In the Matter of:

Interagency Task Force on Veterans Small Business Development

March 8, 2017
Public Meeting

Condensed Transcript with Word Index

For The Record, Inc.
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# Interagency Task Force on Veterans Small Business Development

**Public Meeting**

**Interagency Task Force on Veterans Small Business Development**

**3/8/2017**

*For The Record, Inc.*

**PUBLIC MEETING**

**WEDNESDAY, MARCH 8, 2017**

1:00 P.M.

Recorded by: Jen Metcalf-Razzino, CER

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## PROCEEDINGS

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

MS. CARSON: Good afternoon and welcome to the SBA’s Interagency Task Force for Veterans Small Business Development. We’re going to take our formal roll call, and then we will begin with the meeting.

I’m going to start on the left. And if you’re on the phone, could you please mute yourselves until you are ready to ask a question, and we’ll have time for that a little later in the program.

Can I start with you, Amanda?

MR. PHIPPS: Michael Phipps representing the American Legion.

MR. GAVINO: Amando Gavino representing General Services Administration.

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

MR. CREAN: Sean Crean with the SBA’s Office of Government Contracting.

MS. BRADFIELD: Mary Anne Bradfield, SBA Chief Executive Officer.
strong commitment to small business, especially for veterans. And you are a critical part of Administrator McMahon’s goals as well. And we appreciate the fact that you’re here to contribute to our success in that effort. Here’s what you don’t know about me that she was alluding to that I’m going to tell you. The last several years, I’ve been on contract to DOD. And, in particular, I supported the National Guard Bureau Joint Staff. As I was – while I was there, I got to know a lot of transitioning service members, especially in the Guard because they transition in and out. Whether they were looking for a 9:00-to-5:00 job or they were going to use their military skills to go into government contracting or become an entrepreneur, I have seen firsthand how important these kinds of services are to making their transition back to civilian life a success. And I want to thank you again for being a part of that. Your commitment to this mission with us is clear just by the fact that you’re on this federal advisory board and that you’re here every quarter. So thank you again.

   The Administrator and the Administration overall are looking forward to the ideas you’re going to bring to us on how to help this important community. And I know that your innovations will be very much appreciated as we look at our path forward. With that, I’m going to give it back to Barb so you all can get to your important mission, and I’m looking forward to seeing what you come up with. And I’m sorry I have to scoot out, but we’re leaving staff here to help.

   MS. CARSON: Thank you, Mary Anne, for spending time with us and sharing the importance of this mission with those who are here. I appreciate that.

   We do have two members since the last time we convened, and I’d be grateful if you could both give an introduction. And I’ll start with Mark Rockefeller, representing StreetShares Foundation. Thanks.

   MR. ROCKEFELLER: Yeah, let me first say what a delight and a pleasure it is to be here. Thank you for the opportunity to serve on this task force. For those who don’t know, there is a groundswell movement of veterans entrepreneurship in America. And my goal here on this task force is to try and represent that generation of Iraq and Afghanistan veterans who are starting businesses.

   A brief background on me, I was nine years Air Force, a couple years at a Wall Street law firm, and
then I left to do a startup, and I represent the StreetShares Foundation, so I’m pleased to be here.

MS. CARSON: Thank you, Mark.

And Michael.

MR. PHIPPS: So I’ve been attending the IATF meetings for about a year as a chairman of the next committee that meets tomorrow, the Advisory Committee on Veteran Business Affairs. I’m representing the American Legion here. And one of the things that we hope to do is bring continuity between our two groups because we have a lot of things in common between the two -- between the two groups.

And one of the reasons that we’re actually meeting earlier this year rather than later, I think that was Jamie’s idea, so tomorrow, when we have our meeting, which is a full-day meeting, we can bring up the agenda items that occur on this task force and integrate it with our agenda items and our recommendations to try to sync up better and really just absorb the knowledge from this organization to ours.

MS. CARSON: Thank you, Michael. I’m glad you’ve joined us as well.

And for the other veteran service organizations and military service organizations here,

I’d be grateful if you said a word about your mission and why you’re a part of this task force, please.

Amanda.

MS. BAINTON: Military Officers Association of America. We’re very proud to be represented on this task force. While we primarily focus on advocacy, we do a lot of other things within the military community, and one of them is really focused on helping the service member or the spouse transition into civilian life, and entrepreneurship is an excellent opportunity.

And, so, one of our purposes here is to hear about all the great things you all are doing and bringing that back to the military community, but also having a say and hear what we’re hearing from our members, not only our members but the military community and bring it back to this group to benefit the greater good.

MS. CARSON: Thank you, Amanda.

Victor?

MR. KLINGELHOFER: Hi, I’m Victor Klingelhofer for Vietnam Veterans of America. I also serve the -- a -- on their economic development committee board. We are very happy to be part of this group because it advocates strongly for veterans affairs -- veterans business affairs. And we also enjoy getting the feedback from everyone here so that we can spread that to our members. We think that this is a very important task force, and we look forward to starting to work on some of the new goals that we’ve set. Thank you.

MS. CARSON: Thank you, Victor.

You alluded to new goals, and we did -- we did create those, and happy to share those with anyone who’s not familiar with them after the meeting. Please just let me know and I’ll share those with you.

And we will be focused on those in each meeting. There will be updates today, in fact, on several of those, what has happened with agencies since our last meeting addressing those goals. We’ve tried to make them more measurable, something that we can act on with a time line, and we’re holding ourselves accountable, and I appreciate the membership to do that as well. Please hold us accountable to what we’ve committed to.

I’m going to give a rather -- move into our update from the Office of Veterans Business Development and tell you about the Veterans Business Outreach Centers. A quick update. And I believe we have Ray Milano, the Director of the Veteran Business Outreach Center Program with us today. Are you here, Ray?

He must have just stepped out. I know he was here. But if you have questions, I’m here, and he will be as well to follow up.

The current Veteran Business Outreach Centers have one more program year left. We have spent the last two years refocusing them on their statutory mission, which is to serve transitioning service members. As that appropriation came in 2014 for Boots to Business, they are now responsible for providing that Boots to Business training 100 percent of the time in this home state that they cover and 50 percent of the time in any state that is within their territory.

So you’ll see that there’s an increase in their delivery, exactly as we intended. And we’re pleased with the -- their participation. When you think they’re only 20, they’re training nearly 20,000 transitioning service members, along with SBA’s other resource partners, every year.

Ray Milano will also be conducting site visits to Veteran Business Outreach Centers, both for compliance and also for collaboration. So to the members of this committee, particularly those who represent MSOs and VSOs, we invite you to join us, come see a VBOC, see what they do. We have a VBOC director here with us today, Charles McCaffrey, from the Community Business Partnership, as an example. I hope
For Boots to Business, a quick update on where we are. As I mentioned, we did receive the first appropriation in 2014. We did put out a three-year award to one grantee, the Institute for Veterans and Military Families at Syracuse University, along with grants to resource partners to help us deliver this program. It’s complex delivery to get it to installations around the world, to assess how we’re doing, and to do all the things that we’re required to scale the program. I wouldn’t say we’re done quite with scaling, but we’re getting close to the sustain, and we’ve learned a lot.

So the competition closed for new proposals in December. We did something different, and I thank Craig Heilman and members of our programs team for developing this, the first time ever that a statement of interest process has been used that we’re aware of at SBA to see what the market have now. There’s been incredible growth in those who are interested in participating in serving veteran entrepreneurs in the private sector, in academics, and everywhere, the private sector as well.

And since we can grant to all those kinds of institutions, it was really interesting to learn who would be interested in working with SBA to deliver this program. We got quite a response, and it informed the way that we wrote our program announcement and opportunity. And we decided to take a modular approach, since we realize now that not every organization has the capacity or talent or the efficiency to run the whole program from start to finish.

So you’ll see on the slide here, we broke it out into different areas of expertise we wanted to evaluate: curriculum; the ability to deliver overseas; the follow-on training that occurs after the two-day portion; the integration -- how much are they aware of SBA and what we already do and other partners within our ecosystem and how they show that integration; and, finally, evaluation. Continuous improvement is part of that, and also the outcomes, how they measure that. So that’s currently in source selection, and our intent is to award within the next month.

The bottom of this slide, Boots to Business Reboot, again, this is our way to deliver the same curriculum to veterans who have already left service and did not have an opportunity to have Boots to Business because of the time that they left service. It continues to grow. You’ll see a chart shortly on how that is growing, and it’s been a great collaborative tool. It’s a way for us to partner with those like the American Legion, for example, across the country to bring together other partners within local communities to bring entrepreneurial training to them. And those are enduring partnerships. It’s not just deliver the program and go; we’ve really some meaningful connection.

Moving to the next page, continuing in the entrepreneurial development space, we do have appropriations for women veteran entrepreneurship training. We have just concluded the final year of the current -- the program that we did have, which was Veteran Women Igniting the Spirit of Entrepreneurship. We are currently in source selection and intend to announce new grantees this month, I hope, for Women’s History Month.

And, finally, the Veteran Institute for Procurement, some news there, and we do have Barbara Ashe here from the Montgomery County Chamber of Commerce Foundation, who leads VIP. Exciting new curriculum she developed, along with some fantastic partners, including our SBA Office of International Trade and the Department of Commerce, U.S. Commercial Service, private sector, and agencies. So I want to thank you, Barbara, on the record for all that you’ve done to create it. Now, the rubber meets the road, right?

So I do want -- there are some notable stats in who’s coming to this first class. Many of them have already gone to a VIP program, so we wanted to test with folks who have some experience in procurement, but that is not the sole focus of VIP International. VIP International is for those who want to do commercial overseas business, export, we hope. That’s where we’d like to see them go.

But we have, in this cohort that meets for the first time, March 14 to 16, this month, 13 states are represented. This is not just a Beltway program. We’ve got companies from all over. Eighty-seven percent of them are service-disabled veteran-owned small businesses; 40 percent of them are small disadvantaged businesses; 13 percent are HUBZone; 63 percent are minority-owned; and 23 percent of the companies are woman-owned.

I am very pleased with the diversity, both of talent and type, of businesses that we’ll see, and also
a good mix of products, service, and some that do both product and service. So if you want to learn more about that, absolutely see Barbara while she’s here. She can tell you a lot more. And if you want to say anything in the public comment time, Barbara, please feel free to do so. But we’re really looking forward to this.

MS. ASHE: [Comment off-microphone].

MS. CARSON: For contracting, I am lucky enough to have two colleagues who will brief in just a moment and for capital as well, the Office of Capital Access will join us. So I’ll close out my comments on what Veteran Business Development is doing with our outreach efforts and wanted to just highlight a few of the many things that are happening right now.

We do have something called transition summits on DOD installations, mostly within the United States this year, that we participate in along with the Department of Labor, Veteran Affairs, and Defense. So we will be doing a number of those alongside the U.S. Chamber of Commerce Foundation’s Hiring our Heroes Program. That’s who makes it possible and integrates our efforts.

This is where we’ve seen a great opportunity to have conversion from folks who hear this -- hear

about us at a summit. They attend Boots to Business, so this is a meaningful outreach opportunity for us.

The Veterans in Business will be led by Charles and his team. He’s here with us today. The Veterans Business Outreach Center in Springfield, Virginia, is happening later this month, and we truly hope to have the SBA Administrator participate there.

And many of you know that we have a strategic alliance with the National Veterans Small Business Coalition, and I would let you know that VETS 17 will be in Norfolk in mid-June of this year or participating. That said, that’s just a sampling of the -- some of the outreach that we’re doing. We are under continuing resolution, so we’re being more frugal with our travel, but we are everywhere, and we are making sure that where SBA is, veteran programs are elevated and have a great deal of attention and support.

So I’m going to turn it over to my colleagues, Sean Crean and Ken Dodds, to provide an update on government contracting. After -- I apologize -- I believe there’s one more slide -- two more.

I promised you a couple stats on Boots to Business, and I wanted to just show you the trend line. One back, please, yep. Continues to grow, and we’re seeing the orange bar is the Boots to Business Roboot, which is, again, the same curriculum but delivered in communities. And the far to the right is just fiscal quarter -- fiscal 17 quarter one. That’s why the bars are not quite as high yet. The purple is those who are accessing the program online, either because they’re remote or their schedule or just that’s the way they prefer to learn. And, finally, the blue bar is the amount of -- that’s the number of folks who are attending in person on installations around the United States.

I noted in our last meeting in December we had already crossed a threshold of 50,000 trained since 2013. We’re now above 56,000.

And on the next slide here, a pie chart showing the breakdown of who’s teaching the class. We’re showing fiscal years 15, 16, and 17. Many of you who have worked with the SBA district offices know that they do -- they’re a jack of all trades, and there is not enough equal time for every trade. And, so, we want to ensure that veterans receive the attention that they need as they -- especially as they participate in Boots to Business. This is a chance for SBA to develop a lifetime customer is how we look at it, these B2B graduates. And, so, we want to serve them well.

So that means we’re relying more on our resource partners, our grantees of SBA. That’s who’s on installations. It’s not contracted support. These are folks who are part of our family. And the reason that this is up here is to show you that although we only have 20 veteran outreach business centers, they are increasing the share of service that they provide in Boots to Business. That’s our intent, and they’re delivering on it, and we’re really proud of them for it.

So I do believe truly, Sean and Ken, that is my last slide. So I turn it over to you now, and thank you so much.

MR. DODDS: All right. Thank you, Barb. Good afternoon, everyone. I’m going to update you on some of the legislation and regulations that we’re working on that have to do with government contracting. And I do this, you know, every quarter for you guys, and we make slow but steady progress.

So the first thing I’ll talk about is the limitations on subcontracting changes. We had a CAC meeting this morning, and there was an interim final rule drafted. We’ve received comments, and it’s getting closer. I think it will be open for comments for another two weeks, and then after that, hopefully
we’ll be able to get this out there and get this in the FAR and get this in your contracts. Can’t promise it, but we are making progress.

Let’s go to the next slide. Just -- I guess just to update everyone on what changes we’ve made to the HUBZone program. It’s important to note that this is the one program where we’ve never met the goal, the 3 percent goal, as a government, you know, since it was created. So we’ve tried to make some changes to the program to make it more like others and more useful. So, for example, the nonmanufacturer rule will now apply to the HUBZone program. Joint ventures, we’re going to allow HUBZones to joint venture with other small businesses.

Let’s go to the next slide. Mentor protégé, this is an area that SDVOs were very interested in. We did finalize the rule; we did kick off the program. The latest statistics I have from Holly, we have 104 approved, all small mentor protégés, and 40 of them are service-disabled veteran-owned. So that’s by far the biggest group of approvals that we’ve had. It’s a little different from 8(a) in that we don’t -- we don’t currently certify small businesses or women-owned small businesses or service-disabled veteran businesses. It’s a self-certification-type credit card transactions under Section 1812. OSDBUs, goals based on lower-tier performance. And as their small -- as their large subcontractors report, it will kind of flow up towards their performance.

Go to the next slide. There were some -- some issues. The FAR, in December, finally implemented some of our regs from the Jobs Act of 2010 around paying subcontractors late. And, so, it’s supposed to be if you have this history of paying your subcontractors late, it should be considered in the past performance rating of the large prime.

And let’s go to the next slide. And also part of that rule, they broke it up into -- the FAR broke it up into two rules, but in November, they -- it became effective where you use a subcontractor to help you prepare a offer, but you don’t use them in performance, that should be considered in evaluating whether the large prime -- how they performed on the contract basically. And, so, that’s effective -- that was effective November -- November 1.

Go to the next slide. Okay, so, in December, I believe, the NDAA -- I think it was December, maybe January -- the NDAA of 2017 was finally signed. And, you know, some of the highlights from that I’ll give you here. OSDBUs are responsible now for reviewing credit card transactions under Section 1812. OSDBUs, mentors, SBA, PCRs, all of us are responsible for providing resources to small businesses on compliance with regulations. That’s -- there is some stuff already out there, and so we’ll be, you know, providing -- it’s not necessarily us creating guidance but providing access to it for small businesses. We’ll be providing a list of changes to the DAU, FAI, SPDCs, and PTACs.

Let’s go to the next slide. Failure to file a subcontracting report, this is for large primes, may be a material breach of a contract and should be considered in evaluating performance. OSDBUs are responsible for reviewing subcontracting plans, and then we have to issue examples of good faith compliance, which I believe Sean is working on.

Okay, let’s go to the next slide. So 1822, there’s a -- there was a concern, that if you were a small business and only subcontract, that you don’t have past performance to use when you try to get a prime contract, and so we have to create a pilot program to allow a subcontractor to obtain past performance ratings that they can use for a prime contract. It has -- to qualify, you have to have never had a prime contract rating in CPARS. And there’s going to have to be a process where you -- a small
Surviving spouse will be allowed under our rules, because right now they’re not.

I think the idea is that ownership and control will be in the SBA’s rules, but we’re going to issue a joint rule with the VA. And then while we’re also working on that, the Office of Hearings and Appeals here is working on rules to set up procedures to allow you to appeal a negative decision, protest, or getting into the VETBIZ, to appeal that to our SBA OHA.

So those are both rules that we’re working on and that should be at least issued as proposed rules sometimes, you know, in the next hopefully -- hard to say, but hopefully in the next couple of months, best case scenario.

Let’s see. SBIR was extended by Section 1834 under 2022. And the rest of this is kind of studies and things that I don’t know is of much interest to you, but in case you, you know, want to look it up, these are the section numbers there next to it.

Let’s go to the next slide. Okay, so that’s everything I have for you guys as far as my update. I have my contact information there if you ever have a question or want to get in touch with me.

Sean, do you have anything to add?

MR. CREAN: I do. Thanks. Well, first, I want to introduce myself because Ken’s been able to come and visit with you on a quarterly basis. While Ken’s the policy side of the Office of Government Contracting and Business Development, I’m the execution. And as a veteran myself, this is an audience that I have a great affinity for and certainly for the efforts and roles that you have.

I want to just share a little bit about what my Office of Government Contracting is involved in and how we support you and the veterans and the service-disabled veterans that are looking to seek business in the federal market space.

In the Office of Government Contracting, I’m going to just categorize it in two categories -- pre-award and post-award. That’s where we get involved in the execution. We have a field -- a cadre of folks known as procurement center representatives. I have 57 of these folks, and they cover the nation’s procurement centers, the buying centers that come from the 24 federal agencies.

And what their role is is to monitor compliance and get involved in the acquisition development process with those procurement centers to see whether or not maximum practicable opportunity is being afforded small business, in this particular case.
contract alone. And then -- and, so, we’ll give that to the contracting officer, and then the company can get the award and they can go ahead and perform.

What that opportunity does is for companies that don’t have any past performance. They haven’t performed this kind of work -- particularly if they haven’t performed it for the government before. It gives them a chance to start now getting a proven capability. It is only for a specific contract. We’ve had companies come in and say can I get a COC, and you can’t. You have to be the apparent award winner, and it has to be under those circumstances of a set-aside.

On the post-award, one that’s of particular interest is we handle all of the protests to the adjudications on service-disabled veteran-owned small business eligibility protests. That comes under my office’s responsibility, and our job is to make sure that if it’s a service-disabled vet competition and a protest is filed that it was, in fact, a service-disabled vet that got the contract. And if it’s small business in size issues, then our field office wants to make sure that, in fact, the small business was, in fact, small that was getting it. It’s one of the ways that we help protect against fraud, waste, and abuse.

And then the last piece on post-award comes to subcontracting compliance. Subcontracting compliance, as Ken was talking about with the different changes in policies, we want to make sure that large businesses that have subcontracting plans are, in fact, meeting the obligations that they negotiated, and we work with the Defense Contract Management Agency and DOD to help reach as many of the companies and look to see what they’re doing and how they’re reporting.

Fundamentally, that’s what my office is about. Because I don’t have a slide, I will give you my email and phone number. And it’s second verse, same as the first. First name is Sean, S E A N, dot, Crean, and it’s C R E A N, @sba.gov. I’ll repeat that for those maybe on the phone. It’s Sean, S E A N, dot, Crean, C R E A N, @sba.gov. And my office phone number is (202)205-6933.

One of the things that we try to do is make sure folks have an ability to understand how they can find their PCR. If there is an agency that they’re looking to market themselves to, if there’s an agency they’re having challenges with, we have PCRs that are covering them. And if you go to our website at sba.gov, under Contracting, you’ll see “Find your PC.” And they’ll be able to find them across the country.

And I’m here to help answer any other questions that may come up in this area. Thank you, Bar.

MS. CARSON: Thank you, Sean and Ken. And we do have a little bit of time here, so I will open up to questions on the phone and also in the room. And I’d remind you that you will have a chance to ask other agencies questions, so these would be tailored to those questions for Ken and Sean that are SBA-related to anything you just read in the brief or SBA has lead on your issue.

And for those who have a question and you want later, I’ll -- there’s a public comment period, too. If you don’t have a question, you can just make a statement. But for now, I’ll open it up to anyone who may have a question for Sean or Ken.

Okay, and for those of you on the line, just one second -- I’m sorry, that didn’t have the slides in front of you, you haven’t lost your opportunity to review those. So please write to us at VeteransBusiness@sba.gov. It’s Veteran, plural, VeteransBusiness@sba.gov. And we do have one question. Go ahead.

MR. KLINHELHOFER: Hi, this is Victor Klingelhofer. In working with the regs between the VA and the SBA on SDVO issues, we recently came up with a few anomalies between the two or questions that weren’t answered. And rather than running through them, I have them printed out, and I’ll give a copy to each of you so that you can look at it. I mean, it deals with when the CV has to be notified of certain events and some things on the unconditional ownership restriction and as well as how profits are divided. We found a difference there too.

MR. DODDS: Yeah, you can certainly give those to us now. And, also, I don’t know that the decision has been made, but I suspect these will be proposed rules out for public comment. So then you’ll have, you know, an opportunity to officially comment, and once you see what we propose, but certainly up front, you know, certainly give us those things and we’ll take a look at them.

MR. KLINHELHOFER: We’re always anxious to assist you all in trying to work these things out. I did have one question concerning -- was it the mentor protégé? Aah, okay, with regard to the mentor protégé final rule, I understand about the qualification as other for a size standard for its primary NAICS code during the mentor protégé performance. Can you switch primary NAICS codes? That is a question that I’ve been given.
MR. DODDS: I think the way the rule is written you can either be approved for your primary NAICS code or you can ask to be approved for a secondary NAICS code. And if that’s approved, then you would be allowed to pursue opportunities in that. But if you -- I think if you exceed that, you would no longer be eligible to continue, is, I think, the way the rule was written.

MR. KLINGELHOFER: So you can only have one secondary NAICS code?

MR. DODDS: I believe so, yeah.

MR. KLINGELHOFER: I know some -- I mean, I have companies that are in multiple -- approved. I think it doesn’t necessarily limit your ability to go after other opportunities, but I think the whole point of this is that, you know, we’re helping develop you in your primary industry, you know, so that’s what the focus really is on.

MS. CARSON: Victor, do you have any further questions?

MR. KLINGELHOFER: Yes, there was one more.

MS. CARSON: Okay.

MR. KLINGELHOFER: If you’ll bear with me for just a minute.

Under the -- you were discussing the NDAA 2017 Section 1821, which is failure to file subcontracting reports may be a material breach. Who is going to monitor that? I mean, there are --

MR. DODDS: Thousands.

MR. KLINGELHOFER: -- many thousands of contracts with many thousands of subcontracting plans, and there is, in fact, a penalty for not meeting your subcontracting plans that I think I’ve only seen enforced once in the last seven years or so.

MR. CREAN: Victor, this is Sean Crean with Government Contracting. My office does that. The way that they have to file the reports is in the electronic subcontractor reporting system, and we’re developing anomaly reports that will identify who has not submitted. One of the things that we also do is we have extensive training during this period of time when the reports are supposed to be getting in, with a lot of the large businesses to see -- teach them, number one, how to do it because there are some new ones.

To the thousands, just to give you a magnitude perspective, is just in Fiscal Year 16 alone we had 4,000 new contracts that required subcontracting plans that were awarded by the Federal Government. So it’s a big scope, but the first thing that we do is run the capacity to have many mentor protégés, and it seems to
limit what the small businesses would be able to -- or
how many they would be able to participate.

MR. DODDS: Yeah, I can briefly address my
perspective. I think the whole point of this is to --
is that you’re a business that lacks something. So
this mentor is going to provide that to you over a six-
year period. After two of those, you know, we think
you should probably be able to compete as a small
business on your own, is the idea. I mean, you’re
right, you know, could we have done three? Could we
have done four? Is one the right number? You know,
this was kind of a proposed rule policy decision that
we kind of proposed.

With respect to the large businesses, you
know, it’s not just their ability to joint venture as a
small business with a small business. There are
specific things that they must identify in the
relationship that they’re going to provide. And every
year they’re going to report on how they’re providing
that.

So from our perspective, as long as they’re
helping small businesses, it doesn’t matter if they’ve
helped 15 or 20 because as long as we hold them to do
what they said they were going to do, we think that
will, you know, benefit small businesses.

All these decisions can be revisited through
rulemaking if it’s not working, we can always propose
something different. You know, these weren’t -- this
doesn’t say in the statute this is how it has to be, so
it’s kind of discretionary on our part. We can take
that into account. We’ll see how things go, and when
we start getting these first reports on how things are
going, we’ll assess things.

MR. CREAN: And I think to your concern about
failed partnerships, you know, in any business venture,
sometimes that’s going to happen. Obviously, this is
new. We just put it out October 1st, and as Ken just
said, you’ve got a very small number of agreements that
are out there. So it’s something we’re going to look
at and we’re going to be monitoring. We’re looking to
be able to find, you know, what are the successful
ones, you know, that are working.

But one of the things that I tell businesses
when they’ve been asking me about, hey, when should I
get that agreement, and I think this is really
important for any business to consider as part of their
strategy, is, number one, there’s a time limit that --
there’s a shelf life. And, you know, from the time
that you get your MPA, your mentor protégé agreement,
in place, that’s when the clock starts.

So what I’ve been advising companies is, you
know, get an idea of what it is you’re pursuing first
before you’re pursuing that agreement because as Ken
said, you know, it’s six years maximum, but it’s --
really it’s three years with the ability to extend for
another three years if there are circumstances that
warrant doing that.

So I think any business, to help make it more
successful, has to take an encompassing, really a more
holistic approach of is this a relationship good for me
as a protégé, is this the right mentor that I want to
have. And that’s how we look at it.

MR. PHIPPS: Another quick question because we
have Tom and Ken here. There’s a lot of talk in the
veteran business community about the NDAA 2017 1832 and
how that’s going to affect CVE, how that’s going to
affect SDVOSBs getting certified. And there’s a lot of
cloudy kind of talk going on about what that’s going to
look like on both sides. And, so, I know -- I was
going to bring it up with Tom later, but, you know,
since Ken’s here, it’s probably better to --

MR. LENEY: Well, I’m going to speak a little
more in-depth on that particular -- the NDAA thing, but
I guess the thing I would reassure people on, A, we are
collaborating very closely -- very closely with Ken’s
people. Secondly, people need to understand, the
current regulation’s very, very similar on ownership
control. So this is not a major shift. However, we
both have an interest, A, in transparency, and, B, in
seeking this opportunity to make the joint regulation
more in line with normal business practice.

Certain elements of both regulations make it
very difficult and create some issues for [microphone
failure] I think we have a joint effort. We have a
joint effort. We have a joint effort. And I’ll speak
more to it later.

MR. CREAN: Yeah, and I think the way I’m
evisioning it is that the ownership and control rule
will be in SBA’s regs, but it will apply to their
decisions, that that will continue, they still will
have the fees and all that, and then we’ll use it when
we do our protest decisions. We don’t like their
decision, it will go to our OHA. That’s it. So -- and
it’s really just getting a few little things in line on
-- there’s issues like surviving spouse and ESOP and so
forth.

MR. PHIPPS: So it’s still self-certification
unless there’s a protest at the SBA?

MR. CREAN: The authority to do set-asides
really -- and the way we’ve set it up, it’s going to
continue the self-certification outside the VA until someone tells us differently.

MS. CARSON: Unfortunately, we have a technical difficulty, so those of you who want to talk to us for ten minutes off the record, we’re going to that now and take our break a little bit early. So as soon as we can resolve this, we shall. Please come back just a couple minutes before 2:00 p.m. Thanks.

(Brief recess.)

MS. CARSON: So for now, we’re going to continue with our agenda, and I’m going to turn it over to my colleagues from the Office -- SBA’s Office of Capital Access, Linda Reilly and Bob Carpenter. Thank you for joining us.

MS. REILLY: Barbara, we’re really honored to be a part of today’s session. I bring greetings from John Miller, the Deputy of the Office of Capital Access, and our boss, Dianna Seaborn, who’s the new OFA Director.

Respectively, I am the 504 Program Office Chief, and Bob Carpenter is acting in the 7(a) loan program. We both work very actively in providing access to capital to small businesses, and veterans initiatives are very important to both of our programs. In Bob’s case, they have a lot of incentives. We’ll go over some of the loan volume statistics when I turn it over to Bob, and he’ll talk about the 7(a) incentives.

The 504 loan program, our major incentive is to have more flexibility on our job creation goals to help make it easier for veterans to qualify for the loans, but we also, for some of our federal partners who may know about the 504 program but not know about some of the larger loan size limits, we kind of wanted to emphasize that today rather than to give you the speech of the 7(a) 504 basics that you already know.

So I’d like to turn it over to Bob.

MR. CARPENTER: Good afternoon. As you can see, the 7(a) loan volume for 7(a) and 504 has increased. We’re on the upward trend over the last few fiscal years, and this is as of January 31st for each calendar year, but the annual numbers project the same way. We wanted to give you apples to apples here for the most recent numbers, January 31st.

The numbers that we have right now, the end of January number, 7.7; the end of February numbers we just got Friday, were almost 10 billion. So we’re projecting out on an annualized basis close to $23.5 billion project, which would be just bumping up to what we received for authority -- program authority last fiscal year that had to be increased to 27 billion.

And we are standing at 27 billion now, so we seem to have about a $3 billion cushion to provide lending if we see any upticks without having to go back and ask for increased authority.

The -- last year’s numbers, as you can see for 504, are also trending upward, and Linda’s going to talk to you about some of the inducements we’ve done there as well. Next slide.

All right. As of January 31st, these are the numbers for loans to veterans -- loan dollars and loan numbers. And you can see we have dipped slightly this fiscal year compared to last fiscal year and the year before. What are the reasons for this? We’ve got several theories. Loan dollars to veterans is actually up 175 percent since 2009, but it’s slightly down -- 21 percent -- since the last fiscal year. And loan approvals to veterans is up 17 percent since 2009 but is slightly down -- only 3.7 percent -- since last fiscal year.

Why do we believe these changes have occurred? Well, we’ve had to adjust the incentive for loans made to veteran-owned businesses. Each year, we provided a fee relief to veteran-owned businesses since 2014, which is why you saw a spike in 2015, because that fee relief was instituted late 2014, and it carried into 2015/2016 and carries on today.

The difference is the fee relief we’re providing this year has been significantly reduced because of the subsidy modeling to keep the program at zero subsidy and maintain the zero fee structure issued by statute under HR 2499, the Veterans Entrepreneurship Act, we’ve had to keep the subsidy at zero.

And in order to do that, we’ve had to eliminate some of the larger fee relief such as loans -- let me see here, I’ve got my numbers -- such as last year, for veteran loans, for veteran loans over $700,000, we had reduced the fee -- for actually over $500,000, we had reduced the fee from what it normally would have been by 50 percent. So we cut that fee in half last year.

That has been re instituted, so the cap is now at $500,000 instead of $5 million for the fee relief. So, that has been drastically reduced. We can see a significant number reduction in the total fee relief because the larger transactions are not getting that fee relief. The smaller transactions still maintain the fee relief, and by statute, we have to provide the fee relief in years with zero subsidy to SBA Express loans only. However, this year, we are providing it to all 7(a) loans under 150 and all SBA Express loans,
which go up to 350, and we have extended that for any 7(a) loan up to 500,000 for the veterans to give them 50 percent off the fee.

The other issue that we are seeing regarding fee relief is the ongoing servicing fee that we charge the lender, which is not passed on to the borrower.

Last year, for loans under $150,000, that fee was zero for the lender. This year, it’s been reinstated, and it is 0.546 percent of the guaranteed portion, so 54.6 bps of the guaranteed portion. The fee is set annually based on the subsidy modeling. Last year, that fee for loans over 150 was 47.3 bps. So not only did it increase slightly, the fee relief for the lenders on the loans under 150 has gone away as well.

So we think those factors, as well as some of the coding issues we’ve had with lenders inputting information on their borrowers, saying this is a veteran, right now they only have to say this is a veteran or a service-disabled veteran or a nonveteran, or veteran-other. And I don’t think we’re capturing some of these loans where you may have a spouse of a veteran who is entitled to get fee relief who owns 100 percent of a business if her spouse is not -- his or her spouse is not on that application, the lender may not see that and may not know it is for that. So for that purpose, we are adjusting the application forms 1919 and 20 to incorporate spouses of veterans onto the form. We’re doing that currently, and we will have that going forward.

The center has no problem in calculating and inputting that information in our E-Tran system in SBA1; however, the form may be misleading, and when an applicant fills out that form and gives it to the lender, there is really no incentive for the lender to research that and do the additional paperwork necessary if they don’t see this individual is a veteran or a spouse of a veteran.

We also think that when the fee relief went away for the larger transactions, the lenders just are looking at this and saying why should I go through the extra effort to get this information if there’s no benefit for the borrower or myself. So they’re just leaving the information blank, which may affect these numbers.

We think this is why, because all the other numbers are showing an increase. The only one that showed a decrease is veterans, and we think it’s purely a coding issue on that aspect, we believe. So we’re researching into that a little bit more.

All right.
Mr. Gibbs: I'll be brief. My name is Peter

We have fee relief. There's one job for every $65,000 is

If you've got the very small organization and they're

If you apply for the 504 maximum guarantees first, you're
going to max out your 7(a). We have a maximum of 5
million, and how I would explain that in more easier

to make veterans groups aware that there was fee relief
program-wide.

So we don't have that, but what we do have is
is that the 7(a) program does not have the statutory
mandate for job creation. I mean, they are a job
creator program, but we actually have the statutory
mandate that we will have job creation. And, so,
there's one job for -- one job for every $65,000 is
what our basic requirements are.

So if it's a veterans loan, the job creation
requirement can be almost waived. You know, it's
usually we don't advertise that we're a job creation
program that doesn't require a job. What we can is is
that if you're not meeting the one per 65,000, we've
got a lot of latitude to go ahead and proceed with the
loan. And that does help us, particularly, you know,
if you've got the very small organization and they're
in their bootstrapping phase, that helps a lot.

Now, one thing that's really helpful -- now,
Bob's program has over 4,000 lenders nationwide, so
they have a very broad-based network. But with the 504
loan program, one of the things that veterans find
appealing is that these certified development
companies that we have are one-stop economic
development shops. They do a lot of hand-holding, a
lot of hand-holding.

So you could be a borrower who knows nothing
about, you know, how to go about financing, and these
certified development companies will work with them and
be their local experts to help them, and they can even
help them find a bank. They can help them talk to the
local SBDC. Obviously, like in Syracuse, we have this
Boots to Business program, so there are a lot of things
that our certified development companies can do to
provide one-on-one technical assistance to small
businesses.

In fact, I've left my card, and Bob has cards
also, too, that Barb will share, that if there's
anything that you can help us do to help reach out to
veterans, we are always eager to hear from you because
we both have amazing national networks that are wanting
to be responsive to our veterans' needs. And, so, next
slide, please.

So we have a little bit more detail on the
energy public policy and manufacturing goals and how it
does and doesn't help max out the 7(a) loan program.

It's a sequencing issue. If you apply for 7(a) -- if
you apply for the 504 maximum guarantees first, you're
going to max out your 7(a). We have a maximum of 5
million, and how I would explain that in more easier

So, you know, some people
have not worked that closely with the 504 loan program,
so I always do just a very basic slide. And the
minimum loan size is 25,000. We can go up for the
basic 504 loan up to 5 million, but for loans that
involve an energy public policy or manufacturing, we
can go up to 5.5 million.

Now, what do we do -- come on, Peter -- what
do we do for the veterans since we don't offer the fee
relief, for the veterans? Normally, what we do is if
we have fee relief it's generally broad-based across
all the program. If we are fortunate like under the
Recovery Act, we had a fee relief, so it's not
specifically to veterans, we would then, you know, work
terms is is that if you know that you're going to apply
for the 5.5 million, you would want to apply for your
7(a) lending first because they don't have the higher
limit, and they don't have the multiple debenture. In
the 504 loan program, you can apply for more than one.
You can apply for multi-phase projects, as long as you
still meet our credit elsewhere standard.

With the 7(a) program, they might have
multiple loans that eventually build up to 5 million,
but they can't go beyond the 5 million. We can have
projects that -- where the small business borrower
comes in on manufacturing or energy reduction, where
they apply more than once or multi-phases.

So we don't know that a lot of people know
that, and we don't think that a lot of people
understand that you want to make sure, if you're
looking at some 7(a) lending and some 504, if you're
going to him for working capital and us to help build a
building and buy the equipment, you probably want to
get your 7(a) approvals first. And we think that for
our federal partners, that wouldn't even dawn on you.

So we wanted to help share that as just a tip.

MS. CARSON: Thank you, Linda. We do have one
more presenter.

MR. GIBBS: I'll be brief. My name is Peter
Mr. Carpenter: Well, we also -- like I said before, we think that the reduction in the fee relief may have caused some of the lenders to get those loans in -- some of those lenders to get the loans in last fiscal year, knowing the numbers were going to go down, so they rushed, so it may have artificially inflated ‘16 numbers, which hold down our first quarter ‘17 as well. Those are loans that may have been submitted in October, but they rushed to get them in under the fee relief for ‘16.

Ms. Carson: Thanks. There’s a question from -- in the room. Just a moment.

Mr. Lowder: Yeah, Lynn Lowder from One Vet at a Time. I just want to refer back to your one slide here -- this says loans approved to veterans -- and make sure I got this right. That’s -- moving across left to right, fiscal year approved loans, and then I’m reading that as percentage of a number, percentage of number.

Mr. Carpenter: Percentage of the total loans.

Mr. Lowder: Okay. So I’m trying to get a measure for -- of the numbers of loans that are applied for veterans year to year, what percentage gets...

That on there specifically and get the documentation, the DD214, from the spouse, then they will not get that fee relief. So -- and it won’t be tallied as a veteran.

The other problem we have, and it’s not just veterans, it’s with all individual tracking for ethnicity, race, gender, all of those data elements are voluntary, and it’s stated so on the application. They do not have to disclose any of that, and that’s one of the reasons why we’re always kind of tentative to say we made this many loans because we know it may be more and it probably is more. So this is the bottom number. This is what has been disclosed.

So we are making efforts to try to tell the field to emphasize this and get the lenders to understand, and we’re modifying the forms. And they’re going to -- going through the process now. We just went through clearance -- or pre-clear -- for the 1919 today, and the 1920 is in the process of being revised. Both of those forms expire in April, so it’s a really good time to make these changes.

Ms. Carson: That was a good question, Mark. I have a followup. So the effort going forward, it sounds like, is to do that outreach and check in. Is there anything that can be done to discover and then...
approved and what percentage gets denied.
MR. CARPENTER: That I couldn’t tell you. For processing, I know when I processed, veterans got every benefit of the doubt.
Mr. LOWDER: Sure. Mr. Carpenter: They got -- back then, we didn’t have fee relief or any other initiatives or inducements for veteran loans. This was early ’90s, mid ’90s, early 2000. What we were told at that time was when a veteran loan came in, you processed it first, and you gave every benefit of the doubt to that veteran. If it was a 50/50 coin flip, you sided with the veteran. If it was slightly hairy, you sided with the veteran.

Now, everything is done by the computerized numbers, so if it goes into the system and it scores, it’s approved. If it doesn’t score, they take pull it out and look at it.
Mr. LOWDER: Where can I go to get that number Mr. CARPENTER: I don’t have those numbers, but I’m sure that our office of performance and systems management tallies those. That’s our -- they’re the accounting group that keeps track -- they’re the ones I got these numbers from.

Mr. LOWDER: Okay. So if I lobbed an email to somebody, who would I lob that to?
Ms. REILLY: John Miller.
Mr. CARPENTER: John Miller is the -- Ms. REILLY: He’s the Deputy Associate.
Mr. CARPENTER: -- Deputy Associate Administrator for [Cap Access].
Mr. LOWDER: Okay.
Mr. CARPENTER: And he can give you the numbers for the approvals and percentage of declines. The declines really aren’t that many, considering most of the lenders are well trained on credit issues. Most of the declines we have are based on eligibility issues, not on credit. It’s mostly eligibility.
Ms. REILLY: And for us, I’m agreeing with Bob that we would have to go back and get the stat from another office, but I can tell you that our office handles -- my office handles the reconsiderations and appeals for the national network, and not just for our veteran but for any small business, we go that extra mile. But that network I was talking about, those TDCs, that helps them with their performance metrics, and when they know that they have a veteran, they actually -- you know, they give it their all to make sure that they don’t get to the denial stage.

So I’ve been here since 2010. I can think of one or two that have come in for reconsideration in that entire time, where, you know, maybe it wasn’t the time yet, maybe they needed to work on their business model. But it’s never just a no. It might be a not yet.
Mr. LOWDER: Unconditional no.
Ms. REILLY: It should be you’ve got a little more work to do, but please come back to us.
Mr. LOWDER: Right. Well, thanks for what you’re doing for veterans. Much appreciated.
Ms. CARSON: And we’ll get the answer on our next public meeting. We’ll answer your individual question, but we’ll bring that back in our June meeting.

We do have one more comment, and then we’re going to move to our next presentation.
Mr. GODWIN: Good afternoon. Jerry Godwin. I work with the SBA Office of Veterans Business Development. And we had previous conversation with Bob Carpenter last week about the wording of the definition of “veteran,” where in my previous work with local government, we had this issue where veterans were not identifying themselves as so because they said, well, veteran -- well, no, I’m not because I never went forward, I never served in combat.

So once we changed the wording on local government forms to -- from veteran to “have you or a member of your immediate family ever served in the armed forces, National Guard,” the numbers went up significantly. So that may be a discussion to have or something to look at.
Ms. CARSON: Thank you. And one more followup question.
Mr. ROCKEFELLER: At the risk of being the new guy and asking a dumb question, I just came down from a conference in New York, I was there this morning, on alternative lending. In the wake of the financial crisis, lots of borrowers, in particular small business borrowers, and veterans in particular, like myself, turn to alternative -- non-bank, non-credit union -- lenders for capital. Is there a strategy around offering SBA support to non-bank lenders, that is, lenders without a bank charter or credit unions?
Mr. GIBBS: Can I answer that? Yes, a couple years ago, SBA created an office called the Office of Economic Opportunity, and it addresses exactly what you just said. So we have what’s called community advantage lenders, and they can go up to, I think, 250,
and we also have micro lenders, and they are community-based lenders who do not require charters. So that’s being addressed.

MS. CARSON: And, Mark, this is Barb Carson, SBA. We do have a new leader in the Office of Economic Opportunity, correct?

MR. GIBBS: Yes, yes.

MS. CARSON: I want to get the right acronym.

Manny Hidalgo. And he and I have talked about this issue, and I would appreciate the opportunity to get your thoughts on that as a member of the -- a new member of the IATF.

MR. ROCKEFELLER: Yes. We have -- we have CDFIs, we have Accion and Reiss & Ferry, very good organizations.

MR. GIBBS: Several of them are CA lenders.

Accion.

MR. ROCKEFELLER: Okay.

MR. GIBBS: Texas is a CA lender, and I think a micro lender.

MR. ROCKEFELLER: Okay.

MR. GIBBS: Several states, yep.

MR. ROCKEFELLER: Yeah, but I can tell you as a veteran entrepreneur, when I, you know, went to get a loan from a bank, you know, it was not happening.
MR. BLUM: Two quick questions. Thanks for coming. One is your work in terms of the unfairness or the burdens you were describing, is it focused strictly on those things emanating from regulations, or can it be from other types of policies or guidance that agencies have put in place? And the second question is in your mission you described enforcement actions. Do you also look at challenges or questions that small business may raise with respect to difficulty in getting contract awards or other related types of things from government?

MS. DUNCAN: On both fronts, yeah, so certainly we -- a number of the comments and complaints that we receive may deal with process issues or it could be, you know, I didn’t get a loan or -- so we will refer those. And, Yolanda, do you want to elaborate?

MS. SWIFT: Well, first of all, let me say good afternoon to everyone. I think I’ve met many of you over the course of the last few years. Welcome here. It’s good to see you all again. And I just want to make a few comments directly in response to your comment, Martin.

The statute says we assist small businesses when they are having difficulty with regulations. But as we know, most actions taken by a federal agency emanate from somewhere in the regulatory rubric. And, often, small businesses are not aware of exactly which regulation apply or govern their concerns or their issue. So we do receive comments from small businesses about a range of issues and interactions with the federal agencies.

We do not address issues that you may be having with a state agency or a local agency, but if you’re having -- if your small business is having an issue with us, send the comment or the complaint to us.

If it is not within our jurisdiction, we will certainly work to try to get your comment over to the appropriate office. But we find that most of the comments deal with an application for a loan, an application for a government type of certification, 8(a) or some other type of certification. And all those programs and processes are regulated through regulations.

And the other important issues is when a small business is subjected to a fine or a penalty. And another type of example where this would make this more clear to you, how we can help you, is if you’re dealing with a small business that has a tax lien or OSHA has levied a fine or a penalty, those types of issues we do work with the other federal agencies. We work directly with those agencies. We have contacts at those agencies to try to help reduce the fines or the penalties because we know those could be impediments to small businesses being able to either get other loans or to be able to compete for contracts.

So we have a range of issues that we work on, and we’ve worked over a number of years. Our case management specialists back there, Ellie and Cindy, if you don’t mind kind of standing and coming to the front so they can see you, because these are the people, and Ray. They work directly with the federal agencies and have contacts there. So they can work quickly to try to get you a response.

I just wanted to add one other comment. While Nancy -- Natalie was speaking, excuse me, Ellie passed around the one-pager for our office, and I think that’s the same document. We’ll include the information that you need and could you please share with your constituents, our phone number, how to access us by email, how to have your client or yourself, if you want to send in a comment, we’ll give you all the directions about, you know, how to send in those meaningful comments to us so we can assist you.

MS. CARSON: Thank you so much, Yolanda and Natalie, for spending time with us. This is the first
time we’ve had them here. I think that you’ll hear a lot more from our groups and I appreciate it.

For those who are on the phone, to send an email, it’s ombudsman@sba.gov. And as I said, if you write to our email address, which is veteransbusiness@sba.gov, we’ll share the slides and the one-pagers that were presented today on this presentation and others. Thanks again.

MS. SWIFT: Thank you.

MS. DUNCAN: Thank you, Barb. And our contact information is on the last page of the slide deck.

MS. CARSON: All right. We are not going to take a break because we had technical difficulties, had the break already. So we’re going to power through,

and I’m going to turn it over to my colleague from Veterans Affairs, Tom Leney, for a spotlight.

MR. LENEY: Okay. What I want to do is just talk a little bit more about the NDAA 2017 here. I think we have some slides for you.

Okay, what I want to do is just talk about what we’re doing as a result of the 2017 NDAA. Really, two basic parts. One, we are developing a joint regulation, and we’re going to be using the SBA regulatory definitions, but we’re going to come up with particularly an ownership potential -- a single

regulation that governs all SDVOs and SDVOSBs.

The second piece that we’re moving very quickly on is the issue of appeals. We are fully supportive of utilizing OHA as the appeal authority, so we are in discussion with the Office of Hearing and Appeals on the mechanics of doing that. And the Office of Hearing and Appeals is modifying their regulation to incorporate those responsibilities in their regulation.

We will not be eliminating 38 CFR 74, which is the VA regulation, but it will be restrict -- we’ll be taking out of it the ownership and control pieces, and we’ll merely be leaving in those process issues that are unique to the VA. I’ll give you a simple example.

In our regulation, if a company makes a change that could affect its eligibility, they’re required to report that change to the VA.

That’s not relevant to the broader SBA regulation because since the SBA regulation deals with self-certification, you don’t have to report changes to anybody. You just become ineligible. And if you are ineligible, then when somebody files a status protest, then you will discover your eligibility situation at that point. But for us, we do require the reporting of those things. The other thing we’ll be doing in our regulation is updating the appeal process, so it becomes clear and it’s part of regulation.

What has changed? What we’re seeking to do is make sure that we’re taking out of 38 CFR 74 definitions, we’re updating those to -- pertain to ownership and control, and those are going into the SBA, our joint regulation. We are -- anything to do with ownership and control we’ll be referring to 13 CFR 125. And we’re updating some other process elements of the regulation for clarity.

One note that I think is important to everybody immediately, we have published and put in place an interim final rule in which as of March 21st, those firms in VIP that are currently part of the Veterans First program will have their period of eligibility extended from two years to three years. So that’s not just new firms applying for reversion; that’s everybody in the program right now immediately will go from two to three years. And we’ll adjust the expiration dates accordingly.

Unfortunately, we’ve published that, but due to the limitations on reg changes that have been imposed, we can’t -- we’re unable to execute until the 21st of March, but I think that will be an important -- we’ve done a lot of analysis; we’ve looked at the risks associated with that; and we’re very comfortable that going from two to three years will not increase the risk of ineligible firms being part of the program.

Some of the other things that we’re working on with the SBA is a section on profits and distributions. We’re addressing control. A lot of the SBA regulation didn’t have a lot of explicit statements about control. They defaulted to the 8(a) regulation. We are now putting -- making those -- we seek to make those elements explicit in the regulation for clarity’s sake.

Probably the most important thing we’re seeking to do is to generate some protections for minority owners with respect to what we call extraordinary business decisions. Probably the fundamental issue in both regulations currently is the control requirements. And they require a veteran to be in 100 percent control of the company, which makes it very difficult for a veteran to obtain equity financing, very difficult for a veteran to bring on minority partners who are nonveterans because any minority partner who’s investing any substantial amount of money in a business is going to want some protection for that investment.

And, so, we are looking at those attributes in the regulation that we can generate that will provide some of those protections. I’ll just give you one

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example that we’ve already taken onboard at the VA and we seek to put in the joint regulation is you write a first refusal on transfer of ownership.

Currently, in the SBA regulation and our regulation previously, there was no right of first refusal. So a veteran owner who had minority partners with significant investments could sell off the firm for a dollar to their crazy nephew, and the minority investors have no protection.

Well, we have, based on a court case, at the VA, we have adjusted that, and we’re expecting that that’s the kind of thing we seek to put in the joint regulations.

The only other thing I would -- two other things that I would mention. One, from where I sit at the VA, we seek clear lines. I have more than 100 case analysts who process more than 6,000 applications for participation in the VA Veterans First program every year. So it’s essential, from our perspective, that we have clear lines so that we don’t fall into a situation where people believe that the decisions about eligibility are capricious or they’re based on some subjective determination by an individual case analyst.

So as we go into this discussion with the SBA, the position that the VA is taking is we want to make sure that there are clear lines of demarcation so that a veteran small business who goes and applies for the VA’s program will know am I in, am I eligible, or am I not eligible. And that is a tough, tough situation.

And it’s very different when you are processing 40 protests for the year versus 6,000 applications.

The other thing is we welcome input. There will be a published proposed rule, but we welcome input, Victor, from, you know, the Veterans -- Vietnam Veterans of America, from the Advisory Board, in terms of thoughts, particularly on the issue of how do we draw the lines in terms of control because I will tell you, when I was in business, you know, you mentioned it, Mark. You go to the bank and you want financing. The odds are as often not the one you want to hear.

So one of the ways that people can, you know, get help is by giving people an equity stake. So that’s -- from the VA’s perspective, that’s probably the most important element that we seek to bring into the rule. And we welcome -- I welcome -- people’s thoughts now while we’re still having the discussion.

But this -- the good news is this is moving very quickly. We’ve got a great cooperation and a partnership with Ken Dodds and his people. Beth is one of my best people, and she has the sole mission to get this done. You know, I want to get this done before I die. So -- and we all know how long it can take to get rules done. So what we’ve moving, I think, at relative lightning speed on this thing because the Congress has told us to do so.

We’ll have the OHA thing in place very quickly. It will be part of the rule. My intent is to start exercising that from a policy perspective as soon as possible because the stakeholder community wants it, we want it, and we now have the law to support it. And while we’re working through the details, as soon as we’ve got the process in place, we plan to execute. That’s all I had.

MS. CARSON: Thank you, Tom. We wish you a long life and yet speedy implementation.

(Laughter.)

MS. CARSON: So I will open it to any members first for questions for Tom, and then we’ll open to questions in the room.

(No response.)

MS. CARSON: Is there anyone in the room that has a question at this time, or on the phone?

Okay, we have one question in the room.

Please come up and use the microphone. Please identify yourself.
Ashe, the VIP, Charles McCaffrey with the Veteran Business Outreach Center, seen Tom Leney at the NVSBC
other SDVOSBs and VOSBs are in the first tier. The SDVOSB who goes and finds a large business to be their partner is in the third tier. I, frankly, expect that given the interest that this has generated in the SDVOSB community, we will have plenty of tier one proposals; we’ll have plenty of tier one awardees; and we’ll make plenty of tier one task order awards.

But -- so I just would let you know that the issue here in my mind is strictly whether or not the SBA all-small mentor protégé program enables a small business, or in this case a service-disabled veteran-owned small business, to be qualified and considered to be a veteran-owned small business. Certainly, a JV outside the mentor protégé program would not qualify, but this is very specific. It’s got to do with the mentor protégé program. We have not -- I expect to get to resolution on that in a matter of days because we need to do it before proposals are submitted, but it, frankly, is not -- I cannot say that it’s resolved at this point.

Ms. Carson: Tom, thanks for addressing --
Mr. Leney: It’s getting a lot of attention.
Ms. Carson: It is getting a lot of attention, and so, although this was a specific case and question, there is a lot of interest. So whatever you come back with --
Mr. Leney: Happy to.
Ms. Carson: -- we’ll be sure to share that widely.
Ms. Morris: Thank you very much.
Mr. Blake: Appreciate it.
Ms. Carson: Thank you.
Mr. Leney: By the way, I appreciate R.J. bringing this issue up because it applies much more broadly than it does to a specific firm, and so it’s a good thing.
Ms. Carson: Thanks, Tom. I appreciate that. I’m going to turn it over. Now we’re going to hear brief updates and reports from other agencies. Thank you for going first, Tom.

The Department of Labor, Bill Metheny, please go ahead.

Mr. Metheny: All right. Thank you. I wanted to offer two broad categories of updates. One is update on data, how are veterans doing in the workplace in -- around the country. So our most recent unemployment figures for veterans show that veterans are doing better than their nonveteran peers still. So for January, the nonveteran unemployment rate was 5 percent. Veteran unemployment rate was 4.5 percent.

Female veteran unemployment, 3.8 percent. So those are good numbers.

Moving forward a little bit, last week, the Bureau of Labor Statistics also released numbers for claims for unemployment compensation. Those numbers are continuing to look positive as well. Number of claims for each week that they’re looking at are dropping, and specifically I’ll give you an example for initial claims for recently separated veterans dropped by -- from 810 to 798, so a difference of 12. Just in that one-week period, that same week a year ago was 63 higher. So, in other words, we’re getting better in that category as well.

So the next set of numbers to watch for will be out this Friday, and that is -- will be the February numbers for sort of what I’ve just described. If you don’t already have your data feed set for how to get those, you’re welcome to subscribe to the DOL newsletter. You can go to veterans.gov, and you’ll see a place to click, and you’ll get those each month fed to you so you can see those snapshots and, like, a whole long list that will take you to the Bureau of Labor and Statistics website that you can really parse out the pieces that you’re looking for by state, by all kinds of different categories.

Now, if you’re really a data junkie, I want to draw your attention to a report coming out at the end of March. March 22nd is the release of the annual employment situation for veterans. And that is a compilation of data from -- that’s a partnership between the Census Bureau and Bureau of Labor and Statistics specifically focused on veterans, and it gives you a full picture for the entire past year and, again, in a variety of categories.

It gets released 9:00 the 22nd of March. You’ll be able to find it on the Bureau of Labor and Statistics website, and then we’ll be talking about that for quite some time to see what that tells us about how to continue to intervene and help and support veterans across the country in various employment endeavors. So that’s the data piece.

The other part that I wanted to highlight for today is, you know, we just finished the five-year anniversary of the Vow Act, and one of the big pieces that came out of the Vow Act was a reworking of what the transition assistance program consists of for veterans that are leaving the service. And we know that it’s a five-day program with some core elements into it.

And what we set up -- what the Vow Act set
up was an interagency process to keep that curriculum up to date. This is the year -- on a biannual cycle, we -- one year we do kind of a refresh, check our numbers; this is the dive-deep year for the curriculum for each of those sessions for TAP.

So I wanted to highlight that to you because this is the time if you have different relationships where you are plugged in with any of the agencies that provide TAP -- Department of Defense, Education, SBA, VA -- reach to them now to let them know some of the things that you think would be helpful for that experience.

You know that the TAP core program is about a five-day experience, but there are some key electives that are available to transitioning service members who want to look at that. We’ve talked about Boots to Business for those who want to move right into entrepreneurship and learn about that.

Another elective is the career technical track training. That’s been around for a little while. It’s for folks that want to explore how do I go into one of the technical or trade areas as I leave the service. We’ve been working with our VA partners to transition the stewardship of that elective from the VA to the Department of Labor, and that will happen officially 1 April where the classes now will be overseen and taught through DOL, Department of Labor.

So here’s where that’s exciting for our purposes here. So we have veterans now who are going to go through this career technical track training and deciding, hey, I want to pursue that avenue approach. Well, now, nested within this community of a public workforce system, they now also have ready access to both the tracks for registered apprenticeships that are partnered both with the DOL and the VA on how do I move from the initial understanding, now I want to apprentice in that particular trade, craft.

Now I think I’m moving along nicely, and I want to look at certification and licensure, also part of the public workforce system that has been -- received lots of attention over the last year. If you haven’t seen the National Governors Association report on licensure and certification, you’ll definitely want to Google that because five states took a look at how do we make that smoother and easier for our veterans transitioning to a variety of different skill sets.

So they go to the elective track; they say this is something interesting I want to pursue it, let me get some training, let me go through an apprenticeship, let me get my licensure, and now let me start working. The interesting part that is I think going to be very exciting to watch is how many of them will then start to get the itch and start going, you know, I like what I’m doing; now I want to be my own boss.

And, so, we think this is another pathway and gateway towards a veteran entrepreneur with a little bit of time in between the time they take their boots off and the time they start their business. So we’re excited to see where it goes. We will keep you posted as we start to watch the data and see if those connections and that integration turns out to be a good thing.

So those are the highlights I wanted to share with you this week, and if you need any of the connections to send the data that I shared earlier, I’d be happy to talk with you afterwards. Thanks.

MS. CARSON: That’s a great update, Bill. And I appreciate -- the Department of Labor has really stepped up and seen what their role could be for veteran entrepreneurs, and that’s just something that we didn’t expect, and I appreciate you always looking for something new.

Are there questions for Department of Labor in the room? Okay. And as Victor mentioned, we do have new recommendations, and I just wanted to note for the record that, Bill, thanks, you’re helping us check on 2.2, which is about how are we going to change our curriculum to improve the information that transitioning service members and veterans get about their opportunities in entrepreneurship.

So you’ve just hit on one. Another is that Boots to Business and Department of Labor curricula will cross-reference and say that American job centers are a great way for small businesses owners to staff their companies as they become employers when they go back to their communities and start those businesses. So I appreciate that.

We’ll go on to Department of Defense now. Jim Galvin.

MR. GALVIN: Thank you. It’s Jim Galvin from DOD. Following up on Bill’s comments about data, if we could go to the first slide, we could look to the screen -- those on the phone may have received the slides -- looking at one that has a percent of veteran-owned small business and service-disabled veteran-owned small business performance within the Department of Defense.

The grayish-silver line is the 3 percent goal. As you can see from the chart, 2014 is when we met the
service-disabled veteran-owned small business goal, the
one that the SBA -- and by law that we’re charged to
pursue. And we’ve been able to stay above that for the
last couple of years as well. Technically, 2016 is
unofficial, but the data’s been locked and -- I hope
you’re feeling better out there. The 3.36 was our
performance then.

So there’s a slight decline in -- from 2015 to
2016. A good part of that, we believe, is due to the
application of overseas spending, which before had been
excluded. There are still a variety of exclusions;
however, we did basically increase the amount of
spending that we had to look at, and, frankly, the
overseas spending in the small business area is only
about 10 percent of what’s eligible.

So we’re working with our contracting
workforce to help them to understand and appreciate
that so that we can improve that performance. All of
this data is available out on FPDS. We just summarized
it here in this chart.

Also, I just want to point out on overseas,
Congress also revised the definition and clarified it
somewhat in the NDAA 2017. And, essentially, it’s for
contracts that are awarded and performed overseas.
Those are excluded. So -- but within DOD, it turns out
that many of the contracts are awarded here in the
United States, any of the 50 states. So because of
that, there’s still a substantial amount of possible
business that small business could go after. And,
again, we’re working with our contracting workforce to
make sure they appreciate that.

Next slide, please, Cheryl. Thank you.

So the good news, though, is even though the
stats went down, the percentage went down a little bit
in 2016, the actual quantity, the number of dollars,
went up slightly. So that was good news. You know,
with 2017, where we are now, we’ve got the continuing
resolution, so to some extent, it could look similar to
2016. Other issues are when the DOD gets the potential
plus-ups that are being thrown -- discussed by the
White House and Congress. A lot of that money goes to
big weapons systems, readiness, and things like that
nature.

So we’re, you know, working with our
procurement offices to make sure they’re identifying
opportunities, but recognize areas of readiness might
be facilities, maintenance, weapon system maintenance.
It could be potential good small business opportunities
there, especially veterans that are familiar with those
systems. But then the large procurement, if there are,
you know, ships, aircraft, usually those are large
businesses that are primes on those, and so that’s
where we emphasize subcontracting opportunities.

Just to highlight on the next slide, this is
looking at last year, FY16, looking first at veterans
and then service-disabled veterans. So of the about 12
billion that went to veteran-owned businesses, you look
in the top three lines or so, you can see it’s hitting
across the board services, manufacturing, and
construction. So there’s still a good deal of
opportunity there.

Interestingly, in the construction area, much
of it is parts, things like aircraft parts, control
systems, small arms supplies, as well as communications
components. So those might be areas where veterans
would be interested and have had a pretty good track
record so far.

And then just the last slide is the service-
disabled veterans, about 8.5 billion of the 12 billion
went to service-disabled veterans. And, again, the
distribution was somewhat similar.

In general, where we’re headed at DOD is we’re
emphasizing that our small business workforce, which
consists of several hundred professionals within the
Department, that they are well trained and educated on
how to deal with small business programs. We’ve got
training activities that we work on with them, and we
also have the Defense Acquisition University so they
can get professional education that they’re required to
take for various certification levels.

And when -- we make sure everybody understands
their role and then build that relationship with their
program managers and their contracting officers so that
they’re creating the demand, they’re working with the
acquisition system to make sure we do set-asides where
we can. And we’re making sure that they build
relationships so that they get invited by program
managers when they’re having the up-front conversations
about requirements. And then they get into the market
research to find out who’s out there.

So it’s very helpful for the small business
community and veterans to respond to requests for
information. If they feel like they could participate
in a procurement, let us know, because that sets the
small business professional, the contracting community
in -- it puts them in the position to set aside, to
make a case for setting aside because the market
research would show that there are firms out there that
could handle the procurement.

Then we make sure they’re involved in the
acquisition strategies, drafting requests for proposal and sticking with the subcontracting plan evaluation or, you know, through the proposal. So, anyway, we just see it as a system where we want to educate our folks, make sure they have the relationships, and they’re participating across the board.

That’s all I have. Thanks for the time, Barb.

MS. CARSON: Thank you, Jim. And I’m going to ask a clarification and a compliment. So the clarification is that the service-disabled vet, 8.5 billion is a subset of the larger veteran-owned small business spend, correct?

MR. GALVIN: That’s correct.

MS. CARSON: Okay, thank you. And the compliment is we asked all agencies, but you’re the most proactive thus far that’s reported out, on our Recommendation 1.3, which was remove the mystery of the denominator. If we, SBA, goes out and says 23 percent of the federal spend is going to small business, there’s a lot of concern that there’s a lot that’s excluded before you get to the 23 percent.

And I think you are doing a good job of educating your acquisition professionals that they may be -- there are more opportunities for small business than they may have assumed. And I appreciate the persistence and your education.

Any questions for DOD before we move on?

Mr. Leney.

MR. LENEY: I would also like to compliment DOD in putting some attention on VOSBs, starting to, you know, give some visibility to that. It’s unusual, the opportunities for VOSBs, looking at their numbers, are greater in DOD than they are in VA because we have a hierarchy and over 90 percent of our VOSB spend in the VA goes to SDVOSBs because of that hierarchy, where you see in DOD there’s only 70 percent of the total of VOSB spend goes to SDVOSBs. So I just compliment DOD on showcasing that and would point out to the VOSBs in the audience who -- you know, where some of the opportunities may lie across the agencies.

MR. GALVIN: This is Jim Galvin again with DOD. Thank you. Also, to the VOSB community, I think about a quarter of those awards were full and open competition, so they weren’t even set-asides. So that’s a, you know, testament to they were able to get there and compete with everyone.

MS. CARSON: I’m betting some of those are VIP grads. Just a guess, but we’ll look into that too.

Maybe that’s something we can report on in the future, I hope.
but we will recommend that this be implemented to other
schedules, not just Schedule 70.

The other part of Making It Easier program
called the FASTlane -- oh, where are you -- basically
help startup businesses get on GSA schedules
again in less time. This one basically last quarter we
had 33 veteran-owned small businesses went through the
FASTlane program, of which about 19 of them are SDVOSB.
So this is definitely something that I have --
being an IT guy, I’m looking into it very, very
aggressively. Since I own this contract called
Networx, with an X, as you know that’s going to expire
here in three years, to be replaced by Enterprise
Infrastructure Solution contract. It’s a 15-year
contract, $50 billion ceiling. I took interest in
basically watching out basically the SDVOSB component
of the uplinks for that contract, in particular the
cyber security and the health IT portion of it. And
that’s pretty much it.

MS. CARSON: That’s a lot.

MR. GAVINO: For GSA.

MS. CARSON: Would you be willing to come back
and do a presentation, perhaps it’s more focused for
veteran business owners, but on the Making It Easier
program?

MR. GAVINO: Absolutely.

MS. CARSON: Okay.

MR. GAVINO: As a matter of fact, I have quite
-- there’s a crew who’s willing to come over and do a
presentation. They’re very proud of what they do, and
they’re -- I mean, they got -- they’re very passionate
and they’re very proud. They like to showcase what
they were able to do in such a short amount of time. A
lot of young folks, again, very, very proud of those
folks. Yeah, we’ll do it.

MS. CARSON: Okay, you’re on, in June.

MR. GAVINO: No problem, no problem. Thank
you.

MS. CARSON: Thank you so much.

Okay, the Office of Management and Budget, Mr.
Blum.

MR. BLUM: Thanks, Barb. I thought it would
be appropriate to take a moment or two to talk about
some developments in the regulatory space. As I’m sure
folks know, there are two executive orders that have
been issued by this Administration aimed at regulatory
reform and recognizing the need to think harder about
the cumulative cost that regulations impose on those
that are being regulated and, in our instance, federal
contractors and to take steps -- a number of steps --

but two that are highlighted in the executive order,
one is that when new regulations are being developed
that would add burden that there needs to be
essentially in the process a -- if you will, a no-net-
new, so that we are taking other steps to remove
burden, the one for two is the process that the
executive order speaks to, which anticipates at least
for rules that are deemed significant that for every
one rule there would be two coming out.

When I had first read this, I thought it
was -- I thought -- you know, I understood the focus on
the level of burden, but I was a little confused by why
the one for two. And I can let the Office of
Information and Regulatory Affairs speak more fully,
but from a practical standpoint, I certainly
appreciate, and I think all of us have been in a
situation where we have gotten all of our thoughts
overall together in a document, only to be told that we need to
cut it in half. And not to suggest that we don’t in
drafting regulation seek to keep them concise and
simple and in plain language, but there certainly can
be opportunities for looking to see whether certain
regulations are -- continue to be necessary and, if so,
if they’re written necessarily in the simplest form and
whether some requirements really are necessary.

So we have -- nothing’s been said in this
conversation -- and there will be more guidance
obviously and discussion on these executive orders
moving forward -- but nothing that I’ve heard is
designed to suggest that, you know, we should have no
regulations. Clearly, there’s an important benefit to
the consistency and certainty that regulations provide.
This is the primary way in which we, you know, speak to
contractors in terms of incorporating clauses and to
contracts. And I don’t see any of that changing.
In fact, Ken was talking about earlier the
number of actions in the NDAA, and the FAR Council has
cases in process that will be coming to OIRA and to
complete implementation, whether it’s the limitation on
subcontracting that he mentioned, a number of the FY17
provisions, finishing up finally on the Jobs Act, the
requirement -- requirements around using set-asides for
orders under multiple award contracts.

And in addition, I would note that our friends
and colleagues at the Office of Advocacy will be
actively engaged in this process with OIRA and with our
office on procurement as we work to strengthen our
analytical work in evaluating the burden of our rules.

I should mention the second executive order,
the number which escapes me, which is focused on
enforcement, is really designed to require that each agency -- regulatory agency -- have a group of appropriate policy officials that are accountable for making sure that these processes are taking place and agencies are thinking hard about what sorts of deregulatory activities are appropriate and can help in bringing down the cumulative cost of those regulations.

On the good side, and I know as we’ve talked about in the past, there are a number of good things that come from this. People will recall Quick Pay. That actually came out of Executive Order 13563 on retrospective analyses where the Department of Defense had noted -- I think it was, at the time, it was Secretary Carter who was Under Secretary for Acquisition Technology and Logistics at a meeting in the White House on small business had commented that their rules for accelerating payment only applied to service -- SDBs and didn’t see any reason why that shouldn’t be expanded.

And that was the impetus for OMB’s guidance back in 2011 to expand and accelerate payment to all small businesses and then subsequently to expand that to flow that down to small business subcontractors under large businesses. So clearly the heightened emphasis through these executive orders, I think, can present additional opportunities for identifying other Quick Pay-type initiatives.

Secondly, there are, I think, other areas where we -- I think it’s pretty clear that there are burdens that if they’re lifted would help small businesses. And the one that comes to mind in particular are our commercial item contracts. I would say much of what, if not most of what small businesses are selling us fall within the definition of commercial items.

And I recall back in the mid 1990s, under the Federal Acquisition Streamlining Act, when they created the framework that became Part 12 of the FAR, that the whole goal was to try to limit the amount of government-unique requirements that we were proposing on those seeking to do business to facilitate greater access to the commercial marketplace and to rely on customary commercial practices, including commercial literature of companies rather than creating our own unique requirements.

And I just recently was looking back in the FAR on the flow-down provisions. And my recollection -- I may be wrong, but I seem to remember there was about four or five laws that had to be flowed down on a commercial item contract back in the mid 1990s. And that list has grown to, I think, over 20 at this point.

Many of them, admittedly, are imposed as a result of statutory changes, but I think, you know, this executive order -- of -- these executive orders and this framework gives us an opportunity not only to engage with Congress but there are some instances where applications of new laws have been done administratively by the FAR Council because there is a requirement that says -- or I should say there’s authority for the FAR Council to impose new requirements on commercial items contracts if it’s in the best interest of the government.

And it has been done from time to time, again, judiciously on each occasion, but cumulatively over the years it adds up. So I think that’s another example of how this executive order can be used moving forward to help reduce burden that can be beneficial to the small business community.

And third is I think it also challenges each agency to think about in a deregulatory environment the flexibilities that the regulation provides, and we’ve talked about this in the more recent past under the label of innovation where we have developed a Tech FAR to help think in a nonregulatory way about how we can be -- use modern buying practices like agile software development and incremental funding to get our work that we need -- our software, for example -- delivered effectively, successfully, and faster.

And we see examples of this where HHS was able to use those processes in updating and modernizing a legacy system. They gave out prototypes -- they asked for prototypes, and they gave out stipends under a small business set-aside, and the work was ultimately went to a small business that has successfully performed.

You all have been briefed on how SBA used some of these processes in modernizing its certification programs, which I believe the work was also done by a small business. The U.S. Digital Service came up with an interesting way to buy agile software development services using the simplified procedures that are authorized when you buy commercial items.

And, so, what we want to do moving forward to promote this is to do three things. One is continue to work with the agency innovation advocates for acquisition that were appointed in 2016 and to develop communities of practice that I hope would include, for example, small business directors to help, you know, include or incorporate into those conversations best practices for small businesses, and then to build this
out in a innovation or modernization hallway that would
be built on GSA’s acquisition gateway so that we can
capture these practices, make sure that we, OFPP or
OFPP, can, you know, make clear where we’re giving our
imprimatur to those practices that have been tested,
which is important in a deregulatory environment as you
might see more nonregulatory guidance documents pop up,
and we want to try to, you know, make sure that there’s
not confusion in the community in that regard.

So I know that there will be some outreach
moving forward, and while we had, in going through our
recommendations over our last couple of meetings, I
think we’re recommending to pivot away from some of the
regulatory work. Given these recent developments, I
would -- we might want to make sure that we keep an eye
on these and would encourage and welcome any members
that have ideas either in terms of regulatory reform or
alternatively in terms of, you know, how we can take
better advantage of some other innovations that can
save money for small businesses, now that we have the
infrastructure of our advocates and hopefully the
hallway coming online in the near future a way to try
to -- a way to successfully and effectively get that
message out to the community.

MS. CARSON: Thanks for being a bearer of good
news today and also addressing, too, the things that we
had committed to working on. And one was reducing
barriers, and you addressed that well with the
regulatory environment and things to come, and also the
innovation. So Recommendation 3.2, we appreciate the
updates on that and look forward to more next time.

Any questions for OMB? And I think I forgot
to ask for GSA. Anyone have questions for them? Okay.

Looking forward to moving on to Victor
Klingelhofer from Vietnam Veterans of America. Please.

MR. KLINGELHOFER: I already spoke earlier at
some length, so I’ll be very short now. I wanted to
commend first off Tom Leney and the VA, as he walks out
the door, but that’s okay. I really think that the
protection for minority owners that he’s looking at is
incredibly important.

You know, not only are so many veteran-owned
small businesses in need of capital, but also I’ve seen
many instances in which people have been reluctant to
put sweat equity into one of these companies for fear
that they have absolutely no control over what happens
to that company. So I think that’s very good. I look
forward to contributing to that.

And then, you know, VVA is primarily
interested in getting going with our goals, and I’m
glad that we’ve had some progress shown, even in this
first meeting. I commend DOD and Jim for addressing
the -- one of my favorite topics, the excluded
contracts. And, yeah, I think it was great the way it
was handled. You know, they’re awarded in the United
States; that gets brought back in; and we readjust the
figures and look for additional contracting
opportunities.

And the same with the -- what will probably
happen with the DOD budget where you will get major
weapons contracts and aircraft carriers and things like
that. So it’s nice that you’re already looking at
other contracting opportunities for the veteran-owned
and service-disabled veteran-owned businesses.

And with that, I’ll stop. Thank you.

MS. CARSON: Thank you so much.

Any questions for Victor at this time, or a
comment?

(No response.)

MS. CARSON: Okay, Amanda, I’m going to turn
it over to you for Military Officers Association of
America.

MS. BAINTON: Hello. All right, so, I’m going
to keep mine brief as well, but I will start just
mimicking a little bit of what Victor said, just
showing appreciation to this group for all their hard
work and allowing us to be contributors. And I look
forward to working on the goals that we’ve established
earlier, and the organization is proud to be a part of
this.

Just from an organization standpoint with
regard to entrepreneurship, one thing that we’re really
focused on in 2017 -- I would say I am very focused on
because I’m entrepreneurship party of one for the
organization -- is not reinventing the wheel. I would
love to take on everything and know everything, but I
can’t possibly. And even just sitting in this meeting
here it’s drinking from the fire hose. There are so
many things out there that I really think a lot of our
members and the entire military community need to hear
about.

So what I’m focused on is really just bringing
everyone together in an environment where the service
member or spouse or veteran has the opportunity to get
that information on their own and collect it. And, so,
a few ways we’re going to do that in 2017, we are
supporting the Hiring our Heroes DOD summits. We will
be participating in nine of those summits across the
country, providing subject matter experts, and we will,
of course, join them in promoting the Boots to Business
and Reboot program. We’re also building out a full
spouse curriculum at some of those events as well and
really hope to focus on the entrepreneurship piece.

So I would invite any of you to contact me if
you have any interest in providing some of your
resources or if there’s anything important -- or any
important message you would like us to delivery,
specifically to the spouse community, about
entrepreneurship, I welcome that as we’re building that
curriculum now.

Additionally, we are hosting our annual Air
and Space event. We -- it’s a military and veteran
networking forum at the Smithsonian in DC. We have an
entire hall dedicated to entrepreneurship. And this is
where we want to bring in all of you, other resources,
to just present what you have to the either
transitioning cohort or veterans and military spouses.
So I would invite all of you to participate. It’s not
just for officers; it’s for all, and there’s no fee to
attend. But specifically for this Task Force, it would
be great to have some of the resources here, and we
might call on you at times to see if you can add to the
curriculum.

Additionally, through a few webinars
throughout the year, I’d love to have a few
entrepreneurship-focused panels, and I might call on a
few of you to see if you can participate and help out.

And, yeah, and then a few new innovative
ideas, which I’m not really prepared to talk about now,
but really moving forward, we look forward to bringing
that to this group in the future and getting you all
involved. So thank you again for having us.

MS. CARSON: Thanks, Amanda. Do you know the
date yet for the Air and Space event?

MS. BAINTON: I do. I’m sorry. I forgot to
mention that. It will be September 14th, and the
website is going to be moaa.org/networkingforum. And
if you’re a company or organization representative, you
can register to have an information table. And if you
are someone interested in getting -- gathering
information as a veteran or someone in the veteran
community, it is free to attend. You just -- the
registration hasn’t opened for that side yet, but it
should be in the next month.

MS. CARSON: Thanks, Amanda. I know we spend
a lot of time on procurement, and I do want you to know
that your contribution and the representation you
provide, as well as access to capital, definitely a
thing that we need to address together. There is a
role for federal government also in entrepreneurial
education, so for those of us around the table who
haven’t thought more broadly, I hope we can, and what
you have to offer veterans and service members is
crucial. So whenever you’re ready to talk about those
special initiatives, we’re ready for you on the agenda
for a spotlight.

MS. BAINTON: Great. I’m ready, yeah, thank
you.

MS. CARSON: Thanks.

Mike, American Legion.

MR. PHIPPS: So the American Legion had their
county national conference, where Barb attended, correct?

MS. CARSON: Yep.

MS. PHIPPS: Excellent. And I was able to
brief the executive committee for the American Legion,
which was really cool. So Teddy Roosevelt was the
founder of the American Legion, and his great, great,
great grandson is now the executive -- is now the
president of that committee. One thing the American
Legion does have is a small business task force.

And, so, I’ve been working the last few months
to revise the task force at the American Legion. And
we are loosely basing it on our task force because it
has such good initiatives. It is going to be really
focusing on bringing some of the younger post-911
veterans into the fray. I think they -- and focusing
on diversity. I think the American Legion really
understands that they have to increase their base and
they’re making a real effort to do that.

So with that, I wanted to just bring up a few
things with the ACVBA, with the committee work that’s
going to be meeting tomorrow. We have our draft report
that’s complete with a number of recommendations. We
actually had over 35 recommendations, and we have
narrowed it down to 14, combing.

We did a new -- there’s a new effort this
year. We had the members write sections of their own
recommendations, so it wasn’t just one person. Ed has
written it himself the last two years. We had some
attendance issues and some people that had fallen off
the committee, so it was a real challenge.

We’ve reduced that, but I would like anybody
who would like to take a look at those recommendations,
it’s probably just about -- the report’s fairly long,
you just have to read about the five or six pages that
have the recommendations. We are in final draft, so I
know Victor is going to take a look at it, and I know
Tom is going to take a look at our certification. And
we’re going to get some information from the VA just to
beef up some of those recommendations.
So with that -- oh, one more thing, sorry. I would like to see the report or this committee’s recommendation, so tomorrow I can possibly brief the ACVBA and at least just see if we are doing research, we could share it with this committee, vice versa, so we’re not basically duplicating efforts with the same subject matter.

MS. CARSON: Thanks, Mike. And thanks for being the continuity between the two committees. As the first past chair, he knows well that you have some power that they haven’t exercised in quite a while, that is that they can request any agency head or a member of another agency to come and testify to that group. They can direct SBA to do research. I believe you have some authority in grants as well, so I’m going to look at my statute before I show up tomorrow just to make sure I’ve got it polished up.

And it’s good to know I’ve got like one recommendation a month plus a couple to work on in the next year. And I’d compliment you on getting that draft report done and gently remind the members here around the table that we also have a report due from last year, and if you haven’t shared any input for that yet, we would love to have it and make it easy for you by offering to meet you, even in your office. So if you’d like to extend the invitation, we’d love that, but otherwise, we’ll come visit you and with the draft in hand and ask that we could please have that done this month or the beginning of next and be grateful for that.

MR. PHIPPS: Barb, can you pass out all my contact information to the committee so they can reach out if they want to see a copy of the report?

MS. CARSON: Absolutely.

MR. PHIPPS: Which may lend ideas for this committee’s report as well.

MS. CARSON: I will do. Thank you so much. And last but not least, our new member, Mark Rockefeller, StreetShares Foundation.

MR. ROKEFELLER: Yeah, thanks Barb. Once again, delighted to be here. Because it is my first meeting, I think I’ll just kind of get to the two questions that you know, everyone is wondering: Who is this person and what is their agenda? I simply view it as my goal to represent the sort of younger generation of veteran entrepreneurs. Mike’s doing a great job of this at the Legion. We’ve worked very closely with them, but there’s a generation of Iraq and Afghanistan veterans, the post-911 generation, that are really throwing themselves into business ownership. And I want to help represent them. What I commit to do actually is reach out to the heads of some of these smaller VSOs that represent that generation and try and bring their views here to advance the goals of this task force. So I simply want to represent that group.

Individual and particular passions of mine are, of course, access to capital, and it just stems from my own experience as a veteran entrepreneur. This is a -- it’s a population and a cause that I care deeply about, and so, you know, just hope to work with you to make those things better for this younger generation of veteran entrepreneurs.

So very happy to be here. Honored. I’ve got a lot to learn. There were more than a handful of acronyms that were used that I have no idea what they are, and so Amanda and I will look those up and report back. But quite happy to be here, so thank you for the privilege.

MS. CARSON: Thank you, Mark. It’s helpful also to know how you would want to serve beyond us knowing what we want of your service. So I’ll share what we hope for as well, because your expertise hits on two of the things that we’re trying to achieve in particular. And one of those is increasing the awareness, access, and utilization of micro loans in the veteran-owned small business community.

I’d use some elbows and expand what are we talking about when we say micro loans, because that’s the only place we address it specifically, but I think different kinds of capital, different sizes of capital, that would be helpful if you could bring that forward, too, as well as your representation of post-911.

And then in the back, and I know we have folks in the room that are interested in this one too, is research and policy around vesting the GI Bill benefit as a property right, allowing veterans to use funds both for education and for small business creation activities such as counseling and business financing.

So those are the things that perhaps we can focus your attention on moving forward as well during your tenure.

MR. ROKEFELLER: I look forward to it. Thank you.

MS. CARSON: Okay, thanks. Any questions at all for any of our VSOs?

(No response.)

MS. CARSON: And since we do have some time and I am very grateful to the people who have endured uncomfortable chairs for three hours and would invite you to participate with either comment or question at
1 this time.
2 MS. ASHE: Hi, Barbara Ashe, VIP. I just
3 wanted to say thank you to DOD. They are helping us
4 out next week and participating in VIP International.
5 And we hope to get those numbers up, including with
6 their denominator of international work coming in. So
7 thank you so much to the Office of Small Business for
8 supporting it. Tommy Marks will be out supporting, so
9 -- and that’s good. Thank you again.
10 MS. CARSON: Thank you, Barbara.
11 We have one more comment or question?
12 MR. LOWDER: Just one more comment, if I
13 might. My name is Lynn Lowder. I started a 501(c)(4)
14 called One Vet at a Time. I don’t have much hair, and
15 I’m a lot older than this guy right here, but my heart
16 is right where he’s at. I’m a Vietnam veteran. The
17 major hangup is access to capital. These young people
18 want to get in business; they can’t get a loan,
19 especially the junior people, junior enlisted people
20 that do the heavy lifting in combat.
21 So we are -- we started -- we were the push
22 behind Senate Bill 1870. We started out in 2015 to
23 modify the GI Bill to put it back to where it was
24 originally intended in 1944, which was employment.
25 Right now, when people go off active duty, three
26 choices. Choice one, get a degree and get a job, all
27 paid for. Choice two, get a trade and get a job,
28 partially paid for. After all, that’s blue collar.
29 And over here, if you want to be an entrepreneur,
30 great, have a nice day, we got nothing for you.
31 So we’ve got great Boots to Business programs
32 and all the rest of this. These young people have got
33 all the talent in the world to be successful. We have
34 World War II as a background where 50 percent of our
35 veterans -- in the nine years following World War II --
36 got in business for themselves. We know the results of
37 that.
38 These young people here are straining into the
39 bit. They want to get out and they want to do it, and
40 they absolutely can do it. I stood up the veterans
41 program at the University of Central Missouri years
42 ago, said I’m a Vietnam guy. I dusted off my Vietnam
43 brain, took me right back in time, watching these young
44 people trying to get a zero in life, where’s my lane in
45 life, who am I, and what am I going to do. Once they
46 found out I was in business, they were coming into my
47 office all day long. How can I do it? How can I do
48 it? How can I do it? And I became utterly convinced
49 that veteran entrepreneurship is so right for some of
50 these people. Audie Murphy would not have kissed
51 somebody’s ring to get a key to the executive washroom
52 at PepsiCo, if you get my drift.
53 All these people have seen a lot of combat.
54 We’ve never seen troops operationally committed like
55 these guys have been. They richly deserve this, so now
56 we’re dusting off 1870 again and we want to get the GI
57 Bill modified so they can use that entitlement, just
58 like they could if they were going to college.
59 And I want to thank the American Legion for
60 stepping up big time in this whole arena. They’ve been
61 squarely with us for -- since 2015. So I’m here, and
62 that’s what we’re all about. And thank you for
63 listening to me. It’s been a little bit of a meeting
64 here.
65 MS. CARSON: Thank you, sir, for your
66 comments.
67 Do we have any questions at all? Any further
68 comment?
69 (No response.)
70 MS. CARSON: This has been one of the most
71 robust meetings we’ve had in a while. I’m really
72 grateful for the participation. We’ve got new blood,
73 new energy, we’re revived. So I’m looking forward to
74 the next one.
75 Please join me back here on June 14th is the
76 next Interagency Task Force meeting for Veteran Small
77 Business Development. We will keep it in the afternoon
78 from 1:00 p.m. to 4:00 p.m. And, again, we will have
79 the Advisory Committee the following day. And we’re
80 going to test out this new model and see how it works.
81 Thanks so much. Have a good day.
82 (Whereupon, at 3:47 p.m., the meeting was
83 adjourned.)
CERTIFICATE OF REPORTER

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JEN METCALF-RAZZINO, CER
Interagency Task Force on Veterans Small Business Development

3/8/2017

Public Meeting

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