MR. KRAMER: Well, why don’t we start to take our seats and get started this morning. Why don’t we get started. Again, my name is Doug Kramer, and I’m the Deputy Administrator here at this Small Business Administration. Let me just do a few more procedural comments here at the top before we get into the substance of the meeting.

Just a reminder again that today’s proceedings, like all of our quarterly meetings, are being preserved for the public record, so we do have a transcript being made.

So, Jen, I don’t know if you have any specific instructions. Generally, it is to make sure that you identify yourself, try not to talk over somebody, turn on the microphone or get a microphone if you’re going to speak.

I think a lot of us here at the table have placards that help identify who we are, which may help. But, certainly, for our other guests in the room, if you provide comments at some point during the meeting, you could identify who you are, spell your name, and talk about where you’re from.
I will admit, and I think the energy in the room before we got started revealed that a bit, I have to admit, this now being my third quarterly meeting since I was confirmed as deputy administrator, I think I’ve got a little bit more spring in my step about what we’re doing, not that we deserve any sort of blue ribbon yet. We’ve still got a long way to go. But I think for the reasons we will talk about today, I think we have been productive in getting ourselves on a good path. I will talk a little bit more about that in a second.

Before we do that, just for the sake of the record, let me at least take a roll call of the agencies that are participating in today’s meeting. Obviously, Barb Carson, who runs our Office of Veterans Business Development here at SBA, and I are here on behalf of the Agency.

Department of Labor, Tim, do you want to just identify yourself?

MR. GREEN: Yes, I’m Tim Green from Department of Labor, Veterans Employment and Training Service.

Bill Metheny should be joining us on the line, on the call.

MR. METHENY: And this is Bill Metheny on the phone, and I am with you. Thank you.

MR. KRAMER: Thanks, Bill.

Department of Treasury?

(No verbal response.)

MR. KRAMER: I don’t think we have anyone here yet, but will note if that representative shows up at some point -- Department of Defense?

(No verbal response.)

MR. KRAMER: Same.

VA?

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

MR. KRAMER: GSA?

MS. COLLINS: Hi, there. Christi Collins is on the phone as well from Department of Veterans Affairs.

MR. KRAMER: Thanks, Christi.

All right, GSA?

MR. FERRARO: There we go. Too many buttons on this thing. This is Eric Ferraro. I’m the GSA veteran’s advocate.

MR. KRAMER: Very good.

SBA? I’m sorry, not SBA. We already did SBA.

OMB?

MR. BLUM: I’m Matthew Blum with the Office of Federal Procurement Policy.

MR. KRAMER: Thanks, Matthew.

And then the VSO members, the American Legion?

MR. LEGHORN: Davy Leghorn with the American Legion.

MR. KRAMER: VVA?

MR. KLINGENHOFER: Victor Klingelhofer, VVA.

MR. KRAMER: MOAA?

MS. BAINTON: Amanda Bainton, MOAA.

MR. KRAMER: Okay, and the Naval Post-Graduate School?

MR. KIDALOV: Max Kidalov.

MR. KRAMER: Okay, very good.

Well, before we get started, or as we get started, let me just give a quick overview. I think all of you have seen the agenda, but just have a sense of what we’re doing. I think at the top here, I’m going to provide, hopefully, some very few framing remarks about where I think we are and where I’d like to see us go.

And then, Barb is going to provide a bit of a more substantive review of exactly what we’re doing with the operation of the task force and the accomplishments we hope to reach over the next not only three months, but the next, at least, nine months.

And then, at that point, we’re going to open it up on a limited basis for some public comments and discussion. This is some of my own prerogative. I’m never appreciative at these sort of meetings if we wait to the end to get the comments from those who have, on their own initiative, come to the meeting today, because a lot of times those can be some of the most interesting ideas. If we’ve sort of had our conversation and baked it before anybody got to contribute, that’s never helpful.

So, we have a limited amount of time in the middle of the meeting or early in the meeting to do that. We’ll also leave time at the end if we’re not able to get to everybody, because I do want to keep us on time.

We have a couple presentations today, then, from the Census Bureau and the Naval Post-Graduate School, which I think are very strong and will provide some very good fruit for our conversations and our work going forward. And then, we will just do discussions or readouts from the individual members about progress that they’ve made over the past three months and a report of what they’re doing. We’re going to limit those to about five minutes apiece so that we can stay on time. And then, like I said, if we have some time.
make one up at some point before the meeting is done.

The 18 recommendations that we have used as a guide for this group. I think going forward what we’re going to
do is create meetings -- and Barb will talk about this
in greater depth -- around those recommendations and do
an evaluation of which of those, frankly, are ones that
we don’t need to focus on as much anymore, either
circumstances or the achievements we already have, I
mean, if they’re not as much of a priority anymore,
what are the ones that are very, very important, and
how do we re-goal even some of the ones where we might
have gotten to a certain level of accomplishment but
need to get further.

That’s really the challenge to all of you
between this meeting and the next meeting, is to
actively participate in the different groups that we
will pull together as relevant to each of those 18
recommendations to identify the accomplishments that we
can reach. Some of those may be long-term goals.

Because my own sort of selfish interest, I
think we’d like to come back in June with a very clear
direction of what can be done in the six months
following June before the end of the administration,
because I think we know that we can get two more solid
quarters out of that, and it would be nice to be on the
rails and headed in the right direction with regard to
those recommendations.

I also know that these issues have interest.
They are things that I am dealing with quite often.
They are things that I’m getting inquiries from the
White House even through the Chief of Staff’s office,
who are very interested in what we’re talking about
today and want to talk about what we’re doing and
checking in on that.

So, I do think we have the attention and the
resources available to us to take what we identified,
based on all of our work from across the Agency on the
ground with these things, and really turn that into
substantive accomplishments.

So, that’s my perspective and my view on that.
With that, I will turn it over to Barb.

Actually, I’ll also identify just for the
record that the representative from the Department of
Defense, if she wanted to identify herself, is now in
the meeting.

MS. WILLIAMS: Yes, good morning. My name is
Alice Williams. I’m presenting Mr. Kenyata Wesley,
who, unfortunately, had another engagement and could
not make it. I’m on his staff. I’m responsible for
the socioeconomic program as a whole at large, along
with workforce initiatives and rapid innovations program. Glad to be here and have to apologize up front for being late. I just got the notice a few seconds ago. Thank you.

MR. KRAMER: I’ll note for the record that you weren’t very late. You walked in shortly after I started blathering on. So, thank you.

MS. CARSON: Good morning, everyone. Thank you so much for joining us. It’s going to be an incredible meeting today, and I look forward to hearing your feedback.

I would like to launch with great news. We have an incredible team at the Office of Veterans Business Development, and we have just expanded by one who had a role on the team before but has now been appointed the deputy associate administrator. I’d like to give Craig Heilman a moment to introduce himself.

MR. HEILMAN: Hi, good morning, everybody. My name is Craig Heilman and, as Barb mentioned, recently appointed deputy here. Although not new to the Agency, I’ve been with SBA for three years now, almost three years, and have had the privilege to brief this body before. I’ve been responsible for our programs and working on our Boots to Business program, working with folks like Tim Green at Labor and others on a lot of good things happening in transition assistance. So, I’m delighted to be here.

You know, a little bit of background. I’m a Navy veteran, aviation and then some intelligence work in the Reserves. So, a long time in the private sector both in small business and in big business. It’s a privilege to serve under Deputy Administrator Kramer and Associate Administrator Carson, and look forward to working with all of you in this capacity.

MR. KRAMER: As an editorial comment, as we enter this year of transition and think about things like succession planning, I’m not kidding when I say I don’t have an office that’s better staffed right now than our Office of Veterans Business Development. I put a lot of trust, and I’ve seen a lot of good results out of these two. So, as they help us move forward, please give them your time and attention, because it will come with results.

So, I also want to congratulate Craig on his new position. It is well earned, and we are lucky to have him in that role.

MS. CARSON: Thank you, sir, very much. I’m going to go to the next slide.

I wanted to give you an idea of -- we have been coming to this room faithfully, many of you, for a period of time. I wanted you to be able to come -- I’m Air Force, so from the 30,000 foot view, let’s take a look at all the things that you’ve achieved. I’m going to hit a few of the highlights. I’m very grateful.

Amy Garcia, thank you for putting this up here so we can visualize some success.

This body was formed in 2008, and we got to work right away. The first meaningful what we’ve been holding ourselves accountable to came out in 2011, the original 18 recommendations with 46 subrecommended actions to the president. By our count, and with your collaboration and your support and action, 24 of those have been achieved; 23 of them are in progress. Anything that’s left was required action beyond our abilities through this body.

As Deputy Administrator Kramer said, we’re going to take a look at these. See if you agree with our assessment on where we are, what we’ve achieved, what’s left to be done, but not stop there. What more needs to be done?

A few of the other highlights up there, we have really focused on transitioning service members, as have Labor, VA, and DoD. Thank you for your partnership in that, and OMB guiding us and keeping us accountable as well.

For SBA’s contribution, over 35,000 service members and military spouses have taken the Boots to Business course. We’ve just completed our first outcome survey to see what did they think of it, has anyone started a business. We’ll be briefing that out in June. I’m really pleased with what we’re seeing so far.

Our Veterans Business Outreach Centers reinvigorated, strengthened, and expanding. I’ll get into that in a moment. They served over 62,000 service members and veterans last year. We’ve increased our lending to veterans. We’ve had Department of Treasury and SBA programs doing that. Employment is looking better. Our colleagues at DoL are helping us amplify that you are HR for small business and others. So, it’s just a circle of employment and entrepreneurship that is well reinforced throughout the inner agency.

For procurement, each of us can be proud that our agencies have met the three percent goal for service-disabled veteran procurement for three consecutive years, and looking really strong.

The number of women veteran entrepreneurs, it’s exploding. Almost 300 percent growth from 2007 to ‘12. You’ll hear more about what’s going on in veteran demographics and business from our Census briefer later.
Interagency Task Force on Veterans Small Business Development 3/10/2016

Our interagency collaboration engagement on veteran entrepreneurship has expanded immensely.

Whether we got out an annual report or not, and we’re accountable for that, we didn’t do it, we were working very well together. We did accomplish so much. So, thank you for that.

One other policy item -- we’ll go to the next slide, please -- just a visual here on how it looks and what we’ve accomplished on the 18 recommendations. We will talk and we’ll hear more today -- I think there will be a lot of feedback, so I’m going to accelerate my comments so that we can get to the briefing on service-disabled veteran-owned small business program.

Next slide.

And then, as Deputy Administrator Kramer said, here’s what’s coming next. I’ll be engaging with you in as efficient a manner as possible. Each of you members have received a Stop Light chart that shows what the recommendations are, who is accountable for them, and where we’re at. I’d really appreciate it if you’d take a look at that in the next week or so to see if you concur. It will make our meetings go faster when we get together and decide what we can commit to doing.

In June, we will report out in a public forum here to VSOs and individual business owners on where we are and what we committed to do. In September, we’re going to finalize and hopefully have a completely -- you’ll be ready to give your input on what you’ve done this fiscal year and what we’re going to do in the coming year. We’ll get that report published before New Year’s Eve. That’s a goal. I think it’s an achievable goal.

Later this week, you will likely see a note from me that has nothing to do with this body. It’s good news on something that we can do. It’s women veterans outreach and access to capital, women veteran entrepreneurs. That report is being released to congress this week. We could always be doing more. So, I will be looking for your best ideas. I’m proud of what we’ve done so far, but there’s more.

I’m going to go into some of our programs at SBA and what is happening there. Within Boots to Business, it’s a high growth opportunity for us to get our first appropriation in 2014 and already be reporting outcomes here in ’16. We feel that’s pretty amazing, and to reach the number that we have.

Now, let’s make sure that we’re doing it right. Is it worthwhile? Are we teaching the right things? What are the outcomes we’re looking for? The Transition Assistance Program at DoD would say a successful transition is the goal. For us, agreed, we also have much longer term look at what does this mean to our economy as someone becomes a veteran from a service member. Is it a viable choice for them? Have we guided them in the right way? So, that’s what we will be looking at.

We’ve met with each of the military services over the last few months and spent special attention with each of those services wounded warrior elements to understand is there something different that we should be doing at transition for those members, because we do serve service-disabled veterans in different programs across VA, DoD, and SBA.

You will see us in the community, too. For those of you who are service members who missed transition, didn’t get their chance for whatever reason, it was long ago or they were a deployed member of the Reserve and Guard and though they should have had it and they didn’t, we will be there in your community with Boots to Business reboot, same curriculum, out in the community. We hope to have over 3,000 trained that way this year.

We’re also going to be in your communities more as we expand the Veterans Business Outreach Centers. This one I do want you to hear. As part of this Boots to Business growth, we have so much more data. DoD has been generous with letting us know how many people are going to be transitioning and from where. We put that together with our resources. We served the best we could and recognized we had gaps.

Thanks to an increase in appropriation from congress and more flexibility and trust in how we can execute it, we’re going to expand that program right away. The grant opportunities on the street right now closes March 29th at grants dot gov.

VBOC, Victor Bravo Oscar Charlie, will allow people to have a chance to see that. I want you to know where we’re going so that our agencies can understand we see a gap there in service for the transitioning service member, and perhaps it’s something we should all be looking at, especially VSOs, please. Those would be New England, Southern California, Arizona, Hawaii, Alaska, North Central Texas, Colorado, and Georgia, again based on military installation needs and transitioning population.

Just to give you an idea of how much the VBOCs are doing, I told you they trained over and counseled 62,000 last year. There were new clients of almost 62,000 last year. There were new clients of almost
So, with that said, why don’t we try to take -- I’d like to keep us ahead of schedule so that we can, like I said, get some comments now for people who might have walked in the door this morning knowing that they had something they wanted the agencies to hear, but also leave some time at the end for other ideas that might come up during the duration.

So, if we do have folks that are participating in the meeting today that did want to make a public comment, and we’re aware of that, I think we do have microphones somewhere. Yes, we’ve got a microphone over there that we can get around to you.

So, does anybody have at the top of the meeting here a statement they’d like to include or something they’d just sort of like to put on the agenda?

(No verbal response.)

MR. KRAMER: Okay. It’s not a forever hold your peace. We’ll try to circle back later on as well. So, anyway, we’ll hold on that for now and then come back.

With that, then, I will turn it over to Naomi Blackman from the U.S. Census Bureau who has a presentation about information on veteran-owned small businesses from the Census.
Veteran’s Institute for Procurement, to develop curriculum for what would come before you’re at the success, the three to five. What’s before that? So, we’re testing for the first time in April, April 5 to 7, folks who have been a sub before, but they haven’t had a prime, and still get some work to do on the very beginning, you know, how should I form my company, what are the things I need to know, but, working on something I’ve heard Tom Leney say, being procurement ready. It’s our job, SBA, to build capacity, make people competitive. So, that’s what we’re going to work on. That’s what Barbara has partnered with me to do. 

The other curriculum that she is developing is for international trade. As many of you know, overseas contracting, for example, is part of what we’re accountable for in the coming years. We want veteran business owners to be competitive in that space. Many have been deployed, understand there’s some nuances that may be different. Maybe they haven’t contracted there but they’re comfortable with the environment. So, not doing just that, though. Gaining some traction with my colleagues in the Office of International Trade and also with Department of Commerce, we have a representative from Commerce here with us today who will spend just a few minutes as we get down to the Agency reports. They should be a member, but they’re not at the moment. We’ll work on that. They’ll tell you a little bit about what they’re doing for veterans who want to do overseas business. So, when Barbara comes in, I’ll let her speak to it, but I do want you to know that right now, even without a program for international trade, she’s seen between 30 and 45 percent of the folks who take her course are already doing international business. We could help them do it better. They don’t know the resources that are out there. 

So, thanks so much for the time, sir. 

MR. KRAMER: Thanks. With those sorts of outputs, I mean, it’s certainly something we can learn from, because I think from this and so many endeavors, we sort of sit around and conceptualize what might work. So, when we find someone that has that sort of level of success, especially in exporting, we need to grab ahold of that. 

So, I’m going to, I think at this point, turn it over to Max and Jennifer if they’re ready to go. I will note for the record that our Census presentation, according to our agenda, is supposed to be at 10:00, so I don’t think there’s anything -- Ms. Blackman, I expect, will probably be here at that time. We’ll flip and let you all go now and, like I said, sort of stay ahead of the curve here.

MR. KIDALOV: Thank you, sir. 

MS. CARSON: Max, may I make one comment? This is Barb. I do need to tell you, please look at the screen for these slides. Max made some meaningful, good updates since we gave this presentation yesterday at the Advisory Committee on Veteran Business Affairs. You will have access to those slides, and they will be posted publicly after this meeting. But the slides that are in front of you members, there are more of them. What’s up on the screen is what I’d like you to focus on. Thank you so much.

MR. KIDALOV: Thank you, Barb. Yes, there’s an acronym, bottom line up front, BLUF, so we’ve tried to summarize our slides and kind of bring out the punch. So, we’ll start with that. 

I want to introduce myself and my colleague. I’m Max Kidalov, Assistant Professor of Procurement Law and Policy at the Naval Post-Graduate School. With me is Jennifer Lee.

MS. LEE: My name is Jennifer Lee, and I am a DoD contracting officer for Department of Navy.

MR. KIDALOV: We are pleased to present the study, An Open Door and a Leg Up: Increasing Service-Disabled Veteran-Owned Small Business Participation in Defense Contracting for Simplified Acquisition. For background information, as we are giving this presentation at the SBA, I will note that Rear Admiral Crean, who is now with SBA, was the original requester. He originally asked me to do this study, the study in the report that is a very, very heavy report, over 100 pages that you have. It has a number of Navy issues as well. 

Here we’re talking whole of government, so we’re going to be focusing on Department of Defense overall. But if you’d like to look at the Navy examples, those examples are provided. In fact, we’re recognizing other services as well. Barb will recognize the Air Force right there. 

So, our study, we, of course, have the text and the usual disclaimer. This is not the official position of the Department of Defense or the Department of the Navy, nor is this a comment on any pending litigation, although we will, of course, talk about the law a lot as it applies. 

So, our study methodology is here. We’ll look to the academic assessments. We’ll look to the theoretical foundation, understanding the taxonomy of
the program and its designs, data analysis, and conclusion. We will get into details of that a little bit more.

Next slide, please.

So, we started looking at this question of disabled veteran participation, and simplified acquisition especially. We started looking at it by finding out this paradox. There was, in 2000 FY ’14, the Department of Defense has had real success with achieving and exceeding the three percent small business goal. So, very substantial spending, substantial goal achievement.

But, as we look at the academic assessments, and of those there have been five, four of them came from legal academics, three law review articles, one a testimony from a law professor, and one was a study commissioned by the DoD Office of Small Business Programs through the Rand Corporation. That’s the Cox and Moore Study.

As we look at these studies, we found that all these studies have something in common. They all predict malfunction and failure of the program. So, we have this paradox. We have success on the one hand, and we have all these predictions of malfunction and failure.

On the malfunction and failure factors, there are three factors that were identified. The first factor is veteran disillusionment. So, the studies all talk about veteran disillusionment in the program. They also then say, well, why is that, and they talk about veteran confusion and government buyer confusion, confusion about what the program is, confusion about how to use the tools in the program, and even what the tools are.

Then, one related factor that they bring up is entrenchment. So, the entrenchment factor, as they say, is that the program helps firms that are already successful. One of them actually said, well, it helps firms that perhaps need the least help. That’s how the program operates.

So, we wanted to try to resolve this paradox.

So, upon our review, we came up with three research questions. So, the first question that we had was, can the program be understood in terms of the contract management performance model. So, as you’re all probably familiar, quality management has been a field of study.

Cohen and Eimicke, professors up at Columbia, they wrote a book in 2008. It became an instant classic. It’s used in all the curricula for contract management. We use it at the Naval Post-Graduate School. It’s used in different programs. In that book, they come up with this model, contract management performance model, to evaluate the success of contracting programs. So, we thought could we perhaps try to understand how this program works in terms of this generally-accepted model.

Our second research question was, is unguided individual-level contracting officer discretion the right mechanism to support veteran participation. We emphasize the word unguided, because that is something that was coming up very clearly in the academic assessments, at least. That the discretion, while it exists and while there are general policies, and there are certainly a lot of guidance about both the moral, and the economic, and the force, volunteer force significance, discretion was unguided.

At the individual contracting officer’s decision, there was no guidance as to how can a contracting officer decide how much is business development for this one firm or two or more firms? How much is that worth in terms of mission requirements, costs, and things like that? That’s not defined.

Then, can simplified acquisitions positively influence disabled veteran program outcomes? We looked at that question because, of course, there was a lot of emphasis on simplified acquisitions as a tool for new and emerging firms, also because that is a tool that is a regulatory tool. It was added into the FAR and was not specifically a statutory tool. We wanted to see what happens with that.

Next slide, please.

So, this is the Cohen and Eimicke model. The Cohen and Eimicke model takes and defines program pillars as inputs, process outputs, and outcome. Now, in the small business contracting world generally, we usually measure things by spending. So, we look at the spending and see there are statutory goals, a percentage of spending.

But in the Cohen and Eimicke model world, in that world, that is a program input, because what it measures is it measures the level of effort. It’s a resource. So, resource measures are measures of effort. They are inputs. They are not outputs or outcomes.

Process, on the other hand, process is something that you do, steps that you take with the inputs to achieve the program outcomes. So, in this world, process will be the discretion, the authority,
the award decision, the contracting officer discretion, 
the set-aside authority. That would be the process. 
Outputs, in terms of outputs, we’re looking at 
the number of firms. So, the output is something that 
when you take the inputs and you take the process, you 
know, you make something with that. When you’re taking 
the award decision or the award discretion and you take 
the dollars, you are making an award and you’re giving 
it to somebody. You’re giving it to a firm. So, in 
our case, the number of firms receiving awards, that’s 
something that we’re looking at as a program output. 

Then outcomes. Outcomes are difficult to 
define, but in our case, we’re looking at -- for 
example, DoD contracting is a viable, self-employment 
path for veterans. That’s one possible outcome. 
Another possible outcome is generally self employment 
for veterans overall, capacity of veteran businesses. 
So, those are all outcomes that we could think about. 

So, that’s at least the performance management 
framework that we’re looking at.

Next slide, please.

So, one of the things that we ended up as we 
started looking at all these different issues, we 
decided that it would be a wise thing for us to do is 
to make a time line and to recognize in this time line 
that the program, though we speak of one federal 
serve-disabled veteran-owned small business program, 
in reality, we’re talking about several programs. 
Different decision makers over the years have attempted 
different designs. So, we’re not really dealing with 
one program as much with different iterations and 
different designs.

On this chart, you will see some colors. Now, 
colors do not mean -- red, for example, doesn’t mean 
necessarily a failure in the program, but it does mean, 
for example, that there is some kind of a red flag, 
some kind of a perhaps misalignment between the 
elements, between the process and the inputs, the 
process and the outcomes.

Blue flags are the need is identified. We 
have some references to the goal when it’s established 
and when it’s highlighted. And then, purple is 
directions to the contracting officer from the various 
decision makers on how to exercise it.

We want you to just look at the slide, and as 
we talk about data, you will find it useful as we are 
talking about data to just perhaps flip in your own 
slides to that one and just say, okay, so, this is 
where the behavior is, let’s see what the rules were or 
the direction was at the time.

Next slide, please.

So, there have been designs from, as we could 
see, from four types of decision makers, the 
legislature, congress, the Executive Branch, both the 
presidential and SBA levels, also DoD level, and then 
the adjudicators, GAO and the courts. We’ll cover them 
in turn.

The legislative designs, so, the original 
legislative designs from the Cohen and Eimicke 
perspective, they favored outputs. They favored 
development, the business development of individual 
firms.

You see that it started very early on in 1974, 
but the one that I would like for you to specifically 
focus on is the 1997 SBA Reauthorization Act. Very, 
very broad. Sweeping authority. Such actions as may 
be necessary to ensure disabled veteran and all small 
businesses have access to business development 
assistance and other programs. Very sweeping 
authority. Fostering increasing opportunities, fair 
consideration purposes, again, very, very broad and 
very focused on the business development. That’s where 
we see it.

Reinforced again with the Congressional 
Commission, the Principi Commission on Service Members 
and Veterans Transition, now that commission recommends 
adding veteran firms to the 8(a) program plus a 
statutory goal. Later on that year, there is a 
statute, the Veterans Entrepreneurship and Business 
Development Act of ‘99, that creates a goal, creates 
business development entities within and outside of the 
SBA. And legislative history there talks about 
business development assistance.

Next slide, please.

Now, four years later, we have additional 
legislation, but now the design is slightly different.
In the 2003 law, which created the authority for both 
competitive and sole-source set-aside awards, we have 
this authority. It gives discretion to the contracting 
officer. That’s codified law.

But what’s very interesting is the uncodified 
law. The uncodified law, we have sections 101 and 102. 
They again talk about business development, and we also 
have legislative history. There’s legislative history.
It says the Commission recommended assistance through 
the 8(a) program.

We are not adding veterans as part of the 8(a) 
program, but we are setting aside this undefined 
discretionary assistance. We’re not actually saying 
what it is. All we are saying is that disabled
veterans require it, and they have some unique assistance, unique factors that perhaps are not recognized in the 8(a) program. So, not suitable for placement in the 8(a) program, some kind of assistance, but we’re not saying what it is. Leaving it up to the contracting officer, to each contracting officer, to decide.

Next slide.

So, Executive Branch, the Executive Branch design tried to design the program as well. Now, the Executive Branch design originally started with outputs and business development favoring the firms, individual firms, and then went to inputs, non-business development spending.

It started with the SBA proposal in 1998, recommends high priority to classify disabled veterans as small disadvantaged businesses, as 8(a) type of assistance, but then we just have executive order 13360. That one talks about opportunities, as well as goals, as well as participation. Tries to align the inputs with the opportunities and with the output, tries to align all of that. The inputs process, outputs.

But then we get to rule making in 2004 and 2005 by the SBA and the FAR Council. What we get there is we get there some statements. The statements are this is not a business development program. It exists to meet the goals but not for business development. We will wait and see if we are going to give mentor-protége assistance, things like that. So, statements like that say, well, it’s some assistance, but we’re not really defining what it is.

Now, one interesting thing is you see SAP was added in 2005 into the regulations without comment. Then, between 2004, 2005, and 2011, no mandatory consideration requirement. In 2011-2012, there is parity in the programs, and then mandatory consideration of set-asides above the simplified acquisition. So, again, varies from unguided discretion to perhaps some guided discretion towards helping the one or two firms that are being found.

DoD gets into action and pursuant to the executive order, they issue strategic plans 2005, 2007, 2009. The focus on the plans is to direct DoD components, such as Department of the Navy, and others to come up with set-aside opportunities. The last year it was issued was in 2009. It was a five-year plan.

Then we get to the executive order 13540 and the interagency task force and the two reports. Now, in the two reports, very interestingly, 2011 and 2012, there was a very defined focus on finding current contractors and funding them to meet the goal. We will see in the data that that direction was taken up by contracting officers. We will see that.

Next slide, please.

Now, GAO, GAO gets into action as well. Of course, as adjudicators, GAO has its own pronounced ideas about what they want to do. So, there they go from mandatory consideration to no consideration. To them, they say, even if you don’t meet the goals, this is the Kingdomware Marine Corps case, it’s okay. Now, that case is very interesting.

What the GAO cases and what the judicial cases illustrate is this. There are standards in the program in the regulation, and also as the courts and the GAO are trying to write them, that deal with consideration of firms for set-asides.

The disabled veteran businesses see that, and they try to obtain business development assistance. They try to get that assistance by forcing the contracting officers to redefine the terms of the solicitation, either to provide for additional costs, to provide for bonding, to provide for mandatory set-asides, to consider firms, perhaps, that haven’t registered. All these factors are there. That’s the tension. That is the tension through this protest.

So, you see this in the GAO cases.

Next slide, please.

Then, you also see this in the court cases. What’s interesting in the court cases, of course, the court started in 2007 by making the order, 13360, judicially enforceable. What the court said is, yes, there is a goal, but the way you have to meet it is by bringing in new and niche firms.

That only lasted from April until December when the court said, well, actually, there are some other competing considerations. For example, if you don’t want to bundle, and small business set-aside is a defense for bundling, you can do it through more experienced firms, bigger firms. You don’t need to bring in new and niche firms. It goes back and forth. Totolo/King, this is about bonding against similar situation.

Next slide, please.

Okay, Blue Star, the court recognizes that a Knowledge Connection 1 style claim might exist, but they dismissed the case. There the disabled veteran business says, well, we are so new and so niche that nonmanufacture is an impediment to us. So, they’re bringing this protest under the 13360. The case ends.
up getting moved because the loss of certification.
Then, finally, we get to the Kingdomware. I know that is the big question, is the Kingdomware Supreme Court discussion. Of course, that case concerns the VA Veterans First program, so it does not directly apply to the government wide. We would simply like to know that from perhaps some reasoning by analogy, the case discussed in detail some unguided discretion. That, we just want to point out, is on a different track than the GAO’s guided discretion in Split Rock.

Next slide, please.

So, now I’d like to show a couple of different spending slides, and then I’ll give it over to Jennifer. So, on the spending slide, as you can see, the green line is the goal and report spending. So, this is the spending that is reported and counted towards the goals.

You will see the red line is the new award spending. The new award spending is spending through the actual awards. So, the delta between that is spending that is done through accretive modification, so additional that is given to contractors already working. I’ve mentioned that already. You see that that is how a goal is being met.

You also see this light blue line. Light blue line is what I would call program revenue. Program revenue means that these are new awards done through the small business set-asides. You can see the impact of that.

Next slide, please.

Contracting mechanisms, we also thought it would be useful to see the contracting mechanisms. As you can see, the contracting mechanisms are favoring more established firms. The growth is in the IDV market. The growth is not in the open market.

Now I’d like to turn it to Jennifer, and she will talk about contracting officer discretion.

MS. LEE: Hi. Can I get the next slide, please?

So, about contracting officers, the way the program is now is it leaves the power with individual contracting officer. The contracting officer, we don’t ever want to shut out small business of any kind or any socioeconomical category.

With this being said, this slide right here just shows the discretion in the FAR that we have. A side note from the cases and structure that Max went through, it really upholds the contracting officer discretion. So, if anything comes out of this task force, don’t take our discretion away. We do use it extremely wisely, as well as our acquisition work force is trained.

We’re young. We have our own problems. It takes a long time to get your fee as a contracting officer. So, the discretionary guidance is never without a justification when you use it. It’s very powerful. You document every second of everything in a procurement file at any dollar amount. So, the discretion is a justified discretion. Having the direct award and the set-asides, it does have a huge impact and it allows us to make those awards easier.

No award is easy.

For this, you guys can read that for yourselves. There’s just two parts to it, simplified acquisition threshold, everything is reserved. The other part above, you have to consider. When you go above, there’s mandatory sources sought, mandatory RFI.

There’s no order of precedence to us, which really gives us the flexibility to make the right business decision for the government.

Next slide, please.

This 15 U.S.C., this talks about sole source contracting and restricting competition. The key word in here to focus on would be responsible. So, there’s the term procurement ready. Procurement ready contractors, procurement ready, coming out of the force procurement ready. Well, when you’re in the force, you really can’t get procurement ready because it’s conflict of interest. There’s that aspect.

Responsible, though, for us as contracting officers comes at the end. Responsibility determination is right before you’re ready to slap on a signature, and you cross your fingers, and you’re just, like, I do my search, no whammies, no whammies. Before responsibility actually comes interest, responsiveness, technical capability.

As a contracting officer, you stretch your discretion when you’re trying to make those determinations way up front. When you’re trying to determine a responsible contractor to do the acquisition strategy up front, because responsibility, that’s on the back. That’s after you get through all the hard stuff.

Next slide, please.

I put together this slide just to show why the individual contracting officer for the gateway for this program, it is the power with the wrong person and the wrong group of people as the job function. Right here in the FAR, it does tell us about our discretion and...
The three percent goal achievement is a good goal, and it was met. Could it have been met faster if the KO wasn’t the individual factor? Possibly. That would be made with procurement-ready vendors. The three percent goal achievement by using direct awards, it does conflict with guidance we get for constant competition, saving money, better buying power.

Also, I want to talk about at the Agency level, they have their own contracts. They have their own indefinite delivery vehicles. Their own thing is already set up that had the market research done. If an emerging SDV didn’t get a part of one of those, for the next five years, they won’t be receiving those dollars because agency guidance says you must use your awarded vehicles.

The integrity of the procurement, that’s the most uncomfortable part of my job, because a lot of times you have to be extremely stone cold in a closed door. You can’t jeopardize and hand hold through the process someone that doesn’t know how to submit a bid. You can’t give them the tips. You can’t let them in the inside or what fair and reasonable pricing is going to be.

Okay, next slide.

The effects of this, you can see the trends...
Then, we just wanted to highlight SAP really quick. Regarding simplified acquisitions, it is a mechanism for emerging SDVs to try government procurement. It doesn’t take as much to get one of those awards. It’s not as grueling. It’s a very good ramp on for past performance to get on IDVs or the federal supply schedule. It gives them a taste without disillusionment and devastation.

Next slide.

MR. KIDALOV: So, as you have seen in the prior three slides, the program authorities are not major contributors through their participation or spending. The disillusionment question, very briefly, you see the population of service-disabled veterans, almost four million. You see the population of businesses between 197 and 80,000, depending on the source of data.

You see 15 of approximately 16,000 of them are active in CCR, but over 35,000 are inactive. Now, that could possible mean that they were all successful and sold out, or another explanation would be that they have been very disillusioned and quit participating.

Next slide, please.

So, I’d like to just show the participation trends. What you see is that the number of firms that are getting new awards has been declining since FY ’10, FY ’11. The number of set-aside awardee participants has been stagnated as well. So, the authorities and the program process and the program outputs are not aligned.

Next slide.

We also see this by type of set-asides. You see increase in SAP over a few years. But you see on the other set-asides from FY ’10 -- so, DoD’s last plan was in FY ’09. From FY ’10 down, we’re seeing downward decrease.

Next slide.

Program participation, you also see a decline in the open market. You see a spike in IDVs. So, for more established firms, decline in participants from the open market.

Next slide, please.

As our outcomes, we’ll look to a couple of measures. One is the graduates. So, the firms that have outgrown the small business size standard service-disabled veteran-owned. We have a population of about 300, and it’s a decreasing population. It has been decreasing from FY ’11 for the last several years. So,
veteran-owned small businesses. Lift that burden from
the contracting officer, the burden of balancing
business development and meeting the requirements, and
use SAP as pathways to build it up.

The result, we hope, will be the outputs.
There will be responsible, capable firms. The outcome
disillusionment will diminish. The all-volunteer force
will view self-employment as a viable path. Veterans
will continue to support our government’s public
service missions now as business owners.

For the recommendation for how to create this
program, we think it’s something the agencies can do.
Congress, certainly always good to have legislation,
but their (inaudible) from executive orders on how to
get this done. Executive order 12432, for example,
there’s 12073, 11625, any number of those that could
provide some good examples of that.

The SBA can do a lot on its own. But because
of the past regulatory statements disagreeing with the
business development intent, there may or may not be
questions. Also, as a whole government approach,
bringing that authority from the president would be
very useful.

MS. LEE: I just want to say one thing. I’ve
been here for the last two days and I’ve been hearing
the meetings. As an awarding KO to both 8(a)s, SDVs,
from zero dollars to millions of dollars, I can say
that the SDV program and the veteran’s program is
extremely different than the 8(a) program for the fact,
at the KO level, the 8(a) program, they are hand held
by the SBA. There’s a letter that tells the
contracting officer that. This is what you have.

Now, the disabled veterans and the veteran’s
program, sure, could it be like that? Yes, it could.
But with veterans, you have a different life as a
veteran than another citizen. You have more people in
your life. If you’re a disabled veteran, you have the
VA in your life. You have your past DoD in your life.
You have a lot of agencies just in your life that
you’re dealing with to support yourself.

And then, throw on sustaining a business on
top of that with no directed development for the
particular veteran, that is really hard on them. At
that the time of the KO, it would be great to have a
letter that says, yes, they can do it, we told them
how. It would be even greater to have that
justification in some kind of letter or cited authority
to say this particular veteran’s needs were met, and
they were met accordingly for them to succeed.

MR. KRAMER: And better still, if we can
describe that there’s some sort of ongoing mentor
protégé relationship, that will be there to be an
organic and natural sort of thing.

MR. KIDALOV: Absolutely.
MR. KRAMER: Okay.
MR. KIDALOV: So, where the participants that
are IDVs are favored through increased awards, and the
trends are more spending to IDVs.

MR. KRAMER: Okay.
MR. KIDALOV: The other element of that is the
non set-asides. So, by definition, if this program is
assistance, as the FAR says it’s assistance, to
service-disabled veteran-owned small businesses, and we
know that, for instance, with sole sources, we have 94
businesses out of, what, 2700 or something that we have
active. There are only 94 of them using that tool.
So, it tells me that the rest of them are not using
that tool. Do they need it? Maybe they need it, but
they’re getting the work otherwise.

MR. KRAMER: So, it’s not a safe assumption on
the data from 18 to think that because it’s a smaller
part of the pie going from almost two percent to about
half a percent that the rest of that are all
trenched. They could be new awards but just not
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coming in through these sole source sort of things.
2 There’s something else there, right?
3 MR. KIDALOV: The entrenchment argument was
4 that it’s assistance to firms that perhaps may not need
5 it. What you see from the data, very clearly, is that
6 the vast majority of firms get work through other ways.
7 So, they don’t need that assistance.
8 MR. KRAMER: And I’m not saying any of that to
9 be critical. I’m just wondering how much I have very
10 firm foundation to sort of scream from the mountain
11 tops that, you know, starting in ‘08-’09 when we see a
12 real influx of folks coming back home, that we see that
13 sort of trend. So, we need to look at this. But
14 that’s incredibly helpful.
15 MR. KIDALOV: The IDV data, let me point to
16 the IDV slide, which is --
17 MS. LEE: While Max pulls up the IDV slide,
18 I’d just --
19 MR. KIDALOV: -- slide 25.
20 MS. LEE: I just wanted to say, if a business
21 is on an IDV, they know the game. They got the award.
22 They made it through the labyrinth. And when you’re
23 awarding as contracting officer, you’re looking at IDVs
24 first because you’re guided to.
25 MR. KIDALOV: So, slide 25, you see firms that

are getting awards through the open market going down,
1 firms that are getting the awards through IDVs, it’s
2 increasing. So, the trend is towards more established
3 firms that can qualify for IDVs.
4 MR. KRAMER: Okay. Well, with that, I think
5 I’ve got to wrap this up a bit, because we -- this was
6 incredibly helpful. Even though I’m sort of stopping
7 the presentation now, by no means do I think it stops.
8 This is a trajectory this is sending us to.
9 I think the points that you’ve raised with
10 regard to the business development approach and how we
11 organize that, similar to but alongside 8(a), is
12 something that I think we’ll very much continue to
13 consider, not only among this group but here
14 specifically to SBA.
15 Is there anybody else who briefly, though, had
16 any questions while we have the presenters here that
17 they wanted to ask about?
18 MS. WILLIAMS: Alice Williams again
19 representing Mr. Kenyata Wesley, DoD. I don’t have any
20 questions, but what I’d like to say is I echo the
21 comments of the administrators. There’s a lot of
22 information to digest.
23 I do like to get the report in front of Mr.
24 Wesley and sit down with him. There are some things in
25 the report I think we can leverage as supporting this
26 veteran-owned program.
27 I’m also very concerned about your comment on
28 the better buying power initiative, how it’s hindering
29 as a result of the competition requirements, by law
30 what we have to do. So, maybe that’s something else
31 that we need to look at as we move forward in
32 developing initiative and developing strategic plans
33 for the veterans program.
34 Again, I just want to say great report. We do
35 like to get it in front of the leadership to make sure
36 that we are following the process in terms of ensuring
37 that we’re supporting the veterans community. DoD
38 continues to lead the way. We’re very favorable in
39 supporting the service-disabled program. We were out
40 of the gate very early years ago. That momentum hasn’t
41 changed.
42 We continue to do things in terms of market
43 research, along with training the staff appropriately,
44 contracting officers as well, throughout the
45 acquisition community. We will continue to do that,
46 but I think there’s a lot of information in this report
47 that we can use, at least do a deep dive analysis. We
48 may need to get you also in front of Mr. Wesley to talk
49 about how this process actually works in terms of a

more deeper diving where you’ve got your statistics and
1 so forth from.
2 But again, I wanted to just say personally
3 thank you, and we will take it back to the leadership.
4 MR. KIDALOV: Thank you.
5 MR. KRAMER: Okay, thank you. Well, to stay
6 on course with regard to the agenda, I think we’ll hold
7 there for now. In our discussions later among the
8 members of the task force and comments later, if there
9 are additional comments, we certainly welcome that.
10 So, at this point, I think Ms. Blackman from
11 the Census Bureau is here and has joined us. So, I
12 think at this point we’ll then move to her presentation
13 about the Census data that is potentially relevant to
14 our conversations.
15 MS. BLACKMAN: Good morning. I will take off
16 my bracelet so it’s not jingling on the microphone.
17 So, I was fortunate enough to give this
18 presentation yesterday, and I’m very excited to be back
19 here today to give it again. So, thank you very much
20 for allowing me to be here as a representative for the
21 Bureau. Our survey that I’m going to be talking about
22 mainly today is the Survey of Business Owners,
23 specifically for veteran-owned firms.
24 So, again, my name is Naomi Blackman. I’m a
supervisory survey statistician at the U.S. Census Bureau. I’m a section chief in the Island Areas and Business Owners Branch. So, our surveys cover the survey business owners and Annual Survey of Entrepreneurs.

Today I’m going to be discussing the Survey of Business Owners, and we’re going to do a program overview, the data availability, the 2012 release schedule, and some results from the 2012 survey, specifically as they pertain to veteran-owned firms.

So, the Survey of Business Owners is a quinquennial program, so that means it occurs every five years and years ending in two and seven. The program is a part of the economic census and is therefore mandatory under the same U.S. code statutes, Title 13. The SBO is unique in that ask demographic information about businesses and business owners. We also collect some other information about businesses and their owner. We call them characteristics.

So, we publish estimates on the number of firms, receipts, what usually is referred to as sales, we call it receipts, payroll and employment, and all of those things by gender, ethnicity, race, and veteran status. The data are disseminated in tables, which contain all of the aforementioned instruments, on

The SBO provides the only comprehensive, regularly collected source of information on these selected economic and demographic characteristics. So, the SBO is really unique again, in that it is an economic survey, but we ask some demographic information. That’s sort of the bread and butter of the SBO. It’s demographic information about the ownership, but it’s on the economic side as opposed to the demographic side of the Census Bureau.

So, the SBO is surveyed and disseminated on a firm basis. So, this is company basis not -- if you’re familiar with the economic census, that’s an establishment basis. So, we’re talking about firms.

The reason we do that is we’re interested in ownership information. We presume the ownership information is going to be the same, regardless of where the establishments are, the activity that goes on at the establishments.

It includes non-farm businesses that file applicable tax forms. It covers 20 NAICS codes, and there are 8 industry exceptions. The SBO estimates come from administrative data, economic census data, and actual survey responses. SBO is used by government program officials, industry organization leaders, economic and social analysts and researchers, business owners, entrepreneurs, and many other uses.

So, the SBO sample is approximately 1.75 million employer and nonemployer businesses. Statistically, this is a huge sample. This is a really, really big sample and, by far, the largest sample that the Census Bureau does on the economic side, outside of the economic census. This is a sampled survey.

It uses administrative data to estimate the probability of a firm, whether it’s a minority or women-owned, for example, and each firm is placed in one of nine frames for sampling. We’ll see the nine frames on the next slide. It stratified by MSA, Metropolitan Statistical Area, the industry related to NAICS, the frame and employment status.

So, these are the nine sampling frames that you see here. There’s just one small caveat, and that is the publicly-owned firms, the probably better term for that is we call it unclassified. Also, these are firms that don’t have any ownership that owns 10 percent or more. It says publicly owned because generally we see the really big companies have a lot of owners. We can’t really characterize ownership information if they have 4,000 stockholders. We can’t

American Fact Finder, which is our primary data dissemination tool.

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MR. FERRARO: Sector, though, is different from -- I guess my point is, it seems like, of course, we focus a lot on the government’s piece of it. But how does that compare to the total spend that’s open for small businesses?

MS. BLACKMAN: I mean, first of all, I wouldn’t say that these are totally exclusive categories, right. So, there’s a denominator issue there. These are probably maybe four of the most common. I wouldn’t know. I wasn’t around when this question was developed. So, I’d have to do a little bit of digging, really, to answer your question, because the denominator is the issue.

What total? What total do you mean? We can certainly sum up the total we ask for on this question. But if you want an overarching total, that’s something we would have to definitely look into.

Let me write that down. Sorry, excuse me, I have to write everything down. I want to answer everybody’s questions, and I clearly don’t always have all the answers. So, it’s something to think about.

So, this is the same information basically as in the graphic before, except this has firm count in it. Again, this is in no particular order. It’s actually in the sector chronological order, which isn’t even shown here.

So, this graph shows the portion of veteran-owned firms by firm count and total receipts for employer versus nonemployers. The nonemployer firms are represented by the lighter shade. It’s an interesting dynamic. We see this sort of show up in all the demo groups and the total. There are a lot of firms, a lot of nonemployer firms. The nonemployer firms represent a small amount of the receipts. You can see the converse effect of that with the employer firms.

MR. LENEY: In your firms by industry, you’ve got a firm count of 2.5 million firms where the sales and receipts totaled 1.1 billion. Just a quick arithmetic says that these firms are -- they don’t have very many receipts for the firm.

MS. BLACKMAN: So, are you looking at the graph?

MR. LENEY: It’s less than half a million dollars.

MS. BLACKMAN: The tabular format, I’m sorry, not the graph.

MR. LENEY: Yes, the tabular format.

MS. BLACKMAN: Okay.

MR. LENEY: Two and a half million firms and...
1.4 billion total sales?

UNIDENTIFIED MALE: Is that by thousands?

MR. LENEY: Is that in thousands?

MS. BLACKMAN: Yes.

UNIDENTIFIED MALE: 1.1 trillion.

MR. LENEY: Okay, got it. Thank you.

MS. BLACKMAN: Right, I'm sorry. For those of you who aren't familiar, yes, most of the data are in thousands. Sorry, I should have mentioned that.

MR. LENEY: Thank you.

MS. BLACKMAN: So, in 2012, there were about 442,000 employer firms, and they generated again about a trillion dollars in sales and receipts. They paid $1.95 million in payroll and employed about 115 million individuals.

Also, in 2012, there are about two million nonemployer firms that generated $92 million in sales and receipts. Nonemployers represent about 82 percent of all veteran-owned firms and contribute about 8 percent to sales and receipts. So, this is sort of the phenomenon that I just mentioned in the previous graph about the really large firm count with smaller receipts.

So, this is one of the employment size tables, and you can see the majority is there in the one to four employees for employer firms, for veteran employer firms in 2012. Also, this is a receipt size table that I was mentioning earlier. We kind of group these together. You can see in red the higher categories are the firms with sales and receipts less than $5,000 and firms and sales with receipts of about just under 25,000. This data is not in thousands. This is one of the tables that’s in dollars.

MS. CARSON: Really quick. There is someone who is on the line who has not muted their phone. Could you please do so at this time?

MS. BLACKMAN: All right. I’ve done that before in a meeting.

So, in this graph or this table, we can see that male-owned firms accounted for about 84 percent of veteran-owned firms. Female-owned firms accounted for about 15 percent of veteran-owned firms. Here we see ethnicity breakdown at the Census Bureau of Hispanic, and the details around Hispanic ethnicity is the only ethnicity we publish. So, this is Hispanic versus non-Hispanic.

MR. KRAMER: Now, in your data, the overall profile of veterans that responded and how they break down. So, whether or not with these numbers Hispanics or ethnic Americans, or whatever, are overperforming, the way they are in the general population?

MS. BLACKMAN: Right. So, we have race detail. So, that is Asian, Pacific Islander, all of those.

MR. KRAMER: So, did any of these in particular jump out at you? I mean, here we’re seeing that Hispanic looks like maybe about seven percent, if I’m doing the math right. Do we know what the overall number is on that?

MS. BLACKMAN: Sure, for the total for all veteran firms? Oh, yes, we have that total.

MR. KRAMER: Okay. It might be interesting as well to see if there are any particular subgroups that we’re not reaching, because when we then talk about doing outreach and things like that, if we can identify that, 15 percent of all veterans are African-American, but they only represent 4 percent of entrepreneurs.

You know, that would be very --

MS. BLACKMAN: That’s really very interesting. So, that actually came up yesterday, too, about having the demographic information from the decennial census or the American Community Survey, whatever that is, and the proportion of the population.

Also, for ethnicity, we have ethnicity breakdowns, too, where we have -- I don’t know all the categories off the top of my head -- Mexican, and I think Chicano is the other word, Puerto Rican. So, we get really detailed with that.

MR. KRAMER: Okay. We can follow up on that.

MS. BLACKMAN: Sure, absolutely.

Sorry, I’m a note taker. I take my pencil everywhere, hang it around my lanyard and keep it with me all the time.

MR. KRAMER: We’re on transcript not video, so it looks the same.

MS. BLACKMAN: So, this shows minority- versus nonminority-owned veteran firms. They made up approximately 79 percent of veteran-owned firms.

Minority-owned firms made up roughly 20.6 percent of veteran-owned firms. Excuse me, I meant nonminority-owned firms, sorry.

So, you can see here the number of veteran-owned firms by minority race, and this is what I was getting at with the race breakdown that we have. We have some detail for these as well, some detail race for like Asian. We have Vietnamese and Chinese, depending on the table and depending on the level of detail. It depends on what gets suppressed and the data support.
So, now I’m going to talk a little bit about veteran business owner characteristics. This was the one that didn’t show up. We actually expanded our veteran question. I had the pleasure of meeting the gentleman who was at least a major player in getting that done from 2007 to 2012. So, we definitely expanded the question and added a lot more detail about active duty military service, disabled, whether they served before or after September 11th, those types of things. So, we expanded that question.

So, this just shows the veteran owner characteristics. So, it’s basically that question that you just saw, and this is the data that corresponds with that. So, these are the sort of answers. You kind of think of our tables like that. The first 20 tables are basically the demographic questions, but the other questions, the other 73 questions, correspond with a question on the form.

So, I always encourage people, if you're trying to get to know our data, either cursory or intimate, you should probably look at the form. Look at the form to see what we ask, and you will know, based on what we ask, what we can provide, what we disseminate, I should say.

So, you can see here the age and education level of veteran owners, and the owner’s age. One interesting thing about the level of education, I’ll read it to you, it says what is the highest degree or level of school that the owner completed prior to establishing, purchasing, or acquiring the business.

So, it’s interesting because it doesn’t ask for the survey year; it asks when the business was purchased or acquired.

So, we see here on this fun little graphic that you can see most veteran-owned business owners started or founded their business, as opposed to 10.3 percent which purchased. So, you can see there’s an overwhelming majority there.

This next slide shows the average number of hours per week spent managing or working in the business. This again came up yesterday because it was surprising that less than 20 hours a week. But then we got into the full time versus part time. Is that a lot? Are they doing something else? Those are the kind of things that we -- it’s a data gap. Those are things that we don’t necessarily know. So, it’s interesting to look at.

So, this is really interesting, too, especially when you look at the previous graphic. It says that most owners spend 20 hours or less. So, according to this, it says that 59.3 percent of business owners, that their business was not their primary source of income, which is interesting.

So, this question actually changed also from 2007. The 2007 question asked were you born in the United States. For 2012, the question asks were you born a U.S. citizen. This was purposely to capture people, for example, who are born, you know, on a base in Germany. Were you born a U.S. citizen?

So, we’re going to talk a little bit about veteran business characteristics. So, family-owned businesses represented 11.4 percent of veteran-owned firms and also 35.3 percent of receipts for veteran-owned firms.

So, this is about source of capital and what source of capital they used to start the business. So, you can see here the majority used personal or family savings of the actual owner to start the business. So, that’s interesting, too.

MR. KRAMER: I don’t have a question. That’s fascinating to me. What are we, 85 percent, roughly? No, no, no, I’m doing the math wrong. Or is it 85 percent that is either self-funded or didn’t need any funding? So, that’s something to take into consideration.

MS. BLACKMAN: Yes, it’s really interesting, particularly for this group yesterday.

So, we can see here that home-based businesses for veteran-owned firms represented 57 percent of firms and 7.7 percent of receipts for veteran-owned firms in 2012. So, we can see here that 85.1 percent of veteran-owned firms had one owner. Almost 12 percent had 2 to 4 owners. A little less than 5 percent have 5 to 10. And less than a half percent had more than 10 owners. So, another interesting graphic, in my opinion.

So, the data are accessible on our web site. Again, I encourage people to -- American Fact Finder is where we disseminate. I suggest if you want to delve into the tables, to access it through our web site, which is the econcensus dot gov econSBO, because we kind of give a little bit more, in my opinion, intuitive gateway into the tables. Again, there are 93 tables. There’s a lot of information. There are millions of data cells.

Also, any developers, you don’t have to go back, but if there are any developers who are interested in open source data, we do have API, which you can access and sort of manipulate and create your own tables. It’s kind of fun for geeks like me.
Okay, so, now I’m going to talk a little bit about the Annual Survey of Entrepreneurs. This is a really, really exciting initiative that we were able to field for the first time. It’s inaugural year was 2014, reference year. We sent out our first letters. This is an all electronic collection, so we don’t actually have a form. We sent out a letter that says, hey, go to this web site, fill out our survey. Everyone submits it electronically. A form doesn’t even exist as it does for like SBO. It looks like this. We don’t have anything like this for ASE. So, the ASE is a brand new mandatory survey, and it sort of supplements the five-year SBO. It’s a joint effort between the Ewing Marion Kauffman Foundation, MBDA, the Minority Business Development Agency, and the Bureau. Right now, four years in, 14, 15, 16. In 2017, the SBO will be back because that’s its next quinquennial term. For 2018, we would really like to see the ASE continue. It’s very important. It’s very exciting. It gives the same information that the SBO does, a little bit less detail because the sample size is smaller and it’s more frequent. So, we don’t have as much time to process it. But it gives the same type of high level information. It’s much more frequent, much more timely. So, we’re really excited about that. So, the ASE introduces a new module every year to measure relevant business components. That’s another very unique thing about this survey. We have a set of questions that are interchangeable, so we take a few, take them out, and plug some more back in. Every year that will happen. So, for 2014, the module questions were in R&D, research and development. For 2015, they’ll be around business practices. So, we ask about KPIs and we ask about what tasks employees are doing. For 2016, who knows. We talked to someone upstairs yesterday that has an idea for 2016, so we’ll see what happens for that. Again, like same as SBO, produces estimates on firms, receipts, payroll, and employment by gender, ethnicity, race, and veteran status. But they’re annual instead of quinquennial, so it’s more frequent. And same for businesses and business owner characteristics. The ASE is conducted on a firm basis, same as SBO. The sample size is smaller, 290,000 employer businesses, so the SBO is 1.75 employer and nonemployer. ASE is employer only. We will publish nonemployers, but we didn’t mail those out. We will say, hey, go to this web site, fill out our survey. But it’s too detailed. The sample won’t support it. We’ll end up suppressing it anyway, so we’re not going to do that. And it’s the two-digit NAICS, not four, not six. Again, same reason, sample is a little smaller and won’t support it.

So, this is more information if you want it on ASE, particularly when the data come out. This is a great web site to job down if you don’t have a printout. There’s an ASE research paper. SSRN stands for Social Sciences Research Network that my boss and another researcher at Census completed. It gives background on ASE. It contains actual 14 ASE module concept. It includes all nonfarm businesses filing IRS employer tax forms and covers the 20 NAICS industries with the 8 exceptions. The estimates are sourced again from IRS tax forms, economic census reports, and actual responses to the survey. So, again, it was fielded in September 2015, and we just closed out on February 26th. We expect the estimates later this year. That says August. I’m going to say later this year. And a subset of the SBO tables. Again, it’s U.S. state top 50 MSAs, no county, no place. It’s too detailed. The sample won’t support it. We’ll end up suppressing it anyway, so we’re not going to do that. And it’s the two-digit NAICS, not four, not six. Again, same reason, sample is a little smaller and won’t support it. So, this is more information if you want it on ASE, particularly when the data come out. This is a great web site to job down if you don’t have a printout. There’s an ASE research paper. SSRN stands for Social Sciences Research Network that my boss and another researcher at Census completed. It gives background on ASE. It contains actual 14 ASE module concept. We call it a worksheet instead of a form.

It’s so respondents can go in and print it out. If it happens to not be the owner filling the form out and they need to print it and take it to the owner to ask them questions, they can do that. They cannot submit it to us, and we tried to tell them that, although we still get them in the mail. It also contains the 2015 ASE module concept. So, this is my contact information. So, please feel free to e-mail me if you have any questions at all about our data now or anytime in the future. Thank you. Any questions?

MR. KRAMER: Well, thank you very much, Naomi. Does anyone have any questions or comments?
MR. LEGHORN: Naomi, is there a reason why farmer veterans are excluded from both the SBO and ASE?

MS. BLACKMAN: Yes, because the Department of Agriculture does a census of agriculture. So, it’s OMB. Actually, I see OMB. It would be duplicate information, and it would be a respondent burden issue if we tried to ask the same information from two different agencies.

MR. KRAMER: Anything else?

MS. WILLIAMS: Thank you. Is the 2012 data comparable to that of the 2002 data?

MS. BLACKMAN: 2012 to 2002?

MS. WILLIAMS: Yes, if I wanted to do like --

MS. BLACKMAN: It depends on the data item. That’s a heavy question. It depends on the data item.

We know that from 2002 to 2007, or at least 2007 and 2012, the veteran question changed. So, for the veteran, the actual characteristics for veteran are probably comparable. The actual table, the CB table, the characteristics of business table, no, because the question changed. Same thing for the equally-owned male/female, that question changed. So, there are methodological issues that impact that. So, some of them are statistically comparable; some of them have methodological complications.

MS. WILLIAMS: Okay.

MS. BLACKMAN: So, we can have a much more detailed conversation about that offline.

MS. WILLIAMS: Sure.

MR. KRAMER: Thanks. Anything else at this point?

(No verbal response.)

MR. KRAMER: Okay, with that, we’re going to move on to the next section of our agenda.

Thank you very much for that, Naomi. That was wonderful. Some very helpful data in there. I know that we here, for a number of reasons, but especially for the military and veteran angle, are looking forward to the ASE report coming out later this year.

So, we’re going to move on to the Agency reports. We’ve allowed about five minutes per different agency. I’m going to use some executive privilege here to scramble the agenda because A, I want to keep you all on your toes and B, I want to make sure that we intersperse a little bit of the government agencies in with the VSO reports. I think that will provide a little better flavor to the conversation.

My sense is, I mean, you’re happy to provide any sort of report update you have. You know what you have to report better than I do. But I would just, again, remind us of the context of over the next three months, between now and June, we’ll be doing a pretty robust look at the different recommendations we’re working on. You will be part of discussions about some of those recommendations that directly impact your organization, some that you may not, but people in this room will be.

So, I think that these reports can give us a sense of what really is on the front of the mind of the opportunities and the challenges of the different agencies that we can then bring into those conversations about the specific recommendations that we’ll be pursuing. So, I’ll leave it at that.

I will scramble, but I’ll scramble after number one, because that would be unfair. So, Tim, I’m going to leave it with you and the Department of Labor to kick off your report.

MR. GREEN: So, Bill, are you still on the line? Would you like to give the update?

MR. METHENY: Sure, I am. Can you hear me okay?

MR. GREEN: I can hear you loud and clear.

MR. METHENY: Okay, great, thank you. So, this is Bill Metheny. I’m the director of field operations for the U.S. Department of Labor, Veterans Employment and Training Service. So, I’d like to highlight just three things that we at DoL are doing, some of them to elaborate on what we’ve already talked about just a little bit.

First, as we continue to partner with others in the veterans space, one of the things we’d like to highlight that was on an earlier slide is that the work being done on the Transition Assistance Program is coming to fruition in one way in that we have just completed a curriculum review of the Department of Labor employment workshop that is about to be released for distributing the new manuals for that training, the new trainers on this new curriculum.

What it does is incorporates feedback that we’ve received from veterans who have gone through the program, instructors, other experts in the field, veteran service organization. We’ve tried to really focus on what is most important in the three days that those transition service members are with us.

So, we focused on investing a good bit of time in labor market research, particularly understanding what the world is like out there and what those transition service members want to do, whether pursue the education track, the business track and become...
their own bosses, or the more traditional track of
moving into the work force directly.

The other elements that we’ve incorporated are
emphasis on the resume writing and the interview
skills. Then, the final piece that we’ve really tried
to invest in, based on feedback from employers, is a
cultivation in workplace to help veterans prepare to
fit in to the workplace where they’re going. We think
that will be beneficial both for the veterans
themselves to fit in, but also, at a big picture, on
retention. We think we will see more success in
veterans being a good fit for their new workplace.

Second, I’d like to highlight the partnerships
in networking that is going on around the country at
all levels. Just as we are talking today, cross
agencies in and out of government at the national
level, it’s happening at the regional, state, and local
levels as well.

One example that I would just highlight that
is truly exemplary of what is happening around the
country, yesterday, in Nashville, I had the opportunity
to sit in on a veteran’s roundtable that included both
the Tennessee commissioners of labor and veterans
administration, which was interesting.

But what was really powerful were the other

members around the table, which included members of the
U.S. Department of Veterans Affairs, Small Business
Administration. We had the director for the Small
Business Administration there with us for the district.
We had partners from grantees. We had DoD represented
and ESGR. So, it was a powerful discussion.

Folks got to meet new members of the team, and
the conversation went places that the agenda didn’t
necessarily plan to take us. So, we plan to do more of
that to build relationships and encourage those
conversations.

Finally, we continue to encourage small
business owners around the country to use the work
force system to help them grow their staff and train
their staff as they continue to grow their businesses,
and to take advantage of the work force system to meet
their OFCCP requirements as they become federal
contractors.

So, that’s just a sample of the way we’re
working with our partners around the country in this
work space. So, thank you very much.

MR. KRAMER: Thanks.
MR. GREEN: This is Tim Green. I just wanted
to add a little bit to that. We just heard from the
Census on the study they’ve done. BLS is going to get
ready to release a report on the 22nd of March at 10:00
a.m. It’s called, “The Employment Situation of
Veterans 2015.” So, that encapsulates all of the annual
data from last year for the veterans.

This report coming out in March is going to
focus not only on the overall numbers, but it’s also
going to highlight disability, disabled veterans and
how they’re doing, as well as Guard and Reserve. So,
that report is coming out on the 22nd of March at
10:00.

At 1:00 at Department of Labor, we’re going to
provide a briefing, and we’re going to invite all our
veteran service organizations and stakeholders to
attend that. So, if anybody is interested that might
not get an invite, it’s going to probably go out
tomorrow, let us know at Labor, and we can get you
there. A report will be posted online at 10 a.m. so
you can pull it down from the BLS dot gov website.

Also, just for the work you’re all doing,
unemployment again last month was down to 4.1 percent
for veterans. So, whatever the community is doing,
let’s keep doing that because the numbers keep
dropping.

Just for a point of record, I started working
at DoL in September 2012. Ever since then,

unemployment rate has been continuing to go down. So,
I don’t know if there’s a correlation there. But the
work the VSOs are doing, Small Business, all federal
agencies I think is having an impact on the veteran
employment situation as it continues to be below the
civilian counterpart.

So, that’s all we have from Labor, thanks.

MS. CARSON: Tim, it’s Barb Carson. Could you
tell us, do you know if the BLS report will cover
different kinds of employment or where we may find out
what kind of information would be in that report that’s
going to be released?

MR. GREEN: Yes. I think the best thing I
could do is I can give you last year’s report so you
can see kind of generally what’s going on there. But it
is really monthly data, especially for -- like,
women veterans for special populations is really hard
to follow because the sample size is so small on some
categories. So, it’s not always statistically
significant. This one is really the best gauge that
BLS has on how the veterans are doing overall, just
because it is a larger sample size and it has more
validity.

So, all the categories themselves, I know they
focus on some of the disabled veterans, survey
participants that have claimed disability status. So, I can share last year’s report so you can kind of see what it gauges. It doesn’t focus, I don’t think, a lot necessarily on entrepreneurship, but it will give you a really good indicator of overall veteran —

MR. KRAMER: Okay, thanks. At this point, why don’t we move to GSA and have their report.

MR. FERRARO: Good morning. This is Eric Ferraro. As I mentioned up front, I’m the GSA veteran’s advocate. I work closely with our Office of Small Business, and I took over this role in November of 2015. I’m new to GSA as well.

From a GSA agency perspective, first of all, we’ve above our goal for this year with the service-disabled veterans, a little over four percent. But, more importantly, I’m really focusing on revitalizing the program that we have for veterans.

We had a gap, if you will, in the senior executive level as an advocate due to retirement. So, when I took over, I dusted off the charter that we had for internal and the veteran’s forum that we established, and we’re revitalizing those efforts to get it started.

We also have what we call our 21-gun salute program, which was put in place by my predecessor, 21

different things that we’re focusing on in this area for veterans. We’re dusting that off as well, and refreshing it, and bringing it up to date. So, we can continue that.

On a government schedule perspective, we do have a GWAC in place called VETS, which is a set-aside for IT services for veterans. That’s in the process of being I wouldn’t say revitalized — I don’t know what the right term is. I’m not a contracting officer. But we’re going to have a new one in place called VETS 2.

I’m very actively engaged with our group in Kansas City on supporting that effort. I do know that the pool has just expanded the number of veteran-owned businesses that are going to be on that, which is a good thing.

In the four months that I’ve been here, it’s more been reactive, quite frankly. If I get an e-mail or a request, I certainly respond to that right away.

But now I’m kind of transitioning into the proactive stage where I want to be able to do more and reach out. So, actually, this afternoon GSA is having a forum for making it easier to do business with GSA, a small business forum. So, I’ll be speaking at that, and any opportunity.

My role at GSA, everybody is familiar with SAM, I think, and FDDS and all that. I’m actually the executive in charge of those programs. So, when I talk about those programs, and what we’re doing to modernize SAM and making it easier to do business with the government, it’s a very nice overlap with my veteran’s hat.

So, every time I’m speaking on those programs, I’m also throwing in, hey, I’m your veteran point of contact. If you have any issues with veterans or need any help, if you’re a veteran-owned small business, please let me know. I’m kind of offering that invitation as well to the group.

The gentleman from Labor just mentioned an event in Tennessee. GSA is, of course, throughout the country, and we have regions throughout. The forum that I mentioned, previously it didn’t have representation from every region within GSA, so I’m going to be doing that and trying again to be proactive.

So, as folks from GSA hear about things or from the other agencies, if you would like a GSA presence, it doesn’t hurt to ask. I may not be able to support them all, or GSA may not be able to support them all, but we certainly want to help if we can, if it will add value to your agenda.

The only other thing that we’re working on closely, again, it falls into my role with SAM where we’re talking to the Association of PTACs, helping the folks do business with the government. I was scheduled to speak, but I had to cancel out. But we’ll have a GSA presence there. We’re again talking up the veteran’s efforts everywhere we can.

I think that’s about all I have.

MR. KRAMER: Thank you, sir. I will just point out -- I mean, with what you said right there, there’s just a lot of opportunity between now and when we come back and talk about the recommendations. You talked about sort of dusting off some previous ideas there. If they still have value, we appreciate you bringing those to the table.

I’ll also just observe that GSA is thinking so hard about the way that they’re going to change the way the federal government does business in these areas. The more that we can be proactive and set some recommendations out to make sure that we are carving out opportunities for veteran-owned small businesses, I think this is a real opportune moment with GSA. So, we appreciate your involvement as we set these recommendations going forward.

At this point, why don’t I move over to the Vietnam Veterans of America and let them report from
their point of view. So, Victor, if you want to take it over.

MR. KLINGENHOFER: Yes. Essentially, there are two primary areas that VVA is interested in seeing some action on. The first of these is what can be done government wide to increase the number of sole source awards to SDVOSBs. Essentially, the easier you can make it for a contracting officer to award to a company, the easier it is to get that award.

I certainly appreciate and understand Jennifer Lee’s concerns concerning pre-qualifications almost for companies to show that they are capable of receiving a sole source award. We’re interested in exploring ways that that could be done.

I know, for example, that Tom Leney has included things in his review of SDVOSBs from the VA viewpoint to show qualifications to be successful. Something along those lines may be government wide, or we’re not quite sure what can be done. But this definitely shows that there is a tie between veteran business development programs and government contracting. We think that that ought to be one of the focuses of the task force.

Then, the second area involves the non-program contract exemptions. These are the various types of contracts that are not considered when the three percent goal is calculated. I have never seen a government-wide survey or study of how the various agencies determine which contracts are or are not to be included when computing the three percent goal. I’d like to see a survey, an agency-by-agency survey, not only showing the types of contracts but also giving justification for exempting them from the three percent goal.

MR. KRAMER: Victor, I’m going to interrupt just to make sure I make this introduction.

MR. KLINGENHOFER: Yes.

MR. KRAMER: To your right is Ken Dodds, who is the --

MR. KLINGENHOFER: I know.

MR. KRAMER: -- walking human manifestation of the questions you have. So, I want to make sure you make that connection --

MR. DODDS: Oh, I’m listening.

MR. KRAMER: I was waiting for him to arrive.

MR. KRAMER: -- about how people make those exclusions. So, make sure you follow up with Ken.

MR. KLINGENHOFER: I kept his seat warm.

MR. KRAMER: Very good.

MR. KLINGENHOFER: And directly related to this, we’re very concerned about the whole strategic sourcing program or better buying program, I think it’s also been referred to. These are required use contracts that we feel actually discriminate -- well, that may not be the proper word -- they work adversely to the goal of increasing veteran business opportunities through government contracting.

I mean, even when a strategic source contract is awarded to the number of -- say there are 10 strategic source contracts given out government wide for a specific product, and then two of those or one of those is set aside for an SDVOSB, the problem is, because of the small numbers, the awardees quickly grow beyond being small businesses. No SDVOSBs, then, can move in to take their place for the life of the strategic source contract.

We’re concerned about that. I think that those should be looked at carefully. Thank you.

MR. KRAMER: Thanks, Victor. I’ll just say that your point is exceptionally well taken and something I know we talk about all the time. How do you, on the one hand, incentivize government agencies to do that and create successful small businesses that then do grow and have long term success without counting them on the books for so long that it is part of that intrenched part of the small business community that takes up for others.

So, you know, Ken and his folks, and we can talk about this some more, try to thread that needle where agencies have the incentive to do that so they don’t realize that we’re meeting the goal and taking people to a level of success that really works against us, but in a way that doesn’t come up the works in the process.

So, we look forward to continuing that conversation because it’s one that we work on quite a lot.

MS. WILLIAMS: Sir, if you don’t mind, I just want to make just a comment on the strategic sourcing comment.

MR. KRAMER: Sure.

MS. WILLIAMS: Very well taken. We will take a look at that. I can tell you that we do look at when developing the contracting instrument, that we look at wrap-on and wrap-off capabilities so we can continue to grow the entry base of small businesses when they outgrow the contract.

We think it’s a great thing that they do outgrow, but we still want to make sure we have a mechanism or tool in place that we can continue to grow out of.
I think one of the reasons for this is the purpose of the SAT, what role it plays in acquisition today, which happens to be very different than it was 20 years ago. So, 20 years ago, people clamored when they created the SAT because it was a very key tool to get access to the marketplace in a simplified way.

What’s happened in the last 20 years? A lot of that work, as Max’s data showed, has migrated, understandably, to these IDVs, these multiple word task order contracts, because of the efficiencies that can be provided to contracting officers in getting their job done and getting value from prequalified contractors.

But, as a result of that, I don’t think that contracting officers look as aggressively to using the SAT because they don’t need to. They can get the simplification by placing an order, whether it’s against the schedules, or a GWAC, or another multiple award contract.

So, what we missed in the conversation, though, is exactly what Jennifer was saying, and that is it remains an important tool either from either new entrance or may young entrance that don’t have their feet really wet. I think we need to be able to tell that story.

So, the administration is again prepared to recommend increasing the SAT to the $500,000 level. What I really think we should probably do, if we have the opportunity to speak to the Hill, is maybe, whether it’s Jennifer or one of her colleagues as a contracting officer that can tell a couple of stories that give some people a flavor behind the 70,000-or-so acquisitions that would be subject to the belief that the (inaudible) between that $150,000 and $500,000.

MR. KRAMER: That is an excellent point.

MR. LENEY: I guess I would suggest that we might focus on making sure the simplified acquisition program is simple. I think one of the other evolutions over the years is it’s become less and less simple.

Therefore, contracting officers do turn to IDVs when they seek simplicity.

While there has been discussion about increasing at the 500K -- and that might be a great idea. I’m not prepared to opine on that -- I guess I would suggest that we look at success at $150,000. If we aren’t succeeding in meeting the obligations and the expectations below $150,000 where the level of risk to a contracting officer, to an agency, is very, very low, by the very nature of the size of the procurement, increasing it to $500,000, I’m not sure we will have done anybody any favors.

MR. FERRARO: And to add to that, the data that the young lady from the Census Bureau presented, to me, was fascinating, the percentage of businesses, first of all, that were second income, if you will, like cottage businesses, and the ones with under four people. So, the target population, I think it was the 80 percent we were discussing, is really, really small veteran-owned businesses. So, it’s almost like looking for a needle in a haystack, quite frankly.

I wrote it down in my notes. That’s the target audience. That’s the number. So, to get a government contract, government work, with three or four people, it’s tough to do that. So, I think it may be bigger than the task force. But with that data informing where we want to go on recommendations, it may be we’re trying to target too small a group against too small a target in the sense of government contracting.

Not that I want to discourage anything we’re doing, it’s critical, of course, and we can control it, but if there’s other efforts surrounding getting those small cottage industry’s business, that may be something worth --

MR. KRAMER: So, I’m going to get us back on
the agenda and move on to the American Legion here.
But I think this is an excellent conversation we should follow up on, because I think the observations in the last couple of speakers have been -- really, when you look at the dynamic, the government contracts we should be focused on are those $150,000 and below.

Then, Tom made the very good point that if we find that the simplified processes aren’t simplified enough anymore, that they have come up with other work-arounds to be able to hit those $150,000 and below, the answer may not be taking it up to $500,000, which is not what those large groups of veterans might be looking for, but to rethink that.

So, I think that’s a very good conversation that is something worth the time of this group.

So, with that, then, I’ll turn it over to the American Legion.

MR. LEGHORN: So, the American Legion splits our time in small business with partially advocacy and, in part, program services. So, I’d just like to take the opportunity to talk about some of the events that we have concluded and some of the events that we have going forward, as well as just one point on advocacy.

So, we just came off of our winter conference.
During our winter conference, we posted a two-day report. This does affect veteran entrepreneurs because, obviously, if you’re in a niche business, any trade or professional service like truck driver, home services, you can be an architect, you can be a PLLC, you all need to have some sort of license or credentialing to do those jobs. So, the focus of that event is going to be getting the states to recognize military training towards some sort of accreditation.

Again, that’s on April 11th.

On March 23rd, we’re going to have a vet resource expo locally. It’s going to be in Springfield, Virginia. It has a broad focus. It’s going to focus on claims, mental health care, a little bit of small business, and also employment. So, if you have the chance, please come out. It’s at our large American Legion post in Springfield, Virginia. I just can’t remember the number right now, I apologize.

UNIDENTIFIED PERSON: One seventy-six.

MR. FERRARO: Yes, 176, thank you. So, the one point I will touch on advocacy, because I agree with everything Victor said earlier, those are all the same things that the legion is tracking.

There’s one thing that Victor didn’t mention, which he did mention last time, was fairness to veterans. We’ve talked about it before, so I’m not going to go over what it’s all about, but we have another stumbling block. The Parliamentarians are kicking it back to the House on account of a technicality.

At the time we introduced it, we wrote it to ride through the Highway Reauthorization Act. As you guys may have noticed, we did pass the Highway Reauthorization Act, but it was called the Fast Act. So, they’re kicking it back to the House. It’s most likely going to have to pass by four vote again with that slight adjustment. So, it is what it is.

The passage of this act would give veteran contracting businesses a huge leg up in opportunities. It’s just unfortunate that it’s being bounced around right now. But, you know, the Legion is working on it. Vet Force is working on it. It passed the floor by four vote. We’re certain that it will do so again.

MR. KRAMER: Thank you very much for that.

Why don’t we turn to OMB.

MR. BLUM: Thanks very much. Three issues that we’re focused on right now, I think consistent with some of our prior discussions. One is on new entrance, which I think, by the way, as we think towards our refining and our goals would be, I think, a good one to make sure is covered. Innovation labs and
a couple points on our IDVs.

One the new entrance, we already talked about the SAT and maybe rethinking that tool and how it can help us with new entrance and young entrance. Just one factual point, this doesn’t answer Tom’s good caution that we need to make sure that it is working successfully and truly simplified, but small businesses are currently receiving over 50 percent of the work between $150,000 and $500,000 when we did an analysis through FPDS.

So, to the extent that the theory holds true that there’s a lot of activity that goes on in that space that really have the characteristics of very small dollar acquisitions, much more than the larger ones, why not try to take advantage of that process simplification with the caveat we need to make sure we really are providing process simplification.

The second point on new entrance that we’ve been thinking about, as I mentioned before, this notion of an innovation set-aside. To put it into larger context, I guess when we’ve thought about what procurement-ready means, there’s really four components. One is the business development component that everybody thinks about and what Max was talking about earlier. The second is the process, knowing how to do competition and compete in a federal marketplace, understanding the unique process requirements.

Third is compliance, which I don’t know that we expressly talked about this one. I don’t know, Max, if your study really looked at that. I know you talked about process. But, for example, knowing how to compete doesn’t mean that you know how to comply with, for example, the requirements of the Service Contract Act.

I’m not being in any way critical, but if you have a four-person company and you actually do know how to compete but you have a clerical person as one of your four people, should we be trying to get that person in if they have a new technology that we need, even though they may not understand feel comfortable that they can comply with the requirements to make sure that that clerical person is meeting the requirements of the Service Contract Act, that the employer is meeting the requirements.

Then, fourthly is the value proposition, which we were talking about earlier as well, which is contracting officers are looking at whether you’re going to get greater efficiency cost savings and so forth, and they’re going to be uncomfortable with taking in a company if they feel like they might have promise, but if they can’t demonstrate that promise on an instant procurement, is there cover. So, they would need to understand from whether it’s OMB or this community what sort of managed risk taking they can apply.

So, we are going to be resubmitting our proposal for an innovation set aside, which essentially is the ability for an agency to be able to limit competition or actually even do a sole source to a company that is new to the federal marketplace if it is offering a new technology or a provide a process, an innovative process that cannot easily be found in the federal marketplace.

But having said that, if you drill down on what I just said, it becomes rather complicated. What do we mean by not being able to find something from an existing provider? Do we really mean that we’re ready to take in a company that, for example, might be a wiz bang at developing software using agile technologies, but doesn’t necessarily have that great new software idea at hand.

Finally, the way that this proposal is written, it’s really for a one-shot deal. So, they could come in. You could use this once or we could allow for an agency to do it a couple times. But is that really enough to get the business development that the company needs to be able to compete successfully?

If you created, for example, a schedule, a GSA schedule, it sounds like a good idea, but I can certainly understand if our GSA colleagues would say, wait a minute, we’re not experts in developing small businesses in the ways that, you know, some of the things that they need. That may not be the right fit.

The point is, I think we have an entree and we have some interest on the Hill, but we need to continue to kind of build up this proposal and figure out with new entrance to address all of these areas that they need.

Very briefly, innovation labs, we mentioned before that we are asking agencies to stand up and make sure they have similar mechanisms for acquisition innovation labs. Labs are not new to the federal government, but oftentimes they’re used or mostly used in the R&D space. We think that a lot of the synergies that we see in R&D can be applied to acquisition.

When HHS stood up a lab, I think I mentioned it at our last meeting, they had a very successful acquisition where they were able to give a small stipend to small businesses that conducted a fly-off prototype that helped them to migrate legacy systems to
a new single web site. It worked very successfully.
SBA, through their ideal lab, I think has been
using agile techniques with the small business to
reengineer SBA’s one program for getting businesses
qualified through various small business programs.
So, we think by pushing on this, there’s a nice
dovetail to get people thinking in a more creative way
that also is consistent with taking advantage of some
of our innovative small businesses that may be
currently overlooked.
Lastly, on our IDV, Eric had mentioned vets,
the GWAC, which was a presentation to this panel last
time to talk about the billions of dollars that have
gone through vets through that program. That is done
pursuant to the current Clinger-Cohen Act where GSA
acts as an executive agent. OMB is in the process of
reviewing the package. I’m very confident that we will
support the renewal of that vehicle.
Lastly, the FAR Council is working with SBA to
think about on some of the vehicles that aren’t set
aside but provide for all different types of small
businesses, whether in the implementation of the Jobs
Act. It makes sense as a policy matter if there’s a
benefit to being able to do set asides within set
asides within a GWAC that has multiple different small
businesses having a set aside service-disabled veteran-
owned small businesses.
I think SBA raised some challenges or
questions with that in its initial implementation,
which requires some careful consideration. We also
want to think about what successes we’ve seen in the
GSA and other vehicles in using other applications of
that tool.
MR. KRAMER: Okay, very good.
I want to keep us moving because I want to
make sure we leave a little bit of time here at the
end. I’m going to go briefly off script because I know
we have a representative from the Department of
Commerce from ITA here who is going to talk about Vets
Go Global and just provide an update. I’ll allow Murat
to do that at this time.
MR. MUFTARI: Thank you, sir. My name is
Murat Muftari. I’m with the U.S. Department of
Commerce International Trade Administration. I just
want to thank the SBA and Barb Carson for inviting us
here today.
We just wanted to share a little bit about our
program because we think it makes sense as this task
force moves forward to consider the International Trade
Administration and the Department of Commerce as part
of this conversation of veteran business development,
and particularly our voice in international business
development.
I’m also joined by our senior advisor to our
deputy assistant secretary, Phu Huynh, and our
assistant secretary, Antwaun Griffin, at ITA.
So, Vets Go Global is a grassroots initiative
founded by myself and fellow colleagues that are all
everest and that work for the International Trade
Administration. We’re spread out across the field
domestically here. I, myself, am part of the East
Michigan office. But we engage with veteran-owned
businesses really on a daily basis. What we’ve
identified is a small gap in programs that try to
support veteran-owned businesses that are looking to
expand internationally.
Just a couple quick points on data. The
reason for that is 95 percent of consumers live outside
U.S. borders holding 80 percent of global purchasing
to power. So, if a business, veteran or non, is not
considering the international market space as a
potential way to diversify and build a more sustainable
business model, we think that they’re missing out on a
prime opportunity.
Just like we’ve heard here, a lot of the
agencies want to identify procurement-ready companies.
When we talk about identifying companies that could
succeed in the international market space, we typically
talk about dealing and working with export-ready
companies. If they’re not export ready but close, we
can get them enough education and tools to make them
export ready and then help them navigate that
international market space.
What really gives us that capability is that
we’re embedded in 80 countries within the U.S.
embassies and consulates with U.S. commercial
diplomats. Under them, they have local, national
industry experts that are the boots on the ground of
our agency in dealing with foreign businesses, foreign
business associations, foreign governments, on a daily
basis to kind of match opportunity with capability and
with company. So, that’s kind of how we’re structured.
Just a couple things that we’re doing this
year, particularly for veteran-owned businesses.
Really, this program is supported by kind of corporate
sponsors with some of our national partners, like UPS
and Fed Ex, to kind of help facilitate some of these
programs. Right now, it’s just a field-driven
initiative.
We’re hosting two trade missions this year.
One is to Asia, particularly to Singapore, Vietnam, and Thailand, that will bring veteran-owned businesses that are in the information and communication industries to that part of the world to meet with businesses and with associations that want to kind of expand and have those technologies that American companies are offering.

The other one is an infrastructure and green construction trade mission to Mexico. Mexico, through our top markets report, has been identified as the number two market with infrastructure development needs. So, we’re going to bring veteran-owned businesses, particularly from Texas and California, and a lot of them will have that Hispanic background, the Latin American background as well, and matching them with opportunities in Mexico.

Those are just a couple of the programs we envision creating, similar to the National Veterans Small Business Engagement Conference that the VA helps organize. We’ve presented in those learning sessions the last few years at that conference. Again, we have veteran companies kind of stand up and say, we would love if international business was an additional avenue of economic opportunity, just like procurement opportunities are.

So, we’re looking with our partners like the National Veteran Business Development Council is a third-party certifier. They’ve given us their database of around 6,000 companies that are certified through the VA. The National Veteran Business Development Council is a third-party certifier. They’ve given us their database.

The SBA International Finance Office, they’ve given us their database of veteran-owned businesses that they’ve financed over the last three years. So, we are getting the word out, but a lot of times it’s more of that face-to-face interaction that’s going to kind of expose them to these opportunities.

The last piece of data I want to share is the reason that we see this gap is right now we identified, and this is coming from Census, that around nine percent of veteran-owned businesses export. Relative to women-owned and minority-owned businesses, women-owned are around 12 percent, and minority-owned are around 17 percent.

However, when you look at that small number of veteran-owned businesses, the export, the ones that do export are the highest employer of those other minority groups. Veteran-owned businesses that do export employ around 68 employees versus women-owned, which is around 40, and minority-owned, which is around 20. So, they’re the biggest job creators in that space.

So, again, our mission ultimately leads to job creation. We think if we could get that nine percent number to something around 15 percent of veteran-owned businesses exporting, we’d see significant gains in job creation.

MR. KRAMER: Okay, thank you very much. So, let me keep moving. Real quick, just to confirm, is there anybody on the phone with a report from the Treasury Department?

(No verbal response.)

MR. KRAMER: Not hearing that, let’s move on to the Military Officers Association of America.

MS. BAINTON: Thank you very much. I’ll be very brief. A lot of what I was thinking has already been said. I just wanted to put that our organization is really focused on the due diligence piece. I know that everyone here has great intentions, as do we. We just want to make sure that when we’re proposing something and something is going through or when we develop an initiative, that it’s helping the greatest population of veterans.

For example, with contract awarding, we’re all for that. That is something that’s important. But if we’re taking a contract away from an organization that’s not owned by a veteran but employs a large number of them, is that the better service.

So, just making sure of that. That’s something that’s important to us. Just making sure that we’re doing our homework. I was really pleased to hear what Tom said about making veteran employment a
criteria when it comes to awarding contracts and so on and so forth. So, things like that are very important to us.

Just on what we’re doing as far as our organization and entrepreneurship, we really are focused on the education piece, educating our staff about the resources here. There’s a lot of resources that I didn’t even know about and I spent a lot of time researching. So, this is very helpful to me and our organization.

Making sure our staff is informed. When they’re out there talking to our members, our nonmembers, or anyone in the military community, that we can share that information. So, that’s critical to us in getting the word out.

A few events that we have participated in recently, we were just at the International Franchise Association’s convention. I believe it was their 25th anniversary for VetFran, which franchisers sign on to give veterans their very best discount in franchising. They were kind enough to let us speak on their panel. They’re doing quite a bit to try to get veterans into franchising. We are very proud to be a part of that.

We are supporting at an event at the franchise expo on the 19th of March. Everyone is welcome to attend. It’s free for veterans. It’s a panel of veterans. It’s not franchiser selling. It’s people who can speak to the business ownership piece and also resource specialists. So, we welcome anyone to attend that.

Then, another piece that I wanted to mention was that our June 30th networking forum will be happening at the Air and Space Museum in D.C. We have three career tracks. One is solely focused on entrepreneurship. We had great success with it last year. The goal is to just bring in mentors, organizations, resources, people there, like I said, the due diligence piece, who are in it for the right reasons and not trying to take advantage of this demographic.

I’m interested in getting in front of the transitioning audience because they don’t always think business ownership right away, but we think that’s critical. So, we’d love to have your involvement.

If you have any questions, I’m available.

MR. KRAMER: Great, thank you very much.

Next, Alice from DoD, do you want to --

MS. WILLIAMS: Yes, thank you so much. I’m really in a receiving mode today. I was here to represent Mr. Wesley, to take as much information back and try to address as many of the topics as possible as I go back to the office.

Great synergy today in regards to the topic areas. I know he will have some comments on some of the reports that were presented today. So, I’m looking forward to getting back with him on that.

But as the responsible party for the socioeconomic program, I can’t help but make a few comments. I do want to let you know about the market research tool that we have. We call it MARCO. We think it’s a great tool that we’re planning to launch this summer. It’s an internal and external tool that allows us to appropriately match capabilities for existing requirements. We think we’ll get a lot of synergy there insuring that veterans get their fair portion of opportunity supporting a DoD platform.

As it relates to the simplified acquisition goal, we’re doing very well. We always can do better. There’s always room for improvement. We’re doing about 65 percent of all small business owners in the simplified acquisition area. With the new rules working with OPM, we hope that the $500,000 threshold won’t hinder us. I think it will be a great opportunity to increase the thresholds without putting so much burden on the process.

So, if the process stays the same and the increase goes up, I think we have better synergy in making sure that we get fair opportunities as supposed to be to ensuring the small business get the simplified acquisition buyers and awards.

We mentioned earlier today about overseas contracting. We have an excellent program that we’re proposing as it relates to overseas. We’re first working on training the acquisition community first with the U.S. dollars now being (inaudible) overseas as it relates to veterans and any other socioeconomic category. We want to make sure that the acquisition community really has an understanding of what that means as it relates to part 19, ensuring that a fair portion of those contracts overseas go to the veterans, service-disabled vets, or any other category.

So, we have initiatives that we’re pursuing. We’re going to be working with SBA coming up soon on that, getting some direction from SBA as well. I’m leading that effort, so I’m very excited about it and looking forward to actually executing that mission overseas.

But again, I want to just say thank you, Deputy Administrator. I really appreciate the invite and the opportunity to sit here on behalf of Mr.
Wesley. I think there’s some great topics that have been presented today with the Census Bureau and the DoD survey. I’m looking forward to getting that back.

We’re also looking forward to participating and providing recommendations to serve you as well.

So, again, thank you.

MR. KRAMER: Thank you for your contributions throughout the meeting today, Alice.

Next, Ken Dodds from our Office of Government Contracting and Business Development. Ken.

MR. DODDS: Thank you, Doug. I’m going to start with going and then talk about some of the regs and legislation that’s coming up that might be of interest to you.

The administrator last Thursday announced the FY ’15 numbers, so for the third year in a row, we met the small business 23 percent goal of over 25 percent. We doubled the SDV number as a government, 10 percent. We met the women-owned small business goal for the first time ever, over 5 percent. Then, we had the highest percentage ever for SDVO at 3.9 percent. So, it was a very good event, and it was very good news, we think.

Moving on to the regs that we’re working on, the limitations on subcontracting rule that allows you to rely on similarly situated entities, out of the NDA of 13 law, that rule is at OMB right now for interagency review. That usually takes 90 days, so I expect that this rule will be published as a final rule at the end of May or early June.

There’s still work to be done, though, because they have to take it and put it into the FAR and put those changes into the FAR clauses themselves to get into contracts. So, there’s still going to be more work to be done, but our final rule will start that process. They’ll start that process once we have a final rule.

The Mentor Protégé Program for all small businesses, that final rule hopefully will go to OMB in the next week or two. That would put it as publication maybe in late June. Even though my hope is that it will be published late June, I don’t believe that we’re going to start accepting applications in June when it’s published. I think there’s going to be some delay as we ramp up to accept applications from what could be a large amount of small businesses. So, once we finalize the rule, we’ll announce when we’re going to start accepting applications. I don’t know when it’s going to be.

There’s been a lot of activity around the prime contracting, subcontracting, and success factors.

Starting in ’17, when we give agencies a grade, one of the things they want us to analyze is the number of small business concerns and other groups, HUB zone, SDVO, and so forth, awarded prime contracts compared to the prior fiscal year. So, I think they want us to somehow measure and grade them on the number of awards as part of their overall grade. So, that’s something that will change and affect, maybe affect, agency’s behavior.

Then, the last thing I’ll mention is HUB zone changes. There’s new authority for HUB zones in presidentially declared disaster areas, around base closure areas, because we had authority for base closure areas, but a lot of times the actual economic activity is around the base. They were not necessarily being included.

So, that’s going to expand the areas around the base closure area which will be eligible for HUB zone status. Then, it also allows Native Hawaiian organizations to own HUB zone firms. So, that, hopefully, will be done as we’re hoping a direct final rule sometime in May or June.

That’s about all I have. Are there any questions about anything?
MR. KRAMER: Information packed update, so, thanks, Ken. If folks have questions, they can because there is a lot there. Ken just summarized like a whole week of my life, I think, with all of that. He does it much more efficiently than I do. So, thanks, Ken.

Max, I know you had an opportunity for a little expanded discussion today, but if there were any other issues that you wanted to just report on, I’m happy to give you a minute to do that as well. If you’re exhausted and need to recover, feel free.

MR. KIDALOV: Sir, I just want to thank you for asking additional questions. I want to thank Matthew and everybody else. At 106 pages, we had to make a decision that the mind can absorb no more than the seat can endure. We do recommend additional research, for example, to the entrenched point. We recommend research on the types of mechanisms that are being used for the different firms, how are they actually getting the money. We certainly try to use the IDV as a proxy for a lot of that or just the general nonprogram awards as a proxy. Certainly on SAP, again, great research area. The FPDS actually cuts off the size of the spreadsheet at some point. I think it’s 30,000 lines or something.

So, again, wonderful and between major announcements, we could probably keep writing even longer. But again, great issue areas and just encourage to continue doing research on this.

MR. KRAMER: Well, the good thing is we don’t lose you after today, right? Like, I think I have more than enough information to consider the point you were talking about today with regard to the contracting mechanisms. I think you’ve also revealed to the group the sort of resource you can be as these other issues come up certainly between now and June and then beyond.

MR. KIDALOV: Yes, sir. And I’ll engage with you and Barb after this as well. Thank you.

MR. KRAMER: Great.

MS. CARSON: Thanks for the opportunity to just wrap up a couple things. I heard loud and clear also capacity building and capability building for small business. Really, that’s on our shoulders to help them compete for the opportunities that you’re making available. We want to do that.

So, through SBA resource partners, SBDC Score, Women’s Business Center, and Veteran Business Outreach Centers in particular, are focused on vets. We will see what more we can do.

I already talked about her program, but...
disabled vets and federal procurement versus veterans in general just trying to get in business. But I just keep coming back to the purpose of the interagency task force with the federal agencies here, which is really all about federal procurement and increasing that number of service-disabled vets. We need to increase the pool.

We were talking about this in 2003 when they came up with the mandatory requirement that all agencies create a program that would get to the three percent or more. President Bush came in 2004 with an executive order, 13360, and, going back some, I just want to mention, though, that that executive order really was the catalyst to push forward the legislation that was created for the service-disabled vet program. We’ve kind of gotten away from it over the years. SBA was the targeted agency to kind of manage that effort under the executive order. That kind of moved away from requiring agencies to do a written report and publicly post it on their web sites saying how they were going to increase contracting opportunities. All that being said, without going back through the whole history, all that being said, still direct awards to service-disabled veteran-owned businesses is going to increase the capacity and the ability for service-disabled vets to grow and do more business with the federal government.

This interagency task force, I would strongly urge you to submit recommendations to let’s push that forward. Whether it happens or not, if it’s up to congress, let congress decide. But at least let your voices be heard. We are not here to talk about how to increase contracting opportunities for the HUB zone, women, and 8(a), but they are veterans, too. How about that.

But, at the same time, let’s push forward some proposals and recommendations that is really going to help contracting officers do -- as Jen said, they have some discretion, but it gets a little mixed with all these other programs. Let’s push for service-disabled vets to increase that pool of contracting opportunities. So, with that, again, thank you for the opportunity to make a few comments.

MR. KRAMER: Thank you for those comments, Joe.

Anybody else?

(No verbal response.)

MR. KRAMER: Well, thank you all. The one final challenge I’d give, not only to members of the task force but also everybody else that’s here, as I said, we will spend a lot of time in the next few months looking at our 18 recommendations and really coming up with a game plan to go forward. What often gets left out of that exercise is making sure that we’re cultivating the new ideas.

I know that I have written down four or five potential new recommendations that I’ll be following up on with our staff. If all of you could just take some time as you’re looking at your notes from today on the drive back or the metro back to your office, or whatever, but while this is fresh in your mind, think about the other things that we should put on the table and try to filter out between now and June.

We might create some space in June to not only talk about the existing 18 but then also maybe a new 10 to 15 recommendations people have put out there and kick those around a bit. So, if you don’t do it today, it’s not going to happen. I think we just had a great recommendation of maybe challenging ourselves to come up with a specific congressional sort of pitch that we all could agree on. That’s just another of the ones that we put in. So, do that as well.

Otherwise, we appreciate your participation today. We appreciate what we’ll be doing over the next couple of months to refine all this down a bit. And we will look forward to seeing you in June, sometime in June.

UNIDENTIFIED FEMALE: June 9th.

MR. KRAMER: June 9th? I don’t even want to say something. We’ll see you all in June. So, thank you all very much. Have a good day.

(Whereupon, at 2:55 p.m., the meeting was adjourned.)
CERTIFICATE OF REPORTER

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