we have a case on multiple award
17 contract set-asides, and that has to do with order set-
18 asides and things like that. That’s actually from the
19 Jobs Act of 2010 and SBA’s final rule from 2013. And
20 hopefully that will be issued as -- it went out for
21 public comment already, so hopefully that will be
22 issued as a final rule sometime this year.
23
24 There’s a fourth case open on how Part 19
25 applies outside the United States. That one is going
26 back and forth around the language that we’re going to
27 use. And, so, right now, it’s kind of confusing to
28 people the way it’s written. Some people think that
you can’t use set-asides outside the U.S. We think you
certainly can if you want to. So we’re hoping to
update that, but that’s probably a longshot for being
published anytime this year.

And then the last FAR case that’s open has to
do with, I guess, a 2013 NDA provision that gives -- or
it was 2014 actually -- that gives a credit for lower-
tier subcontracting. Right now, large primes have
their goals set at the first tier and they report at
the first tier. And once this is implemented, there
will be a way to report at lower tiers and get credit
at lower tiers.

Moving on to the next page, there’s five, you
know, pending SBA rules. One is at OMB, and that has
to do with things like some minor adjustments to how
the limitations on subcontracting apply to service
contracts, some adjustments around order set-asides,
whether you can do a set-aside of an order under a set-
aside contract, and some examples of bad faith in
subcontracting as well.

The second rule listed there is the ownership
and control of service-disabled veteran-owned small
businesses, which I’m sure you’re interested in. This
is based on, I think, the NDA of ‘16, and we had to
work with the VA and come up with a joint rule, which
we’ve done. It’s just now finishing getting clearance here at SBA.

   It will be published, I think, next week. Either way, it will be published before October 1 because we have -- the VA is going to have their rule published and ready before October 1, and then the OHA rule, which allows you to take an appeal or protest if you don’t like the VA’s decision, to our OHA, our Office of Hearings and Appeals, that also will be effective October 1. So it will be done, it’s just -- it’ll probably be not until next week that we publish it, is my guess.

   The third rule on here has to do with ownership -- or, yeah, service -- no, women-owned small business certification program that we have to create. That’ll be a proposed rule. That is in -- it’s in clearance here at SBA, so it’s still got a ways to go. It has to go to OMB for interagency review before it’s published as a proposed rule.

   The fourth rule that we’re working on has to do with the HUBZone program. That actually is at OMB for interagency review where we get comments from other agencies. So hopefully that will be published, I’m hoping, sometime in September or October for public comment. Just trying to make the HUBZone program a
little more user-friendly for the firms that are in that program.

And then the fifth rule on there, which is not in clearance yet but which we’re working on, is going to consolidate the mentor-protégé programs that we have. We have one for 8(a) and one for all small. The all small is going well. When we set it up, we weren’t sure how that would go, but it is going well, so we think that there probably should be one program since the rules are very similar for the programs. And that will be a proposed rule, but that’s still a ways away.

Turning to the next page here, I just wanted to mention this interesting -- I find it interesting -- big protest decision called AeroSage. AeroSage is a fuel basically reseller, I think, and he or she protests a lot and is not always successful, but in this particular case, they brought up a change that we had made to the nonmanufacturer rule which basically says that for these simplified acquisitions below 150K the nonmanufacturer rule and the limitations on subcontracting do not apply. And in this case, the agency said that they were not going to do a set-aside of this CLIN because AeroSage didn’t -- wasn’t going to provide fuel produced by a small refinery.

And in this case, GAO said that that is not
required under this new rule from SBA. And, again, this has not been put into the FAR yet, so it’s just based on SBA’s rules. The agency should have looked at whether a small business could provide it, regardless of who manufactured it because it was below 150. And they also said that because you were breaking this contract up into CLINs, you should do that analysis for each CLIN. So it was a victory for set-asides below 150,000, so that just came out in August, and I give you the citation there.

And, then, since the last time we were together, the NDA of 2019 was signed. So some highlights there. They did adjust the micro-purchase threshold for DOD because I think they were -- they had already done it -- raised it to 10,000 in the NDA of 2018, but I guess there was an anomaly with DOD, so they fixed that.

Section 823, they want DOD for construction and engineering contracts to come up with a way to evaluate performance of first-tier subcontractors and joint venture partners. So that’s a DOD-specific thing that DOD is going to have to implement for their architect and construction and engineering contracts.

Section 838 modified some of the language around this e-commerce portal that GSA is creating. It
basically says that they want to have multiple portal contractors instead of just one. And then they have some language in there around how the contractor should safeguard data and only use it to the extent necessary.

And then Section 839 is kind of implementation of the Section 809 panel, kind of preference for getting back to commercial items and not having all the laws apply to commercial item acquisition. So there’s going to be a lot of work and a review there for the FAR Council to review whether they’ve done the right thing with their exemptions with respect to commercial items.

All right, going on to the next page, a couple of interesting things that have to do with small business. Section 852 wants DOD to pay small businesses and large primes that have small business subcontractors within 15 days to the fullest extent permitted by law. OMB had a policy to pay small primes within 15 days. Then they created a policy to pay large primes within 15 days. That expired and they did not renew it, and so this law kind of reimplements that for DOD.

Section 855 requires that for a solicitation, when you issue it, that has to do with, I think, construction, that you’re going to have to have
information on how timely you are as an agency in responding to requests for equitable adjustment and also post information on your past performance and defining that and settling those requests for equitable adjustment.

And then lastly, I think, Section 861 -- no, I guess there’s some other stuff I want to talk about, but on this page, lastly, around Puerto Rico, agencies will get double credit over the next four fiscal years for awards to businesses located in Puerto Rico. It also gives them access to surplus property, and then there’s a way to get mentor training costs to apply towards your subcontracting plan if you are a mentor to a Puerto Rico business.

And then this is -- I think this is the last page, yeah. So there’s a couple sections there around DOD coming up with a strategy. A lot of this is from the recommendations of a Section 809 panel on SBIR and getting new entrants into the market for DOD. So a lot of these are kind of implementations of those recommendations. It looks like, you know, increased funding for PTACs and payment of certain costs for PTACs, a commercialization assistance program, and then SBIR and STTR pilot programs as well. So a lot of stuff around technology and SBIR in this latest NDAA.
So I think those are all my updates since the last time we spoke. If there are any questions, I can take them, or otherwise, that’s my presentation.

MR. PHIPPS: You know I have questions, Ken.

MR. DODDS: Okay.

MR. PHIPPS: So on the 809 panel, there was some language in there about DOD being able to write their own or possibly make recommendations for their own legislation for small business set-asides that people were construing as the possibility to circumvent the SBA’s rules for small business set-asides and make their own rules. Have you had any interaction or discussion about that with DOD? Were people misreading that and because it was -- it was mainly about technology? So that was just a concern on the last time.

MR. DODDS: Yeah, the only thing, there were certainly maybe some drafts where that was the idea. I think small business was mentioned and the first volume in Chapter 6 was all about small business. There was nothing in there about them rewriting their own rules. The second volume that came out in June, I didn’t see much that impacted small business in that.

The only thing that I remember from the first volume, Chapter 6, was that they did talk about
if a small business outgrows the size standard, letting them continue to be a -- claim to be a small business for I think they recommended two or three years after they’ve outgrown the size standard, but that was not in the NDA of ‘19. So even though a lot of the 809 recommendations have been put into various parts of the NDAAs, that was not in there as far as I know. So I guess they still have one more volume, the 80 panel has one more volume to put out.

MR. PHIPPS: And do you work with the 809 panel and DOD when all this comes out, or how does that work with the interaction with DOD and SBA?

MR. DODDS: Well, we definitely -- we did participate. They had panels, I guess a year or two ago. And, so, we -- and we’ve gone over there informally, and they’ve come here informally. So we have had discussions. You know, small business is a part of what they’re focused on, but they’re focused on the whole big picture, all of DOD. And, so, they -- you know, they -- you know, I think they’ve kind of -- they’re now just kind of approaching the finish line on all their work.

MR. PHIPPS: And one more quick question about the AeroSage case and the limitations on subcontracting. Can you explain how that interacts
with the FAR and is this going to set a precedent that all small businesses can use right now, or is that going to take some time to mature?

MR. DODDS: Well, I think that’s kind of why I mentioned it, because what’s interesting to me is that the decision seems to be based on our rule, which has changed, and the FAR has not been updated. And I don’t know whether the agency argued that the FAR hasn’t been updated, therefore it doesn’t apply, but for whatever reason, the way this decision came out, they said that the agency should have followed our rules in terms of making this set-aside decision and not worried about the limitation on subcontracting because it was below 150.

That’s why I think it’s interesting, you know? You never know -- you only know what the decision says. You don’t -- because I wasn’t a party to it, I don’t know what the other side argued. But that would have been an interesting argument, I think, if I were DLA, would be to say that the FAR doesn’t say that, so, you know, it’s not fair.

MR. PHIPPS: Right, that’s why I was asking.

MR. DODDS: But that’s how -- this is how it came out, so -- and it just came out, I guess, you know, a week or two ago. Now, this is a GAO decision,
so it’s technically a recommendation. The agency theoretically doesn’t have to follow it, then they have to report to Congress. It’s not a federal court decision, but it is, you know, one of the most recent decisions on how the limitations apply below 150.

MR. PHIPPS: And do we anticipate that the FAR is going to change in time with the FAR Council or with a FAR Council ruling?

MR. DODDS: Well, that’s the first case I talked about, which is the revisions of the limitation on subcontracting proposed rule. Part of that is the nonmanufacturer rule and those changes as well that were in the rule we did in 2016. But that will be a proposed rule. Then you’re going to have to wait 60 days for public comment and then go through the final rulemaking process, but that will take several months as well. So the FAR still is a ways away from being updated to reflect our rule.

MR. PHIPPS: Thank you, Ken.

MR. DODDS: Yeah.

MR. BLUM: I was just going to add that the FAR Council is anticipating, you know, that the proposed rule will be issued in this fiscal year, so we’re hoping in a matter of weeks that the proposed rule will be put out.
There was some, I think, discussion going on with the Office of Information and Regulatory Affairs in SBA just in terms of how the burden is assigned between the agencies. But I think there’s definitely agreement between SBA and OMB that this would be very beneficial to the small business community and reduce a burden both because it is providing clarity and additional ways in which small businesses can, you know, meet the requirements of the law, which is a good thing.

MR. PHIPPS: Sorry, I have one more question. That just reminded me, Matthew.

We’re talking, and I know that we’re talking about the e-commerce portal with GSA coming up. Is SBA and GSA working on the possible implications to small businesses in that e-commerce portal and what that looks like along with the 809 -- some of the things that may happen with the 809 panel, all of these kind of collectively, but in general just with GSA?

MR. DODDS: Yes, certainly. We’re all working together to implement these things. Remember again the e-commerce portal does say that if you award to a third party through this portal you’ll get credit towards your goals as an agency, and it also says that nothing, you know, restricts your authority to limit competition
to small business, nothing in that act anyway. So, you know, we need to work together.

And then there’s going to be a study on how it impacts small business performance as well based on that law. So, yeah, we are -- we’re involved with them as well.

MR. PHIPPS: So do small businesses come to you and voice their concerns? Because I’ve had a ton of small businesses just in general in our community have this discussion. Do small businesses come to the SBA, voice concerns, and then you guys pass it on, or this -- do you guys hear that?

MR. DODDS: I mean, Matthew, you were very involved in this, but I know that they’ve been having a lot of public forum, I think, to get input from all businesses, not just small.

MR. BLUM: Yeah, my GSA colleagues actually are here as well that we’ve been working closely with. So there have been public meetings. There have also been a lot of followup discussions. So, Michael, maybe after the session, we’d be happy to get with you to set up a meeting to have some folks come in.

I can say just as a large organizer principle that, you know, we being GSA and OMB, and I think the SBA would agree with this, that 846 is an opportunity
to reinvigorate open-market purchasing. So, you know, over the last 25 years, there's been a lot of good work that's been done to, you know, take better advantage of IDIQ and especially multiple-award IDIQ contracts. Again, a lot of goodness in that, but, you know, we haven't spent as -- paid as much of attention to how we do some of our small-dollar, open-market buys.

So if you go back to the early 1990s, for example, and you ask people what was the number one flexibility, they would probably say the ability to make -- use their Rolodex to make three phone calls. Well, technology, fortunately, has moved us well past the Rolodexes, and this is an opportunity to figure out how to leverage that technology in a way to get to the, you know, thousands -- tens of thousands if not hundreds of thousands of small businesses that are on these commercial platforms in a way that can help supplement, you know, use of some of these existing vehicles and offset some of the concerns that have been voiced by the community about category management and use of existing vehicles that some small businesses haven't yet had an ability to get onto.

MR. PHIPPS: I know there's a lot of people interested in those details, and we're happy GSA is here. And we had a little discussion earlier about it.
MR. GAVINO: Yeah, we’re going to be discussing that here later this afternoon. And I brought the expert with me, Keil Todd.

MR. TODD: Hi, I’m Keil Todd.

MR. GAVINO: To discuss, in particular, all the e-commerce issues. The goal here is to put a lot of those questions to bed as much as we can today, if we’re on the record.

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

MR. PHIPPS: Thank you, Ken.

MR. STUBBLEFIELD: Thanks for being here, Ken. We will now go to -- I’ll turn the floor over to Peter to talk about the Surety Bond Guarantee Program.

MR. GIBBS: Hello, everyone. I am Lieutenant Colonel, Retired, Peter Gibbs. I am the Acting Director for SBA’s Office of Surety Guarantees. I have a couple of slides I just want to go over with you guys.

Basically, before I get into the slides, I’ll say that surety bonding is an obstacle for small businesses, and I’m sure it’s the same for the veteran community. Fortunately, we have a program here that’s been around for a while with a pretty good history that we can help veterans.
Why does a small business need bonding? They may be new to the contracting business. They may be an emerging firm. They may be a subcontractor who’s trying to get bonding. And they may look -- may be looking for higher limits and contracts. Or they may be subject to in order to get a bond, they may have to get the collateral or funds control. And they may be paying what we would consider unreasonable terms. So if a firm is paying like more than 4 percent of the contract value for bonding, it’s -- we would consider that unreasonable.

So the SBA Advantage, just to give you an example, so if you were a business and you went to the standard market to get bonding, they would require you to have 10 percent cash in the bank as working capital. SBA, we tell the surety companies and agents that we work with, we don’t have a problem with 5 percent. So we help that company, number one, drop the working capital requirement from 10 percent to 5 percent.

In the standard bonding market, the -- if a company has a business line of credit, they’re not going to use that business line of credit to count towards their working capital. In our program, we do. As you know, as if you’re a small business, you may not have money in the bank, but you may have a business
line of credit based on a banking relationship. So we allow the unused portion of a business line of credit to count towards the working capital requirement. So that means we have many companies in our program who get bonding and did not have any cash in the bank, but they have a business line of credit.

And once they figure out the working capital side of things, you know, normally it’s ten times the working capital for bonding, and our program can go up to 20 times that amount.

Eligibility. You have to be small, as in any business that’s supported by SBA. We can go up to $10 million per job if the job is a federal contract. Normally, we’ll go up to 6.5 million on a single job.

It has to meet SBA and the surety underwriting criteria. We talked about the size. We have -- also have what’s called a QuickApp. So if you have a -- if a small business has a contract and it’s less than $400,000, we don’t require any paperwork and we approve those bonds in less -- in a couple hours. In the -- if they submit a regular application, it’ll take less than two days to get that approval.

Just to give you some historical information on the QuickApp, so we started the QuickApp -- we added the QuickApp product to our program in 2012. To date,
we have close to 12,000 QuickApps in our program, and
we’ve had less than 100 defaults.

A lot of small businesses are concerned about the fees, right? So the fees in our program, if you’re a small business, they have to pay SBA $7.29 per 1,000 of a contract, and whatever premium the small business or the surety company collects from the contractor -- from the contract, SBA gets 26 percent of that. Starting October 1, we’re reducing the contractor fee from $7.29 to $6.00 per 1,000 of the contract.

And the other thing I would add is that if you’re a veteran-owned business, SBA guarantees 90 percent of that contract.

The application process is pretty simple. We don’t -- SBA, we don’t write bonds, but, you know, we partner with companies. So a veteran business would have to meet with one of our authorized agents and make sure that they’re authorized because we have a list of authorized agents on our website, so you would meet with the agent. The agent is the one who packages everything up, and they submit it to us. And like I said, once they submit it to us, it takes us less than two days to process our regular application. And in most cases, we process it sooner than that.

I wanted to show you guys my very impressive
slide, but you can’t see it -- well, you have paper -- but it’s -- you know, we have 35 surety companies who are partners with us, and there’s one that I’m approving after this meeting. I have a conference call with Nationwide. So Nationwide is becoming a partner with the SBA Surety Bond Program.

What’s significant about that? Nationwide is not the largest -- well, they’re the largest T-listed surety company, but as far as premium, they’re not the largest, but they have a tremendous network. So they’re going to open up our program to 10,000-plus agents around the country. So wherever you’re located, you see Nationwide offices everywhere, all they have to do is walk in there and they’ll be able to if not directly from that agent, you know, they’ll have some process where they can -- they will get someone that’s authorized to write bonds to help the veteran-owned business. And we have over 350 agents nationwide that’s active in our program.

To get started, you just have to go to our website and make sure you look for an agent. It’s pretty simple, and you put down what state, and the list of authorized agents will be on a list. And we only keep active agents on our list. So if you’re an agent, you can’t just use us for free advertising and,
you know, get approved and then you don’t write bonds. So we monitor that. If an agent is not active, we remove them from our list. And if anyone has any issues with agents, if you’re dealing with an agent and they tell you that they don’t write SBA, you know, please let us know, and we’ll try to deal with that.

My office is having a tremendous year this year. So normally we get authorized annually $6 billion, and we normally use about $1.3 billion in final bond, which means that the contractor actually got the job. This year, we’re close to $1.7 billion, so we’re growing.

That being said, when I pulled my numbers for veterans, I’m not pleased with those numbers. We took a downturn in activity from veteran-owned businesses this year, so we’re working very hard to see what the -- you know, why we went down. But in a three-year span, we’ve helped over 400 veteran-owned construction companies, and so far this year, we’ve done $67 million in contract-dollar value. In 2016, we did $195 million; and in 2017, we did $128 million. So the numbers are going down, but, you know, we’re trying to get reengaged in the veteran community to see what we can do to help.

MR. STUBBLEFIELD: Do you have a gut feeling?
MR. GIBBS: You know, just the surety market, they call it a soft market, if you’re familiar with the industry, which means it’s pretty easy for businesses to get credit. But, you know, when I go around and I speak around the country, what I tell people is regardless of how soft the market is, there’s always, you know, some input that we get from small businesses, there’s still segments that’s still not getting bonded. So I’m assuming that the businesses might be getting bonded, but they may not be aware of -- or be in a position to compare if I’m getting bonding over here and I’m giving up collateral, there’s a situation where I can get bonding and not give up collateral. And I think that’s what we have to get out there to the small businesses, is to really look at your situation and find out if you’re in the best position for your business.

MR. PHIPPS: Larry --

MR. STUBBLEFIELD: I was going to say, Jerry, you’re going to have to come to the table and then state your name for the record.

MR. GODWIN: Jerry Godwin, SBA Office of Veterans Business Development. Thank you, sir. Just a quick question. So the dollar amount has gone down, but have the number of transactions also gone down, or
have those increased so maybe smaller dollar amounts
but to more businesses that are perhaps starting or
growing? Thank you.

MR. GIBBS: No, the number -- the business
assisted is pretty consistent. I think we're probably
going to be around about 160 to 170, which is
consistent with the previous years.

So does anyone have any questions about
anything? You know, the one thing I want to emphasize
is, you know, one thing I learned in the military is
always ask in the secondary or tertiary question,
right? So if you're talking to a business, many of
them may not know or have anything to compare in their
situation. So you got to ask them, you know, who are
you getting your bonds from? What rates are you
getting? Are you putting up collateral? Are you being
under funds control?

Because the small business might think that
they're in a good situation, but if they have nothing
to compare against, they may not be in the best
position. And that's where, you know, that's where our
office can help, our district offices, and we have some
-- we have a great pool of agents around the country
who roll their sleeves up with these businesses and
help them.
And I would say that we have -- there's this thing called a bonding line, which means that a surety agent sits down with a company and says, based on your financial statement, we feel that you're qualified for jobs at 6.5 single, you know, and in the aggregate amount of $30 to $40 million. The largest bonding line in our program is a veteran-owned business in the Norfolk area. And they have a $6.5 single and a $34 million aggregate. So very impressive.

Any other questions about anything?

MR. PHIPPS: Peter, will you be at the committee tomorrow?

MR. GIBBS: Tomorrow? Yes, sir.

MR. PHIPPS: Because that's all the veteran-owned businesses, and I think that would be good to hear -- good for this presentation to be done in front of that committee as well.

MR. GIBBS: I'll be here tomorrow, yes.

MR. PHIPPS: Awesome.

MR. GIBBS: Anyone else?

(No response.)

MR. GIBBS: Thank you.

MR. STUBBLEFIELD: Thanks a lot, Peter, for being here. And I look forward to seeing you again tomorrow.
MR. GIBBS: All right.

MR. STUBBLEFIELD: Before we take a break, I wanted to just discuss a report that the last time we met I introduced you to a guy named Sid Sankaram, and he was a Yale intern that we had working on a project that Barb had initiated, and the question that Barb was trying to answer was, you know, veteran entrepreneurship is declining and why. And in looking at the data, you know, vet-owned businesses are now less than non-veteran-owned businesses. And, so, we’re seeing this decline.

We look at new startups. In 1996, it was 12.3 percent were veteran, and now in 2014, it’s 5.6 -- 6 percent. So, Sid, we asked him to be here today, but he took a job in New York. I think we had mentioned it before that he was just here temporarily. So I’ve taken the liberty, if you will, of just addressing some of the highlights in his report.

And the report right now is still a draft, and we’re working through it, but the bottom line is in looking at what some of the drivers could be behind this decline, one thing that Sid discovered was this -- the strong economy, and I think you had mentioned it the last time, you were here, Bill, the strong economy, and the nationwide effort, if you will, to hire vets,
you know, bring vets onboard and so forth. But the real focus of his report was on the ability or inability, if you will, of veterans to assess capital, be able to have access to capital.

And, so, there was a couple of things that Sid did. He worked with the Federal Reserve Bank, looking at their data, and basically we’ve come up with a couple of things, you know, this lack of a credit history and a term that I had never heard before, social capital, meaning how you’re interacting in the community that you live in, mentors and things of that nature. And a lot of times veterans tend to settle in someplace other than their home town. So this thing about social capital is a big part of this.

But what we’re trying to do, we have this report and we’re going to finalize it, and we’re working with a second one from IVMF that also addresses the veteran’s access to capital. And Bill Manger, who is the associate administrator in our Office of Capital Access, he and I, we’ve been working with Treasury, and Bill is actually the lead on this now because he’s at -- I went to the initial meeting, but he’s gone to a couple more meetings.

And what we want to do, and initially Treasury told us this was going to be a high hurdle, to have
veterans classified as what we call other targeted
populations. But Bill recently came back to me, Bill
Manger, and said that in his most recent meeting with
Treasury, Treasury is beginning to open up a little bit
to the idea of having veterans -- look at veterans as
an underserved population and then get that what we
call OTP, other targeted population, that designation.

So we’re still working with the Federal
Reserve, and one of the things we want to do is come
out with a -- some type of blog between us, a
partnership between SBA and the Federal Reserve, where
we would get this information out, and in the meantime,
continue to push for getting veterans designated as
OTP. So it’s -- as we speak, it’s looking fairly
positive.

What Treasury has asked us to do is to
finalize Sid’s report and finalize the IVMF report and
then come back to them next month, and then we’ll
continue to work that. So going forward, for every
time we get together in either the task force meeting
or the committee meeting, I’ll give an update on where
we are with that.

MR. PHIPPS: Larry, that is great. For our
committee, it’s something that we’ve been looking at
for a very long time. Do you know when Sid’s report --
could our committee get a draft of that report?

    MR. STUBBLEFIELD: I don’t see any reason why, but I’ll have an answer for you tomorrow.

    MR. PHIPPS: Because at one point, veterans were more likely to start a business, and now we’re less likely, so that’s a very big swing quickly that we’d like to address and I talked -- I’ve talked to Sid. He was a really smart guy, really put a lot into that report. So, yeah, I’d absolutely like to see it. It’d be great. Thank you.

    MR. STUBBLEFIELD: I’ll get that to you.

    Okay, any questions or comments or thoughts on anything? If not, I guess we can take a short break, if you will, and then we’ll go into the agency reports. So it’s -- can we be back maybe at five after?

    (Brief recess.)

    MR. STUBBLEFIELD: Okay, so we are all back, and we will reconvene. And we will start with our member updates and reports, and we’ll start with Department of Labor.

    MR. METHENY: Thank you. I want to share three topics today with the Task Force. First, veteran unemployment. I want to give you some numbers from July’s veteran unemployment rate. For veterans, the unemployment rate in July was 3.0 percent, which is
pretty remarkable. It’s down from 3.5 percent for the
same time period the year before. And that’s the
lowest rate for July since the year 2000.
To give you some other comparators,
nonveterans for the same month of July was 4.0 percent,
so a full percentage point difference. Women veteran
unemployment rate for the month of July, 2.4 percent.
And Gulf War-Era II veterans, 3.0 percent. So those
last two are some populations we’ve been watching that
have really had numbers much higher than we wanted them
to be, and so now they’re starting to get in the right
direction. So that was July.

August numbers are coming out Friday, this
coming Friday, so keep an eye out for those if you’re
interested. You can find them at veterans.gov. You’ll
see things posted there, as well as you can subscribe
to get them pushed to you by email if you would like
that, too. So I wanted to share that good news.

Second, Ken earlier was sharing with us about
some of the changes that have come out in this year’s
National Defense Authorization Act. One of the other
ones, Section 552, makes some changes in the Transition
Assistance Program for service members who are
departing the service. So I wanted to share what some
of those changes are.
First, the Transition Assistance Program, which all service members are supposed to go through as they depart, under the new statute, are now required to have preseparation counseling no later than 365 days before they separate. So a full year out, they get this preseparation counseling. What that is is still being shaped and determined, but that is a stepping stone to the second big change, which is tailored pathways of what their transition experience is going to be.

Up to this point, with the VOW Act, lots of great changes happened, and so it was a five-day program, and three of those days was an employment workshop, and then there were some supplemental tracks that people could opt into, one of which was the Boots to Business and one was an education track, and one was an apprenticeship-type track, the career technical training track.

Now, with that preseparation counseling up to 365 -- at least 365 days early, now they can determine what track they want to go, and those -- what were supplemental are now part of a required pathway. So once they pick, now they will go through those. There are going to be four, one of which is I want to go straight into employment, so that’s kind of the
addition, but otherwise, those two-day tracks, with a
one-day employment element to it is what this is being
shaped up into now. So those are two of the big
changes.

Number three, it directs -- the NDA directs
stronger performance metrics so that we can have a
clearer view of who’s participating, participation
rate, as well as what the outcomes are. So with that
extra oomph, it’s going to allow the agencies that are
responsible to be able to look at information and track
how folks are doing and what the outcomes are of the
different tracks from the program.

And the last part, as you would imagine,
Congress has asked politely if we would provide an
action plan within 120 days of the act being signed.
So it was signed on the 13th of August. The Secretary
of Defense has the responsibility to produce the action
plan within 120 days from there, in consultation with
the Secretaries of the Veterans Administration and
Labor.

So that’s TAP, the Transition Assistance
Program. It is so new that everybody’s still wrapping
their heads around it, and there’s -- one of the
positive outcomes from the VOW Act was a pretty
effective interagency working and governance structure,
which SBA and DOD and Education and OPM and others are involved with. That organization is going to be figuring out what this action plan looked like and putting it in place over the coming weeks and months.

And then, third, one that you may or may not have heard about, Secretary of Labor Acosta just recently announced a new Department of Labor Office of Compliance Initiatives, OCI, Office of Compliance Initiatives. And the idea here is with all the compliance organizations within Department of Labor and across the Federal Government that has to do with working and employment, we want to get ahead of the VOW wave and do more preventive measures and assistance up-front. And, so, this Office of Compliance Initiatives is to help do that, to get information out there early to both workers and to employers to each know what the rights or responsibilities are in that space.

So with that, in addition to the small team and the ideas that are going to flow from this, two places you can start to look already are two new websites. One is worker.gov, singular, worker.gov, www.worker.gov. And that’s where people can go to find out what their employment rights and protections are.

The other flip side of the coin is employer.gov. And, so, if you’re an employer and you
want to go to where the newest, most accurate site is
for these different responsibilities that you have as
an employer, you can go to employer.gov.

So what does that mean to us in the veteran
context? Some examples. There -- as these sites are
being built out, there’s a placeholder now for USERRA,
Uniformed Services Employment and Reemployment Rights
Act, to protect the employment rights of our Guard
Reservists primarily. So that’s one place that people
can go to get that -- Office of Federal Contract
Compliance.

So if you are trying to make sure that you’re
within bounds and you’re a contractor, particularly
veteran-owned or whatever, and trying to make sure
you’re complying with the responsibilities of doing
business with the Government, you can go there. And
there’s also a tab that will take you to information
for people who are starting small businesses. So those
are some examples of what’s out here.

Lots more. Brand new sites. A few of them
are sort of under construction or pointing to the base
agency’s site for now until they can flesh it out and
tailor it there, but I wanted to share that as the
third area for what’s happening in the Department of
Labor.
I will have to leave shortly, so if anybody has questions or feedback for me, I would welcome them now. I don’t want to miss your ideas before I have to head out.

MR. STUBBLEFIELD: A question?

MR. WEIDMAN: It’s electronics. Two things. One is at the Office of Federal Contract Compliance, I get more complaints about Vietnam Veterans Readjustment Act and Office of Federal Contract Compliance being, like, you might as well throw your letter in the Ohio River as opposed to try and get those folks to respond to a complaint. And it’s frustration that has always been with that office, who doesn’t do anything. It’s basically what DOD used to call a self-licking ice cream cone, which means all of its resources go to support the agency itself, and there’s nothing that is a positive outcome for the people it’s supposed to be assisting.

It’s not just for vets, incidentally. It’s -- they don’t do anything for women, for ethnic minorities, disabled, on and on and on. It’s one of those cases of either we need to fix it or we need to take it off the books. And it’s really come to that point where we’re getting to the point of really angry and going to start making noises about it on the Hill.
And mostly who they blame is VETS, even though you don’t have any clout whatsoever over OFCCP, which seems to be inured to vilification. I mean, there’s nothing you can say to them that will shame them because they appear to have no shame at all. And so we need to do something about that.

The second thing when you talked about notifying folks 365 days out, that’s a great idea, and the whole thing about participating in all of the TAP, nothing else is going to work until the Secretary of Labor and the Secretary of Defense requires that it go into the commander’s OER, 100 percent attendance. And when it goes into his or her OERs, then people will show up because otherwise they’ll come out with 147 things that need to be done, and so they’re going to detail people, oh, we’ll make it up later, and it’s low priority because it’s not what’s going to get them killed. If it’s going to be one of the things that messes them up, it’s amazing how reasonable people can be once you’ve garnered their full attention.

Those are my two comments to you, and I appreciate you guys continuing to try because it’s probably one of the most frustrating areas of government is trying to get the state workforce development entities to play nice with the ETS because
basically there’s nothing you can say that’s going to hurt them. They get in trouble if somebody doesn’t get a UI check, people get fired. Somebody doesn’t get help a profoundly disabled vet get a job, nothing happens. So it’s tough, and keep up the -- keep up your efforts. Thank you.

MR. METHENY: Thank you.

MR. STUBBLEFIELD: I just want to piggyback off of Rick’s comment there. Like, I thought the commanders had to sign off as part of our process. I can’t think of the form, but isn’t that --

MR. METHENY: Yes, and, in fact, even under the current process, commanders must sign off when a service member has completed that transition and that they have met the career readiness standards. And if they have not, then one of the requirements is that they get referred to the state workforce agency to continue work with them because they’re still heading out the door.

And that’s one of the other challenges that some of this performance metrics is designed to start capturing of are they getting in 365 days in advance, separate from behavioral issues or medical things that pop up short notice, but then what happens on the back side and who’s determining what career readiness
standards are and whether they’ve met them and what happens if they don’t and what do we do about that. So they’re trying to address some of that as well.

MR. GAVINO: I know in the Air Force when I transitioned out, when I retired, you are required to attend a Transition Assistance Program, TAPS. That’s part of your checklist. You cannot out-process out of the base without going through that. So at least on the Air Force side of the house that’s how they cover it.

MR. PHIPPS: This is Mike Phipps. I think what Rick was saying is it’s not part of the commander -- as some of these enlisted guys that go through that are not career guys, you know, they do three or four now or 12 or less, and it’s not part of the commander’s evaluation. So as I transitioned as an enlisted infantry guy where my -- you know, where my options are very limited, security guard and janitor, every possible excuse for details were used getting out, and nobody -- as the enlisted member, you don’t even realize what you’re missing until personally years later, where, oh, that’s what that program particularly was about. I was more concerned with, you know, the other million things.

That’s why this -- having this a year out is a
huge benefit if it’s nothing just to let the service
member understand but also making it part of the
commander’s OER, you’re going to see real quick there’s
all sorts of things that are tied to that OER that they
-- that people will start paying attention to.

So -- and, Rick, if you’re going to be here
tomorrow, I would really like you to come to the
Advisory Committee. I want to talk -- those were some
very powerful statements you were making about the
Office of Federal Contract Compliance and those
complaints. I’m not aware of those particular issues,
but I think our committee would be very aware, not just
on the complaints, but what those issues are, because
we can start talking about recommendations and have
some real positive dialogue on, okay, what really are
these issues and what are the possibilities we can do
to address them, especially from a legislative or a
socialization standpoint. So, you know, I would
welcome you to come tomorrow as well.

MR. WEIDMAN: I will be there in the
afternoon. There’s a meeting with VA in the morning I
have to be at.

MR. PHIPPS: I’ll make sure that we pass it on
to Michael to set some time, a couple minutes aside for
you to just come up and speak.
MR. WEIDMAN: Thank you.

MR. STUBBLEFIELD: Okay, any other --

MR. PHIPPS: And just one more -- I’m sorry, Bill. All those things that you were saying about the new website, can the committee -- can you get an email out to the committee with an overview, because that’s all great stuff that we would like to pass on --

MR. METHENY: Sure. Absolutely.

MR. PHIPPS: -- for the Advisory Committee that’s tomorrow.

MR. METHENY: Yep.

MR. PHIPPS: Kind of that liaison, so I would really like to get that into the hands of everybody else tomorrow as well.

MR. METHENY: What I can do is push you some of the press release stuff that came out, as well as the actual links and so on, so that way people can explore for themselves.

MR. PHIPPS: Thank you very much, Bill.

MR. STUBBLEFIELD: All right. Thank you, Bill.

Let’s see, Department of Defense, we don’t have DOD here, so --

MS. GARCIA: They were on the phone, which they went down. So check in. They attempted to check
MR. PHIPPS: Who was on the phone?

MS. GARCIA: DOD.

MR. PHIPPS: Do you know who?

MS. GARCIA: Oh, it was Sharae.

MR. PHIPPS: Sharae?

MS. GARCIA: Yeah.

MR. STUBBLEFIELD: So we’re going to go to the VA.

MS. TORRES: I’m Beth Torres from VA. I’m Tom Leney’s Deputy Director for Executive Actions. So he got called into another meeting this afternoon, so he sent me over here to represent him.

We just have a few things here. Ken actually already spoke about the new regulations that are coming out. We are also updating our 38 CFR Part 74 regulations where the NDAA required us to use SBA’s definitions and regulations on ownership and control. So when you see our final rule come out, we are also anticipating that it will be published before October 1st.

You’ll see that it actually just points to an ownership and control, you know, you will look at Part 125 for determining that. Then the rest of Part 74 basically covers all the ancillary issues around the
process for verification, and it points veterans in the right direction for 13 CFR 134 for appeals on either admission to the database, approvals for the database, or status protests.

OHA will be doing the status protests, not an appeal to the status protests, but the initial status protests on VA contracts, SDVOSB contracts. And they will also do appeals for cancellation -- status cancellations, if we’ve removed somebody from the database.

But we did come up with a couple of slides for another project that we’ve been working very closely with SBA on, and it’s in the President’s modernization strategy. They issued in -- I believe it was March, the Delivering Government Solutions for the 21st Century, a reform plan and reorganization recommendations. And on page 93 of that plan is the recommendation to streamline small business programs. So we’ve been working on -- we believe that the SDVOSB program should become a federal-wide certification. There was a hearing in -- I guess now it was in July on that, on the Hill. The House small business and HVAC hearing, joint hearing on that. And it seemed to be pretty general consensus that it is something that the Government and most people want to
happen, to have it be a federal-wide certification.
And we do -- at VA, we do support the President’s
initiative.
So if you have the slides, Slide 3 is
basically what we’ve done to date to support this
initiative. As we said, the rules are getting ready to
be published as final rules. They will go into effect
on October 1st. And we worked carefully on that with
the joint rule on ownership and control and the
appeals. And we also established a joint working group
that I cochair with Bill Gould from SBA on looking at
the process and what it might take to create a federal-
wide certification program for SDVOSBs.
And then the last thing we have is actually a
shameless plug for the NVSBE. That is coming up
October 31st through November 2nd, and that’s going to
be in New Orleans. We’re doing it as a joint program
with the Society for American Military Engineers, SAME.
So they will be doing joint events, and it’s going to
focus this year solely on construction. There are
several events. Our Secretary will be there, and we’ll
be holding a roundtable on that.
In 2017, VA actually spent $2.35 billion in
construction-related requirements. And we awarded
actually more than 75 percent of them to VOSBs. So for
2018 -- oh, for 2019, VA does have a budget of -- right now of $3.3 billion targeted for construction-related procurements, and we do anticipate that there will be additional funding of up to another $1.5 billion.

We’re going to bring 200 construction-related procurement decision-makers to meet with procurement-ready vendors and most especially VOSBs, but all small businesses are welcome to come to it. So we’re believing that there’s going to be up to $5.9 billion with somewhere around 850 projects that are going -- that are going to be out there. So, you know, anyone in the construction-related industry should probably be there. It’s probably going to be a very good opportunity. And registration for that is currently open.

And that’s about it for us right now. If anybody has any questions...

MR. WEIDMAN: Are there plans -- there are two other small -- smaller conferences, I understand, one in medical services and supplies, and a third one. Do you have any idea of the dates and locations of those?

MS. TORRES: I don’t. I will -- but we can -- I can certainly get back to you on that.

MR. WEIDMAN: Thank you.

MS. TORRES: But, yes, that’s kind of where
we’re going with these now is to try to make them
industry-specific so they’re not just all over the
place.

MR. WEIDMAN: That’s a good idea, but the
point is that people -- small businesses only have so
much money.

MS. TORRES: Mm-hmm.

MR. WEIDMAN: So they need to spend it where
they’re going to find the biggest bang for the buck for
their business.

MS. TORRES: Exactly.

MR. WEIDMAN: And if they don’t know about the
others, then they’re likely to come to New Orleans,
even though it may make more sense to go to one of the
other two. So the sooner you can get that out, I think
the more it will help people make intelligent choices
for themselves.

MS. TORRES: And, yes, we can definitely get
that out.

MR. WEIDMAN: Thank you, ma’am.

MS. PEREZ-WILHITE: This is Fran Perez-Wilhite
from the ACVBA. Will you definitely have this medical
supply and services conference, and will it be this
year or next year?

MS. TORRES: I’m sure it’s going to take
place. I just don’t know when or where at this time.

MS. PEREZ-WILHITE: Earlier in the hearing, I saw Mr. Leney and the SBA also there. Do we know what the budget has come through for the SBA to have the federal-wide control, then, of the SDVOSB program?

MR. STUBBLEFIELD: I guess I could defer to -- because I think we’re just still in the initial talking phase, as far as I know, but I know Amy’s on --

MS. GARCIA: I think, you know, there’s things in the works, but we haven’t had any kind of --

MS. PEREZ-WILHITE: So that’s not going to be by, when, October, the new budget for --

MS. GARCIA: Oh, absolutely not.

MS. PEREZ-WILHITE: -- SBA to have that control?

MS. GARCIA: No.

MS. PEREZ-WILHITE: And you talked about some slides, handouts that you handed out, do you have any extras? Some of us didn’t get any.

MS. GARCIA: They’re back here on the table.

MS. PEREZ-WILHITE: I looked. I didn’t see any over there.

Thanks. I didn’t see the VA one.

MS. TORRES: There’s only four slides.

MR. STUBBLEFIELD: Yeah, I was just going to
ask you real quick, but I apologize, I should know this, but for the New Orleans, are we -- SBA, are we going to be there?

MS. TORRES: I know that the Administrator has been invited. I’m not sure who else is going to be there. So we’re very much hoping that she’ll be able to attend.

MR. STUBBLEFIELD: It’s just kind of like -- it seemed like to fall right in line with what Peter was talking -- Peter --

MS. TORRES: Absolutely.

MR. STUBBLEFIELD: -- like before, so I’ll follow up on that. Thank you.

MR. PHIPPS: Beth, will you be here tomorrow because I think in terms of talking about a federal-wide program initiative, along with some of the other things that our committee has recommended on the advisory committee, I think it would be really good to have you represented on that committee because it’s been a while since we’ve actually been able to interact with the VA. So will you be there tomorrow? Is that on your schedule?

MS. TORRES: It’s not on my schedule, but I can probably make it happen.

MR. PHIPPS: Okay, excellent. Thank you.
MS. PEREZ-WILHITE: Thank you.

MR. WYNN: May I?

MR. STUBBLEFIELD: Sure, absolutely.

MR. WYNN: How you doing? Joe Wynn with VetForce, Air Force veteran. My question is somewhat related to what just -- what Mike was just asking about the federal-wide verification program. You know, we’ve talked about this for a number of years at this group and other groups. And even still when I hear VA talking about actually supporting it, it just -- to me, it was a lot of effort to get to this point.

And I was just wondering, I don’t know if you might want to address it now, but one of the questions we had, and I have myself, is what do you think it would take, though, to get it to -- all the way to that level to a federal-wide verification program?

MS. TORRES: Well, first of all, nothing can be done without legislation. We’ve determined that. So -- and the last thing that anybody wants is for SBA to try to take on an unfunded mandate. So there are a lot of things -- a lot of things, you know, up in the air about this that we’re exploring what do the -- you know, what would a process look like.

We believe, and I’m pretty sure SBA’s on the same page with this, is that we could get quite a bit
of synergy where if people -- for example, if I were to
start a business as a service-disabled female veteran
who lives in a HUBZone, I would only have to submit
paperwork one time for multiple certifications, which
would be very helpful for a lot of small business
owners.

But there are an awful lot of things. I mean, if we’re looking at the pending women-owned small
business program having -- and the creation of that
certification program, that dwarfs the SDVOSB program
considerably. So there’s a lot of things up in the air
on this that we wanted to make sure that the
infrastructure is ready before anything actually
happens.

MR. WYNN: And, actually, I would think
probably SBA might be more helpful in addressing the
questions going forward because, you know, I was at
that hearing in July. And one of the comments that
was made was the cost of doing the program on the SBA
side because the funding that was available now on VA,
that funding doesn’t transfer over to the SBA. So
funding -- and the funding would increase exponentially
by tenfold because there’s some inclusion of the
women’s program with the rollout of the vets program.
So it would be helpful to have -- you know, hopefully
you guys will have more discussions on that, and so we could try to get to that point, you know, sooner.

Another question I had, too, was what do you think the impact will be, though, of October 1st going with the SBA rules on ownership and control, because for so long, you know, we had it separated between the VA and the SBA. So if we’re going to all abide by the SBA rules, but VA still has its program, its Vet First program, what do you think the repercussions or the impact of that will be on veterans getting approved at the VA?

MS. TORRES: There really should be very little impact. The rules aren’t changing dramatically, but they are now -- for example, the NDAA, and there are a few things there that we think are really terrific changes. We’re no longer going to be considering community property, for example.

MR. WYNN: Oh, good.

MS. TORRES: ESOP stock is eliminated from the -- looking at ownership on that. There’s going to be an exception, and we had always kind of done it, but it’s never been formal, is if a Guardsman or a Reservist is a small business owner and gets deployed, then technically that person no longer has day-to-day control over the business and could lose his
certification because of the verification. There’s now going to be an exception for that so that no veteran should be hurt because they get deployed and they’re serving their country, and we believe strongly in that. So that’s -- you know, there are some very good things.

There are some rebuttal presumptions in the rule for things like full-time devotion and, you know, how far you live from the business. There’s also some extraordinary circumstances that where it gives certain protections to the minority owners so that it makes people a little less reticent to invest in a company so that it gives the possibility maybe for some equity financing there.

MR. WYNN: Okay, thanks. Just one last thing, on the conference coming up, folks in our construction companies, is it the recommendation or preferences that those companies are already VA-verified? Do they need to be?

MS. TORRES: They don’t need to be to be at the conference. Of course, they need to be verified in order to get a contract, so -- a VA contract, but, you know, SAME is going to be there. Corps of Engineers is going to be there. So -- and we’re welcoming all small businesses to be there. But, you know, of course it’s going to be focusing on VOSBs.
MR. WYNN: Okay, thanks.

MR. WEIDMAN: One last question. What you just said is that you have to be verified in order to get a contract at VA. Do you have to be verified in order to get a set-aside?

MS. TORRES: Correct.

MR. WEIDMAN: But you guys count people who aren’t verified.

MS. TORRES: On full and open.

MR. WEIDMAN: Yes, that’s what I’m saying.

MS. TORRES: Yeah.

MR. WEIDMAN: And the real -- the question is why shouldn’t that verification be necessary for you to count them?

MS. TORRES: It’s -- I guess it’s because it’s -- if you look at -- whatchamacallit -- FPDS-NG, however they’re registered, that’s how -- when you pull up -- do the pulls and it doesn’t say -- it doesn’t exclude them from full and open to be counted for goaling.

MR. PHIPPS: So this is Mike Phipps. If there’s a veteran-owned company that’s not verified at the VA as a veteran-owned business or a service-disabled-owned business but they’re self-identifying at the SBA and you’re using FPDS-NG to pull that data and
I get a contract with the VA as a SDVOSB, does the VA actually separate that out as not counting towards their --

MS. TORRES: They can’t.

MR. PHIPPS: They count?

MR. WEIDMAN: They count.

MR. PHIPPS: So that’s not -- that’s --

MR. WYNN: We’ve been saying that for a while.

MR. PHIPPS: So the VA will count towards their goaling a nonverified SDVOSB, is what we’re talking about. Okay, we’ll address that at our committee hearing, because that seems to be a big issue, a big problem. If we’re pushing federal-wide a program, you know, what’s the benefit to a federal-wide program if it’s self-certifying with the SBA, unless the other agencies, which we would -- which is part of our committee’s recommendations, like DOD that creates the veteran should have the same kind of set-asides that the VA has. That is a benefit to the veteran.

But for the -- having a huge federal -- having a federal program where everybody has to get verified, the pros and cons of that additional paperwork is something that our committee would, you know, is what we’ve -- was something we’ve been discussing for a long time because that verification program is not just a
simple process, right? And there’s been issues with
that process, although we do recognize it has greatly
improved. So those are -- it’s not a yes or no type of
answer. It’s the discussion that we want to have,
especially flushing out these nuances becomes a really
big issue.

So thank you, Beth. I didn’t mean to just get
on the soapbox.

MR. STUBBLEFIELD: So I guess I’m asking,
going forward, it sounds like the certification process
should be a regular topic for the ACVBA as well. So we
will do that, so you’ll always have an invite.

MR. PHIPPS: Tell Tom we know he’s trying to
get out of us yelling at him and he shouldn’t be back.

MS. TORRES: He’s going to West Point
tomorrow.

MR. PHIPPS: Is he? We miss Tom.

MR. STUBBLEFIELD: Okay, any other questions
or comments for Beth? If not, we’ll move over to GSA.

MR. GAVINO: Good afternoon. My name is
Amando Gavino. I’m the Director for IT Services. I’ll
be spending a little time discussing GSA stuff. I want
to give this floor to Keil Todd. He’s the person --
he’s in the Office of Enterprise Strategic Management.
The plan for today is to address the concern addressed
by Mike Phipps from the American Legion concerning the
e-commerce portal, in particular that the e-commerce
portal comments that we keep hearing is that it
prevents small business from joining into that game.

But before I do that, just a brief
advertisement basically on what GSA OSDBU did last
month. Last August 23rd, the OSDBU hosted a DVOSB
virtual training webinar, 22nd -- 23rd of August.
Roughly, there were about 600 companies that we
invited, about 200 individuals showed up on that one,
so we consider that pretty successful. We plan to do
that again sometime in the very near future.

Just a shameless plug on the GSA VETS2
contract, just to remind people that that contract went
live earlier this year, early this March. We were
seeking task orders on that one. 8(a) STARS II, we’re
in the process of picking best-in-class contract for
that one. This fiscal year, we’re working really hard
in making that happen, working on that one with OMB.

And just a reminder that the Alliant 2 small
business contract, because of the protest, we cannot
take any orders yet until that protest has been
resolved.

So with that, I’d like to give this floor to
Keil Todd. I think it’s going to generate a lot of
discussion concerning the e-commerce portal. Over to you, Keil.

MR. TODD: Thanks, Amando. So as Amando mentioned, my name is Keil Todd. I work in the Office of Enterprise Strategy Management at GSA, and I’m the PM on this effort, working on behalf of Laura Stanton, who is the executive lead for this for GSA. And we do so in great partnership with OMB, and Matthew is our counterpart over there. So thank you for your support of this, Matthew.

So I thought what we would do is I’d just give a little bit of a brief overview on the program itself. I don’t know the level of context everybody has, so I figured we’d sort of set that context for everybody, and then talk a little bit about some of the potential opportunities for small business. I will emphasize that we’ve very much in sort of the design and research phase at the moment. So I’ll talk a little bit through that. And certainly, you know, welcome your feedback, whether it be here today or in the future and ongoing sort of participation as we think about how to develop this program.

So as many of you may or may not know, you know, this was established in the 2018 National Defense Authorization Act, Section 846, where GSA was directed...
to partner with e-commerce providers to procure commercial items. And, so, this will be carried out over three phases, three-plus phases, in fact. So the first phase has already concluded. It was a quick, 90-day phase starting last December, which is essentially a -- develop a plan and submit it back to Congress by March.

So we did that, met those time frames, and we’re now in the second phase, which is called the market research and consultation phase. So essentially this phase, you know, we are doing extensive outreach. So we’re talking a lot with industry. We’re talking a lot with our agency partners. To date, we’ve hosted two industry days. We did one back in January. We also did one just a few months ago in June, where we had over 200 to 250 attending in the room and another 200 or so folks online.

We’ve put out a series of RFIs, so I think we’ve put out three total, got a significant amount of responses to that. I think close to -- over 1,000 pages worth of responses, both small and large business, as well as portal providers responding to that.

We’ve hosted a significant number of industry demos, one-on-one demos with people coming in to
demonstrate their capabilities. I think we’ve done
over 50 of those. Again, a good mix of both small and
large businesses, really to understand sort of the
perspectives out there and really to take in all of
that feedback and use it to inform how we’re designing
this.

As you can imagine, you know, we’ve gotten
quite a bit of feedback. A lot of it is small-
business-oriented, and we fully intend to build in, you
know, small business into this effort. So I want to,
know, make sure we sort of state that up-front,
that small business is a critical, critical piece to
this.

As Ken mentioned, you know, in the 2019 NDAA
Section 838, we got a few items in there. We had
really put forward in our last March report two key
legislative asks. The first was to give GSA, the
Administrator, the ability to set the buys as compliant
with CICA. So we got that one. The one that we had
hoped for but did not get was raising the micro-
purchase threshold to 25,000. That was for only
purchases through this GSA-approved portal.

And our thinking behind that was really to
test this on the smaller scale, to put something out
there and allow -- start getting some buys through
there to start seeing how it would really play out because, you know, we can surmise how it might play out, but until you really put something out there, you don’t necessarily know. So we thought, you know, raising the micro-purchase to 25K, that gets us up against, you know, a few treaty obligations that would have come into play, so we went up to the highest point. We said let’s raise the micro-purchase there, and really the micro-purchase is the point where, you know, our terms and conditions are the closest to those that are in the commercial sector, so we figured why not start there as a starting point.

So that was really our thinking behind the 25K. Additionally, we thought really three key goals could come of this. We thought we could start to, again, test this small, begin to see the speed with which purchasing could occur, using this new technology and removing some of the roadblocks that might currently exist.

We thought we could better manage the workload of the acquisition workforce, rather than having our highly trained acquisition folks focusing on low-dollar, low-risk buys, why not shift that to the program office and to those with the purchase cards to make those buys, while then allowing the acquisition
workforce to focus on the more mission-oriented critical buys. So that was a second opportunity there. And then the last one is we think we can realize some cost savings, essentially buying more like -- having a leveraged situation where we can use the buying power of the Government to really command better prices. So those were three goals.

Since we didn’t get that, we still remain committed to this effort. We still remain committed to those three items that I just culled out, and we’re assessing, you know, how can we go forward with -- you know, what does it look like, do agencies find value in a 10K proof of concept. So we’re currently assessing that to understand, you know, what does that look like, and that is really sort of driving a lot of our market research with another report due this coming March.

So that’s the backdrop with what happened with the 2019 NDAA. Some of the potential opportunities for small business, which I think might be of interest to this group, you know, from the beginning, I think we see competition being sort of the bedrock of this. So not only has our Administrator, Emily Murphy, committed to this publicly, it was obviously in the Section 838 of the 2019 NDAA, that this will not be -- you know, this is not going to be awarded to a single provider.
There will be multiple.

Our senior procurement executive, Jeff Koses, has even been on record saying, hey, if we put something out there and we only get one offeror or respondee, we will take a step back, we’ll start our research again, and we will reassess where we went wrong. From our view, essentially that means we missed something, because we’re trying to get closer to the commercial terms and conditions. So if we don’t do that, then that’s on us. So we will not go forward with just a single awardee.

Additionally, I think we really see this as an opportunity to lower the barriers of entry to small businesses, including those who’ve never done business with the Government before. So, you know, rather than, you know, industry having to wait for the Government to come to you with a, hey, give me your proposal on this, you know, on this opportunity, instead Government can go to an e-commerce-enabled platform and see a whole swathe of players, to include small business. So it certainly, we feel, can lower the playing field there.

Additionally, we’re also looking to see how we can incorporate and start to bring in some of those socioeconomic statuses into the platform, whether that be working with SAM or SBA so that those can be
incorporated as part of the buying decision. So when you’re -- you know, when you’re a buyer and you log in, on those products, you can say, hey, this is a small disabled, you know, veteran-owned business, and that can be part of perhaps the best value determination. So those are things that we’re thinking about as we design this program.

And, then, lastly, I think the most important piece to all of this is access to the spend data. As many of you might -- can probably understand, you know, a lot of the purchases that go on the purchase card are relatively invisible. And, so, we think that by having access to the spend data, by having access to the point of sale, we’ll then have visibility into that data, not only what’s only being spent through it, but also the opportunity to say, well, what is the spend that is going through it that maybe should have or could have gone to a small business that perhaps didn’t.

So I think having access to that data is a new power that we’re certainly interested in getting and being able to give to our partner agencies to better make decisions. So, you know, those are some of our just initial thoughts around this. Certainly welcome, you know, any questions that there might be.

I will tell you that, you know, there are lots
of opportunities to get involved. We have a GSA
Interact page, which is sort of our community. It’s
Interact.GSA.gov. If you go on there and you search on
commercial platform, you can see our page, you can
subscribe to it. We’ve been trying to put out blog
posts, I would say every two weeks or so. We’ve done
blog posts on the micro-purchase threshold and sort of
why we were recommending this increase. We’ve posted
all of our plans there. We’ve posted the transcripts
to our industry days, the RFIs that have gone out. So
we’re trying as much as possible to be very open and
transparent about our approach to this program.

And, additionally, you know, we want your
feedback. So we have an industry day that we’ll likely
be having sometime in the late fall time frame, so
certainly welcome folks joining us for that, as well
as, you know, we have an email inbox that, you know,
we’re monitoring regularly. It’s Section846@gsa.gov.

So those are sort of the remarks I prepared
for today and certainly open to any questions you all
might have.

MR. GAVINO: I think, Mike, I just want to
reiterate the fact -- the concerns that really
resonated in my head the last time you spoke to this is
that there’s a perception out there that this e-
commerce portal is a closed process already, that other
entities does not have any more input into this
development. That is so not true. And I just want to
reiterate over and over again that is still open. We
are still taking input to affect the portal.

MR. TODD: Yeah, and this phase two of market
research goes from, you know, March of 2018 through
March of 2019. So, you know, we are literally midway
through market research. So the door and the window
have not closed.

MR. PHIPPS: Keil, that was hugely helpful.
From a logic standpoint, I can see access to the
spend also controls the comparison on products to see,
you know, what that product is being sold for and then
what that compares on the commercial market. One of
the big concerns was that the -- you know, this pen and
that pen are going commercially for the same amount,
but the squeeze happens on the back end as it does with
Amazon.

MR. TODD: Sure.

MR. PHIPPS: And forgive me for not having
gone through all the blog posts, but fee control, both
the fee that the e-commerce portal provider is going to
make and the fee that they’re going to pay, is that
going to be open and transparent to the public? So
like with Amazon it is very transparent. You know,
they have a system that’s pretty high in some cases --

MR. TODD: Sure.

MR. PHIPPS: -- and lower in some cases. Are
you guys going to be controlling that fee to ensure
that that squeeze doesn’t happen?

MR. TODD: Well, I think, you know, as part of
our research, we’ve -- I mean, there’s a variety -- a
wide variety of different fee structures out there,
everything from, you know, a percentage for
transactions to, you know, a seat-based model where you
pay to access the market. So as part of our research,
we’re really identifying what that market looks like,
but we fully intend to have that to be a transparent
and visible process so it’s not a -- yeah, it might be
halfway transparent on the front end but then getting,
you know, gouged or something on the back end.

MR. PHIPPS: That is -- that’s like a huge
relief, at least from the people that I’ve been talking
to, all of these things, it just shows a lot. So can
you explain, is this going to be a single platform that
-- like you had said two providers are going to have
access to, or is this going to be, for example,
separate platforms that are going to tie in? Like can
you explain the physical structure?
MR. TODD: Sure. So I can tell you that we’re very much in the design phase of this at the moment. So, I mean, there’s a couple different ways that this could play out. I think the way we’re thinking about it is that we want it to be a consistent and approachable user experience, so we don’t want it to be, hey, you go somewhere and all of a sudden now you need ten different logins to go to the ten different portals that exist.

So I think we’re trying to understand what does that -- what does that user experience need to look like in order to make it something that is not more onerous than what is happening today.

MR. PHIPPS: Excellent. And, so, I’m going to limit, because I know there’s a lot of questions. One of the big -- one of the larger questions or the more concerning questions were for people that already have GSA schedules on the product side that had to go through all of the rigorous controls that they had to go through to get their GSA schedule.

MR. TODD: Sure.

MR. PHIPPS: Now the perception is, well, now you’re basically telling me all of that was a waste of time, or does that just flow -- do I get grandfathered in and can I flow my GSA schedule, all that
interaction, especially with people who have invested
the time into the product schedules?

MR. TODD: Yeah, so, a couple things. So, you
know, the vision behind the platform is to make it as
quick and easy as possible to get these items and
purchase them. I think one thing that we’re thinking
about is lowering that barrier to entry that I
mentioned. And, so, it’s like how quickly can you get
new folks on to really increase that competitive
playing field. So I think that’s something that we
really want to focus on, and to the extent that we can
enable that and make it easier, we certainly want to do
that.

Secondly, this opportunity really, at least
according to the 2018 NDAA, only goes up to the
simplified acquisition threshold. We’re starting this
-- or the thinking behind it is that we’ll start this
with a proof of concept, up to the micro-purchase.
Sort of understand maybe some of the things that we
don’t necessarily know with at the current point in
time, you know, what that implementation looks like
before we jump into solving it, up to 250. However,
there’s still that range above the 250 that’s still
very much in play that this effort will not cover.

MR. BLUM: Sorry, if I can just add to that
1 point.
2 MR. TODD: Yeah.
3 MR. BLUM: Because I think it’s an important one. So the schedule obviously has products and services, and a lot of small businesses on the service side. And this is only dealing with COTS.
4 MR. TODD: Right.
5 MR. BLUM: So it’s only -- not even all commercial items. It’s just those that are sold that are off the shelf. And as Keil said, up to 250,000.
6 Another very important point --
7 MR. PHIPPS: Does that include software that’s COTS?
8 MR. BLUM: It could, but to a second important point, a very important point about the program, you know, this is -- the key difference between this and the schedules and for that matter other government programs is that there’s not a preexisting relationship between the Government and the companies that are selling as sellers, right?
9 MR. PHIPPS: Right.
10 MR. BLUM: They’re on the platform. And that creates a challenge, right, because we don’t necessarily know going in, we haven’t done the screening, the responsibility determinations. So as a
result of that, and this is pretty clear, I think, in
the conference language going back to last year’s NDAA,
that they expect GSA and GSA has been doing this as
part of the outreach and why this is a phased process
to do a lot of analysis of what are suitable types of
products, classes of products that should be in this
program, that don’t create, for example, security
challenges. So a lot of IT-related products are
probably not going to be kind of early, you know,
contributors or participants because of that reason.

And a lot of large businesses, by the way, one
of the first folks we saw out of the gate, were saying,
please don’t let agencies run off and buy government-
furnished equipment from unscreened companies, small
business or otherwise, anybody that could then create
supply chain risks, you know, and make -- they’re the
one responsible.

So it’s not to, you know, to underplay it, but
it’s a relatively small dollar amount to start with,
which I think is important because it should have
minimal impact on the schedules and provide time not
just for GSA but for the whole community to work
together and figure out what’s the best way to take
advantage of these online platforms without, you know,
doing kind of a one-size-fits-all, you know, big-bang
approach that isn’t going to work.

MR. TODD:  Yep.

MR. BLUM:  A second thing, by the way, just also Laura Stanton, who is heading this up for GSA, I don’t know if you had mentioned this, Keil, but at a public meeting, she referred to a survey by SurePay in 2016 of small businesses that said that a very substantial percentage of those surveyed said they didn’t have an e-commerce-enabled website.

So, again, coming back to the larger value proposition, recognizing that we have to do this thoughtfully and carefully with all sorts of, you know, prudence in this, that, you know, there are many, many small businesses that we see on existing platforms that we all know that will hopefully get this sort of immediate access to the Government. And, you know, they won’t have their existing relationships with those platform providers disrupted. So, you know, that is hopefully a plus that, you know, we’re -- you know, we’re trying to take into account as well as we build this bridge.

MR. TODD:  Right. They’re already partnering with those platforms, so it’s just an extension of what they already do.

MR. PHIPPS:  Excellent.
MR. STUBBLEFIELD: You know, it seemed like at the last meeting there was a lot of discussion centering around competition. So I’m just asking, like, are you feeling better now about the e-commerce portal?

MR. PHIPPS: So because it is kind of in the design phase and GSA, I think some people don’t understand GSA was directed to do this by Congress, so they’re following certain things. But much more -- it seems like it’s much more transparent and we’re going to understand a lot more.

I think some of the big concerns that people that might be under janitorial schedules or that have products -- thousands of products that are way under 10,000, and there’s a lot of veteran-owned and service-disabled, veteran-owned companies that have those schedules, and have preexisting relationships with the larger companies, you know, there’s a whole unintended consequences that we would like to follow and like to be informed and like to continue to hear back because it is quite an investment to go through and get your GSA schedule and keep it updated.

And, so, their perception of that is a very strong break from GSA. They feel slighted by GSA, right? And, so, I have a feeling that they’re probably
going to be the biggest praisers because they’re going
to be the easiest to get on to the platform at some
point.

And there’s a huge issue with -- and I know
there’s some -- already some discussion around this. I
don’t have to be -- government contractors in general
have to go through a lot of due diligence and a lot of
headache to become government contractors, and what
you’re telling the whole community is the same thing,
you no longer have to do that. All you government
contractors, all that work you’ve done gaining
knowledge over the last 20 years on what it means to do
business with the Government is no longer important
because I can just go onto an e-commerce platform,
those are some of the things that we’re hearing, right?

So is it breaking the trust with your base?

Right? That seems to be a theme that we hear over and
over again, and it may just be an education thing. It
may just be because we haven’t gotten that far into
what that looks like. But I think what GSA should be
cognizant of is are we going to break the trust with
the people who have spent the time to learn what it
means to be a government contractor that has to -- I
can go to jail in all essence for breaking, you know,
certain FAR clauses that now is being opened up to
everybody.

One of the things that we learned about everything under $10,000, and this was in the VA and the VA had to go out and correct it, is that that’s billions and billions of dollars. That’s not just under $10,000. It’s a little bit of a misnomer to say anything under $10,000 is small, then when we start raising it to $25,000, $250,000, we’re talking tens or hundreds of billions, maybe trillions of dollars -- or hundreds of billions, we’ll say. Let’s not get ahead of ourselves.

That potentially has circumvented the government contracting system to a base of government contractors that have spent or that are trying to still get involved in government contracting at the same time we have the 809 panel issues coming out, we have a decline in veteran entrepreneurship in general in the commercial space, forget just participation in the government contracting. So we’ll call that a philosophical discussion.

MR. BLUM: By the way, very fair point, you know, and I think when you just talk about the desire to grow the industrial race and bringing new entrants, which is a key, you know, goal, the challenge is always that, you know, how do you bring people in without
making those that are already invested feel like it’s an unlevel playing field.

MR. PHIPPS: I think it can be addressed.

MR. BLUM: Right. And I think one thought on that point and, Keil, please jump in, and we should definitely continue this, this healthy conversation, is rather than looking at it as kind of unlevel where you’re giving an -- if you will, an unfair advantage to those that haven’t already invested in the system, I would hope that one of the immediate things we do by collecting the data and the information is if it’s successful and things are working, let’s try as rapidly as possible to give that relief to those that are in the system.

In other words, use this, if you will, as a pilot platform to do more broader reform for all of the COTS providers to the Federal Government, right? Because one of the challenges we’ve had is that we have not made a lot of progress in getting congressional relief from what are largely statutory requirements on those types of products, in part because I don’t know that we’ve had the data that have persuaded people that, you know, for the small dollar buy you don’t need all of this in there, and in fact, you might be creating more harm.
If we can use this as an opportunity to show for those that are selling through these platforms, you know, that things are going well, we can use that to, again, provide relief for those in the system so they don’t feel like they’re just paying, you know, for something that --

MR. PHIPPS: And it may be a technical solution that if I’m already -- if I already have a schedule and all my products qualify, there may be just a really -- it may -- you may build a huge amount of allies by saying we can just -- we can -- there’s a tool or there’s a process to incorporate already vetted products, right?

And if you’re going to identify people by their socioeconomic status, you know, so now I have all my products already vetted, I’m identified with a socioeconomic status, and so that transitions into a portal, maybe it’s fairly easy and now I’ve become an ally instead of, you know --

MR. TODD: A critic.

MR. PHIPPS: Right.

MR. TODD: And I think -- sorry, go ahead.

MR. PHIPPS: So the points that I make are all -- are all things that we have heard within the community.
MR. TODD: Sure.

MR. PHIPPS: And things -- obviously I was not an expert on this portal. I’m still not an expert, but my level of knowledge really just comes from all of these discussions that I’ve had and people that have come and, you know, voiced concern. So I’ve had to somewhat become a little bit of --

MR. TODD: A journeyman.

MR. PHIPPS: -- right, a journeyman on the whole -- on the portal and the process. So, you know, those are just some of the -- I’ll say the higher points that I’ve come across.

MR. TODD: Sure.

MR. PHIPPS: And it’s great to see this, you guys opening up that information.

MS. PEREZ-WILHITE: Quick question. You mentioned you’re in phase two.

MR. TODD: Yes.

MS. PEREZ-WILHITE: How many phases are there?

MR. TODD: So the legislation identified three-plus, so the third one is more sort of guidance around the contract itself. And then it allows GSA and OMB to identify other phases that might be required, but at the same time, we’ve been asked, where possible, to move quicker. So that’s really what we’re trying to
do behind the proof of concept is to move quicker but to not go all in and to really test this in sort of a small incubator with low-risk, small-dollar buys and to start there.

Sir?

MR. WEIDMAN: Do you have bullet points on that sheet in front of you?

MR. TODD: Yeah.

MR. WEIDMAN: Can you forward that to the Chair so they can --

MR. TODD: Sure. I mean, I can even forward them -- we’ve got like a 101 briefing, if that would be helpful, that sort of --

MR. WEIDMAN: That would be very helpful.

MR. TODD: -- has just the basics around this.

MR. BLUM: And give everybody the Interact --

MR. TODD: Yeah, the Interact is -- there’s a lot on there --

MR. BLUM: It’s a great blog.

MR. TODD: -- there’s a lot on there. Yeah.

MR. GAVINO: Is this something that we can actually post on the internet, those talking points?

MR. TODD: Yeah, I mean, we’ve got our 101 briefing, and I think it is essentially everything I have identified here.
MR. WEIDMAN: Inside your website.

MR. TODD: Well, we can put that on there, sure.

MS. PEREZ-WILHITE: Please do.

MR. TODD: Yeah.

MR. GAVINO: So that will be easier access for everyone.

MR. TODD: Right.

MR. GAVINO: The same type of --

MR. STUBBLEFIELD: So we just go to Interact --

MR. TODD: Interact.gsa.gov, and I think it’s forward slash commercial-platform, but if you just get to the Interact homepage and search on commercial platform, our group will show up. And we’ve got a ton of information in there.

MR. PHIPPS: The access to the spend data I think is such --

MR. TODD: It’s the golden key.

MR. PHIPPS: It really is.

MR. TODD: Yeah.

MR. PHIPPS: Because it will silence a lot of critics, and it really becomes more transparent for all agencies. I mean --

MR. TODD: Exactly. Yeah, and I think we --
you know, Matthew, you were talking, I think this is really an opportunity to modernize CICA. And I would say to our existing base, you know, we might be able to lessen some of the rules and regulations that haven’t been touched since 1984, which then might come off the product prices and such.

MR. PHIPPS: Thank you very much, Kyle.

MR. TODD: Yep, thank you.

MR. PHIPPS: That was hugely informative.

MR. STUBBLEFIELD: All right. I will be with you 100 percent. The discussion the last time and today is day and night.

All right, so we are up to OMB.

MR. BLUM: I think I’ve done most of my report, but just following up on a couple of themes, so one, as I think you mentioned earlier, Michael, and this goes to any folks, if there are opportunities for us to meet, I think OMB would love to partner with GSA in hosting any sort of, you know, sessions that you think might be helpful and having --

MR. PHIPPS: Have you guys seen like webinars, like FedPubs and those different platforms that have webinars that get huge play? I participated in some. You get a lot of interaction there. I think it would be great to see.
MR. TODD: Okay. That’s good to know.

MR. BLUM: Now, on a related note, two things. One is -- and Ken mentioned earlier, Section 839 -- 839 of the NDAA, this was a provision that actually we, the Administration, sought and the FAR Council, in particular, was pushing this. And this is a requirement that imposed on the FAR Council. We don’t normally ask for Congress to micromanage, but wanted cover for this exercise, which is essentially to review the growing list of Government-unique requirements that are imposed on purchases under the SAT, on commercial item acquisitions and COTS acquisitions generally.

So these are generally the compliance requirements. Some may be labor-related, they may be environment-related, other types of compliance issues that in many cases the — or I shouldn’t say many, but in some cases Congress has imposed but in many cases the FAR Council has made a determination over the years that it’s in the best interest of the Government for social reasons to apply, apply them. But oftentimes when those decisions are made, I don’t know how much, you know, is taken into account in terms of the cost and also the continued efficacy of those requirements to the intended, you know, purpose of the provision when it was originally enacted.
So I think this, you know, dovetails very much with this conversation and the overarching theme that the Administration has put in place as a result of Executive Order 13771 to be much more cognizant of the cumulative burden that our regulations are imposing on the community, certainly on the small business community where it probably has the most -- the harshest impact.

So I think this is going to be a very important exercise, and I think along the way we will be seeking public input and to the extent that you are able to, with your constituent organizations, identify any sort of costs associated with some of these requirements, I think that will be very helpful in the analysis and in enabling the FAR Council to provide some relief in each of these spaces that are so critical to small business participation in the federal marketplace.

And, then, secondly, I just wanted to -- as an update on category management, and I think Michael really hit the nail on the head, you know, the trust factor that you were mentioning in the context of 846, you know, this is something that we have been trying to do a fair amount of work on in category management.

I think, you know, there have been, you know,
some miscommunications, some level of understanding, and, you know, some impact issues that are very real that need to be, you know, given the attention that they deserve.

We have been working on a comprehensive guidance document that pulls together what has been disregardness, and I’ve talked about this in past sessions. We hope to have this public very shortly. Hopefully by the next time we meet we will be -- it will already have been issued.

We are continuing to do road shows and engagements. We’re pleased that we’ve been invited to talk to the National Veteran Small Business Coalition. I think that’s next week. The HUBZone Council next month. And are happy to talk to other, you know, organizations as well as you have time, and willingness either before or after the document comes out.

We view it as a living document, you know, that will continue to be refined, but a very important component of the exercise that I’ve been working on is to try to make sure that we are harmonizing category management and small business contracting goals and making sure that there are appropriate safeguards in the policy that are very clearly stated. So not just the small business community understands and the
OSDBUs, but equally important that the senior accountable officials, the contracting officers and COTRs that are responsible for implementing this also understand, you know, some very basic points.

One, probably the most important, is that nothing in the context of category management is in any way intended to change the agency’s responsibility to meet its small business contracting goals. And there are a lot of things that we’re doing, and one of which is going to be as part of the rollout we will have some talking points that we will put up that we hope will be ones that could be in the voice of the OSDBU, in other words, things that don’t feel thrust upon them, that we’re not talking at them but, you know, that they would recognize and feel comfortable with, you know, are manageable, you know, expectations.

And, for example, talking is a balanced approach. So instead of, you know, less on consolidation, which was what strategic sourcing focused on, and more on coordination and collaboration to make informed buying decisions. That’s ultimately what category management is intended, you know, to get at, recognizing we have lots of categories of common spend for goods and services across the agencies, and we should be organizing ourselves around those
categories because they each have their own cost
drivers and challenges, and they also have their own
best practices.

And then where we can get subject matter
experts together, organized in that fashion, the more
that we can, you know, adopt those best practices that
work well for small businesses and large businesses,
which is what we’ve been doing, but wanted to make sure
that that means that as you get this information, you
make choices, not just to migrate to government-wide
solutions, but to have an appropriate balance of
government-wide agency and local contract solutions
that continue to play a vital role for each agency in
building their supplier base, making sure that we have
achievable goals.

So whether we’re talking about reducing spend
where people aren’t, you know, managing it or thinking
about, you know, spend in the strategic manner or in
considering best-in-class contracts. Amando mentioned
another one that’s coming online. You know, the reason
why we have best-in-class contracts is because they
generally have had success with the community and they
have, you know, terms and conditions that have worked
well, but each agency, with the OSDBU playing a central
role, needs to do an analysis to figure out when those
vehicles make sense and when they don’t. They’re not
one-size-fits-all. They’re not all-or-nothing. So
they might work well for one, you know, bureau and not
for another, or they may not work at all for some
agencies.

And we want to give -- make sure agencies have
flexibility and that the goals that are set, you know,
give that flexibility so that agencies can -- as they
continue to meet their small business goals, they don’t
feel that the two are conflicting.

We want OSDBUS as strategic advisors, and our
guidance, you know, not only encourages but empowers
them and creates an expectation that they are part of
these conversations so that they are advising the
senior accountable officials as to what it means to use
a government-wide or agency-wide vehicle if they’re
migrating off of a local contract.

And we’re also -- we have built out tools,
which I mentioned before. I should say we, but it’s
really been GSA that I think has done a lot of work
in partnership with SBA, creating dashboards that
provide information on small business participation
on these best-in-class vehicles so OSDBUs can make
rational decisions and understand, hey, if we migrate,
you know, to a bid for a certain type of requirement,
what does that look like for my existing supplier base. And if there’s a negative impact, that information would be shared so that the SAO -- senior accountable official -- you know, would hopefully not be migrating in that situation.

And, lastly, making sure that there’s data analysis. You know, we talked about this in 846. You know, we get data. We need to use it as a way to arm ourselves and be smart, you know, so if we make mistakes that we can make rapid adjustments and we can minimize negative impacts and hopefully accentuate good ones. So this means -- we’ve said for some time that for any best-in-class contract that there need to be goals associated with that to at least continue and hopefully exceed prior participation -- small business participation rates for those vehicles.

But we’ve also been asking our category managers to track the impact as best they can of what’s going on in their specific category space. And we also, I think, have been doing some analysis of what is small business participation spend for common goods and services that are the subject and the focus of this area, which I think has been -- in FY17 was roughly 30-ish percent.

So some people say, hey, that’s great, because
it’s over 23 percent. And I’m always quick to remind people, and I know the schedules folks have heard this for many years, you know, you have to look at it based on what small businesses could do. So given that a lot of common goods and services are commercial, you know, we should continue to push and not be satisfied with that 30 percent. But step one is tracking, being able to track it so we have a baseline and we know where we are, and then we know what it means to push forward.

So a lot going on in that space. I appreciate the partnership that SBA has given, the time that many of you -- you guys in the association that’s here today have provided, and I’ll look forward to continued conversations moving forward.

MR. STUBBLEFIELD: All right. Any questions or comments?

So I guess I’ll see you Wednesday night?

MR. BLUM: Mm-hmm, yeah, next Wednesday.

MR. STUBBLEFIELD: I’ll be there Wednesday night, and we’ll continue the dialogue there as well.

All right, well, we’re off to you, Mike, the American Legion.

MR. PHIPPS: American Legion.

The American Legion just had their 100th national convention small business event. The Rise
Women Veterans and Spouses Small Business Conference was held August 24th in Minneapolis. The event was held in partnership with IVMF, Syracuse, and the American Legion Auxiliary. It was a one-day exclusive entrepreneurship training event for women veterans, active-duty service women, and women military spouses.

Over the course of this day, over 40 women veterans and spouses were exposed to a robust team of nationally acclaimed speakers, expert instructors, military-friendly business resource providers, and successful veteran women and military spouse entrepreneurs. And so that event just occurred. They were able to network. SBA was there, SBDCs, VBOCs, SCORE, AARP, Legion Auxiliary, IVMF were all at the event.

Upcoming events. The HeroPreneur in Phoenix, Arizona, HeroPreneur is powered by HeroZona as a multiday experience celebrating and empowering American veterans. The inaugural summit will take place on November 14th through November 16th in Arizona, where there will be over 2,000 veteran business owners at the Phoenix Convention Center.

There’s a large focus on entrepreneurship, education, and employment. There is going to be a kickoff meeting that everybody can attend, and if you
want to attend, it’s on October 2nd at 8:00 at the Capitol. You can get with me and I will let you know how you can participate.

The American Legion had a victory which restricted use of LPTA contracts. And that was Section 880. The bill declared that it shall use government policies to avoid using lowest-priced, technically acceptable source selection criteria in circumstances that would deny the government the benefits, costs, and technical tradeoffs. And, so, that was legislatively what the Legion has been working on.

There’s another event in Texas, which is a golf and sporting clay event, but there’s a big networking part of that where there’s going to be a lot of people recruiting for veteran jobs, veteran military spouses, law enforcement. The San Antonio Spurs are going to be there recruiting veterans, so is Customs and Border Patrol. Customs and Border Patrol has a whole veteran initiative for hiring veterans.

IVMF is going to be there with employment and entrepreneurship resources. Texas Veteran Commission, which somebody in the office -- Stan came from. Sorry, I couldn’t remember Stan right off. So Texas Veteran Commission, unbelievable what those guys do. They’re going to be at this event. The American Legion is
going to be at this event. Grunt Style is also, if anybody is familiar with Grunt Style, a big veteran t-shirt brand, probably one of the biggest, they’re going to be recruiting veterans there. Military Transition Network is going to be there, out of San Antonio.

We’re going to be the San Antonio Wounded Warrior of Excellence Center. We’re going to be getting and bussing in wounded warriors to take advantage of all of this. It’s all occurring at the golf club at Texas in San Antonio. And, so, anybody interested in that can contact me as well. And that is all I have for my brief.

MR. STUBBLEFIELD: All right. Any questions for Mike? The American Legion, you’re always very busy and very active, and you’re out there.

All right, so, we’re up to I guess the point now for public comments. Seeing that we’re not connected to the public, we can pause for a minute. So I guess at this particular time we’re at closing comments. Is there anything anyone would like to bring up?

MR. WYNN: Yes, Joe Wynn, VetForce. Just a couple quick questions. One is what’s the status with regard to the Deputy Administrator at SBA? One is not coming in? Any word on that?
MR. STUBBLEFIELD: We have not heard anything.

MR. WYNN: Okay.

MR. STUBBLEFIELD: And this is just -- yeah, I’ll just leave it at that because I know -- I don’t want to go on the record saying anything, but, you know, I would imagine we’re in an election year, you know, here midterm, and so, you know, hopefully maybe there’ll be some word after that. Right now, there’s no -- nothing that we know of that’s planned. Nothing I know of at my level is how I should put it.

MR. WYNN: Right, right. And then one other thing. I don’t know if Beth -- Vector, the Vector startup, how’s that coming along? Any comments on it?

MS. TORRES: Actually, I don’t know anything on that, sorry.

MR. WYNN: Okay. All right, thanks. That’s all I had. Thanks.

MR. STUBBLEFIELD: All right. Well, again, I want to thank all of you for being here today. And more importantly, you know, thank all of you for the work that we’re doing for our American veterans. I often think, you know, when we talk about one person of the population that, you know, puts on the uniform and the tremendous sacrifices that our veterans make, and, you know, oftentimes sometimes it can be put on the
back burner, depending on what -- you know what’s going
on in society, but it’s like people like all of us in
this room, you know, that honor veterans and continue
to look out for the welfare of, you know, our great men
and women that have done so much for this country, so I
have a tremendous amount of respect for all of you.

You know, as far as I’m concerned, we’re a
partnership, like another family, you know, with a
common goal and now that, you know, on the 19th of
August, the Administrator appointed me to this position
permanently. You know, Barb, she’s moving to the
Office of Government Contracting and Business
Development. You know, she’ll be working on that, the
certification process. So I’m honored to be in this
position and honored to be affiliated and serving with
all of you. And we’ll continue to thrive on, and we
have a good mission. So, again, thank you all for
being here.

MR. GAVINO: When is the next meeting?
MR. STUBBLEFIELD: Pardon me?
MR. GAVINO: When is the next meeting?
MR. STUBBLEFIELD: I know it’s -- it will be
in December.

MS. GARCIA: It’s usually the first Wednesday
and Thursday of the quarterly.
MR. STUBBLEFIELD: And I guess there is -- we’ll continue to keep it on the agenda in terms of the e-commerce portal and the updates for that, and, VA, we’ll have you here as a permanent partner.

MS. GARCIA: So I believe the next meetings would be the 5th for IATF, December 5, and December 6 for the advisory committee.

MR. PHIPPS: Just for the record, Larry, thank you very much. With everybody that is in attendance here and all of the agencies that are usually invited or are on the board, I’d really like to see a more forced participation for the people on the board, because it’s only -- this committee is only as good as the members. We’ve had this -- we’ve had an issue with the Advisory Committee on Veteran Business Affairs with getting members approved, and so attendance should not be an issue for this committee.

We should really be putting a little bit more pressure on the members that don’t show up or the members that consistently call in because you just cannot replace that in-person interaction here. And I think some really good things have happened, you know, just with GSA and being here every time. Matthew, the same people do come, but some of the agencies consistently call in, and then if we have a hiccup,
like we had today, you know, they are not able to participate.

So I don’t know what we can do as a committee, but really just, you know, maybe it’s public shaming, but just getting the participation in-person would be huge.

MR. STUBBLEFIELD: That’s a great point, and I’ll take that one on, to include --

MR. PHIPPS: No, you’re going to publicly shame.

MR. STUBBLEFIELD: -- yeah, to include we’re reaching out to those and personally reaching out to the individual members.

MR. WEIDMAN: That was a hell of a lot nicer than --

(Laughter.)

MR. WYNN: Are there any more vacancies on this task force?

MS. GARCIA: We have one VSO position that’s open.

MR. WYNN: So we still can submit applications?

MS. GARCIA: Yeah.

MR. WYNN: Okay.

MR. STUBBLEFIELD: Okay, so this officially
1 closes our meeting.
2 (Whereupon, at 3:39 p.m., the meeting was
3 adjourned.)
CERTIFICATE OF REPORTER

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