In the Matter of:

Interagency Task Force on Veterans Small Business Development

June 7, 2017
Public Meeting

Condensed Transcript with Word Index

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PROCEEDINGS

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

MS. CARSON: Good afternoon. This is Barbara Carson. I’m the Associate Administrator for the Office of Veterans Business Development at the U.S. Small Business Administration. We will begin the meeting now with a roll call of the members of this committee. I’ll start in the room.

MR. PHIPPS: Michael Phipps, the American Legion.

DR. GALVIN: Jim Galvin, Department of Defense.

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

MR. KLINGELHOFER: Victor Klingelhofer, Vietnam Veterans of America.

MR. GAVINO: Amando Gavino representing GSA.

MR. ARRIETA: Jose Arrieta representing GSA.

MS. CARSON: And members on the phone, please report again.

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

MR. ROCKEFELLER: Yes, Mark Rockefeller, with the Street Shares Foundation.

MS. CARSON: That was Mark Rockefeller of Street Shares Foundation. Go ahead. Next.

MS. TORRES: Beth Torres, VA.

MS. CARSON: Thank you, Beth.

MR. COLON: This is Tim Colon with the Department of Treasury.

MS. CARSON: Thank you, Tim.

Okay, at this time, we just have one member -- agency missing, and that’s Office of Management & Budget, and we do expect them to join shortly. But I’d like to welcome everyone here. Thank you so much for making time to be here. On behalf of the SBA Administrator, Linda McMahon, I welcome you to SBA and look forward to a fruitful discussion on all things veteran small business.

I know it’s a particularly busy time for the members here with procurement activity. It’s good to have money to spend, and many small business owners are interested in how we’re going to make that -- reduce the barriers to do just that. So that’s what we are going to jump right into today on our agenda. And for those who are on the phone and can’t see a screen and you wish you had those presentations, you’re always welcome to write us at...
I want to share with you some of the updates that are happening in our office, the Office of Veterans Business Development. We’ve got several team members here today, and I thank them for getting us ready to present to you.

I’ll start. As you know, our office does provide services in every core mission of SBA, whether it’s entrepreneurial development, federal procurement, access to capital, or disaster, so those are the topics we’re going to cover today. I’m going to give you the high-level view on each one of those.

First is a flagship program that we have, the Veterans Business Outreach Center Program. Its purpose by statute is to deliver entrepreneurial training to service members who are transitioning from active duty to civilian life, as well as military spouses who are also eligible to attend the transition assistance program, which we call TAP.

It is governed by the Department of Defense. Department of Labor, Department of Veteran Affairs, SBA, and Department of Education are also a part of the governance.

Veteran business outreach centers are going to be recompeted, every one of them -- there are 20 -- within SBA for program evaluation research, and that project will begin this year, really to see are we delivering the right product to meet the objectives that we’ve set for ourselves. And in that vein, the Office of Management and Budget has reviewed the long-term outcomes assessment plan for transition assistance as an entire program. SBA contributes to that. You know, what should the outcome be that we’re looking for for a two-day intervention, which is how long Boots to Business is, and can we track the success of the program.

So we will have a bit more on that we’re able to do in that vein so far, but OMB did give us kudos, and I know that’s rare, so we’re grateful for it, that it was some of the best interagency collaboration seen.

On Boots to Business Reboot, for those of you who are new, it’s the same curriculum that we provide for that program as well. We have a complex delivery model to make sure that we can be at all these installations. We are a domestic agency, and yet we’re everywhere with this program. We have robust competition, and I wish I could report to you today on the decision -- it is days away -- but I can tell you that we’ve got fantastic offerings for service members and spouses coming our way.

On the actual running of the programs, we’re proud of what -- the development we’ve done there as well. Our team developed and entered a competition within SBA for program evaluation research, and that...
that work for us and how do they do it, targeting women veterans in particular.

And, finally, the San Antonio area Lift Fund. It’s going to serve women veterans in Texas. Access to capital continues to be a challenge for all business owners, particularly women veterans. Although there was 300 percent growth from 2007 to 2012 in women veteran-owned small businesses, access to capital continues to hit them as a challenge. It’s higher than other demographics we’ve seen.

So we’re going to test in Texas to see if we can learn some things that we would want to replicate and grow across the country. We’re really happy that they’re a partner of ours now.

Contracting. I will stop talking soon because I’m going to turn it over to a colleague -- and to you all as well -- to talk about the All Small Mentor Protégé Program. Well, I’ll cover that one just now, but I wanted you to know that 33 percent of the applicants are SDVOSB. It reflects, we think, what we’ve heard, is that veterans want a business development program, and they perceive that this is the one that’s available to them for the -- what they represent, for this population, because they’re not a presumed class for 8(a), for example, but this is where they think they can find the meaningful growth that they need to be competitive.

And Ken Dodds will provide an update on some of the goaling -- the schooling Scorecard and also to meet one of the requirements, one of the recommendations, people want to know what the exclusions are. We want to know what the denominator is when small businesses are competing for federal spend, what are you taking out before they compete. So that’s what we’re going to hear about today. And I know VVA has been very interested in this, and it’s always been public, but we’ve never walked through it with you. So we look forward to your questions.

And, finally, in capital. We will have a brief from our Office of Capital Access that will talk about SBA’s fee relief program for veterans, which is called SBA’s Veteran Advantage.

I did want to highlight some of the good things that are happening in the Interagency that perhaps some of you would report on, but I’m going to bring them forward. And if you want to say more, you can later.

Department of Defense. We are working with the Military Spouse Employment and Career Opportunities Office. We have ongoing webinars with them to bring
forward entrepreneurship as an option for military spouses. It’s been incredibly popular. It’s one of their most popular topics in that employment and education realm.

As a military spouse and also a veteran, I did find it incredibly challenging to continue to move from state to state every two years, so we’re looking at things like licensing, credentialing, how do you move your business, and all the topics that any entrepreneur would want to know. A lot of activity there, and we think it’s a fantastic partnership.

One of SBA’s resource partners, Score, is also providing one-on-one counseling. They committed to joining a LinkedIn group to get the conversation going in between the webinars. It’s a model I think we’re going to try and grow and do more.

And Boots to Business, I’ve already covered the interagency governance. It’s just -- it’s really clicking along. I think we’ve matured. We’re not quite as sustained, you can always get better, but it’s going really well. We’ve trained over 60,000 service members and military spouses since we launched in January of 2013.

For the Department of Labor, we keep getting tighter and tighter, so we go to each other’s federal committees and actually do something about it. We’re not just attending; we’re really making a difference.

So I will leave most of it to you, Bill, to talk about, but we, through you, were able to talk with the National Association of State Work Force Agencies. We’re seeing more uptick in interest and participation with American job centers, where small business owners can find other veterans, for example, to hire.

So we have found a great marketplace, and we think we’ve got the connections starting to -- we’re going to see outcomes. So we look forward to talking with you about that.

Back to what I said on military spouses, there’s a credentialing and licensure research project that is, I believe, part two on an effort that education and training services -- is that correct, Bill? Am I getting the name right from the Department of Labor? Thank you, employment training.

This is being conducted by the National Conference of State Legislatures, as well as the National Governors Association. I met with NCSL a couple times in the last month and intend to follow up. We don’t need to wait for the end of the research.

There’s a lot that can be done now, and we hope to make a meaningful difference in that for military members who come out with potentially a license that was good in the military. They want to know how can we transport that across every state, where can that be done. A lot of good stuff to come.

And on Veteran Affairs, I’m glad that Tom Leney has joined us, and Beth is on the phone. We’ll talk about where SBA and VA are on NDAA 17 -- 2017. Did I put us ahead a year? I think -- no, I’m good, okay.

For verification and those appeals will now be able to go to the Small Business Administration Office of Hearing and Appeals, or soon, and also eligibility criteria for verification at Veteran Affairs and also self-certification for the rest of government, that alignment, where to follow.

Very briefly, we have veteran business outreach center performance metrics. Our Administrator, and all of government, wants to be more effective, efficient, and also accountable. So this is a bit of our accountability. We wanted you to see how we’re performing. We were not, as I said earlier, resourced to provide training globally for transition assistance until 2014. It took a year to get the right measures in place for -- to understand what would be the demand and what was appropriate to expect out of such a small program.

So we have taken away some of the other goals that were put upon VBOCs and really aligned them with statute, and that is they’ve got to be on those bases, working with service members and military spouses. So you will see numbers coming down on counseling, which is that one-on-one time with a business owner, and you’ll see the numbers going up in training because that’s how we talk about any class where it’s more than just one person, one-on-one. And that training is almost fully Boots to Business.

They do amazing things. You wonder, well -- and remember, I said it’s about 60 people total when you look at these numbers on how they’re reaching. And when you look at that and the amount of money that we spend, which is just over $5 and half million, I think we’ve got incredible reach and value to business owners. And there are also going to be outcomes for the work that they’re doing.

But how do we do this with so few resources? SBA does also -- my office -- grant to the other resource partners of SBA -- Score mentors, women’s business centers and small business development centers -- who are also on these military installations. This is the way that new clients are going to find out that
SBA even exists and that there’s something for them to help them get their business launched. So even though it’s complicated, we’re thrilled we have that diversity of delivery out there in the field.

MR. LENEY: All the VBOCs are going to be on military installations?

MS. CARSON: Instruction takes place on military installations. So I believe that Department of Veteran Affairs has contractors providing their portion of transition assistance; we do not. That was Tom Leney from Veteran Affairs.

Moving on to Boots to Business quarterly performance, it’s tough to read the chart if you are sitting out here with us, but maybe you have it in front of you. So the dark blue line, the largest of them, is the in-person instruction that happens on military installations. The darker line that is not orange is the availability of the course online, which we use the Joint Knowledge online platform, which is a DOD product.

And that’s for folks that can’t reach it in-person -- they’re remote, they’re on a ship, that’s how we’re getting to them. That’s not the preferred method. We want to get them in person, but that is available, and we’re pleased that it’s being used.

And, finally, the orange is Reboot. That’s the veterans that I mentioned, National Guard and Reserve, that we’re reaching out in the community for the same curriculum.

Finally, the last thing I will talk about on Boots to Business, I believe -- nope, I’ve got one more after this -- is just showing you again the complexity and the great diversity of who’s providing this instruction in the United States. We do have a grantee who performs overseas in the Asian and European theaters and reaches total, with 150-ish that we provide service to in the U.S., plus another 35 to 40 overseas. We’re doing great stuff. And you’ll see that year over year, the veteran business outreach center portion of that instruction is increasing, which is exactly what we intend.

Finally, a bit on outcomes. For my federal government employees, you know that it’s hard to get at outcome data because it’s really burdensome, as it should be, for us to go ask citizens about what they’re doing. We must not be a burden to them, while we’re also trying to prove that we know that we’re asking the right questions so that we can get at those results.

So the way that we have done that is to create a survey that was approved by OMB two years ago. It has been executed twice. And these are some of the results. So, again, there are caveats when you have a survey. You know, it’s not the same as being able to pull from a data set like IRS and be -- so we’ve got to know that the best that we can do, but I did want to show you that we have a decent business start rate and sustainment thus far. Again, we haven’t been providing this training until -- it wasn’t funded until 2014 in the middle of the year, but 45 percent of the follow-on, the folks who took the two-day plus a follow-on, they started the business and are still in business.

And we have a higher appetite even for those who only took the two-day introduction. They may have gone somewhere else to get more instruction, but from what they responded to us, 37 percent of them have started a business and stayed in business.

We know from Census -- well, I don’t want to cite the source wrong, and I’ve got Joe Sobota from Advocacy here, so I’ll just keep it tight. You correct me if I’m wrong, Joe, but veterans are more persistent. Once in business, they stay in business. They also happen to start later, generally. He’s going to tell us about what, if anything, is different that Census is telling us about veteran business owners.

That was a really quick overview of what our office has been doing. Are there any questions at this time on this aspect?

(No response.)

MS. CARSON: Okay, we’re going to pause for just a moment for some technical updates.

DR. GALVIN: Barb? Jim Galvin from Department of Defense. I just would add, so, to the foundation that you just described here, when they are up and running and/or during maturing their business, there are procurement technical assistant centers that DOD has around the country as well, procurement readiness centers, things like that that SBA offers.

MS. CARSON: Absolutely true, and we try to incorporate PTACs into the work that we do when we go out to talk about federal procurement with veterans. Thanks for bringing that up.

For those of you following an agenda, we are going to move forward a couple. I talked too fast this time. So I welcome to the table Joe Sobota from SBA’s Office of Advocacy to share his presentation on the Census Bureau data on veteran-owned businesses.

MR. SOBOTA: Am I on? All right. Thank you, Barb. It’s a pleasure to be back before this group again. I’ve had the opportunity to speak before you several times before, and some of the information that
I’ll talk about here today -- and I will be brief -- some of you have heard before, but Barb asked me to come back because we do have some new information and we have some new faces too. So my office, amongst its many other duties, also has a mandate to develop economic research on veterans, veteran-owned businesses, and the role that they play in our economy. It’s part of our economic research function generally. And we have a specific legislative mandate, Census Public Law 106-50, and since that time we’ve had an ongoing economic research program in this area, and we work closely with other agencies, and especially the Census Bureau and the Department of Commerce to develop information. They actually provide our best source of information on veteran-owned businesses. And once every five years, they do a very important survey called the Survey of Business Owners. And this is also the source of information for women-owned businesses and minority-owned businesses, businesses of all kinds really, but we’re able to break out various demographic groups, including veterans. And, so, that’s the gold standard for information on veterans in business. Unfortunately, they only do it once every five years, and because of the way that the data is collected, there’s a significant lag time. And, so, the data we get is kind of old, and the most current data that we have currently is from 2012. They only do it every five years for data years ending in 2 and 7, and this happens to be one of those years.

But the way they construct their sampling frames is -- and it’s a great way to do it -- they use IRS business tax filings, and so we know -- I can be reasonably sure that nobody’s going to file a business tax return that doesn’t actually have some business income. So the trouble is, though, that businesses don’t file those until next year and a lot of them until October. So basically we don’t have those sampling frames ready to put together until this time around. It will be late 2018 and ‘19 before they get their surveys out on the street. And then we get an enormous amount of data back that takes time to process it.

So if everything is on track and we don’t have any unexpected disruptions because of resource questions and the Congress, of course, is always debating about how to deploy resources, and if we stay on a steady track, we will get the ‘17 information, probably at the very end of 2020. So this is the best that we have. And, now, there is an exception to that, and if I have any time, I’m going to tell you about that at the end. But let’s go to the slides. I just made a few slides.

Oh, one other thing. The main thing that I wanted to do here today really is not to bury you in data and in slides. I wanted to give the members of the Task Force this new data product, this hard copy data product. And like most agencies, we don’t publish a lot of hard copies of stuff anymore, but we did publish a few of these. And there’s more than 100 pages of data on veteran-owned businesses in there, and it’s online, and I’ll give you the URL for the record. It will be on the last slide.

But there’s a huge amount of data in there, and one of the reasons we put that publication together is the Census Bureau had so much that it’s really, really hard for them to try to pick and choose what they would publish in a book form. I mean, there’s just no end to it. There’s any number of combinations you could do to extract data. This is kind of focused on veterans only, and I could have made a book five times this thick easily. And, so, it’s a huge challenge, and they just don’t do it. You get to go find your own data by forming queries in their American Factfinder Utility online, which is a great tool, but it’s a little difficult for some people who are not familiar with it to just go look something up. You have to learn how to use the utility. Once you do, it’s not very hard. But this shortcut, my little book here, my 100-page book, means you can just look something up, and also there is some background information, statistical limitations and so on, that they’re important whenever you’re dealing with survey information.

But I just have a few quick slides here, and we’ll go through these. I already hit on some of these here, that once every five years the 2012 product, we’re about 1.75 million folks that received survey instruments in one of two forms. And anybody that -- these samples are carefully constructed to be statistically proper. Business tax filers of any type, whether it be individual proprietorships, partnerships, corporations, but they have to have more than $1,000 in income, which is a fairly low threshold obviously.

There are a few categories of folks that are excluded, including agricultural production. Most agricultural businesses that are not actually producing food or fiber are included. So if you were selling feed or seed or agricultural implements of those kind of things to the farmers, you would be in, but if you

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are a farmer yourself, you’re not in. There are a few
other exceptions as well.
A veteran-owned firm is one that has 51
percent equity in the business. I suppose this might
be a good time to mention that all of the data in the
report that we just put out involves veteran-owned
businesses, but there are also about another quarter
more than that -- 24 percent I believe -- 23 percent --
more that are equally owned by veterans and
nonveterans. So, I mean, there are actually more
businesses out there in which veterans are involved
dthan these statistics would reflect.

We know that the veteran-owned business is
more useful because of the contracting and procurement
uses required 51 percent or more. Next slide, please.
The top-level numbers, we have about 2.5
million non-FAR firms. In 2012, that’s a little over 9
percent of all -- of all U.S. businesses. They
employed 5 million people with payroll of 195 billion.
We see 1.4 trillion in sales, which is about 3.4
percent of the total.

One of the reasons the sales percentages are
less than the number percentages is because -- and this
is true of all kinds of businesses. It would be true
of women-owned business or other businesses, is that a
lot of the really bulky sales are at the top of large
corporations. And they kind of offset the percentages
in a way that the numbered do not. And, so, when you
have large publicly traded corporations with huge
sales, that kind of skews that percentage number. Next slide.

I do have some pretty pictures in here
somewhere. Yeah, employers. You can see that there
were about 17.5 percent of all the businesses were
employers. And they represent about five -- they
represent -- by definition, all of the employment and
the payroll, about 195 billion.
The 91.9 percent of all the receipts -- or 92
percent of all the receipts came from that 17.5
percent, though. So at the end, I’ll get back to that
number. It’s not surprising that there are a lot more
nonemployers who are just sole proprietorships, set
part-time businesses off and maybe start up. There are
a lot of those -- 82.5 percent of all those business
tax filers were not employers. But they only account
for about 8 percent of the revenue. So the employers
are very important here.
The average sales of the employer is about
$2.4 million, but obviously there’s a huge range there,
and that average number really probably doesn’t have a
lot of meaning because of the range. Next slide.

Here’s the other side of the coin, the
nonemployers. So we have over 2 million nonemployers,
and 82.5 percent that I already mentioned, the -- that
the average there was 44,300, but, again, there would
be a big range there. Next slide.

Here’s a kind of an interesting -- I promised
some pictures, so I had to have something with color in
it, yeah. It’s a little difficult to read those
numbers, but they are in the book, in the slide show
handout that we have on the table back there. The
darker colors are where the most veteran-owned
businesses are; and the lighter, of course, were the
least. And they are kind of where you’d expect them to
be in larger states, and why don’t we go to the next
slide.

But this is really more interesting, I think.
In order to control for the population size of states,
this is the percentage of veteran-owned businesses in
each state, again, depicted by color in the same way as
the last chart. And controlling for the population
shows a whole different group of folks there. As one
of the earlier slides pointed out, there were 9.1
percent of all businesses in the U.S. were owned by
veterans, but there’s a big range among the states.

So I think the top one was South Carolina,
which is 13.4 percent, and that’s considerably more.
And then at the low end of the scale were places like
New York and California, and they were down in the 6
percent or the 6.5 percent range.

So while New York and California were way high
because of their numbers, they actually percentage-wise
are in the low end. And there’s -- in our new report
here there is a complete listing for all states, and in
the order in which they appear.

So you can look up -- I had to testify at a
hearing some years ago, and that’s the first question
they asked, the members -- Mr. Boozman, he was not a
senator yet, he was on the House committee at the time,
and he wanted to know what was going on in Arkansas.
And at that time, we were dealing with 2007 data, and I
didn’t have an answer for him. And, so, anyhow, we’ve
worked with the Census over the years to improve the
product and get new information.

And as a matter of fact, I think the next
slide -- could you go to the next slide? No, this is
distribution by type of industry. As you can see,
veteran-owned businesses are throughout all different
industry groups. The largest two -- and this has
remained pretty constant over the years -- the
At the beginning, there were very large groups for veterans, but they appear in all the other groups as well. And, indeed, there are -- in the data product, there are comparisons between veteran-owned businesses and all businesses so you can see where the -- what industries the veterans are stronger in.

Next. Okay, here’s a little bit about owners. One of the -- veteran-owned businesses and owners are very similar to most businesses except in two major demographic respects. And one is age; and the other is gender. And it goes along with the underlying populations of veterans. Veterans are older, and they’re predominantly male, although that’s changing. And, so, you can just see by that one level -- that one number right there, 74 percent, are 55 or older. And it’s like 65 -- if you go over 65 -- well, I have that number right there, 74 percent, are 55 or older. And it’s like 65 -- if you go over 65 -- well, I have that number in my head, but I won’t make it up. It’s a lot higher than you’d think. And 41.1 percent for all owners, so there’s a huge difference.

You can see the numbers involved for various demographic groups. One of the interesting things and not portrayed on this chart but Barb and I know about this from talking about this, is there’s a huge increase in virtually all of these groups except for white males. All of the other groups -- African American, Hispanic -- all of them went up tremendously in the last five years, and especially women-owned veterans. They went way up. They’re like four times higher than they were only five years ago. So that’s really remarkable.

Now, for employers, the businesses, the primary income source for not quite two-thirds of the owners and only about one-third of the nonemployers so you can see a lot of those nonemployer numbers are part-time or might be something they’re doing in retirement, they have a pension going or whatever, and they’re doing something on the side but don’t rely on the business for their full-time income. The employers, on the other hand, are definitely -- this is their source of income. Next.

Here’s the actual question. I’m getting towards the end here, and I want to end with the next slide, and this is important to the next slide. The survey instrument itself, this is taken directly from it, was revised the last time around in 2012, and my office worked very closely with Census to do this.

And we had a whole series of roundtables -- some folks in the room here, I know -- Joe? You’re back there -- actually participated in these roundtables. And we had people from all kinds of Government agencies and Hill committees, CBO, RAND Corporation, IDEA. We had quite a lot of people talk about this and the subject -- it was very important to a lot of people at that time to somehow capture better information on people that were in the Reserves and the National Guard.

And I had the honor of serving, oh, much -- it must be more than ten years ago on one of these NDAA interagency groups to look at the effect of deployments, heavy deployments, on Guard and Reservists after the Second Gulf War. And we worked very closely with our friends in other agencies, but especially DOD was leading that effort and their office of -- the Assistant Secretary for Reserve Affairs to try to gauge the effects all these extended deployments were having.

And we actually wrote a couple of reports on that that were transmitted from the Secretary of Defense to the Congress. But we found that we have very, very little data on Reservists and National Guard people in business. And, so, we worked with Census to try to capture more data, and this question was the result. And it took a lot of talking to get this boiled down to here. And, of course, it had to undergo cognitive testing. OMB had to approve it. And anybody that’s ever gone through that process of getting a survey approved, you know how much fun that is, and -- but we got it done, and that’s what it looks like.

And the results -- why don’t we go to the next slide? I know this is a bit small, but this is new information -- I mean, new for this survey. It’s about two years old now. And for the very first time, we actually have a little bit of data on Reservists. Now, without getting too much in the weeds on statistics here, I wouldn’t pay a lot of attention to the numbers so much. I’d pay more attention to the percentages or the distribution because numbers are based on respondent firms only, and the respondent firms actually were about 60 percent what we know were the total.

So the actual numbers -- if the characteristics of nonrespondents were the same as respondents, they’d be about two-thirds again more because we only had about 60 percent respondents. But for statistical reasons, the Census Bureau will not make that extrapolation. So we’re not so interested in those numbers there, although you could look at them as
minimums. We could say that we have at least that.

But what’s interesting are those percentages:
7.3 percent service-connected disabilities. But we
have about 5 percent -- 4.9 percent of all of those
guys were from post-911 service, and what would have
really been useful to us when we were looking for these
kinds of answers in the prior project was the knowledge
that about 3.3 percent of folks were -- that
answered yes to this veterans question were active --
excuse me, I won’t use that word “active” -- were
members of the National Guard or Reserve in the survey
year. So that’s -- that’s pretty interesting.

And we didn’t know what we were going to get
about active duty because if you’re active duty in the
survey year, a lot of people would be completely out of
the -- you wouldn’t be running a business while you’re
at active duty at the same time, we thought. But as it
turns out, about a little less than 1 percent were,
and some of those folks are, of course, entering or leaving
the service.

But that’s pretty interesting information
to -- and that’s new with this iteration. And I can’t
tell you the question will be precisely the same for
‘17. They’re still working on that, but hopefully

we’ll have some comparative information between ‘17 and

‘12.

So last slide. All this is the contact
information. You can get a lot more information or
build your own queries at the Census site, and then you
can get a copy of our new data product at the Advocacy
site there.

MS. CARSON: Joe, thank you so much for all
the time that you put into this report and to helping
us do our work. It’s been incredible.

MR. SOBOTA: Did I take too long?

MS. CARSON: You took just the right amount of
time. We may have used up most of the time I would
have left for questions. However, are there any --
maybe one or two questions we could take for Joe at
this time?

MR. SOBOTA: Send me anything that you would
by email and I’ll be happy to try to answer them.

AUDIENCE MEMBER: Is there a reason for the --
do you know the reason for the uptick in the African
American and Hispanic?

MS. CARSON: The question was is there -- can
you tell the reason for the uptick in some demographics
such as African American.

MR. SOBOTA: I would be speculating. I have

no, you know, scientific way to tell you what that is.
I’m sure there are any number of program offices around
the Government that would like to take credit for that
and say our efforts were responsible for all the
success, but it’s real. I can’t tell you whether it
will continue or not, but it’s just hard in that to say
-- there is one other factor. Because of the change in
the question between 2007 and 2012, we are probably now
including more Reservists than we ever did before, and
there may be a higher percentage of those groups in the
Reserves that are now turning up there. That might be
one, but I’m just speculating. I don’t have any way to
verify that.

MS. CARSON: And I have -- this is Barb Carson
from SBA. Just three comments on some of the data that
we saw today that I’ve shared with Joe but wanted to
mention to you. One is the post-911 business start
rate of 4.5 percent, correct? It’s a lot lower than
previous generations of veterans. And we’re -- we
really want to see what more we could be doing to make
what we call the next great generation of veteran
entrepreneurs. That’s some of our work here.

We are seeing indicators in Boots to Business.
About 10 percent of the transition assistance program
participants choose to take our course at that time, so

we believe that we’ve got a new gateway to getting them
connected with the resources that would help them be
more successful.

On age, it’s important. These Vietnam
veterans or Vietnam era veterans are still incredibly
vibrant business owners right now, and I do not want
the message ever to be that we’re ready for you to move
to the next adventure, but I do want to pay attention
to what we can be doing as an agency, where
appropriate, especially in SDV companies that have
procurement activities going on. They don’t want to
lose their status or that work, and there is something
that we can be doing when business owners look to sell,
both on main street businesses and in federal
procurement. So that’s something perhaps for the
committee’s consideration to take up in the near
future.

And women vets. Yes, we’re increasing, and
there are a lot more to be done. So thank you so much,
Joe.

Are there any questions from those who are
participating from the phone before we move on to our
next presentation?

(No response.)

MS. CARSON: Okay, thanks again, Mr. Sobota.
I’m going now to my colleague, Mr. Ken Dodds, from the Office of Government Contracting and Business Development, with updates that I want to make sure I get. We’re all interested in the Scorecard. Many of you have seen it. That is a great body of his work, but there is another recommendation of this committee that will be addressed by Ken today, and that is about exclusions: How are exclusions determined?

MR. DODDS: Yes. Thank you.

MS. CARSON: So I turn it over to you, sir.

MR. DODDS: Thank you very much. I was hoping that we would have the Scorecard, but you’ve probably seen it. We just issued the FY 16 Scorecard and at the end of May, where the Government, you know, did pretty well. We met the small business goal for the fourth year in a row, and we actually had the highest ever service-disabled veteran-owned small business percentage at 3.98.

And what was interesting about that is that all of categories went down, except for SDVO, and we kind of expected the categories to go down because FY 16, I think, was the first year where we included overseas contracts, except for some exclusions for DOD, in the goaling base. And, so, you know, small business does do some work overseas but not very high percentages. And, so, we expected things to go down somewhat, and they did go down a little bit in each category except SDVO.

So I’ll go over the methodology for the Scorecard for FY 16 quickly. This is the last year we’re actually -- that was the last year we actually used this. The Scorecard’s changing in the year we’re actually in. Okay? Let’s go to the first slide there.

So the way we graded agencies in FY 16 was 80 percent of their grade was prime contracting; 10 percent was subcontracting; and 10 percent was a peer review of the OSDBU of how the other OSDBUs were doing on seven factors that we evaluated. Let’s go to the next slide.

And, so, within that, let’s say, 80 percent, for example, of the prime contracting of their grade, 60 percent of the 80 percent was small business. And then 10 percent was SDV; 10 percent was women-owned; 10 percent was SDVO; 10 percent was HubZone.

Same breakdown when you look at subcontracting. It’s 10 percent of the agencies that were all grade, but small business was 60 percent of that 10 percent, and then the other categories were 10 percent each. And then the success factors are there. I don’t think we -- so the slides you can look at. I’m not going to go over them. You know, it’s kind of a complicated -- we tried to do this all based on math. It’s all percentages, and we also -- we do allow -- agencies did get, you know, extra credit. So if they exceed a goal, we don’t just stop there. They may get extra credit in that particular category towards their goal.

What I will say before we go on to the next deck is that for the year we’re in right now, by the NDAA of ’16, I believe, the percentages are going to go down for prime contracting. Instead of being 80 percent of an agency’s grade, the percentage is going to be 50 percent. So prime will be 50 percent of their overall grade under the new Scorecard. And then subcontracting will go up from 10 percent to 20 percent under that new Scorecard.

Another -- I think it’s 20 percent will be a peer review of all the duties that an OSDBU has to complete under Section 15(k) of the Small Business Act. Whereas before we had seven factors we looked at, I think it’s almost 20 under Section 15(k) that they’ll be evaluated on.

And then the last 10 percent of the Scorecard will be the -- basically a comparison of the number of contracts awarded to small businesses in one fiscal year to a prior fiscal year. So that was a change that they required, and so that’s something we’re going to be implementing right now.

If we can go to the next deck. Yeah, do you have any questions about FY 16 Scorecard before I move on?

MR. PHIPPS: Ken, this is Michael Phipps. Can you explain a little bit about the percentages, that 80 percent of the Scorecard grade and why it went down -- why it’s going down to 50 and the subcontracting is going up to 20?

MR. DODDS: Yeah. The way we had it set up before was usually the administration can decide whatever they want the Scorecard to be. If you remember back to the Bush years, they had like a red light, green light, yellow light type of scheme. When the Obama Administration came in, they changed it to an A, B, C, D, F type of scorecard. And, you know, I wasn’t around for the decision of why 80 percent versus whatever, but that was how they kind of ranked it.

I think, you know, prime contracting does get a lot of attention from the press and the Hill, so maybe that’s why it was so important. In the NDAA of ‘16, they legislated what the Scorecard is supposed to be, and they said prime contracting can only be 50...
And they said the other factors are going to be -- they didn’t give us a percentage, but they said subcontracting is a comparison of number of awards in one fiscal year to a prior fiscal year. They asked us to compare the number of subcontracts awarded by NAICS code, but we can’t really do that, so we’re not able to do that. And then the other -- then they said other factors as necessary.

In another section, they basically said the OSDBU -- the OSDBUs need to do, you know, like a peer review of the other OSDBUs. So since we were already doing that with these seven success factors, we just added in all the factors and under 15(k). So that’s how we ended up with those percentages. And they may change because, you know, these decisions were made -- they won’t change for this fiscal year. I got Jim’s attention. Whatever we said is for ‘17 is for ‘18, because we couldn’t have an embassy in Taiwan, and it turns out there are a substantial number of contracts awarded here in the United States and performed overseas. It’s above 50 percent, actually.

If you go to the fourth page -- oh. DR. GALVIN: Ken, this is Jim Galvin. I could jump in briefly. Just we have looked into that at DOD, and it turns out there are a substantial number of contracts awarded here in the United States and performed overseas. It’s above 50 percent, actually. So the overseas awarded and excluded like a contract awarded in Japan and performed in Japan or somewhere in the Pacific would be excluded. We do have a number that are awarded like in Philadelphia and then performed overseas. So there is still a market opportunity there.

MR. DODDS: Okay, yeah, I’d like to see that because -- are you talking about -- you think it’s 50 percent of the OCONUS not included in like foreign military sales?

DR. GALVIN: Yes.

MR. DODDS: Okay.

DR. GALVIN: Taking out the other four standard exclusions that we have.

MR. DODDS: Okay.

DR. GALVIN: Just the -- quite a bit that’s still awarded domestically.

MR. DODDS: Okay, that’s great to know. That’s good. I’ll definitely like to see that. That will help us when we’re trying to negotiate our goals this summer.

DR. GALVIN: Yeah, I guess I just showed my hand a little.

MR. DODDS: But that’s very helpful. We can get started and make a lot more progress, I think.

DR. GALVIN: I’m trying to be transparent.

MR. DODDS: Thank you. If you go to 4, page
4, there are a lot of acquisitions that are done where
the funding comes from a foreign government, not just
DOD, but other agencies, and they are excluded because
it’s not the Federal Government spending money; it’s a
foreign entity borrowing things.

Page 5 is a little bit -- this does mirror
what the exclusion says, but it’s a little misleading,
and I’d like to hopefully rewrite it at some point.
When I think of an exclusion, I think of something
that’s actually reported in FPDS and we take it out
when we give you your Scorecard. That, to me, is an
eclusion.

What’s listed here, in some cases, are things
that just aren’t reported in FPDS. So I have no -- we
don’t have any idea what the numbers are, so we’re not
really excluding it; it’s not reported. And sometimes
it’s reported for, you know, all kinds of different
reasons. One of them would be like the CIA, they don’t
report on their contracting because it’s of national
security. Some of these other agencies or entities
aren’t -- aren’t in the Executive Branch, they’re not
covered by the FAR or the Small Business Act. So it’s
not that we’re excluding them; they just don’t report.

What is reported, the agencies we are
excluding, doesn’t really make sense because small
business does really well with them. They’re small
amounts of money, and the small business does well, so
it actually doesn’t help us to exclude them. So I’m
hoping to update this, but this is actually what’s been
there for a long time in terms of what we call
exclusions. And, again, these are usually very -- you
know, some of these are small amounts of money.

On page 6, we talk about resale, and that
means -- I believe that’s where DOD is buying something
to sell in the commissary, and so we don’t consider
that DOD buying it. They’re buying it to sell it.
It’s a very, very small amount of money.

Leases we do include now to the extent
they’re reported in FPDS, but most leases are not.
Utilities we continue to exclude because they’re
thought of as not having small business opportunity.
I’m not so sure about that. I think there have been
some -- there seems to be some situations where a small
business does have contracts with DOD, for example, to
try to provide electricity and things like that. So
that’s one we’d -- I’d like to take a look at, but it
still remains.

Tri-Care is excluded. And then on page 7, I
think that’s it. These are all kind of related to Tri-
Care. And then -- sorry, page 8, we did add an
exclusion for the Department of Education because by
law they are not allowed to use a for-profit company to
do certain loan-related collection things. And, so, in
order to be a small business, you have to be for-
profit, so we did exclude this. It’s a small amount of
money in the grand scheme of things, but I guess it’s a
large amount for education. So those are excluded.

I think that’s all the exclusions. So do you
have any questions about what I just ran through real
quick?

MR. PHIPPS: Hi, Ken. Michael Phipps. Is
there a way we could see the amounts of money we’re
talking about here, because you keep -- you keep
referencing it’s, you know, some are large amounts,
some are not? It would be great to see an amount lined
up with each of these exclusions so we can dig further
down into the data.

MR. DODDS: Yeah, I’ll have to think about
that because, I mean, this is a publicly available
database, so if you have the right people, you could
figure it out. You know, anyone could figure it out
and get it because it’s all there. But we don’t
usually publicize the exclusions as a separate -- as a
separate thing.

MR. PHIPPS: Is there a reason for that? Is
Any other questions before we move on to capital access?

MR. KLINGELHOFER: Actually, this is Victor Klingelhofer. I have one comment and I also would like to support Michael’s question. He took the words out of my mouth, that it’s great knowing the classes of things, but unless we have some concept of the dollar amounts, it really makes it not as useful as we had hoped.

And my one comment is that there was a Court of Federal Claims bid protest decision that came out about a week ago, specifically on the Javits-Wagner-O’Day program, which said that for VA contracting, the rule of two will take precedence over the Javits-Wagner-O’Day program, and I imagine the same philosophy would also govern the prison industries and somehow take that into consideration. And I don’t know if it’s going to be appealed or not. I haven’t heard anything on it.

MR. DODDS: We did see that decision, and we have -- that issue has been litigated as far as the Small Business Act, and we were not successful in the past. But if and when -- if that ever were to happen, then, yes, that would be a good reason to get rid of that exclusion if small business were to take precedence over that mandatory source. But until that happens, you know, the decision can be made at any time to take exclusions out or put more in. I mean, that’s something we can do -- we do sometimes year by year.

MR. KLINGELHOFER: Yes, I recognize that’s only dealing with the VA because of the specific language, mandatory language in the --

MR. DODDS: I mean, a small business could just like with Kingdomware they could take that decision and try to use that and try to relitigate it. Just because it was decided in the past doesn’t mean it won’t come up again.

MR. KLINGELHOFER: I highly recommend that. Take it up with the Office of Advocacy, probably.

MR. JENKINS: Hello, Ken?

MS. CARSON: I believe we have a question on the phone. Just a moment. Can you identify yourself, please?

MR. JENKINS: This is Calvin Jenkins.

MS. CARSON: It’s Calvin Jenkins?

MR. JENKINS: Yes, yes.

MS. CARSON: Go ahead.

MR. JENKINS: I’m over at SourceAmerica, and the point that the last speaker brought up is actually occurring now. VA has sent out information to their
Interagency Task Force on Veterans Small Business Development
6/7/2017

25 veterans over where we were in 2014. 24 in ‘14, and up 47 percent in number of loans to 23 and ‘16, we’re still up 50 percent from where we were wise, from 2014.  So while we had banner years in ‘15
20          But where we are over 2014 today, we’re still
19 did continue.  That was the big question, and obviously it
18          For the SBA Express loans, all of the up-front
17 costly to lenders.
16 had to pay a fee, and small loans are administratively
15 been able to -- we were not able to carry that over. So we’ve had the standard fee rates apply to loans over
14 Veterans Entrepreneurship Act, the guarantee fees are
13 guarantee fees due to the veteran -- due to the
12          And, then, for the loans of 500,000 on up, while we had fee -- while we were able to do fee
11 waivers in ’16 for that category, in ’17, we have not
10 been able to -- we were not able to carry that over. So we’ve had the standard fee rates apply to loans over
9          Now, you can take the next slide. Now, this
8 is a -- this slide shows what the veteran fee relief is
7 for 2017. It looks like it’s written as in future
tense, but it -- this is the current, present tense.
6          The number of loans, however, is down only
5 slightly. That’s down 1.9 percent. So even though our
4 dollars are down, the largest loans are not being made.
3 For lending for borrowers to take advantage of our
2 program, some of the lenders didn’t push the small
1 loans that where a veteran took advantage of fee
0 relief, they had to code those loans as a veteran. They had to not only state that they’re a veteran in
9          Next slide, please. This last slide shows
8 what is reported from veterans is reliable.
7 not 100 percent reliable for what’s nonreported, but
6 there is no mandated reporting. So our data is -- it's
5 paperwork to show that they’re a veteran. And,
4 therefore, lenders aren’t required either to report it.
3 So what I’m trying to say is the loan -- it’s likely
2 that the loans of 500,000 up to a million do have, in
1 fact, more veterans than are coded in the system.
0          Now, there is a -- there is legislation -- or
9 was transferred over to SBA.
8 So when the fee waivers no longer apply to a
certain category of loan, there’s no longer a real
7 incentive for the veteran to provide all of the
6 paperwork to show that they’re a veteran. And,
5 therefore, lenders aren’t required either to report it.
4 So what I’m trying to say is the loan -- it’s likely
3 that the loans of 500,000 up to a million do have, in
2 fact, more veterans than are coded in the system.
1 And all of our lending, whether it’s minority
0 lending, based on race or ethnicity or, in this case, veterans, that’s voluntary. Even reporting on sex as
9 far a female/male is also voluntary based upon the
8 applicant. So there’s no mandate currently on any
7 commercial lending that requires that this reporting be
6 done.
5          Next slide, please. This last slide shows
4 mandated -- is mandated as long as the 7(a) program
3 remains with zero subsidy, that is, that the losses
2 from the program are paid for by the fees generated
1 through the program. So it’s at no cost to the
taxpayer.
0          The third bullet point up there says the
9 Veterans Advantage, loans 150,000 and up to 500,000
during 2017, the fee was one-half. So it says 1.5
8 percent, but it’s really what -- one-half of what the
7 normal rate is for an up-front guarantee fee for a
6 borrower. So that is for Fiscal Year ‘17 also.
5 And, then, for the loans of 500,000 on up, while we had fee -- while we were able to do fee
4 waivers in ’16 for that category, in ’17, we have not
3 been able to -- we were not able to carry that over. So we’ve had the standard fee rates apply to loans over
2          Now, this is a -- this slide shows what the veteran fee relief is
1 for 2017. It looks like it’s written as in future
tense, but it -- this is the current, present tense.
0 So just a reminder of where we are. Loans for $150,000
9 or less, all 7(a) loans, veteran and nonveteran, have a
8 zero -- zero fee charge to the borrower.
7 What’s different from 2016 is we also had a
6 fee that was charged -- we also charge an ongoing
5 guarantee fee to the lender to keep the guarantee in
4 place. That was waived as well in ’16, but in ’17, that went away. So while there’s still an incentive
3 for lending for borrowers to take advantage of our
2 program, some of the lenders didn’t push the small
1 loans as heavily as they did in ’16 because they now
0 had to pay a fee, and small loans are administratively
costly to lenders.
9 For the SBA Express loans, all of the up-front
8 guarantee fees due to the veteran -- due to the
7 Veterans Entrepreneurship Act, the guarantee fees are
6 zero on all of the express loans. And that’s
5 statutorily prescribed, and that has continued from ’16
4 into ’17, and obviously will continue into ’18, as long
3 as the program remains in zero subsidy.
2 So, again, that statutory -- statutorily
1          And, then, for the loans of 500,000 on up, while we had fee -- while we were able to do fee
0 waivers in ’16 for that category, in ’17, we have not
9 been able to -- we were not able to carry that over. So we’ve had the standard fee rates apply to loans over
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1 statutorily prescribed, and that has continued from ’16
0 into ’17, and obviously will continue into ’18, as long
9 as the program remains in zero subsidy.
8 So, again, that statutory -- statutorily
7
What the actual veterans fee relief was during 2015 and ‘16 and when we began the process in ‘14. So this year, of course, it will be lower because we have not been able to provide all of the fee waivers forward that we had in ‘16 and in ‘15.

Any questions?

MS. CARSON: It’s not friendly fire, but it’s coming from your own agency.

MR. MILLER: Yes.

MS. CARSON: John, thank you for coming. I do have questions.

MR. MILLER: Yes.

MS. CARSON: Do veterans continue to be the -- see the most drop-off in loan activity this year in Fiscal ‘17 compared to other demographics?

MR. MILLER: Yes.

MS. CARSON: John, thank you for coming. I do have questions.

MR. MILLER: Yes.

MS. CARSON: Do veterans continue to be the -- see the most drop-off in loan activity this year in Fiscal ‘17 compared to other demographics?

MR. MILLER: Yes. Based upon -- on dollar amount, yes, but not on -- not necessarily on number.

We are actually up in small loans for veterans and relatively steady as far as number of loans. It’s just the dollar size loans. We’re not making as many large loans to veterans, or as I mentioned, veterans aren’t coding the loans, and lenders aren’t passing it along because they’re -- because of the -- because there was such an incentive in the past -- when they’re getting the fee rebate, there is definitely an incentive to provide that paperwork.

So we really don’t know what the true drop-off is, but it can’t be any lower than what’s being reported here.

MS. CARSON: And this program runs through September 30th of this year, so will there be information, do you know, at this time that you could tell us at the September meeting of this group and what’s modeled for Fiscal ‘18?

MR. MILLER: Yes. During -- again, the modeling has been put forward, you know, in the President’s budget. We are looking for a zero subsidy here again in 7(a), which is great news for veterans because that means that the statutorily prescribed fee waiver of 350,000 or less for the express program, that fee being zero, that will still be in the -- available.

What we don’t know is what other fees will be available, what other fees we can waive at this point in time. And we won’t know that until after our re-estimates are complete in the third quarter, which means we will be able to present that in September.

MS. CARSON: And it’s Barb one more time, but making a tie from what we learned from Joe’s about the sole proprietors and the smaller businesses and the need for capital, the small dollar loans are important with the industry and knowing that reporting for banks costs money. And, so, if they don’t, we know that if the lenders don’t have to do it -- they’re for-profit institutions -- they aren’t going to ask the veterans to provide the paperwork.

And, similarly, it’s less burden on the veteran to provide the paperwork if there really isn’t any fee advantage for them. While we would like to allow -- we would like to encourage them to report that they’re a veteran, there’s really no fee incentive for them to do it. But to answer your question, no, we have not conducted a study on that or taken a survey.

MR. ROCKEFELLER: Is there any way that the -- just kind of being entrepreneurial here -- that the borrower could have to report that directly to the SBA to receive the discount? For example, after getting their loan they then go to the SBA, report their veteran status, and then get, you know, a rebate, for example, on those fees. It would give the SBA a chance to collect all kinds of useful data at that point directly from the borrower.

MR. MILLER: Well, let me clarify that. For the veterans who are getting the fee rebate, they are in this data. They are reported accurately. And that has to be reported or they cannot obtain the fee --
It’s the veterans who are not obtaining where there’s no fee relief available. Those are the veterans that -- where it is hard to incentivize them to report or incent the lenders to report, even though we do -- we do encourage our lenders to report on all of their loans, especially veterans, when we speak with our lenders. We can’t guarantee that they are reporting; we can’t require that they report.

MR. ROCKEFELLER: Okay, thank you. No, I understand. But no benefit can be given to them, it doesn’t matter from whom they get it. Thank you.

MR. MILLER: That’s -- that is correct.

MS. SAGESTER: Good afternoon. My name is Cherylynn Sagester. I’m the Director of the Veteran Business Outreach Center located at Old Dominion University in Norfolk, Virginia. Thank you to Ms. Barbara Carson for inviting me to participate in this meeting this afternoon. I generally listen. I’m usually one of those out there in cyberworld listening every quarter.

My question is as someone who is directing a program where we solely focus on veteran business development, and we’re boots on the ground out there with these folks trying to help them secure funding, which is our biggest obstacle, as you most -- most all of you know, I have a couple of questions.

Number one, these metrics that have been captured, I’m sure they do not include our veteran entrepreneurs that cannot find access to capital.

They’re a startup, they are looking to start a business on a credit card or a line of credit, and -- but they -- and they end up, most of them, being successful doing that, but they’re not included in these metrics, is that correct, because these are just the small business loans like the 7(a) and so on and so forth?

MR. MILLER: That is correct. What is being reported here are the actual loans -- the SBA loans that have been approved. So these are the veterans that not only qualified for the loan, but the loan was actually made, approved, for the veteran.

MS. SAGESTER: Therefore, my point is, I guess, those veterans that are bootstrapping their own startup costs because, for example, we have a lot of Reservists and National Guard that suffered greatly from this last war due to multiple deployments. Their credit was wrecked. They would think that they could live off credit card, to make up the gap, the difference between their civilian income and their military pay income based on being activated, and they would come back and only be back six months, and didn’t have enough time to pay that credit card debt off until they were off and activated again for maybe another year.

Financially, it wrecked these families and wrecked their credit. So, therefore, they’re not able to qualify for, say, an SBA 7(a). So their only choice is to bootstrap by a line of credit or maybe a credit card. Is there something that this committee can do to try to be able to capture those metrics and get those folks that are -- that fall into that gap somehow over it.

I know that the fee -- waiving the fee helped a lot. It helped several of our clients, but we’ve got this huge -- we’ve got this huge number of folks that they have the experience; they have the education; they have the training, especially through military, but it’s qualifying them that’s killing them and holding them back. It could be something that could help, as Barb was saying, to raise our veteran small business numbers up if there’s some way we could tackle that problem. That’s really all I wanted to point out.

MR. MILLER: Thank you for that comment, and we do share the concern. One of our programs that I haven’t highlighted is our microloan program, and some of our micro lenders, they -- essentially, they’ll make a loan to help a small business applicant restore their credit. So that’s the first loan. It’s a small loan. It helps them build their credit so they can apply for then a larger loan with the micro lender.

And what we’re trying to do is graduate those startups or those with less than adequate credit -- graduate them up into the microloan program and then up into the 7(a) program. So that -- we are -- we are working to establish that process where we can help those that cannot currently qualify for a 7(a) loan.

MS. CARSON: And, John, may I ask you to say a word about Community Advantage as well?

MR. MILLER: Yes, exactly. Thank you, Barb. Our Community Advantage is our 7(a) loan program, but it’s a pilot loan program, and it is essentially offered by nonprofit lenders. Those lenders specialize in making loans -- it’s not only -- yes, it also is targeted towards emerging markets and veterans, that 60 percent of the Community Advantage lenders’ loans have to go to one of our targeted areas, either veterans or underserved or women or rural loans.

The Community Advantage also allows a lower
MR. LENEY: Good afternoon. This is Tom Leney from the Department of Veterans Affairs. One of the things that we have realized, particularly in the aftermath of the Supreme Court decision which reinforced the importance of 38 USC 8127, the Veterans First Program of the VA, is the importance of market research so that veteran-owned small businesses can receive appropriate consideration with respect to procurement decisions.

The Secretary of the Department of Veterans Affairs has made a conscious decision that -- and I think it is very consistent with the statute and is certainly consistent with the Supreme Court decision -- that our engagement with veteran-owned small businesses is not about socioeconomic goals. In fact, we don’t view veteran-owned small business as a socioeconomic program.

As a colleague of mine mentioned yesterday, it’s an earned program. People earn the ability to be a veteran. And, so, it puts an added emphasis on market research. And we are -- have been working to improve the ability of the Department of Veteran Affairs to do market research and to provide adequate consideration. We are not there yet. In fact, we are not close. But I’ve asked John Fedkenheuer, my program manager and program support team in my office, to talk about what we are using as an interim measure because what we found is there’s tremendous power in information.

And one of the biggest problems we have both on the -- not only on the veteran-owned small business side where people are often desperate for information, but on the government side, where we lack information, we lack the ability to analyze the data, and therefore we don’t make good market research decisions and don’t make good procurement decisions.

So with that, I’m going to turn this over to John to give you a couple things of background, and then he wants to show you a tool that we are currently using for that purpose.

MR. FEDKENHEUER: Thank you, sir. Once again, my name is John Fedkenheuer with the VA OSDBU Office. When we started really looking at market research as an enterprise issue, as opposed to individual contracting officers and contracting activities, we had some -- we met with some program offices, we met with some contracting shops, we did several different industry sessions. And we noticed some common challenges across the enterprise with market research. And some of those include the lack of an enterprise workflow process, a

this committee, is that at some point during this year that we could frame what would be the research question that we would want to investigate as related to access to capital for veterans and what role this committee might have in that. I know that Mark Rockefeller, who is on the line from Street Shares Foundation, has framed some of that for us, and I invite you, Mark, to consider bringing that to the committee in one of the next two meetings, if you’re willing.

MR. ROCKEFELLER: Yes, yes, happy to do so.

Thanks, Barb.

MS. CARSON: Thank you. We are going to take a short pause as one of the -- I’m sorry for those who are on the phone, some of the value for those of us in the room is on the line from Street Shares Foundation, has framed some of that for us, and I invite you, Mark, to consider bringing that to the committee in one of the next two meetings, if you’re willing.

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standardized workflow process that everybody agrees to.

So we’ve been working towards that.

Of course, everybody has staff constraints
with, you know, as after post-Kingdomware decision,
we’ve really started pushing the market research
process into the program offices and holding them a lot
more accountable for providing adequate market research
as they develop their requirements packages, right, to
get to contracting.

So staff -- there’s a lot of staff constraints
within the program offices, particularly in levels of
experience, time, commitments. You know, they’ve got
multiple actions that they’re trying to do at any one
time. So we’re trying to develop tools and
technologies that will enable them to do things much
faster, much more efficiently, reuse the data on a
consistent basis, have a historical perspective that we
can use for further research down the road.

So we don’t have at the current time a single
technology platform that will do everything that we
want it to do related to market research and getting
contact between the program folks and the veteran
business community, right? We find that -- as Mr.
Leney, you probably heard him many times say that that
direct access piece, that access between the veteran
business community and the program managers is critical
to the process.

So one of the things that we’re working
towards is building into the technology platform the
capability for them to easily and efficiently contact
each other back and forth, set up events, do automated
requests for information and sources sought, all those
kind of things. So we’re working towards that.

A couple of things that we’re trying to get
into this program is we want to standardize everything
across the enterprise, right? We want to develop a
technology solution that is going to make it easier for
our folks to meet that rule of two requirement, 38 USC
8127(d). We want to capture data and reuse it. And we
want to integrate it with our other systems.

We have a contract-writing system that we use.

We’re in the process of building an enterprise
financial management system that will also integrate
our contract-writing system, so from soup to nuts
especially, from appropriations to the contract
closeout, everything will be tied together.

And the integration of all those pieces is,
you know, the devil is always in the details. So we’re
looking at a lot of that right now to see how we can do
that, and we’re working with our VA Acquisition
Academy, which is our training arm, to standardize
training across the enterprise and market research and
all of those appropriate things.

What we do have right now is a very robust
data-mining platform that we utilize for market
research purposes. And we have our contract partners,
FEDMINE, with us. They’ll talk you through some of the
search parameters that they can do. It’s got a very
robust drill-down capability. We don’t really have --
I know we’re kind of short on time, so we don’t have
time to really drill down through everything, but we’ll
show you some of the research parameters. We’ll show
you the ability to review company profiles, the ability
to review agency profiles, and those type of things.

And then my contact information is available,
you know, if anybody has questions post-meeting today
or at any other time. So I’d like to -- you want to
introduce your folks, or?

MR. MEHAN: Yeah, yeah. My name is Ashok
Mehan. I’m the president, founder, and CEO of FEDMINE.
It’s been in use at the -- in the Federal Government,
also as well as with prime contractors, for about ten years
now. And we aggregate data from 16 different data
sources, so it becomes more contextual. You know, you’re not viewing protests without seeing the
solicitation or without seeing the award that was --
that originated the protest and that kind of things,
and even the solicitations from FBO, with all the
contact information of contracting officers and
officers that is in there. So we can -- so we would
like to show you some of the capability generally
applied for the Veterans Administration.

Archisha Mehan and Lindsay Carry.

MS. MEHAN: Good afternoon. Thank you for
taking the time. We are excited to show you FEDMINE.
Okay, so one of the things I do want to mention, on our
website, you will see federal data sources, and the
first one that is listed there is FPDS-NG. We do have
direct external feed into FPDS-NG. What this really
means is that every night we update our database from
FPDS-NG and all of the other various sources.

The other thing that is very unique to our
database is the fact that we do not touch the data.
The data is as it is in the system. We believe that it
is an accessory that we preserve the integrity of data,
and what is really unique is our back-end data
architecture. So as we go through the slides, as we go
through the presentation, you will see that it’s the
data -- the way we integrated data and the way we
presented data that is very unique. Having said that,
I’m going to -- we’re going to start the presentation.

MS. CARRY: Hi, everyone. I’m Lindsay Carry, and I’m actually our director of customer success for FEDMINE, so I manage all of our client relationships.

I’m just going to walk you through very quickly, because I realize we only have about ten minutes. Some of our most widely used search and reporting functions were market research. So we’re starting with our contract search here. We have several different criteria that you can use to structure a contract search.

For today’s purposes, I’m just going to search for a requirement key word “cloud.” We do use Boolean search logic, so you can keep going with this string.

I’m going to search across all years. We pull data going all the way back to 2004. And we are going to use the VA as an agency. You can get much more granular with your searches. I’m going to point out some things like location criteria, NAICS, and PSCs, contract amounts. And then at the bottom here you have different socioeconomic status and set-aside types.

So we’ll go ahead and run this search. And this is really useful to understand who the contractors are that are winning work at the VA with the required cloud. So we have our list here. There are 244 entries, as you can see. You are able to download any of this information to use for your purposes, either transactions or transactions with contacts, even downloading the contact information for the people within the company.

To go into a transaction, I’m going to choose the total dollars here. This is for Terremark Federal Group. You’ll notice that our platform, we do call out the key words that you put in. So “cloud” is highlighted there so you understand exactly why this was pulled back for you.

We are connecting all of the various different sources of data, as Archisha mentioned. So you’ll see here, this is an FPDS-NG transaction detail page, but we’ve also connected the original RFP from FPO -- from FBO, excuse me. And, also, wherever possible, we’re connecting this to the contracting data as well from ESRS.

So we have all of the original documents. As we scroll down the page, you can see details like the number of offers received, the competition type, the business size determination. And in this case, too, we’ve connected the Exhibit 53 and 300 details. This was also procured on Schedule 70, I believe. So there is a lot of information, as you can see. It’s a very robust platform.

From here, I do want to show you what a company profile looks like. We’re just going to go back to our result set, if it allows me. So I’m going to go into Terremark Federal Group’s company profile.

The company profiles are going to show you things like organization details. We also call out our sources of data on every single page, so you can see the organization details are coming from SAM.

I can also see who this contractor’s top customers are. So their top customer is HHS; how they’re performing year by year with the Federal Government. I can see all of their transactions. So it’s -- and then to sort. So far this year, they have won the most awards with the State Department. I can also go in and see what those transactions are.

Below that, you have any GSA contract actions, contracts they’re winning by extent and competition, GSA Schedules that they’re on, and then also any subcontracts that they’re winning. We also will show you subcontracts that they are awarding.

If I scroll back up to the top here, additional information provided on the company profiles, you can see how they’re winning contracts by NAICS and PSCs, also by category, set-aside, socioeconomic status. So there’s so many different data points that you see here based on the contractor.

And as I mentioned before, all of this information you’re able to download. You can save things in our platform as well if you wanted to keep your eye on a specific company, to be notified of all of their federal transactions. If you save searches, you’re notified of any -- anything new that meets that criteria.

So we just went through the contract search and company profile. We’ll also look at, you know, your forward-looking opportunities. So RFP search. I’m going to use a different example in this case. So this is what the search template looks like. You can put it in common information, key words, once again.

So for this -- for demonstration purposes, I’m just going to type in cybersecurity. And I’m going to go into a particular one and click search, and these are all of my open opportunities with the requirement cybersecurity.

So I’m going to go into a particular one and take a look at market research. So the type of detail that we provide are your notice details here.

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Procurement description, once again, your key words will always be highlighted for you, any contact details, as well as documents. And you’re able to follow opportunities as well. So if you decide that you want to keep track of an opportunity, you’re easily able to do that within your login, your account.

How are we doing on time?

Agency profiles are another thing that we offer within our platform. So I’m going to switch over there now. This is the VA agency profile. As you can see here, you have some tabs here at the top. So you could actually look at a profile by region, division, or contracting office. For today’s purposes, I’m just going to look at the VA at the top level.

Once again, you’re able to download any of this information. You could also select a different fiscal year. So your auto default is going to be for FY17. I can see my total expenditures, and then if I scroll the page, you have these various different tabs with more data points.

So the things that we provide you with are, you know, who are your top ten small business primes. This is by socioeconomic status. The default certainly is small business, but you can actually choose a different socioeconomic status. So if I wanted to go in and choose, you know, veteran-owned business, for example, these are my top ten.

And then within this view, you know, everything is linked, so you can go in and you can check out the transactions for the VA for any of these small business contractors.

You have your top ten contracting offices for the VA. What are the most widely used of GWACs for that agency? Competition categories. Things like your top GSA sales, access to an agency goaling report for every agency. Who is winning business for the first time? Who are the top small business contractors winning business for the first time?

Then we also show you -- so those are first-time overall with the Federal Government. You can also see who’s winning business for the first time at a specific agency. Any solicitation and grant key steps, top agency programs, and also your solicitations issued by the agency in chronological order.

So the last thing that I want to show you for today’s quick demonstration purposes is an industry profile. So we looked at a company profile, an agency profile, and now we’re going to take a look at an industry profile. The one that I have pulled up here is for 541511. You can put in as many codes as you like. You just pull down your search criteria here.

You could also confine this to a specific agency or group of agencies. This is overall with the Federal Government.

So the types of things that we show you here are who the top prime contractors are, your top ten agencies awarding under that code, your top bureaus, the set-asides that are being used. And, so, if I wanted to go in and say, you know, who’s winning these woman-owned small business set-aside contracts within that NAICS code, I can just go ahead and click on the dollar value there, and here are those companies. And then I could take that further and we could look at the detailed page from FPDS as well as the solicitations.

So I think everyone got the point there of the industry profile. Just a few other quick things. I mean, I’ve only shown you, I think, five different reports that you have -- you would have access to or the VA has access to in our market research tool. And, you know, beyond that, we have some dollar band reports. We can show you subcontractor searches, the contractor data in various different ways.

You can search for contracting offices and officers and all of the solicitations and awards that they’re tied to. We have goaling reports for different agencies, with and without exclusions. If we had more time, I would show you that, but that does exist in our product as well. But I think I’ve gone almost to time, and I definitely want to be able to answer any questions that you have for us.

MR. LENEY: This is a work in progress, okay?

We have invested in the market research capability, believing that that’s essential for veteran-owned small businesses to be properly considered. So what I ask of the group on the government side, we’re prepared to give access to this tool for you to tell us how it can work better for you.

Obviously, as you see from the presentation, this is -- we’re building it and configuring it for the VA, but it’s easily built and configured and has capacity to do all agencies. And what we believe is if there’s a good idea at the Department of Labor, something you need to know to facilitate market research, we probably need to know the same thing.

On the veteran-owned small business side, we also solicit your input because we see this as a marketplace. We need to see both sides. Yeah, veteran-owned small businesses need to see what the opportunities are, what the requirements are, who has them, and how might you connect with them. And then on...
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| 81   | 1. our side, obviously, we need to know what the vendors can do.  
2. And you see, you know, this is an almost impossible demonstration to follow, and the message -- what I want you to walk away with is there’s an enormous capacity here, and we’re not done. This is a work in progress, and what we want to do is how do we configure it to make it easy for the small businesses to extract what they need and to make it easy for the government people to extract what they need.  
3. So, really, why did we bring this, because we want your input for making this tool better.  
4. MR. ARRIETA: My name is Jose Arrieta. I’m the Director of IT70, so it’s a good find on your part.  
5. But I was -- I’m told January -- I just started on Schedule 70 January 9th. I was the OSDBU of Treasury, and I just wanted to kind of applaud Tom for a second and what the folks at VA are doing. And when we were at -- my Treasury team actually provided feedback on this tool and something else that Tom’s working on.  
6. And I think that it’s very important that we understand that the hardest thing for federal agencies is to actually identify the segment of marketplace, and a lot of the data tools that exist don’t provide this level of insight. And, so, this is a tool that across  
| 82   | the OSDBU community and the acquisition community for market research can really drive value for federal agencies.  
2. And on the flip side, you know, if you’re a company and you’re trying to be laser-focused on a specific marketplace where you think you can drive sales, this is a way that you can actually focus your agency. What region do we work in? What is the dollar value in terms of a size of deal that we should go after in terms of how much we can scale?  
3. So I just want to applaud the VA for doing this work and just point out that I truly think it can be impactful, both within government and outside.  
4. MR. LENEY: And you can talk to Mr. Mehan afterwards if you are interested in gaining access to the tool. He’s prepared to facilitate that, but the requirement is you got to give us some feedback. Okay, there’s no such thing as a free lunch. Okay?  
5. MR. PHIPPS: This is Michael Phipps with the Legion. This -- this whole topic, there’s a committee tomorrow, the Advisory Committee on Veteran Business Affairs. Even more important than access to capital for veteran businesses is business development, right?  
6. So there’s a lot of training that goes on. And this came from a survey and from a couple surveys, and this is from the market research that we’ve done into what are the most important things to veteran businesses. And this is a huge tool for that.  
7. There does -- there is training for veteran businesses and for all small businesses to -- how do I use FBO, how do I use FPDS, how do I use Gov-Business -- USA Spending. In order for a small business, especially somebody coming into federal government contracting, to use those tools to gain the information that you can gain from a tool like this is a huge barrier. There are tools out there, probably a competitor, like DellTech, that can charge $30-, $50-, 100,000 a year to aggregate this data.  
8. So my question is to FEDMINE, is to is this tool or something like this tool available now for purchase to veteran -- or for, you know, to small businesses in general, and what is the pricing scheme? What is that barrier to entry so the small business isn’t putting the whole analytical team just to comb FPDS and crosslink it with FBO and all the other tools that are out there?  
9. MS. MEHAN: Well, I’ll be happy to answer that. We’ve been live for more than ten years. We started -- the company was started by Ashok. He was a small business owner who was in federal contracting, and this company truly is a vision of what he wished he had at that point of time. Most of our clients today are small business owners and large businesses, too, find the data in FEDMINE amazingly easy to use, especially the subcontractor data.  
10. Our price points start -- we work with the small business. We understand. We are nowhere close to being as expensive as DelTek program is. And we would be very happy to work with small businesses.  
11. MR. MEHAN: But the price point is about $5,000.  
12. MS. MEHAN: Yes, the price is about 5,000. I wish I could say monthly, but I can’t. It is 5,000 on an annual basis.  
13. MR. MEHAN: And it’s available right now.  
14. MR. PHIPPS: Okay, thank you.  
15. MS. CARSON: So that was off-microphone. This is Barb Carson, SBA. So the price point was noted, and it is available to small business owners. Again, this is -- we’re addressing recommendation -- let’s see -- 1.2, which was some transparency in -- for business owners on how the federal government finds you. And is doing a better job of segmenting the market.  
16. Any other comment, Tom?  
17. MR. LENEY: Yeah, one -- if you could go to  

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1 the dashboard, I just want to let you peak behind the
curtain of what we’re doing at the VA. These folks
have developed a dashboard for us that we’re putting on
the desktops of our senior acquisition professionals,
our secretary, our deputy secretary, so that we can
track on a realtime basis how we’re doing.

2 And, so, we see -- we see a platform like this
-- and I’m not here to give a commercial for FEDMINE --
but they’ve done a lot of work with us and we’ve helped
them to build out this platform. We’re going to
continue to build out the platform, and I’m going to
assert -- Ashok is giving a special limited time access
for people that are associated with the task force.

3 (Laughter.)

4 MR. LENEY: Through a fund, okay, to get -- so
you guys can see what a tool like this can do, because
one of the most difficult things we found is how do you
build the requirements for this tool. This has been,
what, three years we’ve been working this? And the
biggest challenge we have right now, there’s so much
here, how do we design it to make it accessible. So
you guys can get access, but you got to give us some
feedback.

5 MS. CARSON: Thanks. So Veteran Affairs is
making this offer to the agencies represented on the
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1 Interagency Task Force. I appreciate that.
2 MR. LENEY: You guys have an open line.
3 You’re special.
4 MR. METHENY: Come over, guys, talk to me, okay?
5 We have access.
6 MS. CARSON: So we’re going to move into
7 reports by agency, and we’re going to return to the
8 agenda. And thank you so much, FEDMINE, for your
9 presentation, and VA, Mr. Fedkenheuer. And I really
10 appreciate the time you put into this.
11 We’re going to start with the Department of
12 Labor, Bill Metheny. Go ahead.
13 MR. METHENY: Thanks, Barb. A couple things
14 to add on and sort of reinforce some of your earlier
15 remarks. You mentioned the study in the works from the
16 National Coalition of State Legislatures and the NGA,
17 National Governors Association. That really is sort of
18 phase two of this exploration. We’ve talked in this
19 group before about their initial report that was a
20 smaller pilot study that looked at a few key skillsets
21 coming out of the military and how those translate into
22 certifications and licensure around the country.
23 Some great lessons learned there. They looked
24 at some of the security skillsets, healthcare, vehicle
25 operators. So I mention that because that report is

1 still online and there’s a toolkit that sort of
2 summarizes how to -- how to overcome some of those
3 barriers that this next phase is going to address on an
4 even broader scale, to include nonveteran kinds of
5 MLSs.
6 We don’t have a whole lot of beauticians in
7 the military by MLS, but that’s one of the areas that
8 people who are spouses perhaps or other skillsets that
9 move around and become dislocated workers now would
10 benefit from overcoming some of those obstacles. So I
11 wanted to reinforce that, that you highlighted, Barb.
12 Thanks.

13 Another part that Barb mentioned was the
14 ongoing way that we’re trying to, at multiple levels,
15 build relationships and networks between anybody who
16 has anything to do with veterans who either work for
17 another veteran, work for themselves, or work for
18 somebody. And, so, Barb mentioned her team getting
19 plugged in with the National Association of State
20 Workforce Agencies. So those are the public workforce
21 folks that staff up the American job centers at 2,400
22 places around the country.

23 In addition to that professional organization,
24 I wanted to highlight a couple of other things that are
25 going on where we’re trying to get the information out,
counterparts and our SBA counterparts out in the regions across the country are part of those conversations, and if they’re not, to invite them and start sharing those. So just to highlight at multiple levels how we’re trying to make sure that everybody knows who’s out there and can help us provide the services to veterans, so I wanted to highlight that.

Second, we have our Secretary of Labor onboard, which is new since the last time we’ve gotten to meet. Secretary Acosta is diving in with both feet. We briefed him this past week on what’s happening in the veterans employment space, and he is encouraging us to move rapidly in -- on a few different things, one of which I’ll tell you shortly.

He’s certainly reinforcing some of the priorities of the Administration, which includes apprenticeship programs. And, so, the VA and DOL have a great relationship and programs for apprenticeship programs. Veterans fill a lot of those opportunities, and the employers are very excited about how those are working. So he asked us to keep going with that.

Another theme that we’re really exploring is public/private partnerships. And, so, what is it that the governments can do. So that’s part of what we’re exploring, in part, as part of our response to OMB’s directive to look at agency reforms. So how do we incorporate those kinds of ideas into how we serve our customers at various levels. So I wanted to share that.

Most of you probably saw last Friday’s numbers report that highlight that veteran nonemployment rate is down to 3.4 percent.

MS. CARSON: Yes.

MR. METHENY: 3.4 percent, which is at a ten-year low. It’s the non -- the nonveteran unemployment rate that came out is 4.4 percent. So a full percentage point, compared to the nonveteran counterparts.

If you do not get the various newsletters that highlight that with all the supporting data that go to it, I would be happy to share how you can subscribe to that so you get that push every month and can watch for it and put it in context of whether it’s a seasonal rate or how do you look at it long-term and what do the numbers mean. So I’d be happy to share that with you.

And, then, the last part I would highlight, since we last met, so we’re all busy with working through our -- implementing our budgets and executing the rest of this fiscal year, all of which came out in an omnibus package which had an act in there as part of its overall title, which is the Honoring Investments in Recruiting and Employing American Military Veterans Act of 2017, also known as the HIRE Vets Act, or the HIRE Vets Medallion Bill and Act now.

And, so, I want to share that because Secretary Acosta said this new law, which is designed to recognize employers who recruit, hire, and retain veterans, it’s on a cycle that’s set since it requires some regulation to get it out. It would normally take a couple years. And he said how about if we have it on the street by January of this coming year. And, so, that’s what we’re working hard to do.

And, so, I would encourage you to keep an eye out because we’re going to be looking for comment as we start to accelerate through this process. A couple of highlights. This is a bill that will recognize employers who do great things in those categories for veterans. And there are a couple of categories of awardees. Some are large companies; and there’s a separate category for smaller companies and businesses to apply as well.

People -- businesses nominate themselves; provide their own information as a packet to support their data; and we’re working through what data’s required and how we look at all that. And it’s self-funded, meaning employers -- in order to receive this award, which will be some sort of medallion, a certificate of some sort, will pay some sort of a fee to help cover the cost so that it’s zero cost to the government overall.

So those are all happening rapidly and consuming a whole lot of time and energy to make sure that we can make it go as quickly as possible. We’re doing a couple of different listening sessions to get input as early -- some of them are going on now, and they’ve been announced on the Federal Register and so on, but we will be asking for more input as we go through the coming year to ask those kinds of questions.

We’ve gotten some great insights from some of the larger organizations, to include unions, to help us understand what employees count and what organizations count and how we account for seasonal employees and all those sorts of things. But I just want to highlight and ask you to keep an eye out for that if that’s of interest to you.

And then one due out that I still owe this...
The executive order translated to the OMB memo that came out on 12 April that really started to get into more specifics for federal agencies. And of that consolidation, one area is looking at contracting and doing strategic sourcing and category management, and essentially that’s to manage your supply chains. So from the administration’s perspective, we want to be efficient and effective with supply chains, but from a small business perspective, whether you’re in the government side or in the private sector, you may be concerned about opportunities for small businesses.

I’d just bring that up, and from a government perspective, what we look at is can we get involved in helping to forecast where the government customers will be spending and then ideally what vehicles they would be using to sort of signal that to the market, and then if possible helping to shape that as well so that when the small contract -- government-wide contracts, multiple-award contracts, indefinite delivery, indefinite quantity, those types of vehicles that are out there, are they small-business-friendly where they should be? If they’re more for the full-and-open market because of the size or the level of complexity, then is there a good subcontracting consideration being given for small business.

So those are the things we’re looking at, and then on the small business side, they would also want to make sure that when they look at these vehicles, you know, they have to make strategic decisions themselves. What vehicle do I want to put the time and effort into being a part of or competing to be a member of that pool? And that takes some effort to get there, and then it’s somewhat of a bet that their customer will also go to that vehicle if that’s the case.

So other things to consider would be on and off-ramps. If they don’t get business for a while, are they automatically off? Is it possible to get on the vehicle in some reasonable amount of time? And then, also, would there be a bridge potentially from the small business set-aside to a full-and-open competition? Sometimes the full-and-open could be you have to do every task expected or you can’t compete, whereas on the small business set-aside it may be you can do a few of the tasks and participate that way.

So I just throw that out as something.

It’s -- we’re going to wrestle with, and it’s part of that sort of theme of consolidation and having good supply chains, which has really gone over several of the past -- and the current presidential
administration.

So another theme is simplification, where that’s coming not only from the Administration but also from Congress for DOD in particular. You know, every -- the Congress in the last year’s National Defense Authorization Act, established a panel to look at federal -- or defense acquisition regulations with the idea of simplifying them. That’s called the 809 panel. They’re out, they’re active right now. They’re meeting. There’s opportunity for public comment on that, so if anyone -- I’ll just share that for your awareness.

And then looking at this recognizing that we’ve gotten the category management challenge potentially, which could reduce the opportunities for small businesses. We’re looking at the metrics associated with what if we raised the simplified acquisition threshold. Right now, it’s $150,000. Anything below that is set aside for small acquisition procedures, meaning it’s set aside for small businesses.

For DOD, that translates to the $8.4 billion -- let me make sure I have my numbers straight -- of set-aside opportunity for small business at the $150K level. So if you added up all the contracts from the Department of Defense that were $150,000 or less, it would be $8.4 billion that goes to small businesses. -- I’m sorry, total for DOD and $4.7 billion goes to small business. So it’s around high 60 percentages, around 70 percent or so.

If that was raised to a million and a half, say, you know, ten times increase, the opportunity -- this is from FY16 -- would be about $22.2 billion is what DOD spent if you added up all the contracts, $1.5 million and below. And about $9.4 billion of that, so less than half, went to small businesses.

So there may be a wedge of opportunity there where if we had higher simplified acquisition threshold procedures then there would be more opportunity for small businesses and see that sort of strategically as a fair tradeoff if we have to embrace category management and limit the pool on some of the higher value contracts, maybe we can increase the lower end of the spectrum for small businesses.

Just a couple other points. You know, it’s been a challenging year for most of the federal government for budgets. And, I mean, it’s always -- all of us have that challenge, but for DOD, we’ve been getting signals, hey, the more money is being put in the Department. A lot of it’s going in towards readiness-type things, but a fair amount is going also to large systems.

So what traditionally happens when DOD budgets go up, small business spending goes up, but the actual percentage goes down because we’re buying ships and aircraft where there’s more subcontracting perhaps going on or just a lot of that additional money goes to the other-than-small business category.

And then just finally a reminder to everyone about cybersecurity, that the end of this year, 2017, there will be a DFARS clause in place that will require covered defense information to be safeguarded by implementing a number of information security requirements. So this applies both to prime and subcontractors.

So we’re concerned about the small business industrial base being able to handle this. You know, you have to do things like audit your systems, have two-factor authentication, something you carry, something you know, those sorts of things. And that’s going to be part of the contracts with DOD when that type of information is involved. So that’s a word to spread to folks out in the community to make sure they’re aware of that and then posturing themselves if they’re going to compete in those markets.
As Barb so eloquently stated earlier and John, that’s one of the biggest challenges for a veteran who owns a business. Currently, unfortunately, in the Veterans First program, we limit their access to capital to debt financing. And that’s -- and having been in the business, having struggled with that, that’s not a great way to capitalize your business. So we’re taking this opportunity to look very hard at how we can adjust the regulations to enable veteran owners to get equity financing, to obtain equity financing without losing control -- the reasonable levels of control you would expect in the business world.

So I think we’re probably within three months of having a proposed rule on the street. Again, as Bill said, we’ve got a lot of energy to get something done, and I am very pleased to say there is no significant opposition in coming up with something good, so please be on the lookout for that proposal. And, again, particularly from the veteran-owned small business community, we want to hear from you on how it affects particularly in the area of getting access to equity capital.

In our process, we’ve had a 65 percent increase in applications for our verification process, which is good news and bad news. The good news is more people are coming into the program; the bad news is our ability to handle the increase in the short term. But we have a larger challenge. Currently, there are 10,000 -- about 10,500 firms in our Veterans First program, which is good news, because that means it’s a very robust supply base for us as we implement the Veterans First program.

But only 16 percent of the people in our program do business with the VA. Approximately 25 percent of the firms in our program do business with the federal government. And, so, two issues. There are 45,000 firms -- veteran-owned small businesses -- in SAM. We are seeing a significant uptick. We’ve gone from 7,000 to 10,000 firms in our program.

There is considerable concern that the VA -- two concerns. One, that the VA is facilitating free-riders. In a word, we are helping them mitigate perceived risk in using veteran-owned small businesses by verifying that they’re the real deal in terms of ownership and control. But very few of them are actually doing work with us, and I’ll talk to that in relation to market research.

So we are now -- as part of the OMB modernization effort, we think the time has come for the verification program to apply to the entire federal government. That’s a challenge. It’s a big idea. But...
in order to enhance the credibility and the legitimacy of what I think is the most important group, as my colleague says, an earned but not a socioeconomic group. So I just want to alert you that.

The VA is -- obviously, that will require -- we’re working with the SBA, we’re working with OMB. This is a -- this will require legislation at some point. But in light of the OMB memorandum, in light of changes we’re seeing in this Administration and the interest of the Administration, we think that is -- now has some potential.

The last piece I wanted to mention very quickly is why this is so important, and the demonstration we did on market research is in the time I’ve spent inside the government, when I was at -- well, when I was in business, the thing I needed most was access to the customer. You don’t do business unless you have access to the customer.

I know -- if any of you in the business field have spent your time throwing unsolicited -- throwing proposals across the transom with government customers you have never met, never talked to, you just read a solicitation on FBO, my question for you and the thing I’d ask you to ask yourself, how is that working for you. Okay?

So what we have learned is direct access is important. One of the challenges in the access program that we seek to improve is people want to talk to people who can help them. In the VA, and I’ll just speak for my agency, our program management and contracting officers want to talk to people who can help them. The challenge is not everybody who wants to talk to them can help solve their problems.

So we see the importance not only in our agency but across the federal government of doing much more sophisticated market research in order to mitigate the perception of risk, why should I talk to, you know, Vets R Us, Incorporated when I can talk to Lockheed Martin? I’ve heard of Lockheed Martin. I’ve heard of IBM. I haven’t heard of Vets Like Us. So to mitigate the risk and to generate the math so that people feel that I’m spending my time well in talking to people that can help me solve my problems.

So we think that the verification is linked to part of the veteran business experience, to the market research, to the ability to gain direct access to the customer. And we believe when we can link those three things together, we will truly generate opportunities for veteran-owned small business because what I know, and I think what we know, there are thousands of very, very capable veteran-owned small businesses out there who can help the federal government solve its problems.

So that’s what we are, in the course of the next year, trying to put those three pieces together. Verification is merely a means to mitigate perceived risk. It’s not an end unto itself. But in order to preclude it from being an obstacle, we think we’ve got -- the time has come not to shrink it but to expand it.

So this socioeconomic group is viewed as the group to go to when you need help solving a problem.

Thank you.

MS. CARSON: Thank you, Mr. Leney. That is quite a change, and many fruitful, meaningful inputs. I think we will have some questions. Is there anyone -- could you please come to the microphone and identify yourself?

MR. WEIDMAN: I know how hard it is for people to hear me usually. My name is Rick Weidman, Vietnam Veterans of America. And my question is really for Mr. Galvin, Tom, and Ms. Carson. 106-50 passed in August of 1999, August 17th, the President signed it, and it became enacted. I still don’t see anything for subcontracting. And DOD said it’s coming. SBA said it’s coming. And VA even took a bit of a stab at it.
When are we going to have staffs that are reliable in all agencies, number one? And, number two, for SBA, we need scrubbing of data. You’ll just collect whatever the agencies send, but nobody looks at it to see if it makes any sense in particular so that in going through that list you find subcontracts with other Fortune 40 companies, by one, and it’s counted as small business or even service-disabled veteran small business. And that we find really quite troubling. And on a government-wide basis that what about subs.

And the second is to look at each agency in regard to simplifying acquisition. Are they using it, particularly on things that are $100,000 or less? And that’s what impacts on the majority of small businesses. When you study the census, you’ll see that many are micro business or very small business. And, so, I would be interested if you could -- if you could address those things.

And last but not least, 2004, President Bush signed an executive order having to do with veteran-owned small business. And in that, the chief operating officer of each agency and department was mandated to be the person to coordinate things within that department or agency. Why? Because they are the line authority. OSDBUs, no matter how good they are, and many of them are very good, they don’t have any line authority. But the deputy secretary or the deputy administrator does.

So the question is this body is the one that should be recommending to the White House, either they implement the one that’s on the books, or that President Trump reissue it, maybe making it even stronger. And, so, I would like some comment on all those, if possible. Thank you.

MS. CARSON: Thank you, Mr. Weidman. Okay, I appreciate that. We do -- I’m going to ask for a pause because we -- the open period of questions is for each agency, what they just presented on. We do have a public comment period coming, and we actually had some people RSVP with their questions as well. So I’m going to save it for that time.

For those of you who are looking at time and wondering will we get through it, we are going to run a little bit behind. I’m asking my agency partners if you can commit to giving me just ten extra minutes, please, this one time. It’s been good conversation, and I want to answer the questions that we’ve gotten. So those of you on the phone, please plan to stay with us just a little longer.

So I think I’ve taken notes on your questions,
create depth in the marketplace very rapidly, and we can tailor terms and conditions so that they can service an agency’s need. They have to think about that, right, because we offered IT services for a long period of time, and many small companies and large companies would argue that, look, health IT exists in your schedule contract offering. But the world has shifted, guys. The world has shifted. There’s automated machine learning. There’s artificial intelligence. There’s autonomous systems. A lot of organizations are moving into the block-chain platform, which I have a huge interest in as well.

So how do we segment the marketplace so customer agencies can see that capability and so the companies that have that capability can actually offer it to federal agencies? So it’s very important that you understand how IT70 can be a tool for customer agencies that are looking for solutions and for industry partners that are solution providers or solution aggregators and they’re not just reselling software or hardware, which we do as well, right? So we offer that as well.

Now, the other thing that I wanted to talk about, I was taking some notes on kind of what was said, so I’m kind of skewing away from the slides, but I think it’s important. There was a lot of talk about category management, and I think Jim brought up MD-1722, if I’m remembering the memo correctly.

You know, and if you look at MD-1722, I thought the Administration made a specific focus on three areas. They mentioned category management as a good thing; they talked about emerging tech; and they specifically called out artificial intelligence, automated machine learning, autonomous systems and the block-chain platform as an area of focus for the federal government for opportunities.

And they talked about GWACs, which are government-wide acquisition contracts that we offer at GSA; and they talked about Federal Supply Schedules, which is -- I am the largest piece of the Federal Supply Schedule program. We’re over half of the total business value. And they said these will be tools for use. And I think it’s important to understand that when you look at our vehicle, we do well over -- well over 35 percent of the volume that goes through our vehicle at any given year goes to small business.

Now, being the former OSDBU of the Treasury and helping to create the new small business goals that are being implemented here in 2017, when I look at our portfolio, we would be an A-plus as a portfolio from a small business perspective. And from a vets perspective, about 5 percent of the 15 billion goes directly to veteran-owned small companies, and if you look back at last year, it was about $708 million.

This year, we’re trending a little bit above that number, and we’re very close to $600 million at, you know, to date, like a week ago when they kind of pulled the numbers on this.

So it’s important to understand that not only are we shifting our vehicle to open markets quickly, to service customer agencies, but we’re also a great tool for agencies to do set-asides for small businesses of any category that you may want to do business with. And across the federal government, I think from an educational perspective, this is something kind of new for us, for the multiple award schedule program, and I don’t know that a lot of customer agencies understand how to use that. And we’re going to push into that pretty hard.

I wanted to kind of call out a couple of other things that we’re working on, and I’m just going to touch on them quickly because I know we’re out of time and I don’t want to monopolize all the time here. But we worked on a plain language road map, real simple instructions on how to get on IT70. It’s one of the ways that we made the process faster.

We started something called Startup Springboard. Look, if you don’t have a lot of experience -- if you have a lot of experience, excuse me, but you don’t have two years of corporate experience, we’ll evaluate your personal experience to bring you on as a small business owner. It’s something we didn’t do before.

And then, you know, for those of you that are interested, and I think this is where there’s significant opportunities, we’re redesigning our cloud send, and when we look at what we do in terms of cloud, we do somewhere between $650 and 700 million in cloud services. We have a cloud SIN now. It’s just for cloud brokerage or cloud offerings through a systems integrator.

But, look, if you know how agencies implement cloud, you know they do IV -- independent validation and verification. They do a test and development environment, where they typically enter into a production environment and they roll over into O&M. And there’s opportunities for small businesses in each of those spaces -- veteran-owned small businesses as well. So we’re looking at that offering and we’re
tryi ng to target it so that if you’re a customer agency
and you need O&M support, or you need DevOps, or you
need some IV&V, we actually have all of that related to
cloud in one space so you can find it.

Right now, it’s spread out across -- all over
the place, and it’s very hard to do business with us.
We think that that will also drive a number of
opportunities, especially when you take into account
Fast Lane, for us to connect agencies with small
businesses that have the ability to perform.

I talked a little bit about health IT, so I
won’t circle back there unless someone has a question.
I’ll talk about highly adaptive cybersecurity
services, which is our cyber offering. We haven’t seen
a ton of volume on it. It’s just been live since right
before the end of -- of Fiscal Year ‘16 it went live.
Probably around 6, 7 million in business on that. What
we’re offering there is a suite -- and it’s mostly
small businesses. It’s a suite of offerings where you
can do penetration testing on your network, where you
can fix any holes that you find in penetration testing,
where you can do an analysis.

So if I’m the U.S. Treasury and I think that -
- and I’m not saying this is the case -- if I’m a
business and I think that the general ledger of my

business may be weak, I can bring in a company to do
penetration testing on the general ledger and develop
recommendations for how I can fix it. That’s what our
cybersecurity SIN is offering from a service
perspective. It -- we are -- we also are working on
something called continuous diagnostics and mitigation
SIN. And right now, we have a BPA.

Tom’s heard about this, all in bunch, but we
have a BPA for continuous diagnostics and mitigation.
It does about $900 million in business. And we are
opening the aperture on that, and we’re creating a
special item number. Why are we doing that? We’re
seeing an explosion in private sector expenditure
focused on cybersecurity products. And we want to take
advantage of that capability and onboard those
companies so that they can provide service to federal
agencies.

The way we’re currently structured, we do
business on our BPA through 17 BPA holders, and those
BPA holders are required to go out and bring different
products or services into the marketplace. We did that
to start with because it allowed us to shape the
marketplace, get an understanding of what exists. But
if you look at how the banking industry has pushed into
the cybersecurity market hard core, one of the things

you’re seeing is a massive explosion, and the banking
industry as a whole will be the largest spender in the
cybersecurity space in the next two to three years.

We want to take advantage of that opportunity
and we want to onboard those companies and allow for
direct access. It’s predominantly driven by small
companies that have developed a unique solution from a
cybersecurity products perspective, and companies that
are evolving as automated machine learning, artificial
intelligence, autonomous systems, providers of cyber
tools.

So, you know, just something to be aware of.
And we’re also pushing into something called Earth
Observation, and we see a significant amount of
opportunities for small business here. I’m going to
give you an example because it’s the easiest way to
describe what it is. If you’d think about the Boston
Marathon bombing and you think about, you know, how did
we get the picture of the Tsarnaev brothers, at a
really high level, what we did is we dropped an
electronic pin down on the region 20-mile radius. We
went back 20 minutes in time.

We pulled -- and how do we find out where the
explosion took off? From satellite feed. We took all
the video feed from the security cameras in the area.

All text message and cell phones, we pulled all that
data, we did a full-blown, and any text messages that
were shared across the network. And we did a full-blow
analysis on that with an adaptive analytics platform,
and we said who was around the bombing area with a
bookbag? Who made a text message or a phone call
sometime right before it happened? And we were able to
to get two pictures and say, look, these guys are the
suspects, you know, that we think may have been behind
this.

You can see how that type of technology can be
used for erosion across the eastern seaboard or maybe
something in the Antarctic. So when we talk about
Earth Observation, we’re talking about that capability.
That marketplace has exploded over the last couple of
years. Before, you could get a subscription provider
that could give you a picture of a coastline, you know,
once a month from a satellite upfeed. Now we can do it
in realtime.

We’re talking about dynamic analytics. We can
do it on a second-to-second basis. We can pull in
social media data. We can pull in phone -- you know,
phone calls. We can pull in text messages. We can
pull in satellite feeds, and we can do it -- and, so,
we’ve created a space called Earth Observation where
So I wanted to talk about one other thing, the people said this was a fantastic idea and this fit enough just to win work or identify work; how do you theirselves to actually grow their business. It's not talk to companies about how they can invest in we have to give them access to capital, but we have to help them identify business opportunities, not only do we have to through the IT70 portfolio, which is very large.

And, so, we said, look, not only do we have to become? They become a managed service payroll provider to a federal agency, and they're not paying a larger deal. And you'll see us make a big push into automated machine learning, artificial intelligence, autonomous systems and now a little bit in the block-chain space, you'd see a significant market opportunity for small business. If you're not looking at -- if you're not able to look at the category as a whole across the whole space, you would not see that. So there are some benefits to category management.

We focused on strategic sourcing and lower costs, but if we look at the vertical as a whole, we can actually segment the marketplace pretty accurately, and we can identify opportunities for small business, and that's kind of in my role at IT70 what I'm trying to do. And you'll see us make a big push into automated machine learning, artificial intelligence, autonomous systems and the block-chain platform because of that.

So that's all --

MR. GAVINO: And in support of category management also GSA is walking its own talk. We have reorganized, realigned to support such an endeavor, exactly what he said. It used to be -- for example, I'm the Director of the Network Services program, now called telecommunications. There were 11 directors; now there's only one.

Why? Well, now I have visibility of data that the directors used to have and operating independently with that data. Data is knowledge; knowledge is power.
1 I now know basically what kind of communication systems
2 is being bought, CONUS-wide, what, when, where, how,
3 why from different regions in the United States. I
4 have that data, and I use that data basically to save
5 the government money.
6 So it’s not just -- it’s not just we’re saying
7 category management is a good thing. We’re actually
8 realigned to support such that endeavor.
9 MR. ARRIETA: And not to monopolize the time,
10 but just to build on what Armando’s saying, you know,
11 and Jim, I’m jumping into the duties basically here a
12 little but, but I love this. You know, if you look at
13 -- there’s a group called MD5 within DOD, and they’re
14 looking at the entrepreneurial ecosystem of the United
15 States.
16 And if I wasn’t looking at the IT services
17 marketplace as a category, as a vertical, I would never
18 even know that that marketplace exists. Now that I
19 know that marketplace exists, it’s like, well, how are
20 you investing in the entrepreneurial ecosystem and what
21 is your strategy? Are you working through
22 universities? Are you working directly with companies?
23 And then as a -- as an organization that’s
24 focused on that category, I could say, well, here’s
25 some tools so that you can have access to those

1 companies easily. Those companies can onboard rapidly,
2 and then you could start -- you can offer this to the
3 entire federal government. So there are some good --
4 there are some good things with it that I think we’re
5 working on and I think the reorganization supports, and
6 I think we’re pretty excited about.
7 MS. CARSON: Thank you. That was incredible.
8 And we do hope that you’ll come back in September with
9 some of the ways that as you roll things out that are
10 available for business owners to participate in and
11 learn from, we obviously -- our role as SBA is to get
12 that -- our network out there and sharing that with
13 folks. So we look forward to hearing how we can do
14 that aspect for you through out veteran business
15 outreach centers and others.
16 MR. ARRIETA: And I would offer one of the
17 things that Armando has -- you know, Armando’s super-
18 passionate about those things, by the way, and he drove
19 me here, and he said no lunch, no soda, no water. I
20 need you here the whole time. And I’m glad he did.
21 This has been a really cool meeting to sit through.
22 But we are working on refining kind of this
23 training offering, and we found a really young,
24 motivated guy that’s passionate about public service
25 that I think will deliver it well, and we’d be more

1 than happy to work through the veteran business centers
2 of this group to kind of deliver as much of that as we
3 can.
4 MS. CARSON: We’ll have some things in mind
5 for certain. Okay, again, we are spending a little
6 extra time. This can’t go on all afternoon, though, so
7 we’re going to move fairly rapidly. It’s 4:00, and I’m
8 turning it over to my colleague who I believe is on the
9 Phone, Matthew Blum from the Office of Management and
10 Budget.
11 MR. BLUM: Thanks, Barb. I appreciate it, and
12 I’ll be brief. I did want to offer one addendum for
13 the conversation on category management. Jose makes an
14 excellent point about, you know, the need to think not
15 just vertically but about the market as a whole and the
16 opportunities, you know, that exist well beyond the
17 specific areas where there has been category management
18 placed.
19 But speaking tactically for just a minute, and
20 I probably need to do a better job in communicating
21 with folks on this, is even within those areas where
22 there are category management plans on desktops,
23 laptops, on -- and whatnot, most of the migration
24 anticipates a chunk, a significant chunk, that will --
25 that will not vibrate and remain open for open market

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activity.

I don’t remember the exact percentages, for
example, on desktops and laptops, but my point is that
we’re not talking in all instances from moving from,
you know, a very small amount of use affecting
contracts to 100 percent. That wouldn’t be realistic
or practical, and it would create incredible market
disruption for small and large business.

So, again, I think that as we -- as we roll
out these initiatives, it is important for us to pause
and make sure that all members of the community and our
small businesses and vets understand what the
strategies are and the many opportunities that remain
for small businesses, in addition to the many small
businesses that are category managers breaking into the
vehicles that are being used for these purposes.

And to put it another way, there is no relief
for agencies with respect to their small business
goaling. And that perhaps is kind of the most
fundamental point. We don’t see this initiative as
playing against or changing in any way any of the
obligations that we expect agencies to pursue and to
have reflected on their score cards that Ken described
earlier and meeting, you know, all aspects of their
small business goaling.
Just very briefly on a few initiatives that we’ve been working on. I think they mostly tie to 3.2 of our task force recommendations on reducing barriers to growth and improving coordination. Three points very briefly. One, you’ve heard me speak in past meetings about our interest in innovation, which happily -- happy to report is shared by the Office of American Innovation in the White House, and we are taking a broad view to this, so in our minds, this isn’t just about, you know, teaching shiny new technology. It is much broader about improving the responsiveness of our acquisition system.

At the end of the day, you know, that’s what customers expect. They want the work, the services that are delivered to be in a timely manner to meet program and citizen needs. And our contractors equally demand that as we -- our processes be responsive and that we value their time as well. We’ve heard repeatedly many, many contractors, including small businesses, say that, you know, they’ll bid on something and it seems like it takes an inordinate amount of time in some cases to hear back. And, you know, on the services side, in particular.

And we need to emphasize those practices that help us not only to be more innovative but, frankly, to be more modernized in our everyday behavior, whether it is, you know, better use of prototypes or oral presentations, taking appropriate advantage of Agile and recognizing, for example, that many 8(a) contractors and other businesses -- veteran-owned small businesses and whatnot -- that have the ability to do Agile we need to tap into those capabilities.

Mr. Weidman mentioned a few minutes ago that we should not be ignoring or overlooking any and every opportunity. Take advantage of simplified acquisition procedures and recognize the transaction costs that make it harder to participate when we fail to leverage those -- you know, those simplified procedures. And what we plan to do is before we have our next quarterly meeting is meet with the -- Ken’s group, the SBPAC.

We believe that many of the activities that we’re talking about here and plays and practices to be more responsive, you know, very much aligned with what our small business directors and OSDBUs think about on a daily basis. So we want to not only compare notes but also make sure that the -- those innovative practices which we’ve talked about today and in past meetings are also incorporated into our work as we go about communities in practice and also our innovation hallway.

Also wanted to point out on the legislative side, we continue to hold out hope -- sometimes things take longer than -- and take lots of conversations and patience, but we continue to push for many of the same reasons some of the authorities that we’ve talked about -- raising the simplified acquisition threshold, making some refinements to the processes that we use before we apply new requirements to commercial items. In fact, we can make it a little bit harder to make sure that we’re looking as carefully as we can at the burden before we impose a new unique requirement on a company that is selling us a commercial-off-the-shelf product or service.

So we have developed a legislative proposal around that that we think will be helpful in this regard. And with also just -- very briefly mention if you aren’t aware of it, Congressman Thornberry had introduced legislation, the Defense Acquisition Streamlining and Transparency Act, which has a provision to encourage or facilitate greater use of online and online marketplace. And the Administration has not taken a position on that, but it might be of interest to members of the task force just to take a look at it.

Based on what I have read, you might look at this as a conversation of trying to meet contractors where they are, right, and in the context of the online marketplace, this is trying to recognize that the government should, you know, be able to access providers of COTS products, that they would sell them through platforms, commercially existing platforms to their commercial customers.

So I think this will trigger a lot of dialogue within the community that I think will be healthy and informative as we think more broadly to how we make progress in reducing barriers to growth. And, again, I’m not offering a opinion today, good or bad, on that proposal, but just noting that we are getting from a lot of directions, you know, interest and looking very hard at the burden that we are imposing on our partners that do business with us contractually, which we take very seriously.

And lastly on that very point, you know, on the regulatory side, as you saw since our last meeting, Congress had under the Congressional Review Act, repealed the Fair Pay and Safe Workplaces rule that the FAR council had codified at the end of the last Administration. And there was a lot of discussion of the very significant burdens that were associated with that rulemaking. And under the Trump executive orders,
we are, you know, working to carefully review existing regulatory requirements, especially those that have a significant amount of burden to think about ways that, you know, we can, you know, refine, modify those -- those rules.

And, also, I think, and maybe we can in a future meeting, Barb, have further discussion on this, but look at tools, nonregulatory tools, that can be used to help reduce burden and eliminate the need in the future when there’s a problem or a kneejerk reaction to regulate in order to address when a problem goes wrong.

So these are examples, and, again, I’m not necessarily endorsing a particular tool, but the Defense Industry Initiative on Business Ethics and Conduct developed a small business toolkit to provide guidance to small businesses on how to design, implement, and augment their ethics and conduct compliance programs with a number of very simple steps that could be taken, you know, for companies recognizing they don’t have the overhead of a large defense contractor to do the sorts of things that large businesses may do.

In the trafficking space, there’s a responsible sourcing tool that similarly is designed to provide us cases and information on how to be -- you know, how to take steps to come into compliance with obligations there. And I know at a prior meeting our good defense colleagues talked about some of the materials that have been shared to help small businesses that are, you know, working in the cyberspace or maybe to take steps to make sure that they are cybersafe, if you will.

So that’s the -- these tools are, I think, an important part of our conversation, especially with small businesses and perhaps we will get that request to add that to the agenda when we meet with the SBPAC. Ms. CARSON: Thank you, Matthew. There are a number of things that it sounds like would be good topics for the SBPAC, the Small Business Procurement Advisory Council.

MR. BLUM: That’s right.

Ms. CARSON: So that does meet once a month. It is not public, but I do want those who may not fully get everything addressed to know that we’ve noted several topics that are appropriate for that venue as they’re OSDsBs from the federal agencies. So we’re moving rapidly to the Department of Treasury. Mr. Tim Colon, are you still on the line?

(No response.)
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25 of it, what it would look like if the GI Bill were 24 three specific topics: the GI Bill use, just the pilot 23 afternoon from 1:00 to about 3:30 to talk to us on 22 the record veteran service organizations come in the 21 it’s the first time in many years that we have had on 20 Business Affairs is from 9:00 a.m. to 4:00 p.m., and 19 the meeting tomorrow, the Advisory Committee on Veteran 18 On that, I appreciate that. One last plug on 17 report out publicly in the September meeting as well. 16 understand exactly what you were looking for and will 15 in touch with you also personally to make sure that I 14 Advisory Committee -- Council, pardon. And I will be 13 chimed in onto this -- you know, the CBE should apply 12 government-wide, but I think we really need to take a 11 respectful. 10 is to be direct and to the point while being 9 hope that if you are able you can come and join us on 8 that. 7 and Military Families. I know I’m missing some, but if 6 American Legion, as well as the Institute for Veterans 5 Veterans of America, Veterans of Foreign Wars, and the 4 military service-disabled, veteran-owned small businesses. My 3 name is Charles Sills, and I’m head of FED/Contracting, 2 Fed Contracting, LLC, and also government contracting 1 advisor to Link Resources. And I’m standing in today 140

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1 businesses. So we will look closely at the agenda on 2 that. 3 Our last member was the Street Shares 4 Foundation. He had to drop off the line, but we did 5 hear from Mark Rockefeller earlier today. There was 6 one small business who did request an opportunity to 7 comment and provided their comments in advance, so we 8 really do have only a couple minutes for Link 9 Technologies, so I would like you to come on up. 10 But I want to address Mr. Weidman. I do have 11 your questions, and I may have to provide answers to 12 you outside this venue, but two of them at least are 13 going to be worked on by the Small Business Procurement 14 Advisory Committee -- Council, pardon. And I will be 15 in touch with you also personally to make sure that I 16 understand exactly what you were looking for and will 17 report out publicly in the September meeting as well. 18 On that, I appreciate that. One last plug on 19 the meeting tomorrow, the Advisory Committee on Veteran 20 Business Affairs is from 9:00 a.m. to 4:00 p.m., and 21 it’s the first time in many years that we have had on 22 the record veteran service organizations come in the 23 afternoon from 1:00 to about 3:30 to talk to us on 24 three specific topics: the GI Bill use, just the pilot 25 of it, what it would look like if the GI Bill were
MR. VENKATESAN: Just two things, and I'll be real brief.

MS. CARSON: Okay. Two minutes.

MR. VENKATESAN: Jody Venkatesan with Platinum Business Services. I'll be real brief.

MS. CARSON: Go ahead. You've got two real brief. Sorry?

MR. VENKATESAN: Yes. And thank you for your comments. I would like to say we just received this yesterday, and I appreciate that you came in to bring this forward. I do want you to have faith that we will address this. I think there is some data that we want to look at. I want you to know that SBA and the federal government don’t put one program first ahead of others, but I think you’ve brought forward some information that we want to look at. I do think it may be appropriate for SBPAC to engage with DOE --

MR. DODDS: OSDBU, yeah.

MS. CARSON: -- with the OSDBU. And may I ask if you’ll take that on for us?

MR. DODDS: I will, yeah.

MS. CARSON: Okay.

MR. DODDS: Thank you so much.

MR. PHIPPS: Michael Phipps. I just have one quick comment for the record. DOE is not the only agency where we see those trends. The Advisory Committee on Veteran Business Affairs just put forth one of the recommendations to create a business development program for service-disabled veterans that is similar to the 8(a) program. The reason contracting officers use the 8(a) program is because it’s so easy to make the awards, and it’s not protestable. So our recommendations have been set forth to the SBA, to Congress, and to the President to address that specific issue.

MS. CARSON: Thank you. Thank you, Mr. Phipps. And that was in your role as the Advisory Committee for the -- for Veteran Business Affairs, correct?

MR. PHIPPS: Correct.

MS. CARSON: Good. So it is in two places for action, and I appreciate you bringing that forward.

Unfortunately, we do need to close the meeting for today. I think we have much to follow up on, and I appreciate the interest.

MR. VENKATESAN: Barbara?

MS. CARSON: Yes?

MR. VENKATESAN: Would you take one public comment?

MS. CARSON: Yes, please.

MR. VENKATESAN: I apologize.

MS. CARSON: Could you please identify yourself?

MR. VENKATESAN: Jody Venkatesan with Platinum Business Services. I’ll be real brief.

MS. CARSON: Okay. Two minutes.

MR. VENKATESAN: Just two things, and I’ll be real brief. Sorry?

MS. CARSON: Go ahead. You’ve got two
MR. VENKATESAN: Yeah, I’ll be real brief. One, and I really think this is to OMB, there needs to be federal-wide recertification for service-disabled control and size standards, number one. Number two, we need national or federal-wide -- and I echo that -- of the CE verification or verification of service-disabled. And I’m saying that as a veteran-owned service-disabled CB business because we’ve experienced things that we don’t want other veterans to experience.

The third thing, and I think that the -- all of -- and I think especially OMB and the SBA -- and I hope that we can do this, work with the House Small Business Committee to do set-aside contracts for service-disabled much similar to the 8(a) program. I think the veterans especially coming out of the last -- in Afghanistan deserve it, and that’s all I want to say.

MS. CARSON: Jody, that was very brief, but I got it, and I have appreciated the conversations we’ve had over the last month. And, so, I know exactly what he is talking about, and if anyone here has followups, I’m sure that Jody would be happy to provide more information on that as well.

So unfortunately we are going to end for today, but this is not all. Tomorrow, you could have eight hours more if you come to the Advisory Committee on Veteran Business Affairs here at the same place. Thank you so much. We’re closing the meeting.

(Whereupon, at 4:24 p.m., the meeting was adjourned.)
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