UNITED STATES
SMALL BUSINESS ADMINISTRATION

ADVISORY COMMITTEE ON VETERANS BUSINESS AFFAIRS

PUBLIC MEETING

WEDNESDAY, JUNE 10, 2015
9:00 a.m. - 4:00 p.m.
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Mr. Fielder: My name is Ed Fielder, I chair the Advisory Committee for Veteran Business Affairs. I call the meeting to order. First I'd like to note that we have one new member, Rich McAdams, who was appointed within the last 24 hours, he will be stopping in as soon as he can get through some business things to get over here today, but he got short notice on this.

Also, two of our members, Marcie Ulises and Michael Phipps, had a death in the family and they were unable to be here today. And Kathy Roth-Douquet is stuck traveling somewhere with thunderstorms and couldn't get out and sent me a message about midnight last night that she was going to be unable to make it, but she should be on the way.

Ms. Carson: And we have our representation.

Mr. Fielder: And we have our representation.

Ken Quigley was tied up with a business thing in Minneapolis, and Kurt Mueller, who like myself, was recently reappointed for another three-year term, found out so late yesterday or the day before yesterday that he couldn't make arrangements to get here.

With that said, we have two guests, from Senator Shaheen's office, Ami Sanchez, and from Senator Capito's
office, McKenzie Clark. Thank you for coming.

As we get started, I just want to kind of declare what I think is a fairly significant -- welcome, Davy.

MR. LEGHORN: Good morning.

MR. FIELDER: We started the year and we set an agenda to accomplish several tasks, and I think we can actually claim success that we accomplished those tasks, and I'd like to just now review those, but we say we were setting out to advance the committee's urgent concern on capital access. You'll see even in today's agenda, three directors talking about capital access, and I think that is a total of seven or eight, maybe nine for the year. And then link ourself to the Interagency Task Force and attend those meetings. That has been happening for a little bit over a year, promoting and encourage entrepreneurial training.

Several groups have come to us, and Syracuse will come back to report back to us, the last time they talked to us, I think about two years ago, and we will do that. Advocating for the Mentor Protege Program, we obviously have been doing that and that is, in fact, moving forward, and recruit and fill committee vacancies. We are now at full slate, minus one, which from where we were two years ago at three people, that's
an incredible task completed.

And then there are some others, but I did want to tell everyone that working together over the last year, we're completing it. So, as we move into our last formal meeting of the year, we'll have one more time that we get together to write the report, but moving into the formal, I think we're very close to accomplishing everything we set out for the year.

With that said, unless there's questions, I'll turn it over to Barbara.

MS. CARSON: Thank you, Ed, and good morning, I'm Barbara Carson, the acting associate administrator for Veterans Business Development and I would like to thank everyone who is here today for your support in veteran entrepreneur opportunities, what you're doing to create more of them, for holding us accountable and for your suggestions and recommendations that have taken us a long way in a very short period of time. So, thanks for your service, those on the committee and those of you who have joined us.

Any members of our team, you will hear about the work that OVBD is doing. So, I am going to jump right into that and talk about some highlights. I do want to say that administratively, everything that you see on the screen will be available to you, so if you would
please make sure that you sign in and leave your email address, I would be grateful, that's what you will get as a result, your parting prize. And if there are questions and you have to leave early, before this is done, you can email me a question at barbara.carson@sba.gov. If I get it before the afternoon session when we have more time to take a deeper dive, I'll make sure that I answer on the public record for you, but I can also get back in touch with you in person.

So, some of the highlights I want to hit are Veteran Business Outreach Centers. We have a brand new program manager in that space, his name is Ray Milano. He has been with SBA since 1999. He is an expert on everything from procurement to access to capital, still gets a lot of pleasure and success in mentoring business owners one on one. So, he brings a different perspective to our team. I like that he comes from the field and understands at that level what we can be doing differently to be more effective. Ray is a marine vet, and a lawyer. So, those balance each other out. He's a fantastic addition to our team.

Also, within the Veteran Business Outreach Center Program, we did make award announcements on April 13th of this year. We were competing for 14 available
spots for VBOCs and we have a nice blend of returning and new Veteran Business Outreach Centers. I do have with me the sheet, if you would like to take a look at where they are, and who's doing that work with us, you're welcome to take one, and it's also on our website. So, go to SBA.gov/veterans and look for updated information on our Veteran Business Outreach Centers.

I do want to note that in the selection, we did a few things differently that I hope you quickly see results in. And that is, part of the criteria was demonstrating that they had a network, that with only 15 across the nation, they absolutely have to be a part of the ecosystem that trains and counsels the business owners and gets them opportunities to capital access.

We also focused on their legislative mandate to be an active participant in transition assistance services to service members. So, with that, we did do split funding, which we have not done before for the VBOC program because the business did not exist, we now have a named program authorized to work with DOD and transition assistance. Those VBOCs have a more robust role going forward and we're holding them accountable and they're excited for the opportunity in taking that on.
Also with VBOCs, we are engaged in more meaningful outcomes, and demonstrating those. So, we are the lead program office within SBA looking at the impact evaluation on what is the benefit of going to a Veteran Business Outreach Center as compared to another service, and really want to show our value. So, I look forward to reporting to this committee on what we learn as we go forward. As you know, it takes a long time to do this work, but it's meaningful work and needs to be done.

I'll move on to entrepreneurial training, just to give you a 30,000-foot view, because we do a deep dive into Boots to Business, but right now, this week, B2B has just concluded in D.C., last weekend, it was incredible, meaningful, and it's not just the experience of being there, but the outcomes that appear after, within a year, 56 percent of those women are starting businesses. Those are military spouses and women veterans.

Today, the veteran -- excuse me, I'm going to mess this one up. Our procurement course is in session, 50 vet-owned companies are learning how to grow in procurement up at Montgomery County Chamber of Commerce Foundation. It's a nation-wide program that let the single county lead you to believe that it is just a
local program. We are already getting applicants for the next session, so it's a popular and also successful program.

The Entrepreneurship Boot Camp for Veterans with Disabilities is in session today at Florida State University, and Boots to Business is happening at nine installations today around the globe, one of which is at Yokosuka, Japan. It's incredible growth that we've had in our entrepreneurial training programs and we're seeing the outcomes as a result of this hard work.

For access to capital, as Ed mentioned, we will get a deep dive from the deputy of Capital Access, John Miller. They've been, as an office, quite responsive to our requests and demands for more information on what is happening. OVBD in years past has been a consumer of this data, not a producer or someone that uses the data. We really need to be -- take on our ombudsman role within this agency and fight for the things that SBA is supposed to be doing for veteran entrepreneurs and we are doing that, and I am pleased with the response that we're getting from our partners in Capital Access.

That said, there is work to be done that's significant. The veteran lending is down more significantly for this population than any other. So, while it is recovering from post or pre-recession,
through recession, it is not recovering as quickly, and so we will get into what we think those reasons are, what we still need to learn, and what program or policy makes sense to address what we learn from. So, we'll get to that.

Which leads me into Gap analysis. I am grateful to the agency for giving us the funds to investigate through an intense research study that began last week and will go through August 31st. What we hope to get from it is a survey of the current landscape in terms of federal and state policies, programs, also existing research, whether it's academic, corporate, non-profit, and report out to us in August on what is working, what isn't working, what should be connected, and the important part, how and why we should connect things, let them go, embrace them, and then what are our constraints to doing these good things. Is it a policy constraint, is it resources, we really want a full report.

This is an ambitious project, and I am not foolish enough to think that one phase is enough, this will lead us to take action, this is the informed part of our work. So, I hope to -- well, I will, I commit to responding to this committee in September on what we got from that report.
For outreach, yesterday was a joining forces in the White House and they are committed to supporting us in the work that we've done and very pleased that they will support us both in fee wise and in reboot, Boots to Business Reboot to ensure that we do get entrepreneurial training to veterans of all eras. More on that later today.

We're expanding and synchronizing our partnerships in outreach and raising the bar for what we expect of ourselves and how far we can reach. Through the Veteran Business Outreach Centers, SBDCs, and I would like to thank our colleagues in the Office of Field Operations. We're asking for more and they're delivering for us and I'm very pleased with that.

National Veterans Small Business Week, please mark your calendars now, the 2nd to the 6th of November. Last year we had over 150 events around the nation, and they were focused on SBA's three core competencies, access to capital, federal procurement and entrepreneurial training and development. We're building our partnerships right now that will allow us to do more for vets and military spouses to get their businesses going and grow them.

And, finally, I wanted to cover just before I dive into Boots to Business, a little bit about
accountability and our role as ombudsman in OVBD, where we've had a lot of growth, and I would like to thank my team who is with us today. It takes incredible discipline to really jump into the Paperwork Reduction Act and do the things that must be done through the Office of Management and Budget to create a survey, for example, to get a registration form for a class. These things seem very small, but I can't possibly prove that I have outcomes from a program if I haven't done the work to gather data responsibly and connect with the right agencies and systems to report out on that. It's a significant challenge.

So, we've had several items go through public comment, and one has been approved, which is the registration for Boots to Business. This is the slowest work that we do, but it's incredibly important.

More about government performance and results. We are working with the agency, but as I said earlier, kind of leading that effort, we have dedicated some of our resources, contracting, to look at the Veteran Business Outreach Center Program, to make sure that what we expect is standard across resource partners, because VBOC should be considered and included, every time we say SBA resource partners, as SBDCs for women's business center and VBOC, we want them to perform at that level,
but we do need to show what our differentiation is and that's what we plan to do.

In our role as ombudsman, we are not just receivers of information from other program offices, we are involved in conversations we weren't in a year ago and it's making a difference in the policy recommendations that are going forward. So, I think this committee, because I need your independent view on what we should be doing and what is effective, it really helped me get a lot further down the field.

I'm going to turn over to Boots to Business for a moment. I've got the Boots to Business team here, so please jump in if I miss something. The strategic objectives, and I don't want to take too much of my time, I've got a little bit left. I'm talking like an auctioneer, excuse me. Okay, I've got until 9:30. I'm trying to find the right one.

MR. FIELDER: I'll have Jaime tweak this a little bit for you.

MS. CARSON: So, that's a tough one to read, even if you're sitting over here. I'm going to hit the highlights for you. So, again, this is a Boots to Business exhibit deck that we've got and I will be sending it to everyone who signed it so that you can take a closer look.
It's not enough to just go deliver a program, you need to get some feedback on how it's going, from multiple sources. One would be the veteran service member or spouse who is going through the course, the transition service member at the individual installation.

From DOD, in trying to help us implement this, and also from our district offices that are trying to corral all the resources and make sure that we covered everything. So, there have been site visits conducted in California and Texas, Georgia, Virginia, Germany, and Italy so far. We're already incorporating that, and we use this to make curriculum upgrades, policy changes and a number of things.

So, we -- I think that you'll hear our reputation and profile has grown and we do -- we are responsive and proactive at the same time. We are out there listening and then we take action on what we learn.

All of the new VBOCs came in for a training event that was held last month. As I mentioned, they've got an expanding role. We're going to help them build the capacity to meet the goals that we've set for them, which are quite aggressive.

I'm going to go over in a moment our digital
marketing campaign. We do have the ability to promote
what our programs are, and I'll show you the
effectiveness of that effort so far. And, finally, IT.
It can make you or break you, and this is a challenge
for every government agency, as you know. Our website
is not where we want it to be. There's only so much
that I can do within the construct of our entire agency.
I want you to know that we're pushing the boundaries as
much as we can and trying to find effective ways to
communicate via every information resource that's easy
to use and actually could lead someone to take an
action, not get stuck in clicking through and not ever
finding what they need. So, it does have our attention.

For example, client relationship management,
CRM, that's something that the corporate world knows
well. It's something that we struggle with. How can I
find a participant for Boots to Business who's in the
military installation and not touching SBA at all yet,
except through a registration form and be able to tell
our constituents two years later this person was able to
get access to capital because they went through the
Boots to Business. Or they went through the military
installation and moved home, but it didn't matter, we
were ready for them and we mentored them with our better
business outreach center or SBDC, so they are now a
federal contractor. Right now I can't tell you those
tings because we don't have that kind of relationship
management as an agency to take you from first point
through the multiple touch points that SBA can have in a
successful business owner's life. So, we're on it.

And, finally, a couple of things about just
improving our process. I think it shouldn't be a
surprise, but it still is, the Boots to Business is
available to a service member or a spouse from the
moment that they become a member of the military family,
and report for active duty. It is no longer that they
have to be within an 18-month window of leaving the
service or separation or retirement to take advantage of
that.

That is critically important for a subject like
entrepreneurship when it takes years to establish
credit, gather some equity and make a solid business
plan that has been thoroughly vetted and tested before
you go out and take some risk. So, this -- I'm excited
to have the DOD support for getting this information out
sooner. It's been a tougher sell to each of the
individual services because it just makes sense that
that's not where their focus is when they have someone
doing the mission for them at that time. We're working
with them on the culture.
All right, we're going to go to the quarterly update forecasts, we just wanted you to see that we're trending in the direction I want it to be on everything from number of participants per month, the number of courses we're offering per month, and the average class size, which is about 18 right now. Over 28,000 service members and spouses have gone through this program.

Next slide, Jaime. Thank you.

Marketing and outreach. This one is important to us because one of the frequent things I hear after going to V-WISE or OVBD or attending a Boots to Business, I didn't know this was out there for me. This is not a fluffy spend when you try and go after marketing and outreach, and I'm lucky that we have the resources to do it, because they can't continue to be an excuse, oh, I have not heard about this. We're doing great things.

So, what have we done? We have new compelling collateral that is updated frequently enough to be compelling and accurate. We've made it available to all the people who are out there doing work for us and with us. The Veteran Business Outreach Centers, SBDC, SCORE, Women's Business Centers and district offices, and we're looking at other partnerships that we are developing in the nonprofit sector as well to be our voice, to find
other ways to reach, and I do thank American Legion for
that, Blue Star Families, and the U.S. Chamber
especially, for including us in the work that you're
doing. It's making us more meaningful and hopefully
supports what you're doing as well.

Here's some of the color scheme for Boots to
Business, trying to get us text for impact, and then
print ads. And I've got some examples up here on the
next slide. So, working with the military family
publications, being in the transition guide every time,
not just with ads, but we're providing them content.
The same with Entrepreneur Magazine. We're also working
with online partners to get our word out in a variety of
ways. If you want to take a look at those, feel free.

The digital ads. This one is not the one that
I've actually seen, so I'm going to turn it over to
Leigh Ann Arnold for a moment to hit on the highlights
of what we did and what is the difference it's making.

MS. ARNOLD: So, we launched our digital
campaign in early April and what you'll see here is kind
of just a snapshot of some of our highest performing
ads. We are on Google, Facebook, Bing and LinkedIn, and
what you'll see here, LinkedIn being a keyword search,
Google keyword search, Facebook and I believe that's it.

So, what you can see there, on top of each ad
that's broken out as kind of the click-through that you're seeing for each.

You can go to the next slide. So, further breakouts here. Kind of just talking nonpaid versus paid for a moment, as you'll see on the top graph, we have nonpaid traffic for the entire month of April that was only about 26 percent rate, versus our paid, and then from there, a further breakout of who's driving the most traffic to our site. And I will say that before launching the campaign, we were about -- seeing site traffic approaching 1,600 individuals, and since launching, we're above 10,000 monthly, on average. So, noticing quite a difference there.

MS. CARSON: How about 800 percent?

MS. ARNOLD: So, we also, you know, we've seen quite an increase in this traffic, really still trying to figure out how to optimize the best, you know, which platforms are working most efficiently, you know, what platforms aren't working so we can optimize accordingly and where we can decide whether or not there is any value out there.

MADAM REPORTER: I have a request. Sometimes emails that are coming through your phone if it's sitting on the table creates a lot of noise. So, if you could just put your phones on the chair, I know it
sounds silly, but it makes a lot of difference. Thank you.

MS. ARNOLD: So, as you'll see here, kind of just breaking out the conversions. So, the first chart on the top shows out, you know, the number of visits and the blue was the baseline that we pulled from, and using the March rate you only see blue because we launched right around the first week in April and that would be the red color scheme, but blue are for organic site visits, whereas red is our paid.

So, as you kind of go to the later part of the month, you can see how we're optimizing and really increasing site traffic based off of our paid ads.

And then additionally, something that we kind of were having trouble with is getting the final conversion, and there are a number of issues just because we don't necessarily own registration for Boots to Business, there are a number of issues because we can't drive that one click, there are a few, you know, click-throughs sending them out.

As of right now, we have the calendar of all Boots to Business classes for the next four months both for CONUS and OCONUS on the lead-in page, but then sends them out to, you know, find their local TSM on their installation. So, there are a number of click-throughs.
So, we're seeing, you know, conversion, that final conversion right now is somewhat difficult to drive to.

MS. CARSON: Thank you.

MS. ARNOLD: Yes.

MS. CARSON: So, you can see that we've got deep talent on our team now for actually being able to go and do this effectively. We're not guessing at what might be effective, we know, and we're getting results. So, thank you for that, Leigh Ann, I appreciate it.

I'm going to quickly look at one more -- no, actually, nevermind. I'll show that during the lunch break. I'm going to show people what the site looks like. I apologize. I forgot about that.

MR. FIELDER: That's okay.

MS. CARSON: But I'd like you to take a look when you get a chance. So, that website is www.sba.gov/bootstobusiness, and you can see some of the success stories from most services are represented there, and hear about what Boots to Business is doing for veterans and military families.

Okay, and I think I've made it. There's more I would like to talk about, I don't want to go over any. That's okay. We'll hit some more this afternoon.

MR. FIELDER: I think you have a couple of questions at this point.
MS. CARSON: Yes, go ahead.

MR. O'FARRELL: Jim O'Farrell. So, first of all, from an individual or collective perspective, can we get -- can we go to one of the Boots to Business and sit in the back and observe what happens in an area local to us where we have to live? Is that possible, as a committee member? This is I guess my third meeting or second meeting and this is a recurring theme that's a major program and I really, other than going on the web, I don't really have a way to see it in real life. Is that possible?

MS. CARSON: I would love to work with you on that. It's a base access issue, and it's an obstacle, but otherwise it's not. So, I would like to follow up with any member.

MR. O'FARRELL: Does that include Fort Belvoir?

MS. CARSON: Yes.

MR. O'FARRELL: Because I'm Fort Belvoir. I was just on there.

MR. LEGHORN: So, I think Boots to Business Reboot runs off the same platform and same curriculum, it would be much easier for us all to attend a reboot session.

MR. O'FARRELL: Okay.

MR. LEGHORN: And I think we're trying to host
one this summer.

MR. O'FARRELL:  Good.

MS. CARSON:  That is a good point and I would say it's still valuable if we can show you what it feels like on a military installation to see the difference between, you know, folks of all eras who might have missed that chance, but I would like to see that on a military installation. That's a good point, Davy.

MR. LEGHORN:  What's the difference between reboot and boots?

MS. CARSON:  So, Boots to Business, the specific language is for transitioning service members and spouses. Reboots is for those who were not covered by that language, where they can still use the same curriculum, the infrastructure that we've already built, but we take it off the military installation to make it available to folks that might not have that ID card or they have a DD214, that says, yes, they did serve.

MR. LEGHORN:  So, they could be Vietnam era or any other era?

MS. CARSON:  Yes. We're leaving too many people out.

MR. LEGHORN:  Okay, got it.

MS. CARSON:  For something that we're finding is very valuable.
MR. LEGHORN: Yeah, I'd be very interested in seeing both, if it's possible.

MS. CARSON: Okay. I've got that.

MR. LEGHORN: The second question is, the peaks and valleys in your chart there, I realize that it was a very short time frame, but have you looked at what causes the valleys?

MS. CARSON: It's usually turned in by weekends, so less people are checking their Facebooks, you know. So, really, that was the valley for the most part, and you'll see that's why it's kind of regularly occurring.

MR. LEGHORN: Okay. So, then you look at how you target your marketing more with that?

MS. CARSON: Exactly.

MR. AUGMENT: Ron Augment. Knowing that budget constraints were always an issue for SBA on that, do you have a plan to be expanding or reporting earned media versus some of the -- I see that there's quite a bit right now of reliance on paid advertising and so forth.

MS. CARSON: Yes, we are supporting that, in trying to find the best value for that reach and also finding, where is this community, where are the people we're trying to reach. And we do have several partners in that effort, but I'm not ready to make a substantial increase over what we're doing, but we're studying it.
MR. AUGMENT: You know, and this is not an advertising pitch, but I know we're doing some of the -- a lot of marketing and outreach to the Department of Veterans Affairs. We've had great luck with NASCAR, getting the best sponsorship out of NASCAR, and I mean to tell you that's a very compelling sort of sponsor for, you know, this particular target audience that we're speaking of.

MS. CARSON: Thank you for your input. We did, as an aside, another potential partner, we worked with Facebook yesterday on learning from them, for many of, especially the military spouse community, that's where a lot of interaction and learning happens. So, I appreciate your input, too, and we will take a look.

Any other questions from the committee?

(No response.)

MS. CARSON: Anyone else? I want to thank the team, the OVBD team for everything. Do you need anything else? Okay, we'll move on.

MR. FIELDER: I would like to welcome Ken Dodds, our next speaker, from the Office of Policy and Planning and Liaison. Ken was with us two meetings ago, he did a great presentation, kind of got us all juiced up about this kind of thing. I invited him back at that time and
we were finally able to coordinate schedules so that he
could rejoin us to come and talk to us about small
business goaling, how that's done, how that works. I
think that an interesting coincidence was that the 2014
goaling report came out in between, so we'll actually be
able to see the goaling report today. I'm not sure, is
that public yet? It's not public yet, but we're going
to see some of that, and, so, welcome.

MR. DODDS: All right, thank you, I appreciate
you having me. I'm always glad to be here.

I want to first go over the ranks, where we are
on all the ranks we're working on, and then we'll talk
about goaling, of course, then. Okay?

So, the first rule we're working on is the
change to the way the limitations on subcontracting are
calculated for bonus and set-asides. This is based on
the NDA of 2013. This changes the calculation from
right now if you're a service contractor it's based on
cost incurred for personnel, it's going to change it to
more of an amount paid calculation. And then it's going
to allow all small businesses to be able to rely on
subcontractors to beat that. Performance requirements
right now, if you're a service-disabled veteran, also,
you can use subcontractors to meet these performance
requirements, but for women-owned small business and
8(a), you cannot. So, it's going to kind of make all
the programs kind of have the same rules around the
performance.

Let's go to the next slide. So, we issued a
proposed rule in December. The comment period actually
closed in May, I think we extended it one month, but
it's closed. You know, some of the things we asked for
comments on were, you know, if it's combined supplies
and services, how do we, you know, calculate that. We
proposed to have a written agreement so that we know
when you're relying on a subcontractor, we want to know
what they're going to be performing. We want to make
sure that you're not just subcontracting to a firm that
turns around and then subcontracts to a large business.
So, we don't want to have a pass-through at the prime
level, we don't want to have pass-throughs at a sub
level either. So, we got asked for comments on that.

Let's go to the next slide. We've proposed some
things around -- and this is just for general knowledge,
if you're a small business, you know, joint ventures
right now, under our rules, if you joint venture with
another company, usually we affiliate you and so we
combine your revenues and employees for that particular
contract. What we're proposing here is to say, well, if
each individual member of the joint venture is small,
we're going to consider that to be a small business. So, it will allow small businesses to joint venture together, increase their capacity, and still be considered a small business, even though collectively they're not. Okay?

MR. FIELDER: They can look at each of the firms individually, or are you going to accumulate the combined --

MR. DODDS: That's the proposal. Right now, under the rules, we do accumulate you --

MR. FIELDER: Because under the teaming agreement, or excuse me, under other joint ventures, you sort of look at the total number for each of the companies combined.

MR. DODDS: Right. That's the current rule. We do have exceptions for really large contracts which say, you just individually -- each company just has to meet the size and then we're going to consider you small. What we're proposing here is let's just have the rule be the same for everybody. As long as you're a small business and the other firm is a small business, we're going to let you combine. And you can joint venture.

Now, obviously if you do it too much, then we're going to affiliate you because if all your business is with another company, that's going to not be okay, but
it will increase capacity, as we know, contracts keep getting bigger, there's not as many contracting officers, it's a way to help small businesses team if they choose to go that way. So, that's the proposal.

We have some clarifications around re-certification rule. We're trying to put into our rules the affiliation rules that are based on our OHA, Office of Hearings and Appeals case law. It's not in written form, but if you -- if your size is protested and you go to this appeal, you'll find out that family members, for example, are affiliated with each other. So, a husband's firm and a wife's firm, under our rules, they're generally affiliated, you know, a father, son, brother, sister. It's not in the rules, it's based on case law. So, I'm trying to put it in the rules so that everybody knows what the rules are.

The same with the rule on if you derive too much of your revenue from a firm, under this proposal, it's 70 percent, there's a rebuttable presumption that you're affiliated with them. So, we asked for comments on that as well.

Let's go to the next slide. We're trying to clarify some rules around how the non-manufacture rule applies to software. You know, right now if you hire someone to create software, that's a service, but a lot
of agencies buy software, they think of it as a commodity, you're buying off-the-shelf software. We have to figure out how we deal with that for purposes of the non-manufacture rule because, you know, in a set-aside if it's a supply, you're supposed to manufacture that product if you're a small business. And we can do waivers around that. So, that's what we're kind of trying to figure out there, how do we deal with software different from a service as a commodity.

And then we're trying to clarify the rules around when you request waivers, make sure everyone is on the same page, so that they know what the rules are, what they're certified to when they certify to the small business.

Let's go to the next one. So, that's one rule, that's a rule that closed in May. We had a second rule that came out in February, around the Mentor Protege Program for all small businesses. You know, under the Jobs Act, Congress gave us authority to create one for service-disabled veterans, HUBZones and women with small businesses. You know, similar to what we have right now for the 8(a) program. Then in the NDA 2013, they gave us authority to create one for all small businesses.

They also wanted us to take a look at all mentor protege programs that agencies have created to decide
basically whether we're going to have just one under SBA, or whether these other ones are going to continue. It exhibits DOD's subcontract or Mentor Protege Program, which is based on subcontracting, so that's not part of this, but like GSA and HHS and some of these other agencies that have mentor protege, we're going to have to take a look at them once we get this rule done.

Let's go to the next slide. So, we issued a proposed rule. There's the citation for it, but the comment period has closed. You know, we went out and asked for comment on, you know, how many proteges should a mentor be able to have. How many mentors should a protege be able to have. What should the standards be for purposes of the quality of a mentor. What are the standards to qualify as a protege? How long should it last?

You know, the 8(a) program, after nine years, the firms graduate from that program, but a service-disabled veteran firm, for example, could go on for many, many years, right, as a small business. So, how long should it last, how many times should you be able to qualify. Those are some of the issues we wanted to get comments on.

Let's go to the next slide. Another rule that we finalized --
MR. FIELDER: May I ask?

MR. DODDS: Yes?

MR. FIELDER: Mentor Protege, came out of public comment, it was extended for another 35 days, what was the reason that it was combined? What's the timeline look like? And I know that's hard to kind of comment, you know, just pin it down, but optimistically, conservatively, whichever side you want to take, what's the timeline look like for implementation?

MR. DODDS: I was at a meeting last night until like 5:30 trying to figure out how we're going to implement this, because the tricky thing with the mentor protege is, it wasn't funded. We are going to need to have people to verify, to approve and then to monitor, because we want to make sure the benefits are actually on the proteges. We can't allow this program to be used to the benefit of large companies, for example.

If you think of the scale of it, there is around 5,000 8(a) firms and around 500 mentor protege agreements, okay? There was around 300,000 small businesses at any one time. So, it's open, theoretically, to a much, much bigger pot.

MR. FIELDER: So, this committee thought for sure that that was going to be one of the guides when it got to implementation or certification.
MR. DODDS: We've actually had two private
concerns that I think they're non-profits, that are
doing certification, similar to the women-owned
certification, and if you go back to our notes, you can
find those. We were just sort of scrapping around
thinking, okay, the next thing that we're going to need
to deal with is certification. What if they were to
outsource the certification process and in more of the
cases, like five or six organizations that have been
blessed by the office, and that literally takes it out
of SBA, takes care of the unfunded part of it. I just
wanted to point you back, because we've got some pretty
good documents on two organizations that are already in
that queue doing it for commercial companies, corporate
500 companies, who are looking for an NDA certification.

MR. FIELDER: Okay.

MR. DODDS: That's a valid point, we've probably
received the comments on that. There's also, there is a
school of thought that thinks, well, you know, small
business is a self-certification program, so is
service-disabled veteran. So, we have a protest process
to hopefully, you know, catch firms that are
misrepresenting.

So, there is some thought to, you know,
depending on the resources, do we allow firms to
self-certify and then just figure it out if there's a protest that you're on. But maybe we do need -- some would argue that we do need to verify the firm for eligibility before we give them the blessing of that mentor protege.

MR. FIELDER: My personal opinion, second firm opinion would be that if you don't start to look at what that's going to look at two years from now, there's going to be cases out there and there's going to be a GAO report, whatever, that IG report that's going to say, and this many companies were fraudulent in how they practiced the mentor protege, whether it's service-disabled veteran or others that are coming through and you're going to end up preventing it.

MR. DODDS: Yeah, it's a fair point. I mean, in the proposed rule, we said we were going to do it, it's just a question of will we have the resources to actually do that, or do we have to come up with some alternate way to do that. That's something we're meeting and talking about as the days go by.

The NDA rule, the one on the limitations, that's a lot easier to implement because it's just writing, and this one, once we figure out how we're going to do it, then we have to start hiring people, which can take, in the government, could take months.
MR. FIELDER: The VA program -- (inaudible) -- was in front of us two days ago, and they specifically asked them a question could they step up and absorb this requirement. I'm surprised that that's the answer you got was yes, that you step up and expand that program. So, I think you've got two alternatives here.

MR. DODDS: Yeah. And we also have a lot of legislative proposals trying to get VA to transfer some certification to SBA. So, I mean, you know, we have -- you know, it still comes down to people, you have people that do it. Yes, sir?

MR. LEGHORN: Ken, I just have a comment. You know, if you guys look at your resources and you look at spending it in the front end with verification, verifying these firms for the mentor protege, and you look at the resources you're going to be spending on the back end, you know, people are going to protest because they lost on a contract. It happens all the time. If you just let the community police itself and do it on the back end, you're saving money, as opposed to, you know, hemorrhaging at both ends.

MR. DODDS: Right, I agree, I mean, that's a valid point, because a lot of times we spend a lot of time verifying firms, in several of our programs, who never, ever win a contract. So, you're just, you know,
there may be thousands of firms, for example, in the
corporation, 20,000 or so, how many of them
actually win a contract? So, it doesn't really matter
whether they are or not, because they're not getting a
contract. When the company starts winning contracts,
that's when people should start looking and say, hey,
wait a minute, you're not actually owned by a
woman-owned, or a service-disabled veteran. So, that's
a valid point.

MR. LEGHORN: And I think there's a presumption
that if you verify in the front you won't get protested
on the back end, but that's not true.

MR. DODDS: That's not true, because maybe you
didn't disclose everything.

MR. LEGHORN: Exactly.

MR. DODDS: Or maybe the community knows more
about what's going on than you disclosed to us. So, we
always want to have, no matter what we do, in a HUBZone,
we have a protest process. You have to have a way for
people to challenge it. Now, if we dismiss things that
are frivolous, you know, you can't just protest and say,
go verify that, you have to have some basis to claim why
you think they're not actually running, why the woman or
service-disabled veteran and so forth, but that's the
way it's kind of business, the small business has always
been kind of a self-serve, self-policing process.

MR. AUGMENT: And not to belabor the point, but to echo what you just said, Davy, I would agree with Davy, where you went through the CD process, thought it was a gut-wrenching, long, drawn-out, we've had a surprise inspection, and it's very almost police state like when they come in and everything shuts down and if you're a small business trying to get a proposal done that's due the next day and they say stop all work, get your headquarters shop to answer all of our questions, right now. We don't think that that's the way that we should be doing business.

I completely agree with Davy, on the back end, if you find out that fraud is happening, that's the time to do the policing, because one of the things that the CVE rep mentioned, I don't have the exact numbers in my head, but I think they were something like 7,000 firms in the CVE database for the VA now, and it was a significantly lower number that actually had active contracts using that SBA certification with the VA.

So, there's an amount of money -- resources being spent on that program, and so the idea that they would expand it across, I also want to touch on that, this committee member has not seen that happen either. So, stand your ground.
MR. DODDS: Fair enough.

MR. AUGMENT: And VA is spending additional contracts right around $14 million a year, you know, in that program, that value with the internal resources devoted towards supporting that. So, that's a -- it's a very expensive program.

MR. DODDS: Yeah.

MS. CARSON: This is Barb Carson. I was going to comment on, Davy, about protests, and a place that I wanted to compliment SBDC and the personnel there at SBA, is trying to communicate with the community, with contracting officers who are making those decisions, because there is some that believe that they will take a CVE, certified company, whether it's required or not, because they're less likely to get a protest. And, so, that behavior also needs to be addressed, and we work with the Office of Federal Procurement Policy to ensure that that is reinforced. It is self-certification, that's the rule, outside of the Department of Veteran Affairs. So, we're coming at it, with the situation we're in now, making sure that we address all the points where we are finding friction.

MR. FIELDER: Okay, go back to -- (inaudible) -- some of us have been waiting around since the National Defense Act of 2011 which provided for service-disabled
veterans. '13 obviously started the process all over again. Is it plausible or is it possible that we might be looking at implementation in this calendar year or early next calendar year?

MR. DODDS: You know, I can't, it's hard for me to say, but I will say that the rule-making process just alone, you know, we have to go through the comments, draft the rule, then we send it to OMB and there's a 90-day review period where all the agencies get to comment on it. So, we're not even -- we're not done with the rule ourselves, so it's not even ready to go to OMB. So, it's going to be several more months before the rule comes out and then, of course, there's going to be a delay in the open season or when we open it up, until we can have a staff, you know, if we decide to go that way, so that we can get hiring done.

So, I think the goal, you know, we've asked -- we've tried to budget for it for '16, you know, the fiscal year 2016, okay, but it would be --

MR. FIELDER: That would be October?

MR. DODDS: So, when in that fiscal year, I don't know, you know, at this point. We're so far, we're still trying to decide how we're going to write the rule.

MR. FIELDER: So, currently, we think it might
happen in fiscal year '16?

MR. DODDS: I'm hoping that -- I'm hoping that the rule will be published in calendar year and then I'm thinking, you know, realistically start some time in the next calendar year.

MR. FIELDER: Okay.

MR. DODDS: So, but things can change. We may be able to do it faster, it may take longer, but that's the best I can do right now.

So, the next rule I'm going to quickly talk about is the advisory size position rule, you know, firms can now, based on what Congress told us to do, they can go to a PTAC or an SBDC to get an advisory decision, because SBA will only do a decision on your size if there's a protest with an actual contract, there's a, you know, dispute. We don't have the resources to do size determinations with 300,000 firms out there. So, this is a way for you to get an advisory decision if you're a small business, if the PTAC and SBDC will do it, then they have to send it to us and we will approve it one way or the other.

Let's go to the next slide. There's, for the -- I don't know if any of you do subcontracting, but there's going to be a change to how we count lower tier small business contracting for individual subcontracting
plans. Right now, if you're a large business, you only report at the first tier level. Under this legislation from 2014, it allows basically goaling and accounting to go down to lower tiers. This was asked for by some large businesses, especially in the construction industry, who felt that they were, you know, subcontracting at the first tier when they really wouldn't be going to that small business, they would usually do it at a lower tier, and I think there's a belief that there's a lot of small business at the lower tiers.

So, there is a proposed rule that's going to come out. This one is ready to go to OMB, so it will probably be published as a proposed rule some time in September.

All right, let's go to the next slide. Women-owned small business, just to give you a quick update, we proposed a rule to implement the sole source authority, that was granted by the NDA of 2015. It's very similar to HUBZone and service-disabled veteran owned, where you do market research. If you can't find it to be -- if you don't expect to receive two offers from that type of business, you can do a sole source award, it has to be lower than those threshold values. It was issued in May, the comment period closes at the
end of this month. That does not have to go to OMB for review, so that one can be done more quickly. We are required to do a study of all the industries, you know, you can only do a set-aside right now on certain industries.

We're doing a new study, hopefully by January 2016, and then they threw in this certification requirement, by a federal agency, by a state or a national certifying entity. So, SBA needs to figure out, are we going to start a new women-owned program for ourselves, or are we going to rely on certifiers, are we going to have both. You know, we did that for a little while with the SDB program. Something that's going to have to come out. That's going to take a little longer to figure out how we're going to do it. So, that's what's coming next.

All right, there's my contact information. Do you have the goaling information that I sent?

MS. WOOD: I do, right here, sorry. I didn't print it, I'm sorry, this is the Capital Access.

MR. DODDS: Oh, okay.

MS. WOOD: But I can print it and get it to everybody.

MR. DODDS: Okay.

MS. WOOD: If that's okay.
MR. DODDS: Yeah, do you have them where we could look at them or no?

MS. WOOD: No. I'm sorry.

MR. DODDS: All right, well, I'll just speak about it, you know, without slides, and we can get you those. I gave them the information. Basically, we haven't announced how we're doing what we do for 2014 yet. The only official thing out was 2013.

UNIDENTIFIED SPEAKER: I think, I might be confused, but I think you're maybe optimistic that we might have it.

MR. DODDS: Well, there was something scheduled, that's why you're confused, because we were going to do it in May. When something is scheduled, it did not work out, for reasons I can't get into. So, it's really just about getting the schedules of our administrator and other important officials so that we can have an event to announce something. So, that's what it comes down to. You know, we're ready to report it, it's just a question of getting everyone aligned.

But I'll briefly go over, you know, what we do in terms of how we set goals. You know, we're in the middle of '15, we're trying to report on how we did in '14, and then we have to start negotiating '16. So, basically, this summer, we will take a look at, let's
say -- let's take DOD, for example, they are the big
spender, okay? It's basically we're going to look at
what their number was in 2014. We have a tool where we
analyze each NAICS code, and we say, for example, this
computer services NAICS code, the government average is
50 percent, and DOD, you're only doing 20 percent. So,
we add on some opportunity there to agencies where
they're below the government average in a particular
NAICS code.

So, let's say DOD was they did 22 percent, you
know, then we look through all their NAICS codes, we do
this opportunity analysis, we could add maybe two points
to their number. That gets them up to, you know, 24 or
so.

Then we look at how are you doing in '15.
Either your projection, or if they come back to us with
a lower projection, we will look at how you're actually
doing, you know, in August. We'll add those two numbers
together and kind of get the average of that, we would
propose to DOD to be their goal. So, basically, it will
be, if they're doing 24, and they're doing 24 this year,
we're going to average those together, their proposed
goal for '16 would be 24.

We do that with every agency. SBA, for example,
as a contract awarding agency, does around 70 percent,
you know, so their goals -- their 12 business prime contracting goal is going to be around, you know, 70, 69, high. Energy, for example, does around six or seven percent from a contracting point of view. So, their goals are usually set around that.

So, each agency, it depends on what they buy, if their small business contracting goal reflects kind of their performance. So, how they've done in the past kind of influences, you know, what their goal is going to be.

We also do kind of the same thing for subcontracting, when you look at how they've done and we set goals according to what their performance is. For all the categories like SDVOB and service-disabled veteran and also the women, each agency just has the statutory goal of 5-5-3-3.

Then once we get all of their numbers in, we do a scorecard A, B, C, D or F. Sixty percent of the agencies' grade is based on how they did on the small business prime contractor. There's 10 percent that's for subcontracting. There's 10 percent that's for initiatives that the White House or SBA has initiated where we kind of do a peer review of how they're doing. And then the remaining 20 percent is made up of the HUBZone, service-disabled veteran, women-owned and I
guess SDB. So, we take all those things, we add them up and each agency gets a grade, and then the government gets an overall grade. Yeah, we'll be providing the score cards for FY'13, I can't release the '14, but I have provided them to Jaime and we can review those.

Any questions around that? I mean, I didn't have any of my props with me, so --

MS. WOOD: I'm sorry.

MR. DODDS: That's okay.

MR. AUGMENT: Ron Augment. Is the source of the scoring information that you use, is that all through FPDS?

MR. DODDS: Yes, it is. What we do is OMB has required agencies, you know, the fiscal year ends in, you know, September 30th, right, and in January, OMB requires everyone to certify, every agency, that their data is accurate for that prior fiscal year, okay, because they're -- every day the data in FPDS changes. Things are obligated, things are de-obligated, contracts are awarded, contracts are taken away. So, any time you look at it, it's going to be different, but there has been an emphasis on data quality. Agencies, not just around small business, but around a lot of different things that we have to report on, so agencies report on, and they certify that their data is accurate in January,
so then we pull the data in February. It's on a specific day at a specific time. That's the number we use for all of our calculations for the rest of the year.

MR. LEGHORN: So, any purchases that are done, purchase cards and so forth, are not captured?

MR. DODDS: I don't think they are. I don't think there's a requirement to report that in FPDS, so everything comes from FPDS. So, unless there's some -- I think you can get special permission to report that in FPDS, but whatever is in FPDS is what we're going to be reporting on.

MR. AUGMENT: Okay.

MR. DODDS: Now, we do exclude things, you know, we do exclude like foreign military sales where we're not really selling to the government, we're actually buying it for Saudi Arabia. We exclude things like AbilityOne purchases. We exclude, right now, contracts performed entirely outside of the United States. So, there are some exclusions that we take out, and that's what GSA gives us in February, you know, all the data, excluding all the things that we talk about at the end of the report, and then that's what we use going forward.

MS. CARSON: And, Ken, we'll make sure that that
slide deck is given to everyone who is signed in today, and there's somebody who has joined us on the teleconference line, can I ask you to identify yourself?

MR. BAILEY: Rob Bailey.

MS. CARSON: Great, good morning, member.

MR. BAILEY: Good morning.

MS. CARSON: Anyone else?

MS. McLEAN: This is Melissa Mclean from the Department of Labor. I was supposed to be in for a data sharing discussion. Is this at a different group?

MS. CARSON: This is the Advisory Committee on Veteran Business Affairs for SBA.

MS. McLEAN: Okay, and your meeting starts at 10:00?

MS. CARSON: Our meeting is from 9:00 until 4:00.

MS. McLEAN: 9:00 until 4:00, wow. Okay, I'll touch base with the person who set our call up and thank you so much.

MR. BAILEY: And Melissa, I'm on, too, so I'm about to get off.

MS. McLEAN: Okay, bye-bye.

MR. FIELDER: Let me just make sure, the goaling that you then drive back to the agencies may be -- will be in some cases higher or lower than the
government-wide goal that was implemented by Congress, but when it comes to the report card, the report card judges the agency based on the Congressionally mandated goal?

MR. DODDS: Right, the way it works is, when we go out to -- when we propose these goals for each agency, it has to have up to at least 23 percent. So, DOD might be lower --

MR. FIELDER: So, many agencies like GSA and SBA are going to be much higher?

MR. DODDS: Right. I mean, SBA is around 70 percent, small business prime. A big agency, you know, DOE is only six, seven percent, their goal, because of the way they do business with all their management and operations and so forth. And Interior is around 50, very high, 58 percent or so, based on how they've done business over the years and their performance. I think the VA is around the thirties. So, you know, it's based on how you've been doing, kind of, is the starting point of how this integral goal is applied.

MR. FIELDER: Right. Within GSA, where I was originally administrator, where they've got distributed purchasing, the goaling from the GSA headquarters is, in fact, different per region or contracting activity within that agency.
MR. DODDS: That's right, we tell GSA, your number is 39 percent. They may go down to one activity and say, your goal is actually 10 percent, but yours is 80. Yeah, because then that's, again, based on, I would presume, historically, what you buy and how small business friendly it is. You know, it drives that. You know, obviously sometimes our goal is to push agencies, so we have to make sure we get to 23 percent, so they have a hard time maybe meeting their goal, so they push it down to their components and sometimes those components have trouble meeting their goal, but that's the nature of it. It all is supposed to add up to at least 23 percent at the end of the day.

So, some years, you know, we go out with proposals that are high, some years we have to add to them just to get up to that 23 percent. We're trying to be as data driven as we can be, you know, given that, but every agency's budget changes, what they buy changes each year. So, it's not an exact science.

MR. FIELDER: Okay. The 2014 report for unknown reasons didn't happen -- (inaudible) -- when do you expect we'll get that report?

MR. DODDS: We're hoping this month, June, but it's just a question of scheduling, you know, so I'm hoping that we can have that announced, probably late
June is what I'm hearing right now, but that can change, you know.

MR. AUGMENT: If I could, on the record, invite you to come back at a later meeting once that report is out and then literally go through the report so that we can sort of get a better understanding and feeling of not only how the numbers are created, although you've expressed that today, but seeing it in the numbers might help. And also, sort of seeing it across agencies in the sense of what the issues are, why one agency is so much better than another agency, you might have some insight on that that would be helpful to us.

MR. DODDS: Yeah, we do --

MR. FIELDER: Our focus would be, honestly, it's the service-disabled veterans numbers, and how that was occurring across different agencies.

MR. DODDS: We host a meeting with the ombudsman of each agency, you know, once a month, and so they provide us with their best practices. So, you know, that's a report that we send to Congress, so we can also provide you with that to see what the agencies are saying about what they're doing to meet their goals.

MR. FIELDER: Yes, good and bad, I would love to see that.

MR. AUGMENT: And are there any penalties or, I
mean, you know, so when you don't hit your objective, again, I'm primarily speaking about service-disabled veterans. I mean, how is that meted out or where is that captured?

MR. DODDS: It's not really -- there's no severe penalty. It's basically a public, you know, you understand what I mean? I mean, or on the other hand, if you get an A plus, believe me, the secretary of that agency is going to be out on the steps saying, we got an A plus, we love small business. So, it motivates them to promote themselves if they meet the goals, and most agencies do pretty well.

So, some agencies do get Fs, and so that's not, you know, that's in the press, that's on the Hill, but there's no, you know, it's not like their budget is going to be cut or they're not allowed to do something, you know, it's more of a here's where you're at and, you know, you have to own it and, you know, publicly, either on the Hill or in the press.

MR. FIELDER: You know, I can speak to, you know, maybe chime in as well, too, as a former senior executive as a fed, many of us had small business goals built into our performance standards as well, too.

MR. DODDS: That's a great point, and that's a recent change, and that, I think, has made a big
difference.

MR. FIELDER: Yes.

MR. DODDS: In how you get --

MR. AUGMENT: It was in my performance back in 2001.

UNIDENTIFIED SPEAKER: Yeah, same here.

MR. DODDS: But I think that was unique back then. Only recently was it kind of in the law that you're supposed to push that, and we've been pushing it more and so it's been getting out to more people, not just procurement people, but program people and people with the money.

UNIDENTIFIED SPEAKER: Right. Exactly.

MR. DODDS: That's where you want it shared, and I think that has -- it's one of the factors of why we met the goal in '13 for the first time. There's a lot of facts there, but that's why.

UNIDENTIFIED SPEAKER: We at GSA thought the fact that it was an executive performance review should -- (inaudible.) It was something to tell the procurement person that, you know --

MADAM REPORTER: I'm sorry, I got noise again and it overrode what you said. Just the last statement. Thank you.

UNIDENTIFIED SPEAKER: We felt that it was not
only in the program managers, not only in the procurement officials, but that when it got into the executive level of performance figures, that's when we turned the corner.

MR. DODDS: Yeah, that's what I meant.

UNIDENTIFIED SPEAKER: Internally within the agency, it became competitive amongst the executives. It was a good competition, and we got to our goal pretty quickly.

MR. DODDS: That's one of the -- a lot of agencies or some agencies have that as a motivating thing where they're reporting not just on how overall your agency is doing, but each component and they're sharing that at the SES meetings and the seeking objectives. You're green, you're red. Why aren't you green?

UNIDENTIFIED SPEAKER: Exactly.

MR. FIELDER: That's the kind of conversations we had.

UNIDENTIFIED SPEAKER: Yeah, exactly.

MR. FIELDER: And I think that motivates people.

UNIDENTIFIED SPEAKER: It was a good thing, too.

UNIDENTIFIED SPEAKER: And how was 23 percent established? Why isn't it 25 percent or what is included in that figure?
MR. DODDS: Well, we're on the record, so I won't say, but, yeah, it used to be 20 percent, when they added the HUBZone goal of three percent, they just said, okay, we're going to add three to that, and, you know, I don't know that there's a lot of scientific. Maybe at the time that everyone was doing around 20 percent, so they just said, well, okay, we'll establish it at that. There have been proposals to raise it to 25, you know, there is a -- you know, you can raise it, but at some point, you don't want to raise it so far where people think it's unrealistic, and then they're just not going to actually try anymore.

If they don't feel that they can meet it, I think there could be a, you know, a backlash. So, you want it to be the maximum level that it can be to make sure we're motivated to it, but you don't want to, you know, provide people with no hope to meet it either.

UNIDENTIFIED SPEAKER: So, I do want to ask a question that I guess is a two-pronged approach. One is going back to the comment about the 70 percent SBA and I wrote 50 percent Interior. Is there an opportunity here for the committee, and I guess I would ask this to the chairman, Mr. Fielder, is there an opportunity for the committee to help get the word out to the veteran entrepreneurs that -- I hate to use the term soft
target, but there are some soft targets out there in the
government, the federal government, all these agencies,
on the one hand, and say, you know, if you have a
service you're trying to bring to the government, here
are the agencies that are friendly to small business.
This isn't rocket science, just common sense.

And then on the other side, is there an
opportunity to say, I wrote down the seven percent
Department of Energy, is there an opportunity for us to
put some heat on through the report that we publish that
we are very keenly aware that you are not meeting the
mark, you know, as you should be. And you asked him to
come back at a future meeting, and I think we have that
discussion then.

MR. FIELDER: To some extent, what I was hoping
was going to come out of that would be a review of the
2014 report that we could then comment on just what you
were saying. These guys are doing it right, these guys
are obviously doing something different, what's the
difference, and then -- and the difference could be in
the sense of how they're realistically looking at it,
but it could be a sense of knowing what the best
practices are that are driving this success story, and
knowing what the mitigating circumstances might be, and
they may be realistic and reasonable, but knowing what
those are and taking a deeper dive, and if it's a matter of suggesting that prices filtrate down.

MR. DODDS: Right, so if DOE comes back and says, we build nuclear reactors, or we manage them, we can't possibly turn to small business to be part of that. We all know that's inherently untrue. There could be something in the culture there that is not as small business friendly.

MR. FIELDER: There may be some ways that they were mentor protege.

MR. DODDS: Exactly.

MR. FIELDER: And things to be able to deal with that side of the contracts.

MR. DODDS: To bring everything in and manage that, yes.

MR. FIELDER: Jim, but I still think that DOE is a special case, because if you follow the money, it goes from Congress -- it doesn't even go to the agency, it technically just directly goes to the National Labs at, you know, super colliders and stuff, and there are only so many in the United States, and there are very few small businesses that could provide what those labs do.

UNIDENTIFIED SPEAKER: And DOE may be the worst example to pick, since it was mitigating circumstances, but there are others that we could use, and I don't want
to control the response, but there are others that we
could pick that the story that Jim is trying to tell in
the sense of why can't these best practices be applied
to these agencies.

MR. EVERSOLE: I would support that I think
that's a very useful role for this committee to
potentially play. I mean, understanding that we don't
understand all of the data on that by any means, too,
but trying to, you know, shine the spotlight on success
stories or areas where, you know, improvement could be
recommended, I think that could be a very good tool.

MR. FIELDER: So, as we move forward, one of the
items that we attempted to capture in 2013 was having
successful agencies based on the 2012/2013/2014 numbers,
the data report, but we were looking at these agencies
are successful, and then having a representative from
that agency come in and tell us what those steps are
that they take to do that, and we never got to the point
where we were inviting unsuccessful agencies to come in
and tell us the story of why they were unsuccessful,
with the knowledge, so we had -- and I don't remember
all of them, but one of the agencies we invited of the
GSA, and I think her name was Kim Young, she came in and
gave us a -- with Tony --

MS. CARSON: Tony Eiland.
MR. FIELDER: Yeah, they came in and gave us this great presentation to include their Mentor Protege Program, which is very successful in helping them meet small business goals, and so we -- okay, we captured one success story, now we need to bring in, and then there was a delay in our community, so some funding issues and whatnot, where essentially we didn't meet the 2013 budgets, but that was always on our agenda. And I think our goal was to have you come and look at 2014 and get that started going into next fiscal year for the community's agenda. And I think I'm hearing universally that there's some interest in doing that and getting focused on that.

MS. CARSON: Anything else?

(No response.)

MR. FIELDER: Ken?

MR. DODDS: No, thank you very much.

MR. FIELDER: Thanks, Ken.

MS. CARSON: So, we're a little ahead of schedule, we're about 15 minutes ahead of schedule, actually. So, do you want to take a break?

MR. FIELDER: Is the Census person here?

MS. CARSON: Is Census here?

MR. FIELDER: Why don't we take the break now and allow her to set up.
MS. CARSON: Yeah. I suggest that, I recommend that.

(Whereupon, there was a recess in the proceedings.)

MR. FIELDER: Our next topic, thanks to Davy Leghorn. We've had a couple of folks come in and tell us how they're using census data, and to some extent, it's sort of been troubling in the sense of how dated the information might be, how possibly the information that's being relied on might be two, three years old, and then how it's being used is pretty significant, and there was always this, well, is the data searchable, is it not, and Davy graciously connected us to some Census people that are actually working in sorting that data, and so we have with us today Kelly Holder, and she's not only going to talk to us about the data, but talk to us about a tool that allows them to search the data and some of the things that Barbara and I have talked about, wouldn't it be great if we had some data on this to back up what we're trying to do and then our metrics from what we're trying to do would then, you know, maybe move some of the data and so on and so on. And, so, welcome, Kelly.

MS. HOLDER: Thank you. Hold on one second.

Okay, thank you. So, I am Kelly Holder and I am a
demographer who specializes in veterans statistics --

MR. FIELDER: And a marine.

MS. HOLDER: And I'm a marine.

MS. CARSON: All right.

UNIDENTIFIED SPEAKER: Hoorah!

MS. HOLDER: Hoorah. This is my colleague, Kanine Reese, and she's going to actually give you a demonstration of some of our tools. So, let's get started.

So, in case you don't know, we actually collect demographic and economic data at the Census Bureau. So, that gives you data that you can use to understand the customers for a business and also your competitors. And, so, we're going to go through those two sides of our programs at Census. I'm going to talk about the American Community Survey, which is what I mostly work on, that's where we get all of our demographic, socioeconomic and housing characteristics of people. And then, we also have an economic census which is where you can get things like industry totals, and then if you wanted to know something about business owners, we have a separate program called the Survey of Business Owners that is part of the economic census. And I'm going to explain some of that, and just as a caveat, I am not an expert on the economic data, so I am going to do my best
to explain it to you, and if you have questions that I can't answer, I will talk to someone who can.

Okay, I want to start with the American Community Survey, because this is our largest survey that we have. It's part of the Decennial Census Program. It was something we designed in the late 1990s as a replacement for the Census Long Form. We send it out to about 295,000 addresses in the U.S. every year, so the data are timely. It's the largest sample of any national survey that we have. It goes to roughly one in 38 households every year. It's not as large as the decennial census was, but what we do is create period estimates, so we take five years of data and we aggregate them together, and that way we can get data down to the smallest communities and to sparsely populated rural areas.

So, that's how I'm going to talk about period estimates, I'm talking about the five-year data. And then one-year estimates are not available for every geography, but if you're in a large enough geography, like New York City or somewhere, you would definitely have one-year data.

And Kanine will show you how to get to the five-year and one-year data when she goes through the demonstration. So, the ACS is not the same thing as our
census that we do every 10 years. The decennial census is what we use to count the population for apportionment and redistricting purposes. The ACS is something that we use to create a portrait of a community and find out about the people living in that community. So, they're estimates of the characteristics of the people.

Okay. We also are very particular about what goes on the ACS. You have to have a legislative need or the data have to serve some federal program purposes in order to be included, and we try to evaluate the questions on a regular basis. We talk to our stakeholders and make sure that the data that we're collecting is what they need. We also are working to try and find ways that maybe we can supplement the data with administrative records or collect the data on a periodic basis rather than every year so that we can reduce respondent burden. And then, ultimately, OMB has the final say on the content.

Just to give you an idea of what we cover in the ACS, you can see on the Census 2010 side that this past decennial census, we just ask the very basic questions, and that's all you get, every 10 years now. The ACS, on the other hand, is all the detail, every year, we release it the year following that in which we collect it. So, this year we will be releasing the 2014 data in
And the part that I work on is in the circle there, the veterans status, period of service and service-connected disability.

UNIDENTIFIED SPEAKER: Could I have that bookmarked, because maybe you'll cover it later, so if you are, but is there the possibility of veteran spouse data being part of this in the future?

MS. HOLDER: Okay, I can talk about that. So, just briefly, why do we ask the questions that we ask? Title 13 gives us the authority to collect everything on the ACS. The reason that we ask the veterans questions is because Department of Veterans Affairs is our major stakeholder and they need the data for things like determining health care system demand, employment for veterans. The community can also use it for things like planning for veterans cemeteries or job training programs. So, there's a federal need for the data on veterans' status and period of military service.

And then in 2008, we added a question about service-connected disability and rating at the request of the VA, because they need to be able to classify people into priority enrollment groups for their health care system, and they need to be able to do that by income. So, the ACS allows them to have the income
thresholds as well as the information on who was a veteran. And then they can anticipate demand for their services.

So, that is the purpose of having those three questions on our survey. And here's what those three questions look like. We did change question 26 and 27 last year, so question 26 is how we measure who is a veteran, based on VA's definition of veterans. And we just caution people that if you are looking back historically, the change from the old question to the 2013 question was pretty dramatic, and we ask that you use caution if you're looking over time, but if you want just the most recent data, we think that this question actually measures veteran better than the previous question that we had, because it's less confusing for respondents.

MS. CARSON: I've got a question.

MS. HOLDER: Yes?

MS. CARSON: It's actually about the questions on the second one, which it's really hard to ask in six words.

MS. HOLDER: Right, and --

MS. CARSON: Yeah.

MS. HOLDER: That's the reason why we had to change the question, because it is difficult. The
problem that we have is getting reservists in the right place, based on the VA's definition of veteran, because you have to have been activated for service, so they don't count training, if you just do your -- you're on active duty while you're on your training, the VA doesn't count that as veteran. And, so, because it's their question, we have to try and measure their definition of it.

In the old question we had a very long instruction that was really hard for people to understand, because you have to remember, this can be proxy respondents, so it could be your spouse answering it, and you may be able to read it and understand where you're supposed to categorize yourself, but somebody else may not, so we had to get rid of that long instruction and kind of get it as very specific as we could to get the reservists in the right place. I know.

MS. CARSON: Thanks.

MR. FIELDER: Kelly -- (inaudible) --

MS. HOLDER: So, the --

MADAM REPORTER: Could you ask that again?

MR. FIELDER: The zero percent disability, could you remind me what that is?

MS. HOLDER: So, you can get a zero percent rating from VA, for a service-connected disability, and
that just means that there is an indication that you have some sort of condition that's not enough to get a higher rating at the time, but later on, if it progresses, they could increase that rating.

MR. FIELDER: Does that also indicate a person that thinks they have a disability but hasn't gone for a rating yet?

MS. HOLDER: No, because they rate you as zero. Some zeros are compensable and some are not. But then they use a combined rating category. So, you might be a zero on one condition and a higher rating on another, and then they combine those ratings to get the final.

Okay. So, the economic side of the data. The ACS is where you would get data if you were -- if you were looking to open a small business, right, that's where you go to get information about your customers and the community that you're looking at starting a business. The economic data is where you get information about your competitors in the area.

So, if you were an entrepreneur in Maryland and you wanted to open a restaurant, you would want to know how many other restaurants are in the community. We have the tools that will give you that information from the economic census, and you can go in and say, here's the county that I want, I want to know how many people
are already here. Then you probably want to know something about the people that live there, to know what kind of restaurant might serve those -- that area.

You also might want to know who else owns businesses in that area. So, that's where the Survey of Business Owners would come from, you could get information about minority-owned businesses, veteran-owned businesses, women-owned businesses, and a lot of other information that I'm going to show you.

So, the Survey of Business Owners is part of our economic census, which we do every five years, and years ending in two or seven. It is the only comprehensive source of information that we have on the characteristics of business and business owners, and you can get that by veteran status in the tables that we produce, or by male and female-owned, or by race and Hispanic origin.

We also get the authority to collect this data from Title 13, for all the economic census data in the Survey of Business Owners. So, we also have to meet the needs of our stakeholders for this survey, and so we made some changes in 2012 to the question based on input from leaders in the veterans community. They had asked that we add questions about active duty military service and post-9/11 and also whether or not they served on
active duty during the survey year.

So, that was a change made in 2012. And here, here is the comparison of the old question and the new question, and you can see that -- where is it? So, served on active duty military service in 2012, and then somewhere, where's post-9/11? Oh, there, served on active duty after September 11.

MS. CARSON: Kelly, may I ask you a question? When the agencies were getting input, how frequently do you ask? I think that perhaps our agency might look at a certain set of questions and not turn it into a program office level where we would have a chance to get some visibility to, of course, prevent this type of thing.

MS. HOLDER: Right, I know the Federal Register notice goes out prior to every -- prior to every census. I'm not sure in advance how far or how often. Like in that five-year period.

MS. CARSON: Okay.

MS. HOLDER: But I can find that out. That I don't know. I do know that the Federal Register notice that went out is where they got the request for the active duty during the survey year. That's where that came from.

MS. CARSON: Thank you.
MS. HOLDER: So, this is a list of the topics that you can get for the veteran-specific tables from the SBO. And we're going to show you how to get to those tables. I don't understand all of them. I don't understand all of that. So, we're going to show you how to get to it, and maybe you know what you need.

We also have that information for the NAICS codes, the 2007 NAICS codes. All right, so now I'm going to go through, not yet, not yet. I'm just going to show you first the tools that we have, and then Kanine is actually going to demonstrate some of them. American FactFinder is our flagship data tool, and that's where you can get information from the Economic Census, Survey of Business Owners, American Community Survey and a bunch of other programs that we have.

MR. FIELDER: Kelly, you've mentioned -- (inaudible) --

MS. HOLDER: This one?

MR. FIELDER: The information on the previous slide.

MS. HOLDER: Yes?

MR. FIELDER: Is there available information on those topics that will come out -- (inaudible.)

MS. HOLDER: For this one, for Survey of Business Owners?
MR. FIELDER: Yes.

MS. HOLDER: The 2012 data will come out in November of this year. They want to release it on Veterans Day, is the goal. The veterans data. So, they've been releasing economic data periodically from the 2012 --

MR. FIELDER: Could I now ask you to go back to the current slide and talk to us about that.

MS. HOLDER: Okay, in the mean time I can learn more about that data. I'm the demographer, I can tell you all about the demographics.

MR. FIELDER: Well, or find the proper person to come back and tell us --

MS. HOLDER: Okay, yeah, absolutely.

MR. FIELDER: And again, we're looking at the 2012 data, which is sort of the latest.

MS. HOLDER: Right now the most recent data is in 2007. The data that's out there right now.

MR. FIELDER: Okay.

MS. HOLDER: And we only do that survey every five years, whereas ACS is every year.

Okay. So, FactFinder, on all the slides we've provided these as reference so that if you want to access the data later, you have all the web page links, and then an idea of when you would want to use the tool.
So, FactFinder is where you would go to get information about veterans or veteran-owned businesses, and to get all of the detailed information that we showed you on those previous slides.

There are other ways to quickly get to our data for the ACS and Survey of Business Owners, and I'm going to show you that also, so if you happen to be -- you could go to the links on these pages and get just to the veterans -- the most recent veterans tables and the most recent SBO tables.

So, if you would go to this link, all of those -- all of that information on the slide about what data we have has a separate link, you would click on it, the veterans is not shown here, it's under social, if you click on veterans, it will open up a new page, and you're going to see that all the tables are listed three times.

And, so, earlier I had mentioned that we had one year end period estimates, so up until this year, we have released one-year, three-year and five-year data. One-year data is not available for every geography, because there are population thresholds that we have to meet for data quality. Three-year data is available for some geographies, and then five-year data is available for all geographies down to tract level, block group
level. This year we are not releasing a three-year product, so we're not going to talk about the three-year data, because I don't want to confuse you, so we're going to talk about one and five-year data.

This is just a reference to the tables that are related to veterans in the ACS, and I just wanted to show you that in the five-year tables that we've produced, some tables that we've produced in one year are not available, and that is because we might collapse tables, because of the detail, and we would release either the more detailed or the less detailed table, so that's why there's some spaces that are blank.

So, if you go in there and you think, oh, I want to table, you might not see it for a geography, because that geography only has five-year data.

Just briefly to understand how we named these tables, that actually does make sense to us. So, the B means it's a base table, and those are our most detailed tables. So, if you need numbers of -- a number, right, for filling out some kind of business plan and you want a number of veterans or a number of veterans below a certain income or how many are employed, you would want a base table.

So, B is the base table. The 21 is the topic identifier. So, you're going to see all of the veterans
tables have a 21 in them. And then the rest of the number is the table number. So, if a table is new for a specific year, and you go back to the previous year's data, you're not going to see that number, that just means it's new. We don't change the table numbers every year, because we want to make it easier on you when you go to look for stuff.

A collapsed table is just a base table with less detail in it, because sometimes we don't have enough cases in a geography to meet our data quality builder, so we have to collapse out some of the detail. So, there might be less age groups or we might collapse out a category all together.

An S is a subject table, so if you just wanted to quickly know some percentages, the subject table will take all that information from those base tables, put it in a summary table and it will give you the percentages for that geography.

So, it just depends what you need. If you need numbers for a particular situation, you're going to need a base table. If you just need rates, then a subject table is good.

We also have a ranking table, which is just it will -- for veterans, all we have is percentage of veterans by state. You can see which states have the

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most veterans in them, and if that's something you need
to start your search, then the ranging table is an easy
place to get that. And then we also have data profiles,
and Kanine is going to show you one of those daily
profiles, because that takes all of the characteristics
that we have, and it's not specific to veterans, it's
specific to a geography. So, if you just wanted to know
everything about a geography, a profile table is
perfect.

This is a reference, so you can see what we have
in Census 2000, which is the last time that we did the
long form. So, a lot of people think that we stopped
asking about veterans in 2000, because they don't --
they don't know anything about the ACS. So, the ACS is
where all the veterans data comes from now, again, not
the decennial census, but in 2010, we did the decennial
census in the island areas, and it did everything that
the long form did. So, the island areas will get almost
all of the information that's on the ACS, every 10
years. And we did ask veterans in the island area. So,
if you have a particular interest in those places, you
can get data from 2010 for the island areas, but for
ACS -- for census, Puerto Rico is not one of the island
areas. We collect Puerto Rico data every year with the
Puerto Rico Community Survey.
For economic census, which we also do in the island areas, Puerto Rico is an island area, so you can get economic census data for the islands every five years, and that includes Puerto Rico. You can get Puerto Rico data every year for the demographics side, and that's the Puerto Rico Community Survey. And then all the demographics you can get every 10 years. So, now that I've confused you, I'm going to move on.

That's why these are good reference slides to try and remember what we have and where we have it. So, this Survey of Business Owners tables that are related to veterans, you can access quickly. Kanine will show you how to get there from AFF, but you can also, if you wanted to go read about the survey before you dive into it, because it's always good to know what you're looking at, there's a link from their web page that will take you to just their products in the FactFinder and then you can search for veterans. This is a list of the table numbers. There was way too many tables for us to fit on a slide, so these are just table numbers.

And they also have a naming convention, just like we do in ACS, so they start with SBO, that's the program, then the year, '07, which is the most recent tables we have right now. When the 2012 tables come out, that will change to '12. Then the CS is just
there -- what do they call it? Their series, so that's company statistics is what the CS stands for. And then tables starts with A, or just general characteristics. Or you can find gender status, Hispanic origin, veteran status, just basic information.

Then if the table number has a CB in it, those are company -- when I talk about characteristics of businesses, and then if it has a CBO, it's characteristics of business owners.

And, so, again, we don't change the table numbers every year, we just -- they'll change that date in there. So, table SCV 66 will be the same, it will just have a year designator in it, which is helpful for users, and if you really like that table, you can always find it.

So, other ways to get to the data, these are kind of alternatives to FactFinder. QuickFacts is going to give you something like a profile for a geography. And you can, if you all you need to know quickly is how many veterans or veteran-owned businesses are there, rather than going through FactFinder, you can go through QuickFacts.

All right, this might be a better starting point for someone who just wants to get an idea about an area. So, you can get state, county or city in this tool, and
it has a combination of ACS data, economic, census data, SBO data and population estimates, and there's some decennial census information in there.

Easy Stats might not be as useful for you. It is a new tool that we put out, it's strictly NCS data right now, but if you wanted to know information tabulated by race and Hispanic origin, this is a quick and easy tool to use, and it is county and place level, and the link to get to it is at the top.

My Congressional District also might not be as useful, but you can use it to find out how many veterans are in an area, or in a Congressional district. And this tool is going to give you a profile of the Congressional district.

Easy Stats will give you just individual little tables about specific topics, where Congressional District will give you a full profile of the whole Congressional district.

This is the table Kanine is going to talk about, and it's probably going to be the most useful for you. So, this is where you can use economic data and it also incorporates some of our demographic data and some party data. Do you want to talk about that?

MS. CARSON: Excuse me, for the people that are dialing in, could you mute your phones, please. We can
hear your conversation here during this meeting. Thank you.

MS. HOLDER: So, this tool has about, right now, 39 statistics in it, and they're going to expand that as they get feedback and see how people are using it. Right now, it is not available to the public, it's expected to be released in July, so I don't have a link for you, but we can certainly get that to you when it is available.

I'm sorry?

MS. CARSON: I think we were trying to do a project that I'm not sure is even possible, so I may take this offline and ask you later.

MS. HOLDER: Okay.

MS. WOOD: We would love to know where veteran businesses are seeking federal opportunities and when they get them to kind of match what data they might have with what we know about businesses and where they are. I'm not sure we can get that.

MS. WOOD: Is that available in those Congressional cache?

MS. HOLDER: The Congressional District is only ACS data, so the economic data is not tabulated by Congressional district, I don't think. We would have to -- we can look when we get into AFF, we can see if
Congressional district is an option for the SBO, but I don't think it is.

MS. WOOD: Is it an option to recommend that meta data be added like for future, could we call that information somehow?

MS. HOLDER: It depends on how they tabulate their information, and if they don't do it by the Congressional district geography, then I don't know if they can. We can certainly find out why they don't, if they don't, but we'll check when we go in and see if it's possible. I don't actually know.

MS. WOOD: If that's a question that can be added, that way it would be included with that information.

MS. HOLDER: Yeah.

MR. AUGMENT: You would have to know where the location -- the business is, not necessarily where the owner lives. So, that's going to cause --

MS. HOLDER: Right, yeah, the economic data is based on the business. The demographic data is based on where the people are. So, it's hard to connect those two.

MS. WOOD: Thank you.

MR. O'FARRELL: This is Jim O'Farrell. I have a question, sort of kind of related, but not really. In
terms of the veteran entrepreneurship training and being one of our focused areas, and we heard from the Boots to Business folks earlier, is there a connection between, say, a college university setting and a community -- or a community college and the number of veterans in that geographic, say, 20 miles from -- 20-mile radius around the University of Texas we have X number of veterans, Texas may want to start or Boots to Business may want to do a seminar. Is that ever looked -- has that been looked at or have you already discussed that? I'm new, so --

MS. CARSON: We have not gone to that level of detail for projecting where we should go, but I think this is obviously going to teach us a lot about other tools we have.

MS. HOLDER: Right.

UNIDENTIFIED SPEAKER: I mean, I think that's across the board between agencies trying to be a link, I mean the Department of Education keeps track of these things. There are various, you know, survey methods of tracking that, but it's a moving target. So, you know, that's an area to be able to connect to.

MS. HOLDER: Right, because a lot of -- the advantage of our ACS is we have such a large sample we can get down to those small locations, whereas a lot of
Department of Education surveys, because they are surveys that they're doing, but they don't have the sample size to produce the data at these small locations for confidentiality reasons.

MS. CARSON: And then how responsive we can be with the data, the timing, because, for example, 2007, as you know, was pre-recession, it was also pre-surge, and then we've already had a drawdown before we have -- so, it is valuable to have, but it's not in time a tool for me to make, okay, what are we going to do next quarter, it looks like this is where we should go.

MS. HOLDER: Right, yeah.

UNIDENTIFIED SPEAKER: Right, and we can definitely take that back to the econ people at Census.

UNIDENTIFIED SPEAKER: Thank you.

MS. HOLDER: So, these next couple of slides I'm probably going to skip, because I don't know if they're that useful to you, but you can have them for reference, they are different ways to access our public use data, but you don't get the geography that you can get from FactFinder. So, this is more if you wanted to do a larger picture kind of analysis of veterans or you can also get the public use data for SBO.

But you have to have some kind of statistical software to do that, you can't, you know, what we're
going to show is an easy way to get to statistics. This
is like you've got to know how to model things on your
own.

These are just some references, or resources for
you. We do have a veterans statistics web page which
has the demographic side on it, because that's what I
do. I'm trying to incorporate econ data into that, in
the future. There's a few other surveys that have
veteran content, but again, they're not -- the samples
are not large enough to have substate geographies in
them. So, you can -- you can use SIPP data to look at
business owners and veteran business owners, and I think
that SBA has done some of that, but you can't go below
the state. So, it's limited what you can learn.
There's a lot of rich detail, but you're kind of limited
if you're looking at small localities.

And then quickly, the data we don't have is
shown here, a lot of people are interested in
homelessness. Because we are a household address-based
sample, we don't have information about homelessness,
but the VA and HUD work together to create a report that
does have substate information about the estimates of
homeless veterans in those areas.

The economic data that we do not have is listed
here, and I know consumer spending is probably important
when you're looking at small businesses, but you can get that from the OS, and it's also, Kanine, it's incorporated into the tool, so Kanine can show you that, too. It's going to be part of that new Census business development tool that we're working on.

And you're on here. So, the consumer spending is -- you can get to it through that link from BLS. And now Kanine is going to switch. Do you need this?

MS. REESE: I don't think so, I think I have to drive it from the laptop.

MS. HOLDER: She's going to actually demonstrate it.

MS. REESE: So, I'm sorry, I'll try to project. So, I'm sure it will be fun. Give me one second, if you don't mind. Thank you, I appreciate that.

So, thank you, Kelly, that was a great overview of the things that we're looking at for veterans, but also for econ. And, actually, I wonder if -- like Kelly mentioned, so we're demographers, we work mainly with geographic data, so households, families, person-level data. The economic area looks at businesses and business owners, and so that's something that we're not as familiar with, but we'll try to help you as best we can, and we do know some really great people that can answer all of your questions and we would love to give
your name to them and they can be in contact with you, because it's a shame when people have some great questions and we're unable to answer it because we're just not familiar with it.

So, just really quickly, I know time is of the essence, but I want to show you some things that Kelly had mentioned about. So, our flagship source of data is the American FactFinder. In order to get there, you can go to census.gov, and at the very bottom, a really quick way is if you scroll to the bottom, so scroll to the bottom, there we go. Okay, so scroll to the bottom, it says, "Find Data," it's in very small font, but it will quickly take you to American FactFinder.

There's obviously a bunch of other ways to get there, but that's just one of the ways. So, what we need to do is if you click on Advanced Search, Show Me All, so I'm going to look at the American Community Survey data, the demographic data that Kelly has been talking about from the ACS.

So, quickly, kind of the best way to look at it, most of the time we're looking at a specific geography. A lot of this is driven by the geography. So, if you're looking at something, if you go ahead and click on geographies, on the left-hand side, select a geographic type, and if you just wanted to do just basic county and
like Arlington County, Virginia.

So, you click on Virginia, and then it will pull up all your choices, Arlington, it's probably in the As. Okay, so there we go. So, add it to your selection. So, this portion right over here on the side, it says that --

MS. HOLDER: It shows up better up here.

MS. REESE: It has to think for a while, so you can go ahead and close this box, but where it says your selection, selections on the left-hand side, is kind of your basket. So, you need to make sure if you're making certain selections, if you can't find data, it might be because you still have selections that are kind of prohibiting the data, so it's always good to kind of look at that.

MS. HOLDER: And you can just turn that off with that little blue X next to --

MS. REESE: Right, if you don't want Arlington County and you want something else, just go ahead and run with it. So, that's a way of looking for your geographies.

The best way, I think, is to do topic base. So, let your data set drive it. So, we know that if you want ACS data to go ahead and pull up ACS data. So, if you go under Topics, the bottom is Data Set, it's what
we consider to be our different surveys, and which year. And as Kelly mentioned, ACS has three different data sets every year, one, three and five, and this year we'll be releasing one and five.

One is for population of 65,000 or more, and five-year are populations of all populations, so from down to block, group level and higher, so even your counties that just have a handful of people, they're still tabulated for it's just based on the summary level. So, we do go out to block group level.

If you've already selected your geographies, it helps when you're looking at ACS data, because then you can find out what's available. You don't have to remember your thresholds. So, for Arlington County, Virginia, it's very big. So, your available is one, three and five. So, the one-year is only based on 2013 data. The five-year is based on the 2009 to '13 pooled and then reweighted. So, there's some give and take there. So, obviously the five-year data is a more robust sample, so you have your margins of error and your statistical testing is going to be lower because you have more in your sample size, and then in the one-year, but the one-year is going to be more timely. So, it's 2013 data instead of being centered around 2010/'11 as the five-year data.
For some areas you don't have a choice. So, for Arlington County, if you're big enough, you have a choice, but for a small track level, or some of our smaller counties, you don't, so we will be five year. So, not to go in too much, but I just wanted to show you the difference.

So, we can choose one year or five year, whichever you want, I just chose one year. And then from there, I wanted to show you quickly the data profiles. I think that's the best way to get a general overall understanding of what are the characteristics of your community. So, if you just type in the topic, data profile comes up. And go. So, you have four data profiles, social, economic, housing and demographic characteristics.

And then, I just pulled up the social. This gives you the social, social being kind of household type. I'm sorry. Relationship, marital status, it also gives you grandparents, educational attainment, disability status --

MS. HOLDER: And that's just general disability, not related, not related to veterans. This is not related specifically to veterans.

MS. REESE: Right.

MS. CARSON: If you can go back up, there were
two veteran data points.

MS. REESE: Right, I think I zoomed right past it. So, here's your veteran status specifically, for Arlington County, Virginia. So, you have your what's the population, civilian population, 18 years or over, what we consider the universe when you're looking at a veteran. We don't include people who are three years old, we look at civilians 18 years and over, and then also the civilian vet answer, so 11,938, or 6.5 percent.

And that's how the profiles work. I think it's a nice way of looking in an area with percentages and also the integer estimates.

MR. FIELDER: What's the total population 18 years and older -- (inaudible.)

MS. REESE: Yes, sir, civilian population, 18,000.

MR. FIELDER: Okay.

MS. REESE: Now, if you wanted to find out this data profile, and look at what the United States is, you can just go back to your advanced search, take out Arlington County, Virginia and you still have data profile and the one-year estimates available, and when you select it, those estimates will be for the United States.

MS. CARSON: Can we look at that one again,
those two sets?

MS. REESE: Sure.

MS. CARSON: All that.

MS. REESE: Sure.

MR. FIELDER: So, it's possible to be 17?

MS. HOLDER: Right, and we do --

MR. FIELDER: Said with a smirk.

MS. HOLDER: Yes, I was, too. We tabulate for 18 and over just because it's a universe that we use in a lot of our other tables.

MR. FIELDER: That makes sense.

MS. HOLDER: So, we do capture the data for 17-year-olds, we just don't tabulate it for 17 and over.

MS. REESE: In some of our props we have that issue, that issue with everything. The capture is always the outlier. So, those are our data profiles.

So you can also see the economic. You can also see the housing and then also straight demographic.

So, if we go back to advanced search, if you wanted to look at a base table, like Kelly was talking about, where you really wanted to look at the details of the data. So, we take out data profile, and --

MS. HOLDER: Show him the B21 asterisk trick.

MS. REESE: That's what I'm doing.

MS. HOLDER: Okay.
MS. REESE: So, B21, we already talked about all the B21 tables are veteran-specific, we have 28
different topics in the ACS. And then, you know, B28 is computer Internet, B27 is health insurance. So, that's how it goes.

So, if you do B21, whatever the topic is, and asterisk. Go ahead, I'm sorry.

MS. HOLDER: Okay.

MS. REESE: Okay, so that's the basic way of getting to AFF. You can always search a veteran without any of your specific data sets and it will pull up a Survey of Business Owners. So that's a great way of doing that.

MR. EVERSOLE: If we were to hit download, would we be downloading the aggregated report or would we be downloading the data?

MS. REESE: You would download the tabulated -- the -- (inaudible) -- you're able to -- there are places that you can pull up the summary files where they're the tabulated data, the data but all pooled together so that you can then go in and get data sets and that type of thing.

So, let me switch really, really quick, I know we have time to show you the slides of our very new tool that we are very excited about, we will let you know
when it's available and I am sorry it's not pulling -- it's not coming up so that you can actually see it. But here are the slides. Just quickly, the reason for this is that we wanted something -- our economic side of the Census has been working with the Small Business Administration, with Chamber of Commerce, specifically, that they would like something that really small business owners, specifically to figure out if they're trying -- trying to open up a business, so that you need to know two things. They need to know who your customers are and then who are your competition, so that includes the ACS data, who are your customers, and then the competition, the eco data.

So, that's what this is. We're very proud of it, and we're hoping that it can be released very soon. If you look on the second slide, I'll show you, this is the first page, so you choose what type of business that you would want. Currently, now, we only have 47 NAICS codes, but we could -- we would like to include more information, more data. We're trying to see how well this goes over, and then you choose your location, and then take me to the map, you drop down and then it gives you a topographic map that shows you the outline of where you're specifically looking and then you select your variables.
So, businesses -- other businesses like mine is your econ data, and then it will populate the field, and then you can also look at my potential customers, which is the ACS data, and they will populate those fields. You can also filter, so you can look at median housing unit value and only look at areas that are over a certain area and between a certain area. This is how that is made.

And then, finally, you're allowed to get a report, and only for place level, that's cities and towns, and also for counties, because econ data doesn't drill down as far as ACS data. So, you can see the ACS data on the map, but getting this report, and this is just an example of what the report would look like, we're hoping that this is something that you can print out and someone can take it to the bank and use it as part of their business plan.

So, if you all have any suggestions or questions, please let us know, because we're in the building phase. So --

MR. FIELDER: I have a wrap-up question. Does anyone else have a question? We're going to try to move quickly into the next speaker. If not, my wrap-up question, is that as always, when we see things like this, we go, I didn't know about that, right? What are
you doing in some of Barb's portion, she gave us this
great presentation about how they're using Facebook and
some other things. I think, you know, Entrepreneur
Magazine, getting that information out, a connection to
Syracuse University and what they're doing with their
entrepreneurship program, this is data mining that you
would be interested in, when they're building business
plans and whatnot.

So, what are the avenues that you're getting
this information out to folks so they can know it's
there and then use it?

MS. REESE: Right now, our public information
office is working with our econ area who has those
direct connections. I know that they're working a lot
with the chamber of commerce, chambers of commerce, and
also I thought that SBA. I don't know the people
exactly who they are talking to. I know that we're
going to have email blasts and that type of thing,
but --

MR. FIELDER: Would that be a topic that you
could cover with us when you come back in December?

MS. HOLDER: Absolutely, yes, we will go back
and we will ask how we're doing.

MR. FIELDER: Can you get this specific
information out to people?
MS. HOLDER: Yes, and suggestions are always welcome, because they may not have thought about some of these ways to get the information out.

MR. GUITTY: The National Partnerships Office, which is the office that I work for, because I work out of the Office of Partner Engagement, and we actually offer training on accessing census statistics to the SOs, to our national partners, and this is kind of how we got together with the American Legion, because we were talking about establishing some type of training so that the entrepreneurs, the veteran entrepreneurs would have certain tools that we know that they need, when Kelly spoke about you probably need demographics, you probably need the Survey of Business Owners information, you probably need a whole series, and we've got all of that data to make sure that let's just say that veteran who is making -- who is filling out a business plan, that he or she has the necessary data to support whatever loans they're going to go after, and so on and so forth.

So, we are here, and we can do this through webinars, we can do this through actually forums like this, or at meetings and at national meetings, we can do workshops, and then we -- this is not a one-shot deal. We want to -- thank you very much for the invitation,
and I am going to definitely, from my end, kind of hold you to that intention, because --

MR. FIELDER: You can count on it.

MR. GUITY: Because we would love to come and provide as much data, our job is to give you the data, you know, to be in your hands. So, I just kind of wanted to state that.

MS. CARSON: And I'll also say, that we're accountable, now that we know about it, to put it into some of our outreach. So, it's not all on you to communicate individually, and we will follow up on that.

MS. REESE: Well, we will make sure that you all, when it does become available, it should become available the week of July 6th, and we will let you all know, now that we have a --

MS. HOLDER: And I know we threw a lot of information at you. Davy has my contact information. The one thing I forgot were my business cards. So, if you have questions, if you, you know, can look at these slides and you're like, I don't remember what she was talking about, just contact me and --

MS. CARSON: Can you just tell us your email while your name is here and we can --

MS. HOLDER: Sure. It's kelly.a.holder@census.gov. And you had a question about
veterans' spouses, I'll quickly answer that.

MR. FIELDER: Yes, thank you.

MS. HOLDER: We do not have any tabulated data about that, because part of it, we're very limited in what we can tabulate because of the amount of geography we have to cover, and we don't have enough people to populate those tables for smaller geographies. So, that is something you would have to use public use data for, which means you would be restricted to nation, state and public use micro data sample areas, but we also have a special tabulations program, it costs money, but you can request from the Census Bureau that they tabulate data for you to meet your needs, and we can get you that information if it's something you needed.

MR. FIELDER: Kelly, thank you.

MS. HOLDER: You're welcome.

MR. FIELDER: Thank you.

MS. REESE: You're welcome.

MR. FIELDER: And I apologize, we got a little bit behind.

MS. HOLDER: I'm sorry, we tried to squeeze it all in.

MS. CARSON: It was great.

MR. FIELDER: Thank you. Thank you, very interesting stuff. Amazing.
Our next presenter is Dr. Michael Zacchea, and he's from the U.S. Treasury. Just a quick story, we keep relating almost the same story, but in a different service sense, but, you know, we're focused on capital access and then we've been championing that, well, every time we get off on a conversation about federal procurement, Dave Wise, who was the former member of the community, he would slap us on the side of the head, no, it's capital access. That's the most important issue.

And, so, I get this note from Steve as he's leaving the committee in the sense of fulfilling a second and third year term and he says -- he said that -- (inaudible) -- and he understands people. Of course the answer is no. (Inaudible) -- so, what we did is part very quickly to the Treasury and we couldn't coordinate it for our last meeting, but we were able to get a commitment prior to our last meeting that they would --

MADAM REPORTER: It's happening again. As soon as that Blackberry came back in, it started up, and it just covers up your testimony and I can't hear anything.

UNIDENTIFIED SPEAKER: Is it better now?

MR. FIELDER: Are there any phones on the table? How about now?

MADAM REPORTER: Better.
MR. FIELDER: So, Dr. Zacchea, thank you for coming and we're all just very interested that there's a better program.

MR. ZACCHEA: Well, I'm really excited to be here, and I want to thank you, Chairman Fielder, for inviting me here to talk about the Treasury's program of State Small Business Credit Initiative.

MADAM REPORTER: Hold on a second, please.

MR. ZACCHEA: So, again, I just wanted to reiterate my thanks to Chairman Ed Fielder for allowing me to present Treasury State Small Business Credit Initiative, and to the SBA for facilitating this meeting.

As we know, as we all know, over the years, small businesses face challenges to securing financing they need to grow. Many small businesses lack collateral to borrow against or their business credit history is too short to qualify for bank loans, or their personal and business balance sheets and credit history still show the lingering effect of the recession.

Many small business loans and investments are small transactions. Lenders and investors shy away from small dollars transactions because they're less profitable. The cost to find, underwrite and service small transactions may be comparable to that of a much
larger transaction with less revenue potential.

Finally, for early stage technology and intellectual property-based companies, especially those not located in traditional venture capital areas, financing the first key milestones to bringing the product online and into the market, and finding such financing is extremely difficult.

States have operated credit support and investment programs for many years and have experimented with programs that meet local needs, like export financing in Florida, rural business financing in Idaho, or investing in companies that bring basic research from university labs to the marketplace. One of the strengths of state programs is that since they're close to the ground and they understand the underlying needs, economic needs and the business needs, and have the flexibility to partner with the best local intermediaries.

In 2008 to 2010, the supply of credit dried up and investment in early stage companies ground to a near standstill. At the same time, states began defunding credit support and investment programs to address their own fiscal challenges. For many states, this meant mothballing successful programs and taking them offline.

So, in September 2010, the Small Business Jobs
Act of 2010 was signed into law to help increase credit availability for small businesses. This act created the State Small Business Credit Initiative and appropriated a billion and a half dollars to be used by the Department of the Treasury to provide direct support to states for use in programs designed to increase access to credit for small businesses.

In 2011, state agencies were awarded a billion and a half by SSBCI, State Small Business Credit Initiative, allocated through a formula outlined in the statute. All states, including the District of Columbia and territories, received the funding. State agencies deployed the funding under broad parameters, outlined in the statute. These were targeting businesses with less than 750 employees, with an average principal amount of $5 million or less in transactions of less than $20 million with at least 20 percent private capital at risk in any given transaction. These were not grants to businesses, but were designed to spur private lending and investment, and states must show a reasonable expectation that at least $10 in new lending and investment will be generated for every one federal dollar.

Some states elected to deploy capital through programs administered by their agencies, others elected
to partner with private sector entities to deploy such programs. Again, this is given the flexibility of this program. Some states chose to partner with community development financial institutions, or CDFIs. Others worked with state-sponsored nonprofit organizations, while others contracted with investment funds to fill financing gaps within their states.

In their application to the Treasury, states indicated how they intended to deploy the SSBCI funding from a selection of three lending programs -- from a selection of four lending programs and one investment program. As we saw earlier, some states had a pre-existing lending or investment program, that they had taken offline or was being defunded. So, states utilized the SSBCI dollars to either refund these programs or to create new programs using broad structures.

Going really quickly through this list over here, Capital Access Program, it allows lenders to ensure against the risk of small business lending by creating a reserve account that the lender may draw upon should it incur losses. Loan participation programs, essentially two types of loan participation programs, but both types allow the state to -- allow the lenders to purchase participation or companion loans.
Collateral support programs provides a partial cash deposit at a lender that serves as a collateral for an approved loan when the small business borrowers' tangible property, real estate or equipment has depreciated as a result of economic conditions. The loan guarantee program states, "utilize SSBCI funds in this program to guarantee a portion of an approved loan in venture capital programs providing equity support to high-growth businesses."

The distribution of these programs, a great majority of the SSBCI funding has been used by states to implement lending programs, about a third of the SSBCI funding has been used by states to implement investment programs, and most of these states that have implemented these investment programs are in reading with traditional scarce risk capital.

So, Congress authorized SSBCI to operate from 2011 through 2017, with a little less than two years left in the program, and with states having drawn over 84 percent of the available funding, we're seeing very positive results. Through 2014, every $1 in SSBCI funding spurred $7.40 in private sector lending or investment, $6.4 billion in private financing in approximately 12,400 transactions was supported by SSBCI funding, and that all translates into 48,000 jobs
created and 93,000 jobs retained as estimated by the businesses receiving financing.

These transactions are largely to very small businesses, 80 percent have less than 10 employees. And this funding is largely to very young businesses, over 50 percent are less than five years old. And to a great degree, to businesses located in low or moderate income communities.

Three important things don't come out in these numbers, however, the variety of ways that states have chosen to direct SSBCI funding through programs of their own design and target local needs. This flexibility is a key strength of the program, and differs from other federal small business financing programs. It puts states in the driver's seat. States have forged partnerships with intermediaries, and again, these intermediaries may be CDFIs, global banks or they may be private sector entities, nonprofit entities, or investment funds to deploy these dollars to small businesses and meet unique economic needs.

It takes real investment to build these relationships, and what results is a conduit, the capacity to deploy targeted support directly to small businesses, we know are so important to our economy.

Through 2014, we're seeing small business
financing activity supported by SSBCI capital across the
country. As you can see on the map, most states
reported over $50 million in loans or investments
supported by SSBCI funding. And we see a distribution
over there.

Another kind of look at this data from a
slightly different perspective, once again, the majority
of the SSBCI loans or investments are supporting the
young and small businesses.

And as noted earlier, a significant portion of
SSBCI loans and investments have gone to small
businesses located in low and moderate income
communities such as broken down by area and then an
overall count over there.

And another take on this, this chart provides
additional detail on the program activity in relation to
the industry sector of the small business receiving the
financing.

So, over the past few years, as we've worked
with states to deploy financing programs, we've learned
a great many things. As a matter of fact, we're
learning constantly, and this list may already be
outdated. However, some points to highlight, number
one, we see a great diversity in the 140-plus programs,
over half of which are newly created. This diversity is
respective of the very economic contexts and challenges across the country, the flexibility of the SSBCI program allowed states to tailor a particular lending or investment program to address financing gaps.

We also see SSBCI capital spurring new private sector lending and investment activity. We heard the $7.40 of private sector leverage for every one federal dollar.

An interesting observation is a desire by program managers around the country to not just learn and understand how other states are implementing their programs and overcoming the variety of challenges, but to also share such lessons. Time and time again, states have formed the working groups, mainly by program type, to explore best practices. These lessons have been shared through a half dozen published reports on the treasury website, which I will share with you near the end of the presentation, and it is expected that we will see a few more reports come out as states passionately engage and share what works and what doesn't work for the benefit of other SSBCI program managers in other states, and for posterity.

And lastly, one of the defining attributes of this program has been partnerships that have proven to be germane to its success within a state. So, when we
talk about partnerships, we're talking about the federal and state partnership, but we're also talking about the state and private sector partnerships on the ground that determine key outcomes.

As a matter of fact, we've seen partnerships that states say would not have come together were it not for this program. These are truly some of the lasting impacts -- this is truly one of the lasting impacts of this program, and has the potential of leading to increased coordination and cooperation and impact within each state.

In closing, I would like to share some stories of small businesses that have benefited from this program. The first one is Sunbanks Resort is a veteran-owned small business in Washington which serves more than 60,000 visitors each year, and is home to camping, lodging and marina facilities along with a restaurant and general store. It's a seasonal business. So, to increase the number of summer guests, the owner needed to conduct some extensive upgrades and additions to the property and the infrastructure; however, because it's a seasonal business and because it's residing on leased land from DNR, Department of Natural Resources, traditional bank financing was difficult to obtain.

A local bank and Craft3, a CDFI, working with
the state of Washington, used loans made possible
through the state's SSBCI program to provide the
business owner the capital needed to make the necessary
upgrades and modification. This support -- with this
support, the business was able to leverage $5 million in
additional public and private investments, and within
the next year, the business projects 19 new full-time
jobs as a result of this financing to create or be
retained.

The second example is one out of Illinois, you
know, we hear about outsourcing, but this is a case
where it's the reverse is taking place. CLS -- CSL,
rather, it's a call center services provider for market
research and customer support solutions in Illinois,
purchased a Costa Rica-based company with the intention
of moving its operations to Oxford, Illinois. To make
the move possible, the business needed capital, working
capital, and capital for upgrades in the facilities, and
given the lack of collateral, obtaining a loan from a
traditional lender was challenging.

The Illinois Department of Community and
Economic Opportunity, utilizing its SSBCI lending
program, the loan participation program to work with the
bank to provide the capital needed for this project.
They were able to leverage over $5.1 million in
additional capital and are expected to create 150 jobs 
in the first two years of operation.

And there are many other examples around the 
country, and many examples that we see from 
veteran-owned businesses taking advantage of these 
programs through the state intermediaries.

So, I want to thank you again. These are some 
links over there that I've shared, where you can learn 
more about the programs, the implementing organizations 
within each state. That's the first link there. The 
second link over there is a link to our program website, 
and then lastly there's an email address there. I want 
to thank you, thank the committee again for providing me 
an opportunity to share the SSBCI with you all.

I have brought handouts over here, which are a 
listing of the state intermediaries, so state agencies 
or the organizations within the states that are 
implementing these programs, so you may go through the 
list and if you're interested in finding out more about 
the programs and implementation within each state, I 
encourage you to reach out directly to these 
organizations.

MR. FIELDER: (Inaudible) -- state by state 
programming dollars for -- (inaudible.) My guess is 
each state is implementing a little bit different
program and then I saw a slide that suggested that there
might be zero dollars to the state, there was a category
of zero. So, are there states that -- of the 50 states
that do not have implemented programs for SSBCI?

MR. ZACCHEA: Right. So, the question is are
there states that do not have implemented programs? All
states and territories, including the District of
Columbia, have implemented programs. What this map
shows is the number of small business loans or
investments that have been supported by SSBCI dollars,
and these are going to vary depending on the skill, you
know, many territories cannot support a $100 million
loan, right, so it's going to vary by regional context,
and by also the program type.

Many of these programs also where, you know,
came on earlier than some others, so that's where you
see that variation. Also, I think what one of the key
points over here to round that out is the fact that the
allocations for each state varied, so that these were
based on the statute, and they're formulaically
allocated to each state. Yes?

MR. EVERSOLE: A similar question, I believe, is
that early on in your slide deck, you had one that had
like sort of a circular graph that made a distinction
between investment and lending.
MR. ZACCEA: Um-hmm.

MR. EVERSOLE: Could you explain what that is? I don't know that I understood that.

MR. ZACCEA: Sure. So, this graph, right, this chart right here, the investment and the lending. So, this refers to the previous slide. So, the states in their application of their treasury to request the SSBCI dollars, were requested to -- were asked to describe the programs through which these dollars would be deployed, and they may choose from these programs, right, the capital asset program, loan participation program, collateral support program, loan guarantee program and venture capital program.

So, the one investment program was the venture capital program. The other four are lending programs. These programs, you know, again, in many cases where some of them -- some states had these programs existing in their states and operational, and it is a matter of drawing down the SSBCI dollars, and funding these programs with SSBCI dollars and conducting these programs in a manner that's compliant with the statutory and policy guidelines of the program.

And in other cases, it was creating new programs, new lending programs that follow these structures. And each of these lending programs are a
bit different in the way that they approach the market.

MR. FIELDER: But does that mean that the dollars eventually all need to go to small businesses, or did some of them not actually, you know, reach what was a small business?

MR. ZACCHEA: The idea is all of these dollars were all going to make their way down to small businesses. That's the idea.

MR. FIELDER: Okay. There was a slide that had the state website that was noted, the first one.

MR. ZACCHEA: Um-hmm.

MR. FIELDER: So, if we were interested in a program in a particular state, that would be the website that we would go to to find out about the program for that state?

MR. ZACCHEA: Absolutely. Absolutely. So, for the folks on the phone, I made a particularly short URL, so it's BIT.LY/SSBCI programs, as one word, and if you go to their website, or you can go to treasury.gov/SSBCI, and click on the link, there's a map right there on the main website, and you can click on the state and it will take you to the state contact.

MS. CARSON: I had a couple of follow-up, also. For best practices, would those also be found on the same -- the state level?
MR. ZACCHEA: Absolutely.

MS. CARSON: The reports that you mentioned?

MR. ZACCHEA: Absolutely. So, those are on the main website, so if you scroll to the bottom of the main page, you are going to find those best practices reports. So, we have a best practices report for nearly all the lending programs and the investment programs. In addition, we publish reports, again, this is all state, you know, resulting from the state program managers coming together, this is a recent report we published using the SSBCI program -- (inaudible) -- communities, that's also on there, you know, partnering with the CDFIs, best practices in that regard. And we expect some more to come.

MS. CARSON: My final question was, 84 percent of the dollars available have been deployed, is this something that the states apply for one time and it's already there, or is there these programs change in the states?

MR. ZACCHEA: It was a one-shot funding, so that's going to be it for SSBCI dollars, right. So, the states have applied and the dollars have gone out, and they go out in tranches, but that's a defined amount, set amount.

MS. CARSON: Good, so we can expect it to last
through 2017 as this has already been set aside as to how it will be deployed, that cash?

MR. ZACCHEA: Right, and depending on how the states have chosen -- selected to use and deploy the capital, you know, the idea with many states, almost all the states have started sample programs, so depending on their unit of volume, some may have gone through their cache, some, a few states are recycling capital, right, so as far as dollars still being available, that's the resource really that they could shed some light on that through the states.

MS. CARSON: Thank you.

MS. WOOD: Just a quick question, too, about a kind of a -- back to demographics, have you honed in on or studied yet like the types of businesses that are taking advantage of this more? Are they IT-related, or agriculture, or anything?

MR. ZACCHEA: Yeah. So --

MS. WOOD: Medical?

THE WITNESS: In their reporting -- it's a great question, Jaime. So, the question was, on the industry sectors. So, we do publish this, and we have on the website a 2013 annual report is the most recent annual report that we have, and we also publish quarterly reports, and the most recent quarterly report is the
2014 fourth quarter report. So, there are -- there is, you know, cross-sectional data that we provide on the manufacture -- on the industry sector of each of these. So, you can see some of those data points there, in addition to, you know, the age of the business, the number of FTEs, so on and so forth.

MS. WOOD: Thank you.

MR. FIELDER: Any other questions?

(No response.)

MR. FIELDER: Thank you very much.

MR. ZACCHEA: Thank you for having us.

MR. FIELDER: We have two folks with us to welcome and what we thought we would do is improvise and introduce them and they're going to talk about what they're doing with -- (inaudible) -- military spouse programs that they're working on. So, about five minutes each.

MS. CARSON: Okay.

MR. FIELDER: And then we'll wrap up.

MS. CARSON: Absolutely. So, as I mentioned earlier, our office has got some great partnerships and they're represented here on this committee, so it's really reinforced, and I realize looking at our agenda that we haven't ever had a trade over to the table, and what are your equities and what are you serving and what
do you still need. So, that's what -- thank you, Ed, for the time that we are going to ask to first introduce our families.

We have Sheila here representing, what kinds of activities are going on now, and where we can engage and where you might need our support moving forward.

MS. STEVENS: Hi, I'm Sheila Stevens, I'm the senior advisor for outreach for Blue Star Families. A little background for those who may or may not know, we're a nonprofit organization basically working to strengthen military families in our nation by connecting one another and fostering leadership.

We know from our 2014 survey over the past three years, military spouse employment remains the top primary concern. The ability for a military spouse to meet their employment expectations is significant in overall military lifestyle satisfaction, and what may sound like the sky is falling in, but something I've been quoted as saying, a national security issue.

A military spouse looking for employment, not able to have a career and keep her employment or his employment can become a retention issue, can become a focused issue for the service member overseas.

So, Blue Star Careers is our answer to some of those concerns with military spouses. With the help of
corporate and foundation funders, we've developed a
program where we provide a range of data-driven
education and employment initiatives designed to support
military family members at all points in their career
life cycle.

It's tailored to fit the unique lifestyle. We
provide resources and information on education, pursuing
education, building a resume, finding and keeping jobs,
networking, professional development, and so forth, and
it was interesting to hear you speak Boots to Business,
VBOC, all of that. I think that's a great initiative
where we can capture those spouses also transitioning
the service member. I think it's very important that we
continue to keep them in the dialogue. Military spouses
are very interested in that. They should be involved in
those transition classes. They should be involved in
and inclusive of all the information that's put out. I
think that we can work together in helping build some of
that information and resources for that level that Boots
to Business that you guys are doing on the
installations.

Awareness is the number one thing, as military
spouse education, deploying it, all of that is really
important. So, that's what we do in the careers part of
Blue Star Families. We, of course, have other morale
programs, but that speaks to exactly what we're talking about today. Thank you.

MS. CARSON: Is there anything, you've mentioned some places that we could partner better in outreach in particular, and I'll use your entry to reinforce that all the programs that SBA offers for veterans are offered to spouses. That includes access to capital. So, getting a business loan as a spouse business owner, we have that happening, and that's a special consideration.

MS. STEVENS: And I think it's the knowing. I didn't know that.

MS. CARSON: Exactly.

MS. STEVENS: I thought it was only for the veteran, I didn't know. My husband is still a service member and is going to be transitioning soon and I haven't received any information from the installation, from his command, from anyone inviting me to attend any of that.

MS. CARSON: Is there anything else?

UNIDENTIFIED SPEAKER: I was going to ask you, and this may be more for you, Barb, and maybe to the administration itself, you know, you've done such a great job of communicating with, you know, organizational partners about what OVBD does, but how
much communication has there been with, you know, organizations like yours on the other, you know, areas within the SBA, like, you know, the Office of Entrepreneurial Development and the Office of Capital Access, which have offered their own, you know, outside the veterans and military spouse support area of their own programs and, you know, just do you know of any communication of that type to facilitate that?

MS. CARSON: We do facilitate it and I would say the biggest growth we had and I'm grateful for, we think this is an unanticipated benefit of Boots to Business, is that we have our resource partners delivering that program, which has made them more fluent in veteran, because we're paying them to get on installations, and so now they're aware of the bigger world, but it takes time.

UNIDENTIFIED SPEAKER: Yeah, okay.

MS. CARSON: But absolutely we've identified that it's not getting out and we're looking, as you saw through our marketing, where are people getting their information about this, it's not necessarily through command channels and federal agencies. So --

UNIDENTIFIED SPEAKER: Well, are there things that, you know, I mean, for my boss, who is a member of the committee on small business entrepreneurship in this
setting, are there things that we can do in commerce to be helpful in communicating?

MS. STEVENS: Keeping the spouses inclusive in all discussions, I think that's, you know, the member when it comes from a military spouse is keeping that, when you say veteran, it also includes spouse. It's a family unit.

MS. CARSON: Thank you, Sheila.

MS. STEVENS: Thank you.

MS. WOOD: A little caveat, Sheila, yesterday in a conversation that we had with Facebook, we actually talked a little bit about you have a relationship with them, too.

MS. STEVENS: We do.

MS. WOOD: So, one of the things we talked about was how do we bring that together to increase the knowledge capacity of what all the programs are available, how do we reach the military spouse, you know, outside of that chain of command.

MS. STEVENS: I agree. We have three networks on Facebook that are starting to get static, you know, it's that trying to lose that last 10 pounds, we're not getting the people to decide anymore. They're not interested, so we either need to get them more excited, get more information out there, so we're trying to
develop ways of marketing and outreach differently on Facebook now, too. And I think just defining entrepreneurship to military spouse, they -- most of them wouldn't define themselves as an entrepreneur, even though they have a small business.

MS. CARSON: Yes, words matter. And I will reinforce that Blue Star Families is a member of this committee, Kathy Roth-Douquett is the main member, and thank you, Sheila, for representing her today, since she couldn't be here.

MS. STEVENS: No problem.

MS. CARSON: And I would love for Jennifer Harrington to come and join us, she's from the U. S. Chamber of Commerce Foundation Hiring Our Heroes, where we are a fantastic partner, you will talk about what we're doing together and what more we can do.

MS. HARRINGTON: Yeah, thank you, and I know that I'm between you and lunch, so I'm going to keep this very, very brief. Hiring Our Heroes started about four years ago, with the goal to help transitioning service members, veterans and military spouses with meaningful employment, and in four years, we have over 900 hiring fares, and have documented 27,000 hires from those what we call brick and mortar model events.

We're moving left of transition, we're working
with our government partners, DOL, VA, SVA, Soldier for Life, and IMCOM, I may have left out an acronym or two, but to take our model, our brick and mortar model into installations and work with service members, transitioning service members who are locked in transition, typically 12 to 18 months out.

Now, we know a transitioning service member and our military spouses can make one of three choices, and combine them if they choose. They can either go back to school, they can get a job, or they can create jobs through entrepreneurship opportunities. So, that's why the relationship with the SBA is so, so important. We formed a strategic alliance memorandum, just a few months ago, commemorated that with our president of our program, Eric Eversole, who is here today, and really what it does is it aligns our resources. We can't be all things to all people, but we know that we are doing extraordinary work to bring their resources to service members.

So, it's a nice marriage of our organizations. We have workshops at each one of our events, including our transitioning summits and -- (inaudible) -- to be a part of that. The entrepreneurship track is very, very important and not one that transitioning service members and their spouses often consider. We're also coupling
that effort with launching a track of what we call our fast track program, it's a digital platform that helps service members identify what real economic opportunity looks like.

My favorite example is I was talking with a service member and suggested he work at Nordstrom and he said, ma'am, with all due respect, I don't want to sell women's shoes. So, what we tried to do is take a look at that organization, break it down into logistics, supply chain management, security, merchandising, et cetera, and present that to service members as a real economic opportunity.

So, we do that through a variety of industries and we know that entrepreneurship is an important one, so we are working to launch that this fall and we are very excited to be a part of the Coalition for Veteran-Owned Businesses, one of I think just two nonprofits in the States.

So, I'm looking forward to continuing to do great things, and I appreciate the opportunity to brief you all today. Thank you.

MS. CARSON: And she's downplaying what a commitment this is from the U.S. Chamber. So, this isn't just happening from in the United States, they've been in Japan and Germany, where you can imagine, and
maybe because many of us are vets in this room, you did
transition from overseas. It feels like a Herculean
task to contemplate. And, so, this breaks it down, as
you said, and actually brings employers overseas, face
to face, talking with service members and spouses. And
I appreciate what we're trying to do and why SBA feels
that this is absolutely something that will be approved,
you know, in the executive and legislative branches is
that we're hoping that people who come and hear about
entrepreneurship at a Hiring Our Heroes event convert
and go to Boots to Business. That's why we're investing
our resources there, and as Jennifer said, getting the
decision further you said to the left, earlier in a
career, is going to make them a more successful small
business owner coming out.

Thanks, Jennifer.

MS. HARRINGTON: Thank you.

MS. CARSON: Any questions? We were going to
hear, also, from our final VSA, the American Legion.
Perhaps we could do that in the afternoon, since you're
here as a committee member, and let people eat.

MR. LEGHORN: Sure.

MS. CARSON: Is that okay, Ed?

MR. FIELDER: Yes. I generally don't get to
eat, but I think people should eat.
MS. CARSON: Can we come back at the same time, then?

MR. FIELDER: Yeah, I think we'll come back at 1:00, kick right back in, and if there's a little bit that we have to absorb, we'll absorb that with our private session at the end. And, so, is there any business that we need to cover prior to lunch?

MS. CARSON: One more. Is Michael Zacchea on the phone still?

(No response.)

MS. CARSON: We had one member we didn't recognize.

MR. BAILEY: Rob Bailey here.

MS. CARSON: Good, Rob Bailey is there, and he is an existing member who is a great small business owner. I'm sorry you can't be here with us. Do you have any comments, Robert, before we close?

MR. BAILEY: No, no comments. I think that in listening to those programs that aid veterans, veteran entrepreneurship probably wouldn't hurt to give a shout out to the VIP and the good work that they're doing and I would definitely like to see linkages be developed between what they're doing at Syracuse, Boots to Business, and what Barbara is doing over in Montgomery County, it would be good on a blanket-wide outreach of
how each of these programs individually help not only with starting a small business for the veterans, but help sustain the small business infrastructure and business entity. So, I just wanted to add that on.

MS. CARSON: Excellent point. Not everything we do is for startups and new businesses. Michael Zacchea was on the phone earlier, he is our newest member and he represents the PSO, which is the Entrepreneurship Bootcamp for Veterans at the University of Connecticut. So, it brings a new academic perspective to our committee, which I look forward to hearing, and also the service-disabled veteran entrepreneur community.

So, I'm sorry he couldn't be with us here in person and I will try and make sure if he gets a chance if he joins us again in the afternoon to introduce himself. Thanks.

MR. FIELDER: Okay, we will open the line back up at 1:00 p.m. Thank you, everyone.

(Whereupon, a lunch recess was taken.)
AFTERNOON SESSION

MR. FIELDER: Okay, we're back meeting again. What we're going to do is pick up on the capital access theme. We've already had one presentation this morning about the Treasury State Small Business Credit Initiative, and what we're going to do is within the next hour and 15 minutes, go through three presentations, and Kirstin Granchelli?

MS. GRANCHELLI: Granchelli.

MR. FIELDER: Right? From NAGGL, I'm assuming that's the National Association of --

MS. GRANCHELLI: Government Guaranteed Lenders, NAGGL.

MR. FIELDER: NAGGL. Thank you.

MS. GRANCHELLI: Of course. Yes. So, I represent NAGGL, which is the largest trade association that represents the flagship SBA lending program, the 7(a) loan. We represent a little over 800 private sector financial institutions that make the 7(a) loans, and I'm really excited to talk to you guys about a focus that we internally have had for a number of years now on underserved markets and certainly veterans are a big part of that discussion for us.

And I also am a former Hill staffer, just left Senate Small Business Committee, most recently. And,
so, I come to you with sort of the ability to talk both about what's been most recently happening on the Hill and the way that industry has been engaged in that as well.

So, when SBA announced that they would be making a veterans lending pledge, they asked that lenders be engaged and committed to increasing lending to veterans by five percent every fiscal year over the next five years. And that's a pledge that the 7(a) industry took very seriously, and that we then echoed in creating our own initiative called Operation Vet Access, and in your folders here, it's just a one-pager on the right-hand side about Operation Vet Access.

It started in 2013 to complement SBA's pledge, and we have hundreds of our lenders on the record as wanting to be a part of that pledge. Annually in our conferences, we check in with all of them. That Operation Vet Access has since become a permanent subcommittee among NAGGL's leadership called the Public Policy Committee where we focus on underserved markets overall with veterans being obviously a big piece of that. But it's now part of our permanent structure and internally within the industry, where we have conversations about that.

We feel like this increased focus on this pledge
has certainly helped the numbers, from our standpoint. We most recently testified in front of House Small Business Committee and a big part of the testimony on behalf of NAGGL was about veterans lending, because it just so happened that the lender that we had testify in front of the Subcommittee on Cap Access on the House side was a very proud veteran himself. He's an Air Force grad, served for a number of years in the Air Force and then went on to be in the Navy Intel Reserves for 16 years.

And, so, he spoke to the House Small Business Committee about his unique ability to wear many different hats. He's a lender, and a veteran, and he talked specifically with the chairman and ranking member on House Small Business Subcommittee about what an honor it is for him to be able to personally call every single veteran borrower who comes through his door to congratulate them on receiving a 7(a) loan and talk about what it is that they hope to do as an entrepreneur.

And, so, we certainly internally have seen that this pledge, taking SBA's lead on that, has been effective. We reported to House Small Business that in May 2015 we had seen, if you look year to date over the past three years, about an 88 percent increase in 7(a)
lending to veterans. And, so, we're really excited
about continuing the conversation internally.

    You know, about a decade ago, I wasn't with
NAGGL, but I've got time, but these kinds of, you know,
persistent conversations about underserved markets
wasn't really a part of industry vernacular as much as
it is now. And, so, certainly, committees like this and
discussions like this I think help give us even more
tangible reasons for continuing those conversations.
So, I appreciate what you guys are doing here.

    We also have been giving several awards to our
lenders as part of this pledge that recognize their work
with veterans. We call them the champion of veteran
lending award, not very original, I know, but it
certainly has been effective, again, within our
lenders -- lending community.

    I also wanted to mention that these lenders have
produced some great marketing material, and I don't have
it for you here today, but I can certainly pass along an
electronic version if it helps. And it started, again,
out of this operation vet access where it is a brochure
that now all of our brick and mortar locations among our
lenders, if they want, are able to use this material
that is specifically geared towards veterans lending,
because a lot of the education, not only is, you know,
necessary among the borrowers, but also among our
lenders, sometimes they just don't know to talk about
the opportunities that are available to veterans within,
you know, a certain framework, and that's, you know,
education is necessary on our part as well, for our
members.

So, I also brought some data, and, you know,
you're going to hear from John Miller from Cap Access
and he's going to be able to do a much deeper dive into
this data than I can, but I wanted to make sure that you
saw what it is that industry at least looks at, and in
the current state of 7(a) lending, it's not pretty, but
the facts are the facts, and so I don't want to sugar
cover it for you. We all know that we have a problem
here and that we need to do better. And, so, industry
as a whole, we are solution oriented about this, and I
just gave you a glimpse into the kinds of solutions
we're trying to come up with.

But I definitely want to present this data
because I think for me, coming from representing the
banks who are trying to make these loans to veterans, it
would be helpful to walk away from today really being
able to have a conversation with all of you about why
you think these numbers are where they are. From
industry's perspective, you know, we're the private
sector banks. At the end of the day, you know, if someone walks into the bank with a pulse who's financially viable, we want to make that loan to them. You know, and it's a smart financial decision for the bank and for SBA.

So, we're looking to make these loans. We're hungry for them. And yet we're seeing these numbers drop. So, here's another way to look at it, since 2009, we have a --

MR. FIELDER: Can I ask a question?

MS. GRANCHELLI: Sure. Sure, yeah.

MR. FIELDER: Every time we see a slide like this, nine times out of ten, it matches all 7(a) loans. Do you have a sense of that?

MR. MILLER: I'll get into that in my presentation. I have some side-by-side comparisons.

MR. FIELDER: All right, all right, as long as we get to that.

MS. GRANCHELLI: Yeah. I'll let John deep dive into the data.

MR. FIELDER: Okay. Because it's one thing to see there's a difference and it's dropping, but what does it look like in terms of the brass of the population.

UNIDENTIFIED SPEAKER: Counterpoints with
address going like this, are we still going like that, or usually it's --

MR. FIELDER: That's why I'm suggesting that nine times out of ten it's the same. It just tell me it's not.

MS. GRANCHELLI: Yeah, I'll wait for John.

UNIDENTIFIED SPEAKER: Keep us in suspense.

MS. GRANCHELLI: On the whole, just so you know, the 7(a) portfolio is going gangbusters, we are growing at a rapid rate. So, this trend is certainly not positive for the direction that the rest of the portfolio is going in.

MS. CARSON: Can I ask a question? Looking at the materials here, we heard from the Data Advisory Committee this morning and from Blue Star Families and about the importance of spouses and caregivers as a part of this community. Is the Vet Access Program, this direction, is that including spouses?

MS. GRANCHELLI: Certainly, yes. Industry doesn't have the power to change the parameters of we can make SBA loans to.

MS. CARSON: Right.

MS. GRANCHELLI: So, yes, that, of course, would include spouses, but I think that's an important point in terms of education, right, of our lenders, is making
sure they're aware of that, because that's a big -- a big component of it.

MS. CARSON: Yeah.

MS. GRANCHELLI: It's not just to the veterans, it's to the veteran family.

MS. CARSON: Exactly.

MS. GRANCHELLI: Yeah. So, this slide sort of tells a different picture. You know, 2009, we seem to be positively ticking up. We had this drop in 2011 to 2012. The outlook there, in those lighter bars, shows this pledge that we're -- that we're really hoping to stick to that. Again, SBA really led the charge on that and industry is echoing here again showing a drop there, 2013 to 2014, the dark blue is projected what we're hoping to do.

So, again, I sometimes hesitate to show data that doesn't, you know, display the trends that we're all hoping to see, but I think that for this group in particular, since this is your bread and butter, you know, this is what you think about and this is, you know, what you have your pulse on first hand. I think it's important to not sugar coat the facts and to really show you what it is that industry is also looking at, and but also to show you what solutions we're hoping to drive towards. And I think my biggest takeaway from
talking to you today, hopefully will be how to kind of
message out to industry ways that we can improve the
situation and why maybe you think as an advisory
committee that we're seeing these numbers start to tick
down, despite, you know, an increased focus on it from
the lenders.

So -- yes?

UNIDENTIFIED SPEAKER: Do you know, do you have
data on the number of applications? Did the actual
applications drop off or was it a function of the amount
that were approved or --

MS. GRANCHELLI: That's a good question, and
John, OCM might have a better answer on this. This
represents just gross data right now of dollars that
were approved. So, this is not indicative of
applications.

We -- I don't know that --

UNIDENTIFIED SPEAKER: There's really no way to
track the number of applications that are received by
our delegated 7(a) lenders, because we do not -- they
often will look at an application before they even
determine they want to use SBA financing. And they may
reject it at that point. They may go conventional, or
they may, after they've done their credit analysis,
decide they want to extend credit, but then decide that
they need SBA's guarantee attached. But there's really no way to track that for the delegated lenders, the number of applications received.

MS. CARSON: This is Barb, I have a couple of things to add to that. We also, not all vets are going to identify as a vet, so that's an issue.

MS. GRANCHELLI: Yes.

MS. CARSON: And not all would go to a veteran product that might be a part of the program. We're seeing that as well, which you'll get into later, too.

MR. EVERSOLE: Were you suggesting, Rich, that there might have been credit standards or something like that that could have been driving that?

UNIDENTIFIED SPEAKER: Well, right, it could have been a drop-off in the number of people applying.

MS. GRANCHELLI: Sure.

UNIDENTIFIED SPEAKER: Or it could have been a change in lending standards that the same number are applying, but fewer are getting through the process.

MS. CARSON: And this is a vet and non-vet problem that we don't know the demand, because that's not something that we can have visibility on, and we also, we don't have a mechanism that's appealing at this point to member banks to say, if you say no, could you please come back to us with technical assistance.
MS. GRANCHELLI: Yeah.

MS. CARSON: And I understand why that's a time intensive kind of action, but maybe one for this population that we could receive.

MS. GRANCHELLI: You know, on the whole underserved markets, when we talk about it as an industry internally, it's a difficult conversation to have because we're given a limited amount of data. So, when we look at, for example, loans to African Americans, we see as an industry that we need to be doing better. It's steadily increasing, so it's going in the right direction, but when you talk about, again, the universe of the data set, we don't know that. We don't know how many African Americans, small business borrowers are actually out there, so we don't know the denominator. We don't know how many would be actually applicable or eligible, rather, for an SBA loan, meaning that they fit all of the parameters that go into the set of eligibles around SBA lending. And we also don't know the amount that apply. And part of that, too, is when you actually break down the process with a lender, they don't fill out or they don't check that box that says you're a veteran or says you're African American, until the very end. It's the 1919 form, and the bank has already made the loan. It's already going through
processing. They've already approved the financing based on your financials, essentially, and that you've met all of the eligibility standards.

Correct me if I'm -- jump in if --

MR. MILLER: I believe that's correct.

MS. GRANCHELLI: So, a lot of times the conversations that industry has about, okay, how do we do better with underserved markets, how are we going to be responsive to this? It has to do with lender education about how to navigate, you know, very overregulated, overcautious niche. They live in a regulated world, which are the regulations that dictate all the fair lending laws, federally, that these banks have to comply with so that they can't lend based on race, gender, ethnicity, religion, and more and more often you will see at these banks they are more composed of compliance officers than actual bankers.

And, so, I often speak to our lenders and I ask them, you know, how do we get better at not only lending to minorities, but reporting on it, so that this data that we're getting from SBA, we can start to say is a little bit more trustworthy when it comes to knowing that full denominator out there, or comes to even knowing how many African Americans we've actually lent to.
There are some that just aren't -- we don't capture and we'll never know. And that's because it's up to the borrower's discretion to check that box on the 1919, and it's not required and they can send it in and the banker, the lender is put in a lot of times a position of having to have a fair lending compliance officer breathing down their neck. Their actual institution, they're scared of a lawsuit, no matter which way they turn. For them, it's almost within their DNA, the way they operate, to not pursue asking, hey, could you just check this box, I noticed that it wasn't checked.

And that's a conversation that we've started to ask some of our lenders to have more and more with their compliance attorneys, in-house, to really understand and make them feel comfortable with being able to loop back with that borrower and say, here's actually why we need the data.

And right now, that is, I think, if you were to talk honestly with a lot of the lenders, that is sort of a taboo, scary conversation to have with the borrower, and they move on to the next thing because, again, they live in a very heavily regulated world.

So, we are trying to get better at that, but --

MR. FIELDER: John? You've got me waiting, I've
got my hands down and I'm sitting on them waiting for
the answer that you're going to give me. Is this part
of the answer? Overregulated banking institutions?
Overcautious?

MR. MILLER: I will say the self-reporting is an
issue, but I don't know that it explains the decline.

MS. GRANCHELLI: Agreed. Agreed.

MR. FIELDER: Okay.

MS. CARSON: Probably consolidation of some of
the largest lenders in the market is probably one of the
largest reasons. I have a question in terms of what you
were talking about knowing the, you know, the
applicants, having that hold, not directly connected but
sort of connected. How much is NAGGL, OCA, working,
communicating with OVBD on the transition part, because
there you do have, you know the outcomes, you know
they're moving from their transition to, you know, being
better entrepreneurs, so how much communication is
happening there? With OVBD and B2B?

MS. GRANCHELLI: At this point because Boots to
Business is an introduction to entrepreneurship and
they're not even getting -- they're making a decision
about whether it's feasible after two days, whether it's
worth pursuing.

MS. CARSON: Even like after the eight weeks
MS. GRANCHELLI: After eight weeks, they may have a business plan, and what we're still lacking is the connection point. So, even if we did have the connection, a startup getting financing with --


MS. GRANCHELLI: It would be hard. It's a connection that we absolutely should build and continue our conversation, but it goes back to the challenge I mentioned this morning with data being able to go --

UNIDENTIFIED SPEAKER: Try to track and synchronize it.

MS. GRANCHELLI: Not just track, but provide service, as they're ready for the next step. So, even if I'm not enabled right at the end of Boots to Business, this grad knows about them, and the lenders.

MS. CARSON: Exactly.

MS. GRANCHELLI: So, that's when we can strengthen.

MS. CARSON: Okay.

MS. GRANCHELLI: So, I just want to finish up by saying this is very timely, and I'm sure you heard this earlier from Ami in previous discussions by NAGGL as an industry is very supportive about what both the Senate and the House are doing in looking at this legislation
to waive fees on the express program for veterans.
Right now, the fact that SBA is already doing it and it
does not have any detrimental effect on subsidy or fee
increases, that it's a policy that's working, that we
feel as industry that it certainly encourages veterans
to apply for these loans.

We are very much supportive of it, and the House
is going through right now their markup of their version
of the bill, there are some major differences between
the House and Senate version, industry is supportive of
both. The difference has to do with surrounding the
subsidy rate and the potential effects on it, but
industry is really far more focused on the fact that
both are seeking to break down barriers for veterans
lending. And, so, in that regard, we're supportive of
both.

The letter that you have included with your
materials here is a letter that we just most recently
wrote to be on the record for the House Small Business
Committee markup for that bill, to provide you some
insight there about some needed things that we're doing
on the Hill.

So, I'm happy to answer any questions, and
excited to hear from more of you about some of these
trends and what industry can do to help.

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MR. AUGMENT: You mentioned --

MS. CARSON: Can you stay?

MS. GRANCHELLI: Of course, yeah.

MR. AUGMENT: You mentioned Reg B, is Reg A still -- I mean, I know that that was -- Reg A+, I guess, was being worked on and supposed to be passed in the next month or so, is that in tracking with Reg B?

MS. GRANCHELLI: Yeah, you know, I think if I had a lender here with me right now, I think all of that combined, it's probably to the point where the regulatory climate on a lot of these banks is so complicated and interconnected that there's probably not one that's standing, you know, one portion of that that's standing out more than the next.

You know, when you talk about why the 7(a) portfolio, for instance, is so dramatically increasing, we point to a lot of different things. We point to Dodd-Frank, we point to Basel III, changing the capital liquidity requirements on banks, and as a result, they're turning more and more to SBA products.

So, when it comes to how compliance is also cracking down on how, you know, accurate reporting might be, I think Reg A and Reg B, Reg A+, you know, you start seeing the alphabet here, like how many different regulatory and compliance mechanisms are out there.
And, you know, like I said, I've heard this from some of our largest lenders, where they have floors in corporate headquarters that are just dedicated to compliance officers. So, it certainly changes the way that this self-reporting mechanism can be successful or not successful, I think.

MR. FIELDER: Were there any other questions?
(No response.)

MR. FIELDER: Appreciate it.

UNIDENTIFIED SPEAKER: As far as the NAGGL contribution to the five percent quoted pledge, it looks like you're tracking actuals for 2014.

MS. GRANCHELLI: Um-hmm.

UNIDENTIFIED SPEAKER: And that lending actually decreased by nine percent.

MS. GRANCHELLI: Um-hmm.

UNIDENTIFIED SPEAKER: Is there any kind of explanation on how it's not actually increasing, let alone not increasing by 5 percent?

MS. GRANCHELLI: No, and that's -- there isn't, and we're sort of stumped by this, as an industry, and again, could it be because we're not accurately capturing how many veterans we're touching? Could it be that, you know, there's not as many applicants increasingly in the amount of veteran small business
borrowers not approaching the 7(a) program as a possibility, or there's not that awareness there. Perhaps.

But from an industry standpoint, we've probably never done more to be focused on this conversation, and, you know, certainly are making sure that the brick and mortar locations where a veteran would actually walk through and try to apply for a loan has the material in front of them that is specifically geared towards veterans lending.

So, it's really my question, I think, for all of you is, you know, is there something more that industry can do and also why do you think that with this increased involvement, we're seeing this steady downward tick.

MR. AUGMENT: Chairman Fielder, is it in the realm of the capacity of this committee to recommend a study be done, whether or not it actually gets done is another story, maybe that's something that we can put on our --

MR. FIELDER: (Inaudible.)

MR. AUGMENT: Some sort of an independent study of the association and the industry to find out, working with SBA, to find out the answers to some of those questions.
MR. FIELDER: Yeah.

UNIDENTIFIED SPEAKER: Part of what we're being told, when OVBD goes out and tries to get this answer on the demand level and applications, is that we should go talk to banks directly. So, I guess that's part of my confusion, is if you're representing industry and you have, you know, banks involved, you know, part of it is we're curious as to what they think is happening at a bank to bank level, so that from a microlevel, we can see what's happening, and now we can assess a comparison industry-wide what we're seeing across SBA.

MR. O'FARRELL: I think what they would tell me as a consumer, trying to get a loan, and what they would tell you as the government, are probably two different things.

UNIDENTIFIED SPEAKER: Right.

MR. EVERSOLE: I like Jim's suggestion, though, because that sounds to me like it's the kind of study that's going to be using a lot of qualitative data as opposed to quantitative data. It sounds to me like there's not quantitative data there to actually come up with a definitive answer. So, as a result, a lot of surveying going on, a lot of --

MR. FIELDER: What this might look like, Jim, as we summarize the probably 10 or 12 different groups that
we've had, both government and industry, banking
institutions, come and talk to us, we summarized that,
and then we got to some conclusions, and one of the
conclusions is that somebody has got to figure out what
this is, and then we make a strong recommendation that
that be looked into.

MR. O'FARRELL:  Well, and the other thought --
MR. FIELDER:  And that may move resources so
that the right people possibly could then take care of
it.

MR. O'FARRELL:  And I think it's a summary of
who's come in and spoken with us, but also, Ed, I think
it's looking, we had the Census folks in this morning.
So, is there census data there with some of the new
tools they're rolling out that could be crosswalked with
the research you're doing -- (inaudible.)

MR. FIELDER:  I think when we -- (inaudible) --
some more stuff.

MR. O'FARRELL:  Yeah, we're going to chat.
MR. FIELDER:  Not to pick on you.

UNIDENTIFIED SPEAKER:  I think there's some good
news here, too.

UNIDENTIFIED SPEAKER:  Every problem will be
solved when John speaks.

MR. MILLER:  I've been sitting on my hands.
MR. FIELDER: Thank you.

MS. GRANCHELLI: Of course, thanks for having me.

MR. FIELDER: It's pronounced --

MS. CARSON: I was just going to ask, should we just -- should we really for the flow, purpose of the flow, roll into John's presentation right now, and then into the Kiva update? Is that okay? Do you mind? Can you stay and listen?

MS. STOCKWELL: Yeah, of course. Thanks.

MS. CARSON: All right. While we're getting the slides set up, Selah is OVBD, many of you met her last quarter when we were here. She has taken data sets that were never available to us before, so I think Cap Access and the Office of the Chief Financial Officer, they're trusting us with that data, and she's done semi total analysis, which is the base of what we provided back to OCA and said, here's how we saw it, would you please look at it and we can all talk together on how to work at resolving it.

So, that's how this came about and I'm grateful for the time that Jim and John have put into looking over this and for coming today to talk with us, our community. Thank you.

UNIDENTIFIED SPEAKER: Barbara, can you just
give us the acronym for OVBD.

MS. CARSON: Office of Veterans Business Development. Thank you.

MR. FIELDER: Thank you, and as a result of our ongoing conversation, we all know who John is.

MR. MILLER: All right. Thank you, I'm John Miller, I'm the deputy associate administrator for the Office of Capital Access, or OCA. And as Kirstin mentioned, veteran lending is not where we want it to be. Overall, despite consistent trends in the overall SBA lending over the last three years, lending to veterans has not performed comparatively well, and shows room for improvement. Since the 2011 record highs, lending has declined, reaching well below the 2011 levels.

So, you can see at the top, we have total SBA lending, dollars by the bars, and numbers represented by the lines. And the lending to veterans over the same period has trended down. Furthermore, as the SBA's portfolio increased from 2009 to 2014, vets are not seeing the same relative gains in dollars and numbers of loan approvals.

Now, you can see the RJA on the left, pre and post is the Recovery Jobs Act period.

MS. CARSON: And, John, can you talk about
Recovery Jobs had things like hire guarantees, are there any other differences that we would see between RJA and now?

MR. MILLER: Recovery Jobs Act period did have higher guarantees. There were fee rebates, as fees were set to zero, lender and borrower fees. There were secondary market incentives. There were a number of temporary items that were passed as part of the Recovery Act and also the Jobs Act that were contemplated as temporary, that were in place, that may have been a factor.

In addition to the fact that banks were behaving differently during that period than they were obviously prior to the recession. And then I think since 2011 and '12, they've been behaving a little bit differently than they did in that period during the recession.

MR. AUGMENT: Is there something that behavior is attributed to?

MR. MILLER: We did definitely have higher guarantees, and ironically, I think banks had tighter credit during that period, right after the recession.

UNIDENTIFIED SPEAKER: Do you think that could have been it drove some people who would have -- prior would have qualified for a standard loan, into an SBA-backed loan during that period?
MR. MILLER: Correct.

UNIDENTIFIED SPEAKER: Because of the way the banks contracted what they were willing to loan?

MR. MILLER: That's correct. And since the recovery, banks are making more loans conventionally than they would have made with an SBA guarantee at the time during the recession.

MR. O'FARRELL: And that is because?

MR. MILLER: Well, for example, in 2009, you will remember the credit markets froze up in 2008, there wasn't much lending going on at all. And then when SBA came out with the 7(a) guarantee of 90 percent, and a Recovery Act loan called the ARC loan, it was kind of a bridge loan for businesses that were very troubled, yet still viable. Banks jumped in and began to lend using those tools. So, that was a significant portion of the business lending at the time.

MS. GRANCHELLI: I would also just add, and not to be repetitive, I mentioned this when you had asked about some of the trends, that I think Dodd-Frank, we hear from almost all of our lenders, that no matter how you feel politically about some of the regulatory changes that happened within the financial -- among the financial institutions, they inevitably changed the profile of what it is that these banks are able to do,
whether it's for the better or for the worse. And, so, Dodd-Frank and also Basel III, more significantly, changed a lot of the capital liquidity requirements.

So, banks, on a whole, since the recession, have started to no longer feel comfortable with being able to tie up the bulk of their deposit base in long-term loans. They, instead, rely on short-term loans for the bulk of their deposit base, because they want to be flexible and nimble in the case of another recession.

What SBA offers that actually is more often than not the answer to small business needs are long-term loans, up to 25-year amortizations, whereas the conventional market is trying to get away with as much as they can, 90-day amortizations, three-year maturities.

So, SBA, for most banks, answers this small business borrower niche that they can't answer conventionally anymore because of the increased capital liquidity requirements that are being put upon them.

And I think you've got Dodd-Frank, with the amount of compliance taxes that are heaved on banks once you exceed that $10 billion asset threshold, a lot of these smaller community-sized banks, which again, are mostly the answer to small business borrowers, are keeping themselves at bay, and keeping their -- the
amount of their assets down, the amount of capital that
they have to invest down, because if they get beyond a
certain threshold, they're hit with a tax over $10
billion, a regulatory compliance tax.

And, so, they keep themselves small. They keep
their deposit base tied up in short-term loans. And,
so, all of this is changing what conventionally they can
offer small businesses.

MR. MILLER: I was just asking my colleague
here, also, keep in mind, during 2010 and '11, just I
want to point out, we did have some additional programs.
One of those being the 504 Refinance Program that's not
available, it sunsetted after '11. So, that would also
show why some of the numbers have dropped since that
period.

But as Kirstin mentions, it's correct, SBA fills
a credit elsewhere gap. So, where lenders wouldn't make
a loan conventionally, SBA fills the gap. Whether it's
loan term, maturities and so forth.

On slide 4, despite the decline in 7(a) and 504, v
vet lending in the microloan program remains strong.
This mirrors the industry data that suggests borrowers
have a high demand for low-dollar loans, and loans in
SBA's microloan program are provided by nonprofit
intermediaries, and the loan sizes typically average
about $13,000.

So, though there's more to be done, FY '15 is a silver lining here. It is bucking the trend and returning veterans lending to above 2010 levels. So, everything you've seen heretofore was year end '14. So, '15 is trending in the right direction.

Based on the first two quarters, veteran lending is trending above the rest of SBA portfolio in dollars and approvals.

MR. FIELDER: I've heard five or six reasons why it was trending the other way, two quarters in, do you have any sense of --

MR. MILLER: I would attribute -- have you received -- did you get a chance to look at this regarding the -- we have these to hand out. We can certainly bring some down. The fee waivers. So, the waiver of the guarantee fees on all small loans is definitely boosting the small loan lending agency-wide. And then for veterans, we've extended the fee -- well, I'll wait until this is passed around.

UNIDENTIFIED SPEAKER: Barbara, can someone make a copy available to us?

MS. WOOD: We will, we'll send you all of the -- not Barb, it's Jaime, but we'll send all the docs out to you.
UNIDENTIFIED SPEAKER: Thank you, Jaime, I appreciate it.

MR. MILLER: If you look down towards the bottom third of the page, there are some bullet points. The fee relief that is available for all 7(a) loans has been a driver of small loans, and that's $150,000 and under. And also, for veterans, we have zero percent fee for SBA express loans $350,000 and below. And then a 50 percent reduction in the upfront guarantee fee for veterans on non-SBA express loans between $150,000 and $5 million.

MS. CARSON: John, if I can, it's hard to do apples to apples when we're looking at pay data, express, expired on December 31st, 2013. So, that's at the end of Q1, we went from 85 percent guarantee, but people were paying fees, to on January 1st, which is Q2, we're at fee relief for $350 and below, guarantee dropped to 50 percent.

So, those are variables also that we're looking at that it's hard to do on a fiscal year, and the Q1/Q2 is helpful, but Q1 is not -- in '14 is not at all what it is in '15. Only Q2 is an apple-to-apple comparison. But this -- it is trending upward, I agree, I just want us to keep in mind, there are so many different things that affect or could affect that we have a lot to study and figure out exactly what it is that makes the
difference.

MR. MILLER: I would agree. With more quarter data coming out soon, being the end of June, we'll have another quarter here within a few weeks to be able to determine whether that uptick is continuing, and whether this fee, the fee waivers and all of the efforts we have on the NAGGL side, because I know that it has really been a big push at the conferences I've been to and so forth, with the lending community to get out to the veterans.

It could also have something to do with Boots to Business, possibly, having more maturity in that program.

UNIDENTIFIED SPEAKER: Could I add as well, so you'll see on the slide that as far as the trending up, loan numbers are trending up 27 percent, but loan dollars are trending up 65 percent. So, I think what that's indicative of is veterans are actually getting higher dollar volume loans, right, it's not a one to one. On the previous slide that John was sharing on microloans, it is true that we're not trending downwards on microloans, but in the number of loans vets getting through us every year, microloans is a somewhat small percentage. You know, a little over 100 each year.

So, in the veteran market, what we're seeing is
definitely, you know, the microloans are doing okay, but it's actually not the kind of meat and potatoes of where vets are getting loans. They're actually getting high-dollar loans, definitely in the $350 mark, they're doing well. So, that's something we're seeing more and more is that there is a stronger diversity among the veteran lending portfolio within SBA.

MS. CARSON: And that's something that we're grateful that Cap Access is going to help us communicate, because I think there are some stereotypes about what a vet borrower looks like, low dollars, higher credit risk, and these things are not bearing out.

MR. MILLER: No, they're not.

MS. CARSON: It's not -- the data does not reflect that.

UNIDENTIFIED SPEAKER: No.

MS. CARSON: So, that's what this effort to inform is all about, because once you are informed, then you can engage.

MR. MILLER: Exactly.

MR. FIELDER: So, just to throw it out there once again, the Boots to Business, we've talked about this in past meetings, is there the ability to go back one year, two years, three years out and ask them if
they got a loan?

MS. CARSON: No.

MR. FIELDER: There's no way to do that?

MS. CARSON: No. There's not. We are building the infrastructure to make that possible, but there -- not only is it IT and -- it is irresponsible for veterans business development to go and build an IT system just for us. We have to integrate as an agency. We have been a leader in building out the system requirements, and exactly why it makes fiscal sense. And also, you know, performance sense, so we are moving forward, but this is a multi, major, million dollar effort. And, so, the best I can do is say we have shown SBA all the requirements and why, and we are modeled, entrepreneurial development is joining us, Cap Access has some programs, so does GCBD, and we're seeing how are they tracking it and how can we become a part of it, but it is not possible now, and I would not think that it's possible within 18 months.

MR. FIELDER: So, when it is possible, are we talking about data starting at a finite point and then going forward, or is there a possibility of do we still have contact with previous Boots to Business that reconstruct data going back maybe not the full three years, but a year or two years?
UNIDENTIFIED SPEAKER: I think that might be a better question to ask the OVBD, just because they capture, you know, SBDC store, WBCs, they capture, you know, the BtoB graduates that come out, theoretically, and we're tracking that to, you know, are you a veteran, they track these kind of, you know, so it is self-reported, so a lot of the same problems that we see in other data sets, but that might be, you know, the best way to go about it, because if they're already going to -- they're going through BtoB, they're aware of the SBDCs, and you can capture them that way and possibly ask, but --

MS. CARSON: And there's one more complexity I want to add and perhaps you all can reinforce this, Ami, is that there is no universal identifier that you as a person, John Miller, when you first touch SBA, it stays with you. When you go to a different resource partner, they don't have to share that data, they give them their own mark, and we have legislative and other barriers to being able to do that, and that is a significant problem.

MR. MILLER: Yeah, it's different than some other programs, although not in the United States, but where they have direct lending, and they have Canada, for instance, has a development bank, and they have
field offices that do the counseling, the recruiting, and the lending, and they can track from the time they make contact with the borrower, through the time they get loans, and then even continue to track the business as it grows. They have statistics such as our businesses that we counseled have higher revenues, have a higher growth rate. We just don't have the ability to do that, because we are not a direct lender.

MS. CARSON: Good point.

MR. MILLER: On slide 6, year to date activity on underserved markets. So, minority, women and veterans. And you can see that the increases are there in all groups. The highest is minority, followed by women, and then veteran. But there again, we have the self-reporting, whether, as Kirstin discussed, this data is as though it's self-reported. So, the minority, women, veteran, and some of them, there may be combinations, correct, it could be women veterans, women minority veterans, and so those could be picked up in one of the other categories. Some of the challenges we have with our data. Data collection.

MR. FIELDER: So, if there's multiple word scores as in more than one category, is the data picking out then each individual category or is it picking one?

MR. MILLER: That's something I'll have to look
MR. FIELDER: That's one of the issues with
goaling, that's a --

MR. MILLER: Yes. Right.

MR. FIELDER: Goals that you can have an entity
with a federal contract and count it in more than one
category and it doesn't roll up in dollars and cents
sometimes.

MR. MILLER: That's an excellent question, and
in your data analysis, do you know the answer to that?

UNIDENTIFIED SPEAKER: In the data set, if they
self-certify, any category, it falls within that
category. So, if they were a female and a veteran, and
they select both, then it will show up under veteran
lending and also under women-owned.

UNIDENTIFIED SPEAKER: So, all of your dollar
values -- all of your dollar values by different
classifications will sum up to more than --

UNIDENTIFIED SPEAKER: Yes.

UNIDENTIFIED SPEAKER: -- the loans you made.

Like it should.

MR. FIELDER: The same thing happens with small
business loans.

UNIDENTIFIED SPEAKER: Right.

MR. MILLER: Thank you. Here's the information
on microloans.

UNIDENTIFIED SPEAKER: What's the dollar value of the microloan? Twenty-five and below?

UNIDENTIFIED SPEAKER: Fifty.

UNIDENTIFIED SPEAKER: Fifty and below?

MR. O'FARRELL: Hey, John, can you go back to the previous slide real quick?

MR. MILLER: Yes.

MR. O'FARRELL: So, you take the 1985 and we're, what, two-thirds of the way through the fiscal year, using the 531 data at the bottom.

MR. MILLER: Yes.

MR. O'FARRELL: So, you would expect, what, another 150, is there also a seasonal aspect to this? Do things --

MR. MILLER: Yeah.

MR. O'FARRELL: So, is this as high as we're going to get, or maybe it goes to 2100?

MR. MILLER: The seasonal --

MR. O'FARRELL: Should get us --

MR. MILLER: We're beginning the highest season.

MR. O'FARRELL: Yeah, because for us as government contractors, it's the crazy season.

MR. MILLER: Yes. It's somewhere in the summer.

MR. O'FARRELL: So, this works the same way.
MR. MILLER: And then it picks up again in the fall, and there's a big run at the end of the calendar year.

UNIDENTIFIED SPEAKER: Okay, but this is government fiscal year.

MR. MILLER: Right, this is fiscal year. There is a -- a higher demand in June through September.

MR. O'FARRELL: Where I was going with that is you conceivably are looking at getting to numbers that haven't been seen since 2013.

MR. MILLER: Um-hmm.

MR. O'FARRELL: (Inaudible.) That goes back to -- (inaudible) -- that's to tie it back to a relationship of cause and effect. People who have not gone through this -- (inaudible) -- to the heavens.

MR. ZACCHEA: Do you have an offset for that double counting? I mean, you know how many people selected the category, right? You have to say that four percent of people selected four percent of full categories to be able to offset your numbers by four percent, right?

UNIDENTIFIED SPEAKER: Right, so we could -- (inaudible) -- possible, so they select anything plus -- (inaudible) --

MR. ZACCHEA: I understand. In order to get to
that number, at the end of the day we want the real
number, right?

UNIDENTIFIED SPEAKER: The rest are real numbers
as far as the veterans and -- (inaudible) -- so, we
think we're tracking the real number, but less so when
we get done to the segment of, okay, how are female
veterans, you know, or a different era. So, the
application -- (inaudible) -- so there's kind of
limitations for how you -- (inaudible.)

MR. MILLER: Let me move on to something that I
set up as a new feature called LINC -- well, first of
all, fee relief. This just shows the dollar amount of
the fees that we have been able to not charge through
the period. Over $8 million, $8.6 million. We
definitely have -- (inaudible) -- LINC, how many of you
have heard of LINC?

Okay. LINC is a portal where a borrower,
including a veteran borrower, of course, or would-be
borrower, can submit information and be -- and that
information would be disseminated and can be selected by
lenders. It's kind of like lending tree, that sort of
thing. It's on SBA's website. It's an excellent tool
because the link to link can be sent around at no cost,
to whatever veterans offices and posted and so forth.
And individuals can go in and sign up for free. They
can register and create an account, and they can submit one LINC in free per day, and be matched up with a lender.

Now, lenders can create some competition. Lenders can opt to obtain more information other than just the first cursory information, obtain more information from the borrower, and then contact the borrower and underwrite the loan.

So, it's really a good way, other than the brick and mortar, that we've had in the past, for a borrower to go in and now they can do this remotely from their PC, and many of the NAGGL lenders have signed up. It's brand new. We had first released it to our mission-based lenders, like nonprofits, and now we have added 7(a) lenders, just within the last, what, 30 to 60 days.

UNIDENTIFIED SPEAKER: Yeah.

MR. MILLER: I believe. So, it's going to have a big impact. And if any of you want to see how it works, you are welcome to go out there yourself and put your name in and try it. And it's linked to all of our resource partners as well. That's the end of the Capital Access presentation.

One other item we do, I don't have a slide on it, is our SBA 1 platform, which is going to change the
way our lending occurs. It's a -- it's a virtual lending tool for submitting loan applications to the SBA for our lenders. So, with it, we hope to attract and be able to recruit many more lenders to get -- and this will walk them through the difficult and complex eligibility and other barriers that SBA has historically had to its programs.

So, this SBA 1 is coming out in July and August, next month and the month after and will also assist in tracking more lenders to the SBA, making it more accessible.

MS. CARSON: We would love to hear how that starts out and where it's going.

MR. MILLER: Yes, definitely.

MS. CARSON: Thank you. Do you have any further questions?

MR. FIELDER: No, I think John did a great job of sort of wrapping up the news and the technology, one of the things that's been part of the process to reduce the costs associated with producing SBA loans. So, as the majority of our conversation has shifted towards this focus on how banks are using SBA loans to diminish the cost on regulation and things of that sort, SBA 1 takes lenders continued down that road. So, per unit, SBA loans would become cheaper and we hope that that
leads to a much larger increase overall to SBA lending, it will allow lenders to be able to access those markets that traditionally are a little bit more -- (inaudible) -- seeking for whatever reason, and hopefully they are putting in the work to make sure SBA helps out everybody, and helps out even the smaller lenders as well as those national institutions.

MR. MILLER: Thank you. Appreciate it.

MR. FIELDER: Thank you. We're going to keep rolling, to sort of stay on schedule.

So, we have Willa Stockwell with us today from Kiva.

MS. STOCKWELL: Thank you.

MR. FIELDER: And we've actually taken a couple of what I characterize as nontraditional loan institutions, and, if you will, futuristic. I think they fall within that category. StreetShare is another one that falls into that category. There's a lot of interest and a lot of emotion around this, so we're going to -- this is our second opportunity to listen to a nontraditional lender.

MS. STOCKWELL: So, just to quickly introduce myself, I am Willa Stockwell, and I am a fellow with KivaZip, which means as we're based in San Francisco, and they send people out to various markets throughout
the country to represent KivaZip in those countries, or
in those cities. So, I am representing the D.C. area,
and sort of the D.C. metro area — (inaudible.)

So, just a quick overview, Kiva itself is a
larger microfinance organization that was started about
11 years ago. I'm sure you guys are all familiar with
it, and KivaZip came out of this larger organization
that itself has impacted millions of small borrowers
throughout the world.

So, KivaZip started about three years ago, and
we were sort of looked, or they were looking at the
market here and saying, well, why can't we do this here?
There are so many people who have a really difficult
time accessing that small finished loan amount of
capital through a normal bank or institutions. So, the
three principal objectives, we want to support borrowers
who can't qualify for loans through other programs.

We also use an online platform, so there aren't
really any upfront costs, the whole system works through
an online platform, and people like me volunteer
throughout the country to make sure that the cities are
running smoothly and people are aware of the program.

And then, we also want the to make sure that
we're connecting people through this platform, and we
have lenders from all over the globe that invest in
farmers here, that invest in bakeries, and that's just really cool to see that connection that emerges from the platform.

Okay, so the reason this came about is that -- (inaudible) -- every day thousands of small business loan applications are accepted by banks, and it's just there's a huge job potential there. Two out of three jobs in the United States are created out of small businesses. So, that's a huge opportunity there.

(Inaudible.) So, the solution, peer to peer lending. There's millions of people throughout the country who have enough money in their pockets, they can lend $5, they can lend $25, and to somebody else, the accumulation of that in a pool of about $5,000 can really make a difference in their lives.

So, we use more of a social capital rather than your traditional financial numbers to underwrite the applicants. We look at their networks, we look at their standing within their community, the way that it works is we get endorsements from organizations like small business incubators, SCORE is actually one of our trustees that we get endorsements from, and these are people that know small businesses, know small business owners in their network, and can vouch for them as somebody who maybe can't get the loan from a bank but is
well deserving, a hard worker, and has a really great idea.

So, that's how we do our underwriting. The loans come from the people. So, we use PayPal to directly transfer the money. People go online, they see the application, they see the picture of a person, a small personal description, a business description, and they go to the auction to loan or lend $5, $10, $25, and that goes directly through PayPal or a credit card, and they accumulate their money, and once they reach their funding goal, they can take out the funds immediately.

Similar to the way Kickstarter does it, if they don't reach that goal, they don't get any of the money, but we do have about a 90 percent success rate, which is a lot higher than Kickstarter.

And lastly, one of the most amazing things about this is the lender doesn't then become their customers, they then become their stakeholders, people will comment on the loans and they'll give them product suggestions, they'll say, oh, I love this idea, but I don't understand your name. And it's a great way for people to sort of test out their product as well.

So, we touched on this a little bit already, but we use a system of trustees which are well-known and trusted organizations in our networks, let them bring
forth borrowers, and then -- (inaudible) -- lenders.

I'm sorry, actually, another process of our underwriting is that for the first 15 days of somebody's loan, we require that they bring in about 20 to 25 people from their own network that can vouch for them, and if they pass through that initial period, then they get posted onto our site so that they have access to all of the lenders that come to the site, but that's our way of making sure that they're serious about this, and that if their family members and friends are going to back their business, then it's something worth paying attention to. And then on the other hand, if their own family and friends aren't going to put forth $5, then maybe they need to go back to the drawing board.

So, this is just a little bit of an overview of where some of our lenders are coming from. Obviously most of them are in the United States. This is what a loan profile will look like. You can see exactly who's lent to them, where they -- where they're from, and that really depends on whether or not they filled out all the information. Lenders don't always include their location, but this just gives you an idea of how much -- (inaudible) -- find people from all over the world to invest in this.

And then on the right side, you can also see

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where it says the Conversations tab, and that allows
people to communicate about the loan, and thank people
for making a loan, it's been really grateful and you can
see that.

These are just some of the comments that we've
gotten through the Conversations tab, and it really,
it's nice for borrowers to get that initial boost of
confidence. A lot of times they come into it thinking
nobody is going to lend to me, I don't know why anybody
would from, you know, the other side of the country, I
don't know why they would look at my loan application
and think that this was a worthy cause. And words like
this really humanize them. So, this is just a quick
sampling of some of the different people that we've
worked with throughout the country.

Impact to date, we have serviced over 1,000
borrowers. We have over 500 trustees that we're working
with throughout the country. As far as our lenders go,
we recently in the past couple of months just hit the
50,000 mark, and we're working with people lending from
over 200 countries. So far, over $6 million have been
lent, and right now, we have an 89 percent repayment
rate, and this is actually very reflective on sort of
the first year that we were working, because it was a
pilot project, we really just wanted to get as many
loans onto the site and I think they haven't quite figured out who the best borrowers were and what was going to work. So, the number is actually just a little bit higher now.

The average loan request is $4,800. We do put a cap at $5,000, although certain people, people in agriculture, some startup businesses, and then also people that have worked with trustees, that have put forth more borrowers than anyone else, we have sort of a tier level of trustees, so ones that have put through over I think 10 borrowers can take up to $10,000 out.

The average number of lenders to loan is 196, but I've seen up to 400, and these are all people just giving $5 at a time.

This is our progress to date in D.C., so we so far have funded 75 borrowers, and have lent out $420,000. And we've had three second-time borrowers, and that just shows that we haven't really been here that long, it takes about two years to pay back a loan, and so you can't apply for your second one until you've paid back the first one. And this is just information for borrowers and trustees.

And just a brief overview of who our borrowers are, one thing I do want to point out is that one of our newest initiatives is really trying to target veterans.
We actually are just compiling a spreadsheet right now of all of the veteran borrowers that we've funded in the U.S. So, once that's completed, I can pass that along. And, so, this is sort of an example of what people use their loans for. Mostly people will have purchase orders already, something like that, they need the initial inventory. Once they can do that, then they scale up and they can apply to a larger loan. This just goes through to qualify for a KivaZip loan, we don't look at financials, we don't look at your credit score, the only requirements, you have to be over 18, you have to have a PayPal account or the ability to set one up, and we also need them to verify it, so they need to connect them to a bank account, or some -- (inaudible.) They can't currently be in bankruptcy or foreclosure. Also past due debt, if they're over a certain amount, we either require that they take out a loan amount or we wait a period of time until they've come up a little bit.

Yeah, like I said, the biggest thing is their creditworthiness within their community, and I already testified about the period that's that initial step, where they need to pull in their own networks.

And just a little bit about how this works. The trustees are the organizations that they work with, they
send out endorsements, and once they do that, then the borrower starts the application, they send it to us, we edit it. This whole process can take a number of -- it can happen within two days, and then they're on the site fundraising, the whole process can be done within a week, it may help their money and they start paying back later.

And this is all borrower information, and all this is my information, I asked to have my business cards so I can pass them around.

MR. MILLER: You said lenders can get zero interest?

MS. STOCKWELL: Yep, sorry, that is one of the things. It's all zero percent interest.

MR. MILLER: And this is current?

MS. STOCKWELL: It's peer-to-peer lending, I give you the money, you give it back to me.

MR. MILLER: How do you fund the infrastructure to run this?

MS. STOCKWELL: So, on the site, when you make a loan, and there is a section where you can put in a donation to Kiva, and people usually do it about the same as number would do for a tip, and it's all just suggested, you can put in zero, but about 60 percent of Kiva's revenue comes from, and then the other is
grandfathered in.

MR. O'FARRELL: So, I'm sorry, you volunteer as fellows around the country?

MS. STOCKWELL: Um-hmm.

MR. O'FARRELL: Not to deprive you, but since we're here talking about this, you're a fellow volunteer.

MS. STOCKWELL: Yes.

MR. O'FARRELL: Do you have a day job, or this is your day job?

MS. STOCKWELL: So, I have a full-time job, but you do it in four-month periods, so I started in February and actually extended it through, but yeah, what they do a lot was to have good jobs, but yeah, that's one of the main reasons Kiva can run the way it does. It's run mostly by fellows throughout the country, and then also at headquarters most of the operations are run by interns.

And one other thing I think is important to mention, at least here in D.C., is that we work with partners like CapitalOne that provide matching funds. And a lot of borrowers wouldn't be able to make it through a fundraising period without having those larger corporations that are not generating funds and provide it and making them more flexible.
MR. MILLER: Do they do any credit analysis?

MS. STOCKWELL: Yes.

MS. CARSON: Thank you. This is a different kind of lending service, and I really appreciate what you're doing and opening different doors for veteran entrepreneurs.

MS. STOCKWELL: Yeah, it's exciting.

MS. CARSON: It is. We have had the pleasure of meeting two permanent staff, I guess, in an engagement call we had at Kiva. So, we're looking at, she mentioned, SCORE is one of those trustee organizations. We are trying to reinforce that Veteran Business Outreach Centers are a community that should work together in looking for this. So, this is another place that we're looking at to be a resource to vets and partner with KivaZip as VBOC community trustees.

So, you have helped us keeping the conversation moving forward, Willa, thank you.

MS. STOCKWELL: Thank you. It was a pleasure to be here.

MR. FIELDER: Thank you. Thank you very much. Is James on the phone?

MS. CARSON: I think, James, are you on the line with us?

MR. SCHMELING: Yes, this is James, and I'm on
the line. And I apologize, both for not being able to make it down there in person, but also because the fire alarm just went off in our building and we have fire trucks responding, so if there's any background noise, I apologize.

MS. CARSON: James, how about you evacuate and just call back in and let us know when you're on the phone. We thought Davy Leghorn was going to give us an overview for a few minutes.

MR. LEGHORN: Oh, okay.

MS. CARSON: Do you want to check in --

MR. SCHMELING: Yeah. Hello?

MR. FIELDER: Do you need to evacuate or not?

MR. SCHMELING: No, I actually am outside of the building, which is part of the problem because we've got fire trucks that are responding to a fire, so you can hear that background noise, I apologize.

MS. CARSON: We've got your slides up, James, and we'll be able to click through. You may not have them with you remotely there, but we'll do our best.

MR. FIELDER: By way of introduction, this is kind of unique, this is the first time we've actually had a presenter on the phone with their slides in the room. So --

MR. SCHMELING: On the side wall with the fire
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MR. FIELDER: On the side wall with the fire trucks just makes it even more unique. So, James is the co-founder for the Institute of Veterans and Military Families at Syracuse University, and we had the opportunity to have Mr. Henny come join us, and I think it was in 2012, and everything was -- it was maturing, but I think it was probably still in its starting phase, and so what I thought it would be interesting to do is have James come back three years later and then give us an update of how that's going. And I know -- I understand that the number of schools are growing and so on and so on.

And, so, James, that's your introduction, your first cover slide is in front of us right now.

MR. SCHMELING: All right, fantastic. So, if you could go to the next slide, which is our mission, I just want to give a 30-second overview, which is that our institute as a whole while it started off focused on -- (inaudible) -- for veterans and its families, it has expanded beyond that, and we are really focused now on -- (inaudible) -- that conform by research that we're trying to track outcomes and measurable outcomes and building community capacity, ensuring that we're working with partners and that we're across the full spectrum of
social, economic and wellness concerns, including all of the employment components and working with large business and industry as well as small businesses.

So, we've got a lot on our agenda. We've got a team now around 50 professional staff and then our 20 students, including Ph.D.s and undergraduates and master's students. So, we've got quite a work force focused on all of these issues.

If I can have the next slide, programming. The programming component is what I read now, and our programming component includes all of our -- (inaudible) -- programming, including what we do in collaboration with the Small Business Administration, and with all of SBA's resource partners.

We want to make sure that we're providing class reading programming, and that we are referring all of the service mechanisms that are available in communities and states and in different areas of the country, and including, of course, all of the work that we're doing under Boots to Business as V-WISE, which are, of course, SBA-funded programs.

If I could have the next slide, we have a quick programs overview. The programs that we offer in the entrepreneurship area, and a little bit that's related to career engagement and training are Boots to Business,
which is with SBA, Boots to Business Reboot, which is a closely launched program with SBA funded by the Market Foundation, and by First Data, and then V-WISE, which is our women veterans program with SBA. EBV, which is the Entrepreneurship Bootcamp for Veterans with Disabilities, and then we do a Veteran Transition Program, which is open to all of the business owners and all of the employees that they have who are veterans and who are military spouses as well post-9/11 veterans.

I want to make sure everybody can hear me and that I'm not -- everything is okay on that end. Is everything good?

MS. CARSON: Yes.

MR. SCHMELING: So, I want to give a couple of overview pieces of those programs. We've educated about 28,000 veterans and military family entrepreneurs so far. Between our Boots to Business work with SBA, we've been in eight countries, 51 states and territories, and delivered well over 700 training sessions during 2014, and we're on pace to do that again in 2015.

Our core competencies really are supporting business ownership, connecting everyone's ecosystem, and then creating tools for readers who are looking to hire into their small businesses, as well as creating supply chain opportunities for veteran-owned businesses. We do
that with research, we visualize so much employment data
and entrepreneurship data, and I'll give you just a
sense of that for the program that we've started out
with, which was our flagship program, EBV.

Since we started that in 2007, there's been over
$200 million in revenue generated by EBV grads and 65
percent of EDB graduates actually have started their own
businesses, and 93 percent operating now are operating
serial businesses. So, more than one or successive
businesses.

They employ over 1,420 folks in addition to
their own selves. These businesses created or 45
percent of the funds are created by EBV alumni or
employer firms necessary to provide 20 percent of firms
that are in play or members of the national economy.

And interestingly, our data indicates that 42 percent of
the employees that are getting hired by these businesses
are either veterans or spouses. And that's a really
impressive number that carries over additionally to EDB
programs very similarly, and we expect to have some
similar source numbers if we're able to begin collecting
and analyzing data on the Boots to Business survey.

If I can have the next slide, please. V-Wise,
the V-Wise program overall is a collaboration with Small
Business Administration, and this is really a critical
program that we found as we started this. We were initially relying on a startup program for women veterans because we believed that you would educate women veterans very similarly to how you would educate any other veterans. Veterans are veterans, business owners are business owners, and entrepreneurship is entrepreneurship.

But what we found, after running that first program, is that a number of women who were participating in the program had never been participated in any veteran-related programming, and this was the first time that they had done so, and they did so in part because they felt safe and because this was an environment where intellectually they could share the work that they were doing on their businesses, and emotionally they feel safe, intellectually they felt safe, and so they began spreading the word about this program and we were convinced probably immediately that this was a really critical program.

So much so that we wanted to work with SBA to create a very unique public/private partnership where we were able to multiply and leverage the dollars that SBA was able to raise and collaborate with private funders to raise more money to deliver these programs.

Originally, there was enough money to fund
between five and six of these programs, and now we have delivered already 13 of those. We have about 1,800 graduates so far, and the data that we have from our survey shows that, again, as the EBV, 65 percent of the graduates started their own businesses, 93 percent are still in operation, one out of every four of them is grossing over $100,000 per year. Again, just three and a half years that this program has been operated, 78 years for EBV, they have generated over $41 million in revenue.

They employ over 1,000 people. We are employing on average 4.27 per business, and again, those statistics are very similar, around 45 percent are in employer groups, compared to 20 percent in the national economy, and about 20 to 41 percent, somewhere in that neighborhood, is the same employment of other veterans and their spouses. But first off, this is not just an entrepreneurship program, and EBV is not just an entrepreneurship program, but that they are both also employment programs that benefit veterans and military families.

This program continues to be offered, three more scheduled sessions, Boston, Kansas City and Charlotte, North Carolina. Right now we will be able to offer more in the future as well.
Next slide, please. Boots to Business is the program that's offered by SBA as part of the transition program. We operate that business structure in terms of coordinating all of the components, the participation, the base installation, getting back up, and then oversees -- (inaudible) -- goes out and does the instruction. We develop with SBA resource partners and the SBA the curricula to attend the training sessions and then we revise it as well for this.

As of March 2015, SBA announced that they had reached 25,000 participants, and we delivered last year 431 CONUS workshops and over 175 locations with over 12,000 -- (inaudible.) We did 65 overseas presentations with 1,300 scheduled persons with them, and then we also have the online eight-week course which is available to anybody who finished the two-day course. It's on paper. Roughly what we're seeing is about 10 percent of all eligible service members are electing through the two-day and approximately 10 percent of those folks to 15 percent of those folks are opting for the eight-week online as much more significant work.

The two-day is really an introduction to entrepreneurship. Broadly what it entails is a little bit of opportunity recognition, some success stories, orientations to marketing, business planning, financing,
and to all of the resource partners, and the eight-week
is actually online, in front of your Wi-Fi, faculty
members from our 14 university partners, where they are
given individual attention, homework, they're
asynchronous classes, so you don't have to take them
live with the instructors, but you do homework that is
actually graded by the instructors and you receive
feedback from the instructors, including business
planning activities.

This is probably the program that I expect to
have the most impact in terms of numbers, and as we
begin to be able to collect data, I think we'll see
similar sorts of numbers, probably reduced from a
percentage of those to begin with, because they are
still in transition and actively in the surplus, but I
think that long-term you're going to see those kinds of
opportunities leading to business ownership at a high
rate, maybe a year or two years out from the time that
they finish.

If I could have the next slide, please. Boots
to Business Reboot is an interesting piece, because it
combines the best attributes of Boots to Business, which
is the material being touched on in the two-day
curricula and eight-week online with that co-sponsorship
concept that was pioneered with V-wise.
So, we were able to go out and raise funding from the Marcus Family Foundation and from First Data, with other partners potentially on deck as well, and to collaborate with SBA to offer these around the country in the coming year, we anticipate that we will be able to offer this between 50 and 75 times per year, and the demand that we anticipate is based on what we did last year with 12 courses. We did 12 courses in 12 cities, approximately 100 to each one and had about 25 participants who registered for the coursework and were able to read from a reading list, and about 1,200 of them went through. A good 15 percent of them then enrolled in the eight-week online, and there again, we will see where we will come out in terms of business ownership in the future, but I think this is a highly representative program for what we've been able to do with this public/private partnership that we've been able to do because of SBA's regulatory authority to enter into co-sponsorship agreements.

If I could have the next slide, please. One of the things that I think is really unique about IVMF is that we are a researching forum. So, when we do our national alumni conferences and offer technical assistance, we survey our alumni to understand really what it is they need and how we can address that need.
And the guests that we've found are pretty clear. First, financial literacy, and that's the idea that they need to be able to understand all the financial concepts for their own personal lives, but also for their business. And then financial capability. That is, after they understand that, do they then have the ability to access those programs and services, financial goals, loan products and other things, and then credit. And obviously, there are a couple of components for that. One is their own personal credit and any credit repair that needs to be done in anticipation of needing outside funding. And then another component of it is just simply helping them to understand how to get back on track if they've had significant credit problems that have been related to their employment, their family circumstances, the lengthy separation to divorces in some case, and to the changes that come with being deployed and then not being deployed themself.

A second component that we know is access to capital at the right time and at the right level, and I won't spend much time on that, because we just had a great panel discussion with the presenters. By the way, I thought the trustee for the IVMF, as well as personally I met every one of our veterans who we approve and have been trustees, and I believe in that
The next one is really the technical capacity and understanding clearly that we need to build more technical assistance. There are sometimes long waits for *pro bono* legal assistance and other things like that. We are right on top of those type of things for our EBV program, but in other cases, we're not able to offer those to specific alumni -- (inaudible) -- technical assistance -- (inaudible) --

I hear the sirens, so I guess they're on their way to another catastrophe, I apologize for that I guess.

The next one that we come upon is military civilian to buy, and that is that they need that access to the right network at the right time and access the information to advisors and partners who understand the capacity that veterans play to business ownership, and don't necessarily stereotype them in the same way that we found with private sector employers and others that they don't understand the capacity that veterans bring as business owners, as managers and as people who have strong experience that can contribute to business ownership.

I actually did some lecturing to New York and the personal debt assistance program and the 14 program...
providers there, and received funding from the state of New York to provide assistance to veterans, and about half of them didn't understand at all why veterans would pursue entrepreneurship rather than positional employment. So, there was certainly an education component there that we needed to have.

In addition, there are gaps related to knowledge of human resources, tax policy, access partners, creation of joint ventures and subcontracting opportunities, and we spent a lot of time on that, including access to private sector projects, because many people understand and know about the opportunity to become government contractors, but they may not understand and engage with the private sector in a similar way. We know that the government contracting sector, this is about $500 billion a year, but we also know that the private sector supply chain opportunity, e-commerce alone is almost $12 trillion a year, so it's 24 times the size, and we want to make sure that we are educating our veterans on that component of it.

In terms of reaching the pathway to business success, we do want to make sure that we can create opportunities for them to research business and industry sectors that are ripe for entrepreneurs, where the geographic opportunities are, and again, supply chain
participation. And we want to make sure that they have opportunities connected to entrepreneurship education, whether that be in business programs, be an online course, for instance, courses on entrepreneurship or in financial accounting or whatever else they might need, because there are great educational resources that they may not have access, and so we're trying to create opportunities to learn about those and then access those.

If I can have the next slide, please. This is an example of research that we're doing with Deloitte. This is the data visualization that we've done on industry views, and this one primarily was focused on employment, but we believe we can do similar sorts of research on opportunities for small business startups to understand, by sector, where is the opportunity, what's growing, what's strengthening, and help provide that insight into veterans as they're thinking about where they're going to locate and creating informed veterans rather than them just making decisions to go wherever it is that home is or stay in their last duty station, but wherever they were stationed, we want to make sure that they have the opportunity to think about where they're going to go and why.

If I can have the next slide. This is a data
visualization that's actually at a county level. We drill down into a county sector so you can get in Brazoria County, an analysis of what the veteran population looks like. Again, we can do this with any sort of demographic, not just veteran population. And while we're doing this piece of it for veteran businesses and employment components of it, we also think we can do this from a marketing analysis perspective and give people access to combined data in addition to census data, in addition to other business intelligence data, to do things that are combining publicly available data sources to help all of that.

So, that's the sum total of the presentation that I wanted to give, as an overview of what we're doing, why we're doing it, how we're doing it, so that you can sort of understand what we're doing collaboratively. And at this point, I'll take questions, or Barb, Ami or anyone else can add to that.

MR. BAILEY: This is Rob Bailey. Real quick, I have to drop off in just a second. Your presentation, I'm actually down in Boots to Business in Charlottesville, Virginia, I've gone through the EBV program, I've heard the presentation, I would offer that, you know, based on some of your research, and I know that you had softly alluded to components that can
sustain veterans. I think that that's one area where I think that there's a huge gap after the program, where does the veteran actually go to view some of the programs out there, but relative to your program, how do you look at -- have you looked at the curriculum to see where you can probably emphasize more on, things such as generating a pipeline for the veteran to help in those activities that relate to access to capital, because if I'm on the pipeline in a sustaining market, then I can generate those things. I think those are some of the areas that seem to be part of the program relative to the greater population.

MR. SCHMELING: We actually agree with that completely, and so that's one of the reasons that we're building out a more robust technical assistance program. We've received some private sector funding from a donor, Prudential, we'll be rolling out that program and we're in the process of analyzing exactly what needs to be done and hiring for that, so that's absolutely there. In addition, we've been focusing on access to capital, with groups like StreetShare, Kiva, Axeone and others, and then we've been looking at the opportunities to engage in private sector supply chain with our newly watched Coalition for Veteran-Owned Businesses in related areas.
MR. BAILEY: Thank you so much for that. Thank you.

MS. CARSON: Any other questions for James?
(No response.)

MS. CARSON: Okay, James, I'm really grateful that you endured fire and your personal safety to present to us today, it's meaningful. And for this group, I failed to mention that early this morning, but the Coalition for Veteran-Owned Business is significant. And, James, I'll turn it over to you in a second to name some of the partners that are in it. Because it is such a -- it's a growing group, SBA didn't really, we can't form agreements and then have them continue to grow, so we are informally advising and contributing into this effort as more Fortune 100 and 500 companies want to bring veteran and veteran spouse businesses into their supply chain. They recognize this is great talent, it makes economic sense for them.

What SBA is doing is asking them to commit either formally or informally to supplier pay, which is upon receipt of valid invoice, payment within 15 days. If you're committed to serving this population and want to be in business with them, do right by them as well. So, that is how we are connected right now. The other thing that we will be doing is the American
Supplier Initiatives, they're match-making for supply chain opportunities and veteran-owned businesses, along with the corporations that want to participate. We think this is a perfect place to bring that coalition and say, okay, you said you're committed, here's the time and place that we're going to meet. We will do that event around National Veterans Small Business Week, SBA at large has agreed to offer us at no cost, OVBD, this event to be vet-focused. And, so, I'm grateful for that, too.

It's all coming together, all this stuff that we've been talking about is not just talk anymore, it's coming together in a nice way.

So, James, can I ask you to talk about a few of the founding members, and the affiliate members, too.

MR. SCHMELING: Absolutely. So, the founding members that we started with included BC America, Verizon, AT&T -- I'm sorry, not AT&T, Verizon, USAA Enterprise Holdings, Wal-Mart, Sam's Club, KKR, and I'm sure that I'm missing one or two of the original founding members. First Data, of course.

And then on the affiliate members side, we brought in the American Legion, we brought in StreetShare, we brought in Military OneClick, Broadview Network, and a variety of others who are focused on
bringing resources to and advancing the interests in veteran-owned businesses.

Obviously a large component of this is the supply chain opportunity, but the other component of it is awareness and building market recognition and market opportunity, things like small business Saturday, but for veterans, and obviously Veteran Small Business Week and other things, to make the American public aware of our initiatives and so on.

MS. CARSON: And I would point out, it's not a third rail, but it's a sensitive topic, and that is certification, both in the corporate sector and for federal procurement, that people that are going to do businesses with people who find value in veteran or spouse-owned, want to know that they're really doing business with such people. So, there is some interest and a large enough center of gravity in this group that some of those things could become reality for us. There have been groups, as Ed mentioned earlier, that are doing this already, but they seem to be geographically limited, or sector limited. And, so, this is a larger all-encompassing opportunity. So, I'm not suggesting that SBA or the Federal Government would ever go to third party cert, but I'm saying for those who want confidences, they're looking at this, and I think we may
learn some lessons, just how we apply them is unknown.

MR. SCHMELING: We think one of the things that is really advantageous here is that this is driven by the private sector and what they say their needs are. So, for instance, phone companies want to make sure that a company is owned and operated 51 percent or more by a single veteran. Others are concerned only that it be a group of veterans or spouses and veterans that exceed 51 percent. Some are only concerned about ownership and not control, and others are not concerned at all about the percentage, they just want to know what it is.

So, USAA, for instance, has said at one point that they want to know whether they're doing business with a 20 percent veteran-owned firm, that would be important for them to know that. That's part of their buying veteran procurement initiatives.

So, this will be driven by the private sector, and more will follow on that.

MS. CARSON: Good. I'm sorry, I'm going to beat the dead horse one more time. And also what we're messaging when we do outreach is that the federal procurement dollars aren't necessarily -- they're not going to increase. And the same kinds of lessons and talents we learned to do that business translates really well into corporate, and those same companies are doing
business in both streams.

So, we are trying to build that conversation in talent and capacity across the board.

MR. SCHMELING: Great. I am available for any other questions and comments after follow-up, I'm glad to have this presentation distributed and anything else I can do to help.

MS. CARSON: Thanks, James.

MR. FIELDER: Thank you.

MR. SCHMELING: Thank you.

MS. CARSON: Davy, I'm putting you on the spot again, but we reached out to the members of our advisory committee who are veteran service organizations, you are the one we did not get to hear from before lunch. Now we are just hoping to have the end of the day, but we would like to hear about Legion's priorities, specifically around small business and what you would be looking for from us, too.

MR. LEGHORN: Okay. So, a lot of you folks already know what the American Legion does, who the American Legion is, and who we represent, so I'm not going to get into all that. I'm going to talk specifically about what we do for small businesses. And it could be summed up in three words, we do events, we do counseling, and we have a robust advocacy arm. So,
again, that's events, counseling, and advocacy.

So, events. A lot of what we do is small business workshops, we run legislative round tables, and co-host events like Boots to Business Reboot, and in the past we've done, I think, what was that, Hiring for Heroes, which was also off the same Boots to Business platform, except geared towards women veterans and spouses.

And our small business conferences are based on just getting people -- getting our small business owners in front of people with -- people with money. So, your PDs within the agencies, and that's about it for events.

In terms of counseling, we do have a really rudimentary online tutorial about how to start a small business. If you happen to have the chance to check it out, see me afterwards, I'll point you to a website. Again, it's rudimentary, but it's a start for somebody that has no idea what they want to do.

It might be fun to just kind of thumb through our nine tutorial modules. The other thing that we offer is VA verification counseling. We help you do pretty much the whole thing with the exception of writing your by-laws or operating agreement for you, and uploading it for you into the VIP database. And the reason why we don't do either of those things is for
legal reasons, but we still help you. We will sit there with you while you are uploading, if you have any problems, we tell you the right format to save everything on in order for everything to go smoothly. I mean, this is a process that could take months.

In terms of by-laws and/or any other like business formation documents, while we can't write them for you, we will suggest what you should be writing to pass muster, and we do have templates for you, again, we are not writing it for you, but once you accept our changes, so on and so forth, it's implied that you have written it yourself. That's the way we operate.

So, with our -- and as you know, if you pass VA's muster, I mean, that is -- laws don't really change that much between the programs, so whether you want to get in the 8(a) program or the women-owned program, you're looking at a lot of the same documents and a lot of the stuff in the by-laws as it pertains to ownership control are still the same, you know, 51 percent, daily control, that kind of stuff.

So, what we do for you, in the veterans realm, you could take those same documents, and we'll definitely point you in that direction of, if you're ready for this and you meet the other requirements, you'll apply for your 8(a) and these are the people that
you talk to. You know, we're just a starting point.

And, so, for our services, in terms of VA verification counseling, we average a case load of about 24 cases per year, and we only ever had one case that we weren't able to complete. And that was because of some advisory board -- not advisory, but board of director issues where one of their board of directors was actually one of his competitors, and was refusing to let him go after CVE verification for, you know, selfish reasons.

So, anyway, that company will eventually start another company, liquidate the assets and I'll be able to help them again, and bring back our win rate to 100 percent. So, we've been at this for a couple of years. We're pretty good, and so if you guys know anybody that requires verification assistance or just help with by-laws or operating agreements, let us know.

MR. O'FARRELL: And the cost for that?

MR. LEGHORN: Zero, for the record.

MR. O'FARRELL: You need to be a member of the Legion, obviously?

MR. LEGHORN: No, absolutely not.

MR. O'FARRELL: No?

MR. LEGHORN: We do it for -- we're a veteran services organization, we provide that service, as long
as you're a veteran or spouse, yeah, zero cost.

MR. O'FARRELL: That's great.

MR. LEGHORN: What else? What else? And the
last thing is advocacy. We have a small business task
force that is comprised of veteran-owned small business,
both veteran-owned small businesses and they advise us
on -- and apprise us on stuff that's happening in the
community, and also legislation that we should be
pursuing. So, we take our cues from folks who are
active in the community.

And without getting into the weeds on all the
stuff that we support, a few that top the list are our
ongoing push to make all programs, all government
programs equal across the board, in terms of, you know,
if it's five percent for women, why not five percent for
veterans. Or if 8(a) firms currently get to have access
to GSA surplus, well, the veterans, veteran-owned small
business should, too. Or the DBE program within the
Department of Transportation, 10 percent carve-out for
state infrastructure repairs for women and minority
companies, why not veterans.

And, you know, and, of course, there are some
other stuff that are pretty standard, you know, making
sure the agencies meet that three percent goal, making
sure that programs are fully funded, and are -- and
funds are spent wisely. And that's -- that's about it. I mean, as a really broad overview, that's really all I could really say.

MR. FIELDER: Questions for Davy? No? Oh, by the way, before I adjourn the public portion of the meeting.

MS. CARSON: I wanted to see if Mike Zacchea is still on the phone. Probably not. Is anybody on the line?

(No response.)

MS. CARSON: Okay, good. Let me ask, have you done your introduction?

MR. FIELDER: I have not.

MS. CARSON: Because you're our newest member.

MR. McADAMS: I found out Monday afternoon I had been approved, so I happened to be coming to D.C. yesterday and today, I have to leave as soon as we break to go catch a plane, but I'm Rich McAdams and I run enGenius Consulting Group, we do IT services, interface software development, primarily for the Federal Government, but not exclusively. Second generation combat veteran, I was an Army guy a long time ago, and I'm honored to be able to serve in this capacity.

MR. FIELDER: And your hometown?

UNIDENTIFIED SPEAKER: Outside the beltway.
MR. McADAMS: Huntsville, Alabama. Home of Redstone Arsenal, four-star Army command. So, there's only four of them and three of them --

MS. CARSON: Not around here.

MR. McADAMS: Outside of D.C.

UNIDENTIFIED SPEAKER: I noticed there were a higher percentage of Army people in that program than there were Navy.

UNIDENTIFIED SPEAKER: Navy is under way.

UNIDENTIFIED SPEAKER: There was a higher percentage of Marines versus Navy.

UNIDENTIFIED SPEAKER: Right, I saw that, too, Marine Corps, Navy.

MR. FIELDER: With that said, if there are no issues, then we're going to adjourn the public meeting, take a five-minute break, and then we're going to come back in to work through some issues what we're going to do next year.

(Whereupon, the public meeting was adjourned.)
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