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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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## P R O C E E D I N G S

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3 MR. FIELDER: My name is Ed Fielder, I chair the  
4 Advisory Committee for Veteran Business Affairs. I call  
5 the meeting to order. First I'd like to note that we  
6 have one new member, Rich McAdams, who was appointed  
7 within the last 24 hours, he will be stopping in as soon  
8 as he can get through some business things to get over  
9 here today, but he got short notice on this.

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

17 MS. CARSON: And we have our representation.

18 MR. FIELDER: And we have our representation.  
19 Ken Quigley was tied up with a business thing in  
20 Minneapolis, and Kurt Mueller, who like myself, was  
21 recently reappointed for another three-year term, found  
22 out so late yesterday or the day before yesterday that  
23 he couldn't make arrangements to get here.

24 With that said, we have two guests, from Senator  
25 Shaheen's office, Ami Sanchez, and from Senator Capito's

1 office, McKenzie Clark. Thank you for coming.

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

5 MR. LEGHORN: Good morning.

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

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

1 an incredible task completed.

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

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

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

21 Any members of our team, you will hear about the  
22 work that OVBD is doing. So, I am going to jump right  
23 into that and talk about some highlights. I do want to  
24 say that administratively, everything that you see on  
25 the screen will be available to you, so if you would

1 please make sure that you sign in and leave your email  
2 address, I would be grateful, that's what you will get  
3 as a result, your parting prize. And if there are  
4 questions and you have to leave early, before this is  
5 done, you can email me a question at  
6 barbara.carson@sba.gov. If I get it before the  
7 afternoon session when we have more time to take a  
8 deeper dive, I'll make sure that I answer on the public  
9 record for you, but I can also get back in touch with  
10 you in person.

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

23 Also, within the Veteran Business Outreach  
24 Center Program, we did make award announcements on April  
25 13th of this year. We were competing for 14 available

1 spots for VBOCs and we have a nice blend of returning  
2 and new Veteran Business Outreach Centers. I do have  
3 with me the sheet, if you would like to take a look at  
4 where they are, and who's doing that work with us,  
5 you're welcome to take one, and it's also on our  
6 website. So, go to [SBA.gov/veterans](http://SBA.gov/veterans) and look for  
7 updated information on our Veteran Business Outreach  
8 Centers.

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

16 We also focused on their legislative mandate to  
17 be an active participant in transition assistance  
18 services to service members. So, with that, we did do  
19 split funding, which we have not done before for the  
20 VBOC program because the business did not exist, we now  
21 have a named program authorized to work with DOD and  
22 transition assistance. Those VBOCs have a more robust  
23 role going forward and we're holding them accountable  
24 and they're excited for the opportunity in taking that  
25 on.

1           Also with VBOCs, we are engaged in more  
2 meaningful outcomes, and demonstrating those. So, we  
3 are the lead program office within SBA looking at the  
4 impact evaluation on what is the benefit of going to a  
5 Veteran Business Outreach Center as compared to another  
6 service, and really want to show our value. So, I look  
7 forward to reporting to this committee on what we learn  
8 as we go forward. As you know, it takes a long time to  
9 do this work, but it's meaningful work and needs to be  
10 done.

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

20           Today, the veteran -- excuse me, I'm going to  
21 mess this one up. Our procurement course is in session,  
22 50 vet-owned companies are learning how to grow in  
23 procurement up at Montgomery County Chamber of Commerce  
24 Foundation. It's a nation-wide program that let the  
25 single county lead you to believe that it is just a

1 local program. We are already getting applicants for  
2 the next session, so it's a popular and also successful  
3 program.

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

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

22 That said, there is work to be done that's  
23 significant. The veteran lending is down more  
24 significantly for this population than any other. So,  
25 while it is recovering from post or pre-recession,

1 through recession, it is not recovering as quickly, and  
2 so we will get into what we think those reasons are,  
3 what we still need to learn, and what program or policy  
4 makes sense to address what we learn from. So, we'll  
5 get to that.

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

20 This is an ambitious project, and I am not  
21 foolish enough to think that one phase is enough, this  
22 will lead us to take action, this is the informed part  
23 of our work. So, I hope to -- well, I will, I commit to  
24 responding to this committee in September on what we got  
25 from that report.

1           For outreach, yesterday was a joining forces in  
2 the White House and they are committed to supporting us  
3 in the work that we've done and very pleased that they  
4 will support us both in fee wise and in reboot, Boots to  
5 Business Reboot to ensure that we do get entrepreneurial  
6 training to veterans of all eras. More on that later  
7 today.

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

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

24           And, finally, I wanted to cover just before I  
25 dive into Boots to Business, a little bit about

1 accountability and our role as ombudsman in OVBD, where  
2 we've had a lot of growth, and I would like to thank my  
3 team who is with us today. It takes incredible  
4 discipline to really jump into the Paperwork Reduction  
5 Act and do the things that must be done through the  
6 Office of Management and Budget to create a survey, for  
7 example, to get a registration form for a class. These  
8 things seem very small, but I can't possibly prove that  
9 I have outcomes from a program if I haven't done the  
10 work to gather data responsibly and connect with the  
11 right agencies and systems to report out on that. It's  
12 a significant challenge.

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

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

1 but we do need to show what our differentiation is and  
2 that's what we plan to do.

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

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

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

20 MS. CARSON: So, that's a tough one to read,  
21 even if you're sitting over here. I'm going to hit the  
22 highlights for you. So, again, this is a Boots to  
23 Business exhibit deck that we've got and I will be  
24 sending it to everyone who signed it so that you can  
25 take a closer look.

1           It's not enough to just go deliver a program,  
2           you need to get some feedback on how it's going, from  
3           multiple sources. One would be the veteran service  
4           member or spouse who is going through the course, the  
5           transition service member at the individual  
6           installation.

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

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

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

25          I'm going to go over in a moment our digital

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

14 For example, client relationship management,  
15 CRM, that's something that the corporate world knows  
16 well. It's something that we struggle with. How can I  
17 find a participant for Boots to Business who's in the  
18 military installation and not touching SBA at all yet,  
19 except through a registration form and be able to tell  
20 our constituents two years later this person was able to  
21 get access to capital because they went through the  
22 Boots to Business. Or they went through the military  
23 installation and moved home, but it didn't matter, we  
24 were ready for them and we mentored them with our better  
25 business outreach center or SBDC, so they are now a

1 federal contractor. Right now I can't tell you those  
2 things because we don't have that kind of relationship  
3 management as an agency to take you from first point  
4 through the multiple touch points that SBA can have in a  
5 successful business owner's life. So, we're on it.

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

15 That is critically important for a subject like  
16 entrepreneurship when it takes years to establish  
17 credit, gather some equity and make a solid business  
18 plan that has been thoroughly vetted and tested before  
19 you go out and take some risk. So, this -- I'm excited  
20 to have the DOD support for getting this information out  
21 sooner. It's been a tougher sell to each of the  
22 individual services because it just makes sense that  
23 that's not where their focus is when they have someone  
24 doing the mission for them at that time. We're working  
25 with them on the culture.

1 All right, we're going to go to the quarterly  
2 update forecasts, we just wanted you to see that we're  
3 trending in the direction I want it to be on everything  
4 from number of participants per month, the number of  
5 courses we're offering per month, and the average class  
6 size, which is about 18 right now. Over 28,000 service  
7 members and spouses have gone through this program.

8 Next slide, Jaime. Thank you.

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

18 So, what have we done? We have new compelling  
19 collateral that is updated frequently enough to be  
20 compelling and accurate. We've made it available to all  
21 the people who are out there doing work for us and with  
22 us. The Veteran Business Outreach Centers, SBDC, SCORE,  
23 Women's Business Centers and district offices, and we're  
24 looking at other partnerships that we are developing in  
25 the nonprofit sector as well to be our voice, to find

1 other ways to reach, and I do thank American Legion for  
2 that, Blue Star Families, and the U.S. Chamber  
3 especially, for including us in the work that you're  
4 doing. It's making us more meaningful and hopefully  
5 supports what you're doing as well.

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

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

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

25 So, what you can see there, on top of each ad

1 that's broken out as kind of the click-through that  
2 you're seeing for each.

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

14           MS. CARSON: How about 800 percent?

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

22           MADAM REPORTER: I have a request. Sometimes  
23 emails that are coming through your phone if it's  
24 sitting on the table creates a lot of noise. So, if you  
25 could just put your phones on the chair, I know it

1 sounds silly, but it makes a lot of difference. Thank  
2 you.

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

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

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

21 As of right now, we have the calendar of all  
22 Boots to Business classes for the next four months both  
23 for CONUS and OCONUS on the lead-in page, but then sends  
24 them out to, you know, find their local TSM on their  
25 installation. So, there are a number of click-throughs.

1 So, we're seeing, you know, conversion, that final  
2 conversion right now is somewhat difficult to drive to.

3 MS. CARSON: Thank you.

4 MS. ARNOLD: Yes.

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

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

14 MR. FIELDER: That's okay.

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

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

24 MR. FIELDER: I think you have a couple of  
25 questions at this point.

1 MS. CARSON: Yes, go ahead.

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

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

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

17 MS. CARSON: Yes.

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

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

24 MR. O'FARRELL: Okay.

25 MR. LEGHORN: And I think we're trying to host

1 one this summer.

2 MR. O'FARRELL: Good.

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

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

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

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

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

23 MR. LEGHORN: Okay, got it.

24 MS. CARSON: For something that we're finding is  
25 very valuable.

1 MR. LEGHORN: Yeah, I'd be very interested in  
2 seeing both, if it's possible.

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

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

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

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

14 MS. CARSON: Exactly.

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

20 MS. CARSON: Yes, we are supporting that, in  
21 trying to find the best value for that reach and also  
22 finding, where is this community, where are the people  
23 we're trying to reach. And we do have several partners  
24 in that effort, but I'm not ready to make a substantial  
25 increase over what we're doing, but we're studying it

1 now.

2 MR. AUGMENT: You know, and this is not an  
3 advertising pitch, but I know we're doing some of the --  
4 a lot of marketing and outreach to the Department of  
5 Veterans Affairs. We've had great luck with NASCAR,  
6 getting the best sponsorship out of NASCAR, and I mean  
7 to tell you that's a very compelling sort of sponsor  
8 for, you know, this particular target audience that  
9 we're speaking of.

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

16 Any other questions from the committee?

17 (No response.)

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

21 MR. FIELDER: I would like to welcome Ken Dodds,  
22 our next speaker, from the Office of Policy and Planning  
23 and Liaison. Ken was with us two meetings ago, he did a  
24 great presentation, kind of got us all juiced up about  
25 this kind of thing. I invited him back at that time and

1 we were finally able to coordinate schedules so that he  
2 could rejoin us to come and talk to us about small  
3 business goaling, how that's done, how that works. I  
4 think that an interesting coincidence was that the 2014  
5 goaling report came out in between, so we'll actually be  
6 able to see the goaling report today. I'm not sure, is  
7 that public yet? It's not public yet, but we're going  
8 to see some of that, and, so, welcome.

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

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

14 So, the first rule we're working on is the  
15 change to the way the limitations on subcontracting are  
16 calculated for bonus and set-asides. This is based on  
17 the NDA of 2013. This changes the calculation from  
18 right now if you're a service contractor it's based on  
19 cost incurred for personnel, it's going to change it to  
20 more of an amount paid calculation. And then it's going  
21 to allow all small businesses to be able to rely on  
22 subcontractors to beat that. Performance requirements  
23 right now, if you're a service-disabled veteran, also,  
24 you can use subcontractors to meet these performance  
25 requirements, but for women-owned small business and

1 8(a), you cannot. So, it's going to kind of make all  
2 the programs kind of have the same rules around the  
3 performance.

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

18 Let's go to the next slide. We've proposed some  
19 things around -- and this is just for general knowledge,  
20 if you're a small business, you know, joint ventures  
21 right now, under our rules, if you joint venture with  
22 another company, usually we affiliate you and so we  
23 combine your revenues and employees for that particular  
24 contract. What we're proposing here is to say, well, if  
25 each individual member of the joint venture is small,

1 we're going to consider that to be a small business.  
2 So, it will allow small businesses to joint venture  
3 together, increase their capacity, and still be  
4 considered a small business, even though collectively  
5 they're not. Okay?

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

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

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

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

23 Now, obviously if you do it too much, then we're  
24 going to affiliate you because if all your business is  
25 with another company, that's going to not be okay, but

1 it will increase capacity, as we know, contracts keep  
2 getting bigger, there's not as many contracting  
3 officers, it's a way to help small businesses team if  
4 they choose to go that way. So, that's the proposal.

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

17 The same with the rule on if you derive too much  
18 of your revenue from a firm, under this proposal, it's  
19 70 percent, there's a rebuttable presumption that you're  
20 affiliated with them. So, we asked for comments on that  
21 as well.

22 Let's go to the next slide. We're trying to  
23 clarify some rules around how the non-manufacture rule  
24 applies to software. You know, right now if you hire  
25 someone to create software, that's a service, but a lot

1 of agencies buy software, they think of it as a  
2 commodity, you're buying off-the-shelf software. We  
3 have to figure out how we deal with that for purposes of  
4 the non-manufacture rule because, you know, in a  
5 set-aside if it's a supply, you're supposed to  
6 manufacture that product if you're a small business.  
7 And we can do waivers around that. So, that's what  
8 we're kind of trying to figure out there, how do we deal  
9 with software different from a service as a commodity.

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

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

24 They also wanted us to take a look at all mentor  
25 protege programs that agencies have created to decide

1 basically whether we're going to have just one under  
2 SBA, or whether these other ones are going to continue.  
3 It exhibits DOD's subcontract or Mentor Protege Program,  
4 which is based on subcontracting, so that's not part of  
5 this, but like GSA and HHS and some of these other  
6 agencies that have mentor protege, we're going to have  
7 to take a look at them once we get this rule done.

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

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

24 Let's go to the next slide. Another rule that  
25 we finalized --

1 MR. FIELDER: May I ask?

2 MR. DODDS: Yes?

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

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

18 If you think of the scale of it, there is around  
19 5,000 8(a) firms and around 500 mentor protege  
20 agreements, okay? There was around 300,000 small  
21 businesses at any one time. So, it's open,  
22 theoretically, to a much, much bigger pot.

23 MR. FIELDER: So, this committee thought for  
24 sure that that was going to be one of the guides when it  
25 got to implementation or certification.

1           MR. DODDS: We've actually had two private  
2 concerns that I think they're non-profits, that are  
3 doing certification, similar to the women-owned  
4 certification, and if you go back to our notes, you can  
5 find those. We were just sort of scrapping around  
6 thinking, okay, the next thing that we're going to need  
7 to deal with is certification. What if they were to  
8 outsource the certification process and in more of the  
9 cases, like five or six organizations that have been  
10 blessed by the office, and that literally takes it out  
11 of SBA, takes care of the unfunded part of it. I just  
12 wanted to point you back, because we've got some pretty  
13 good documents on two organizations that are already in  
14 that queue doing it for commercial companies, corporate  
15 500 companies, who are looking for an NDA certification.

16           MR. FIELDER: Okay.

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

24           So, there is some thought to, you know,  
25 depending on the resources, do we allow firms to

1 self-certify and then just figure it out if there's a  
2 protest that you're on. But maybe we do need -- some  
3 would argue that we do need to verify the firm for  
4 eligibility before we give them the blessing of that  
5 mentor protege.

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

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

21 The NDA rule, the one on the limitations, that's  
22 a lot easier to implement because it's just writing, and  
23 this one, once we figure out how we're going to do it,  
24 then we have to start hiring people, which can take, in  
25 the government, could take months.

1           MR. FIELDER: The VA program -- (inaudible) --  
2 was in front of us two days ago, and they specifically  
3 asked them a question could they step up and absorb this  
4 requirement. I'm surprised that that's the answer you  
5 got was yes, that you step up and expand that program.  
6 So, I think you've got two alternatives here.

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

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

22          MR. DODDS: Right, I agree, I mean, that's a  
23 valid point, because a lot of times we spend a lot of  
24 time verifying firms, in several of our programs, who  
25 never, ever win a contract. So, you're just, you know,

1     there may be thousands of firms, for example, in the  
2     women-owned repository, 20,000 or so, how many of them  
3     actually win a contract? So, it doesn't really matter  
4     whether they are or not, because they're not getting a  
5     contract. When the company starts winning contracts,  
6     that's when people should start looking and say, hey,  
7     wait a minute, you're not actually owned by a  
8     woman-owned, or a service-disabled veteran. So, that's  
9     a valid point.

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

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

15           MR. LEGHORN: Exactly.

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

1       been kind of a self-serve, self-policing process.

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

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

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

1 MR. DODDS: Fair enough.

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

7 MR. DODDS: Yeah.

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

23 MR. FIELDER: Okay, go back to -- (inaudible) --  
24 some of us have been waiting around since the National  
25 Defense Act of 2011 which provided for service-disabled

1 veterans. '13 obviously started the process all over  
2 again. Is it plausible or is it possible that we might  
3 be looking at implementation in this calendar year or  
4 early next calendar year?

5 MR. DODDS: You know, I can't, it's hard for me  
6 to say, but I will say that the rule-making process just  
7 alone, you know, we have to go through the comments,  
8 draft the rule, then we send it to OMB and there's a  
9 90-day review period where all the agencies get to  
10 comment on it. So, we're not even -- we're not done  
11 with the rule ourselves, so it's not even ready to go to  
12 OMB. So, it's going to be several more months before  
13 the rule comes out and then, of course, there's going to  
14 be a delay in the open season or when we open it up,  
15 until we can have a staff, you know, if we decide to go  
16 that way, so that we can get hiring done.

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

20 MR. FIELDER: That would be October?

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

25 MR. FIELDER: So, currently, we think it might

1 happen in fiscal year '16?

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

6 MR. FIELDER: Okay.

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

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

22 Let's go to the next slide. There's, for the --  
23 I don't know if any of you do subcontracting, but  
24 there's going to be a change to how we count lower tier  
25 small business contracting for individual subcontracting

1 plans. Right now, if you're a large business, you only  
2 report at the first tier level. Under this legislation  
3 from 2014, it allows basically goaling and accounting to  
4 go down to lower tiers. This was asked for by some  
5 large businesses, especially in the construction  
6 industry, who felt that they were, you know,  
7 subcontracting at the first tier when they really  
8 wouldn't be going to that small business, they would  
9 usually do it at a lower tier, and I think there's a  
10 belief that there's a lot of small business at the lower  
11 tiers.

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

16 All right, let's go to the next slide.  
17 Women-owned small business, just to give you a quick  
18 update, we proposed a rule to implement the sole source  
19 authority, that was granted by the NDA of 2015. It's  
20 very similar to HUBZone and service-disabled veteran  
21 owned, where you do market research. If you can't find  
22 it to be -- if you don't expect to receive two offers  
23 from that type of business, you can do a sole source  
24 award, it has to be lower than those threshold values.  
25 It was issued in May, the comment period closes at the

1 end of this month. That does not have to go to OMB for  
2 review, so that one can be done more quickly. We are  
3 required to do a study of all the industries, you know,  
4 you can only do a set-aside right now on certain  
5 industries.

6 We're doing a new study, hopefully by January  
7 2016, and then they threw in this certification  
8 requirement, by a federal agency, by a state or a  
9 national certifying entity. So, SBA needs to figure  
10 out, are we going to start a new women-owned program for  
11 ourselves, or are we going to rely on certifiers, are we  
12 going to have both. You know, we did that for a little  
13 while with the SDB program. Something that's going to  
14 have to come out. That's going to take a little longer  
15 to figure out how we're going to do it. So, that's  
16 what's coming next.

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

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

21 MR. DODDS: Oh, okay.

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

24 MR. DODDS: Okay.

25 MS. WOOD: If that's okay.

1 MR. DODDS: Yeah, do you have them where we  
2 could look at them or no?

3 MS. WOOD: No. I'm sorry.

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

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

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

21 But I'll briefly go over, you know, what we do  
22 in terms of how we set goals. You know, we're in the  
23 middle of '15, we're trying to report on how we did in  
24 '14, and then we have to start negotiating '16. So,  
25 basically, this summer, we will take a look at, let's

1 say -- let's take DOD, for example, they are the big  
2 spender, okay? It's basically we're going to look at  
3 what their number was in 2014. We have a tool where we  
4 analyze each NAICS code, and we say, for example, this  
5 computer services NAICS code, the government average is  
6 50 percent, and DOD, you're only doing 20 percent. So,  
7 we add on some opportunity there to agencies where  
8 they're below the government average in a particular  
9 NAICS code.

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

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

24 We do that with every agency. SBA, for example,  
25 as a contract awarding agency, does around 70 percent,

1 you know, so their goals -- their 12 business prime  
2 contracting goal is going to be around, you know, 70,  
3 69, high. Energy, for example, does around six or seven  
4 percent from a contracting point of view. So, their  
5 goals are usually set around that.

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

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

17 Then once we get all of their numbers in, we do  
18 a scorecard A, B, C, D or F. Sixty percent of the  
19 agencies' grade is based on how they did on the small  
20 business prime contractor. There's 10 percent that's  
21 for subcontracting. There's 10 percent that's for  
22 initiatives that the White House or SBA has initiated  
23 where we kind of do a peer review of how they're doing.  
24 And then the remaining 20 percent is made up of the  
25 HUBZone, service-disabled veteran, women-owned and I

1 guess SDB. So, we take all those things, we add them up  
2 and each agency gets a grade, and then the government  
3 gets an overall grade. Yeah, we'll be providing the  
4 score cards for FY'13, I can't release the '14, but I  
5 have provided them to Jaime and we can review those.

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

8 MS. WOOD: I'm sorry.

9 MR. DODDS: That's okay.

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

13 MR. DODDS: Yes, it is. What we do is OMB has  
14 required agencies, you know, the fiscal year ends in,  
15 you know, September 30th, right, and in January, OMB  
16 requires everyone to certify, every agency, that their  
17 data is accurate for that prior fiscal year, okay,  
18 because they're -- every day the data in FPDS changes.  
19 Things are obligated, things are de-obligated, contracts  
20 are awarded, contracts are taken away. So, any time you  
21 look at it, it's going to be different, but there has  
22 been an emphasis on data quality. Agencies, not just  
23 around small business, but around a lot of different  
24 things that we have to report on, so agencies report on,  
25 and they certify that their data is accurate in January,

1 so then we pull the data in February. It's on a  
2 specific day at a specific time. That's the number we  
3 use for all of our calculations for the rest of the  
4 year.

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

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

13 MR. AUGMENT: Okay.

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

25 MS. CARSON: And, Ken, we'll make sure that that

1 slide deck is given to everyone who is signed in today,  
2 and there's somebody who has joined us on the  
3 teleconference line, can I ask you to identify yourself?

4 MR. BAILEY: Rob Bailey.

5 MS. CARSON: Great, good morning, member.

6 MR. BAILEY: Good morning.

7 MS. CARSON: Anyone else?

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

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

13 MS. McLEAN: Okay, and your meeting starts at  
14 10:00?

15 MS. CARSON: Our meeting is from 9:00 until  
16 4:00.

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

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

22 MS. McLEAN: Okay, bye-bye.

23 MR. FIELDER: Let me just make sure, the goaling  
24 that you then drive back to the agencies may be -- will  
25 be in some cases higher or lower than the

1 government-wide goal that was implemented by Congress,  
2 but when it comes to the report card, the report card  
3 judges the agency based on the Congressionally mandated  
4 goal?

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

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

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

21 MR. FIELDER: Right. Within GSA, where I was  
22 originally administrator, where they've got distributed  
23 purchasing, the goaling from the GSA headquarters is, in  
24 fact, different per region or contracting activity  
25 within that agency.

1           MR. DODDS: That's right, we tell GSA, your  
2 number is 39 percent. They may go down to one activity  
3 and say, your goal is actually 10 percent, but yours is  
4 80. Yeah, because then that's, again, based on, I would  
5 presume, historically, what you buy and how small  
6 business friendly it is. You know, it drives that. You  
7 know, obviously sometimes our goal is to push agencies,  
8 so we have to make sure we get to 23 percent, so they  
9 have a hard time maybe meeting their goal, so they push  
10 it down to their components and sometimes those  
11 components have trouble meeting their goal, but that's  
12 the nature of it. It all is supposed to add up to at  
13 least 23 percent at the end of the day.

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

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

23           MR. DODDS: We're hoping this month, June, but  
24 it's just a question of scheduling, you know, so I'm  
25 hoping that we can have that announced, probably late

1 June is what I'm hearing right now, but that can change,  
2 you know.

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

13 MR. DODDS: Yeah, we do --

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

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

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

25 MR. AUGMENT: And are there any penalties or, I

1 mean, you know, so when you don't hit your objective,  
2 again, I'm primarily speaking about service-disabled  
3 veterans. I mean, how is that meted out or where is  
4 that captured?

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

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

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

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

1 difference.

2 MR. FIELDER: Yes.

3 MR. DODDS: In how you get --

4 MR. AUGMENT: It was in my performance back in  
5 2001.

6 UNIDENTIFIED SPEAKER: Yeah, same here.

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

13 UNIDENTIFIED SPEAKER: Right. Exactly.

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

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

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

25 UNIDENTIFIED SPEAKER: We felt that it was not

1       only in the program managers, not only in the  
2       procurement officials, but that when it got into the  
3       executive level of performance figures, that's when we  
4       turned the corner.

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

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

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

17              UNIDENTIFIED SPEAKER:   Exactly.

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

20              UNIDENTIFIED SPEAKER:   Yeah, exactly.

21              MR. FIELDER:   And I think that motivates people.

22              UNIDENTIFIED SPEAKER:   It was a good thing, too.

23              UNIDENTIFIED SPEAKER:   And how was 23 percent  
24       established?   Why isn't it 25 percent or what is  
25       included in that figure?

1           MR. DODDS: Well, we're on the record, so I  
2 won't say, but, yeah, it used to be 20 percent, when  
3 they added the HUBZone goal of three percent, they just  
4 said, okay, we're going to add three to that, and, you  
5 know, I don't know that there's a lot of scientific.  
6 Maybe at the time that everyone was doing around 20  
7 percent, so they just said, well, okay, we'll establish  
8 it at that. There have been proposals to raise it to  
9 25, you know, there is a -- you know, you can raise it,  
10 but at some point, you don't want to raise it so far  
11 where people think it's unrealistic, and then they're  
12 just not going to actually try anymore.

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

18           UNIDENTIFIED SPEAKER: So, I do want to ask a  
19 question that I guess is a two-pronged approach. One is  
20 going back to the comment about the 70 percent SBA and I  
21 wrote 50 percent Interior. Is there an opportunity here  
22 for the committee, and I guess I would ask this to the  
23 chairman, Mr. Fielder, is there an opportunity for the  
24 committee to help get the word out to the veteran  
25 entrepreneurs that -- I hate to use the term soft

1 target, but there are some soft targets out there in the  
2 government, the federal government, all these agencies,  
3 on the one hand, and say, you know, if you have a  
4 service you're trying to bring to the government, here  
5 are the agencies that are friendly to small business.  
6 This isn't rocket science, just common sense.

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

15           MR. FIELDER: To some extent, what I was hoping  
16 was going to come out of that would be a review of the  
17 2014 report that we could then comment on just what you  
18 were saying. These guys are doing it right, these guys  
19 are obviously doing something different, what's the  
20 difference, and then -- and the difference could be in  
21 the sense of how they're realistically looking at it,  
22 but it could be a sense of knowing what the best  
23 practices are that are driving this success story, and  
24 knowing what the mitigating circumstances might be, and  
25 they may be realistic and reasonable, but knowing what

1 those are and taking a deeper dive, and if it's a matter  
2 of suggesting that prices filtrate down.

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

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

11 MR. DODDS: Exactly.

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

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

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

23 UNIDENTIFIED SPEAKER: And DOE may be the worst  
24 example to pick, since it was mitigating circumstances,  
25 but there are others that we could use, and I don't want

1 to control the response, but there are others that we  
2 could pick that the story that Jim is trying to tell in  
3 the sense of why can't these best practices be applied  
4 to these agencies.

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

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

25 MS. CARSON: Tony Eiland.

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

14           MS. CARSON: Anything else?

15           (No response.)

16           MR. FIELDER: Ken?

17           MR. DODDS: No, thank you very much.

18           MR. FIELDER: Thanks, Ken.

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

22           MR. FIELDER: Is the Census person here?

23           MS. CARSON: Is Census here?

24           MR. FIELDER: Why don't we take the break now  
25 and allow her to set up.

1 MS. CARSON: Yeah. I suggest that, I recommend  
2 that.

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

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

24 MS. HOLDER: Thank you. Hold on one second.  
25 Okay, thank you. So, I am Kelly Holder and I am a

1 demographer who specializes in veterans statistics --

2 MR. FIELDER: And a marine.

3 MS. HOLDER: And I'm a marine.

4 MS. CARSON: All right.

5 UNIDENTIFIED SPEAKER: Hoorah!

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

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

1 to explain it to you, and if you have questions that I  
2 can't answer, I will talk to someone who can.

3           Okay, I want to start with the American  
4 Community Survey, because this is our largest survey  
5 that we have. It's part of the Decennial Census  
6 Program. It was something we designed in the late 1990s  
7 as a replacement for the Census Long Form. We send it  
8 out to about 295,000 addresses in the U.S. every year,  
9 so the data are timely. It's the largest sample of any  
10 national survey that we have. It goes to roughly one in  
11 38 households every year. It's not as large as the  
12 decennial census was, but what we do is create period  
13 estimates, so we take five years of data and we  
14 aggregate them together, and that way we can get data  
15 down to the smallest communities and to sparsely  
16 populated rural areas.

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

23           And Kanine will show you how to get to the  
24 five-year and one-year data when she goes through the  
25 demonstration. So, the ACS is not the same thing as our

1 census that we do every 10 years. The decennial census  
2 is what we use to count the population for apportionment  
3 and redistricting purposes. The ACS is something that  
4 we use to create a portrait of a community and find out  
5 about the people living in that community. So, they're  
6 estimates of the characteristics of the people.

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

19           Just to give you an idea of what we cover in the  
20 ACS, you can see on the Census 2010 side that this past  
21 decennial census, we just ask the very basic questions,  
22 and that's all you get, every 10 years now. The ACS, on  
23 the other hand, is all the detail, every year, we  
24 release it the year following that in which we collect  
25 it. So, this year we will be releasing the 2014 data in

1 September.

2 And the part that I work on is in the circle  
3 there, the veterans status, period of service and  
4 service-connected disability.

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

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

20 And then in 2008, we added a question about  
21 service-connected disability and rating at the request  
22 of the VA, because they need to be able to classify  
23 people into priority enrollment groups for their health  
24 care system, and they need to be able to do that by  
25 income. So, the ACS allows them to have the income

1 thresholds as well as the information on who was a  
2 veteran. And then they can anticipate demand for their  
3 services.

4 So, that is the purpose of having those three  
5 questions on our survey. And here's what those three  
6 questions look like. We did change question 26 and 27  
7 last year, so question 26 is how we measure who is a  
8 veteran, based on VA's definition of veterans. And we  
9 just caution people that if you are looking back  
10 historically, the change from the old question to the  
11 2013 question was pretty dramatic, and we ask that you  
12 use caution if you're looking over time, but if you want  
13 just the most recent data, we think that this question  
14 actually measures veteran better than the previous  
15 question that we had, because it's less confusing for  
16 respondents.

17 MS. CARSON: I've got a question.

18 MS. HOLDER: Yes?

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

22 MS. HOLDER: Right, and --

23 MS. CARSON: Yeah.

24 MS. HOLDER: That's the reason why we had to  
25 change the question, because it is difficult. The

1 problem that we have is getting reservists in the right  
2 place, based on the VA's definition of veteran, because  
3 you have to have been activated for service, so they  
4 don't count training, if you just do your -- you're on  
5 active duty while you're on your training, the VA  
6 doesn't count that as veteran. And, so, because it's  
7 their question, we have to try and measure their  
8 definition of it.

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

18 MS. CARSON: Thanks.

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

20 MS. HOLDER: So, the --

21 MADAM REPORTER: Could you ask that again?

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

24 MS. HOLDER: So, you can get a zero percent  
25 rating from VA, for a service-connected disability, and

1 that just means that there is an indication that you  
2 have some sort of condition that's not enough to get a  
3 higher rating at the time, but later on, if it  
4 progresses, they could increase that rating.

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

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

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

20 So, if you were an entrepreneur in Maryland and  
21 you wanted to open a restaurant, you would want to know  
22 how many other restaurants are in the community. We  
23 have the tools that will give you that information from  
24 the economic census, and you can go in and say, here's  
25 the county that I want, I want to know how many people

1 are already here. Then you probably want to know  
2 something about the people that live there, to know what  
3 kind of restaurant might serve those -- that area.

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

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

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

1 active duty during the survey year.

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

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

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

19 MS. CARSON: Okay.

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

25 MS. CARSON: Thank you.

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

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

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

18 MS. HOLDER: This one?

19 MR. FIELDER: The information on the previous  
20 slide.

21 MS. HOLDER: Yes?

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

24 MS. HOLDER: For this one, for Survey of  
25 Business Owners?

1 MR. FIELDER: Yes.

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

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

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

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

14 MS. HOLDER: Okay, yeah, absolutely.

15 MR. FIELDER: And again, we're looking at the  
16 2012 data, which is sort of the latest.

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

19 MR. FIELDER: Okay.

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

22 Okay. So, FactFinder, on all the slides we've  
23 provided these as reference so that if you want to  
24 access the data later, you have all the web page links,  
25 and then an idea of when you would want to use the tool.

1 So, FactFinder is where you would go to get information  
2 about veterans or veteran-owned businesses, and to get  
3 all of the detailed information that we showed you on  
4 those previous slides.

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

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

18 And, so, earlier I had mentioned that we had one  
19 year end period estimates, so up until this year, we  
20 have released one-year, three-year and five-year data.  
21 One-year data is not available for every geography,  
22 because there are population thresholds that we have to  
23 meet for data quality. Three-year data is available for  
24 some geographies, and then five-year data is available  
25 for all geographies down to tract level, block group

1 level. This year we are not releasing a three-year  
2 product, so we're not going to talk about the three-year  
3 data, because I don't want to confuse you, so we're  
4 going to talk about one and five-year data.

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

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

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

24 So, B is the base table. The 21 is the topic  
25 identifier. So, you're going to see all of the veterans

1 tables have a 21 in them. And then the rest of the  
2 number is the table number. So, if a table is new for a  
3 specific year, and you go back to the previous year's  
4 data, you're not going to see that number, that just  
5 means it's new. We don't change the table numbers every  
6 year, because we want to make it easier on you when you  
7 go to look for stuff.

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

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

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

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

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

10 This is a reference, so you can see what we have  
11 in Census 2000, which is the last time that we did the  
12 long form. So, a lot of people think that we stopped  
13 asking about veterans in 2000, because they don't --  
14 they don't know anything about the ACS. So, the ACS is  
15 where all the veterans data comes from now, again, not  
16 the decennial census, but in 2010, we did the decennial  
17 census in the island areas, and it did everything that  
18 the long form did. So, the island areas will get almost  
19 all of the information that's on the ACS, every 10  
20 years. And we did ask veterans in the island area. So,  
21 if you have a particular interest in those places, you  
22 can get data from 2010 for the island areas, but for  
23 ACS -- for census, Puerto Rico is not one of the island  
24 areas. We collect Puerto Rico data every year with the  
25 Puerto Rico Community Survey.

1           For economic census, which we also do in the  
2 island areas, Puerto Rico is an island area, so you can  
3 get economic census data for the islands every five  
4 years, and that includes Puerto Rico. You can get  
5 Puerto Rico data every year for the demographics side,  
6 and that's the Puerto Rico Community Survey. And then  
7 all the demographics you can get every 10 years. So,  
8 now that I've confused you, I'm going to move on.

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

21           And they also have a naming convention, just  
22 like we do in ACS, so they start with SBO, that's the  
23 program, then the year, '07, which is the most recent  
24 tables we have right now. When the 2012 tables come  
25 out, that will change to '12. Then the CS is just

1 there -- what do they call it? Their series, so that's  
2 company statistics is what the CS stands for. And then  
3 tables starts with A, or just general characteristics.  
4 Or you can find gender status, Hispanic origin, veteran  
5 status, just basic information.

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

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

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

23 All right, this might be a better starting point  
24 for someone who just wants to get an idea about an area.  
25 So, you can get state, county or city in this tool, and

1 it has a combination of ACS data, economic, census data,  
2 SBO data and population estimates, and there's some  
3 decennial census information in there.

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

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

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

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

24 MS. CARSON: Excuse me, for the people that are  
25 dialing in, could you mute your phones, please. We can

1 hear your conversation here during this meeting. Thank  
2 you.

3 MS. HOLDER: So, this tool has about, right now,  
4 39 statistics in it, and they're going to expand that as  
5 they get feedback and see how people are using it.  
6 Right now, it is not available to the public, it's  
7 expected to be released in July, so I don't have a link  
8 for you, but we can certainly get that to you when it is  
9 available.

10 I'm sorry?

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

14 MS. HOLDER: Okay.

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

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

22 MS. HOLDER: The Congressional District is only  
23 ACS data, so the economic data is not tabulated by  
24 Congressional district, I don't think. We would have  
25 to -- we can look when we get into AFF, we can see if

1 Congressional district is an option for the SBO, but I  
2 don't think it is.

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

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

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

15 MS. HOLDER: Yeah.

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

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

23 MS. WOOD: Thank you.

24 MR. O'FARRELL: This is Jim O'Farrell. I have a  
25 question, sort of kind of related, but not really. In

1 terms of the veteran entrepreneurship training and being  
2 one of our focused areas, and we heard from the Boots to  
3 Business folks earlier, is there a connection between,  
4 say, a college university setting and a community -- or  
5 a community college and the number of veterans in that  
6 geographic, say, 20 miles from -- 20-mile radius around  
7 the University of Texas we have X number of veterans,  
8 Texas may want to start or Boots to Business may want to  
9 do a seminar. Is that ever looked -- has that been  
10 looked at or have you already discussed that? I'm new,  
11 so --

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

16 MS. HOLDER: Right.

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

23 MS. HOLDER: Right, because a lot of -- the  
24 advantage of our ACS is we have such a large sample we  
25 can get down to those small locations, whereas a lot of

1 Department of Education surveys, because they are  
2 surveys that they're doing, but they don't have the  
3 sample size to produce the data at these small locations  
4 for confidentiality reasons.

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

12 MS. HOLDER: Right, yeah.

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

15 UNIDENTIFIED SPEAKER: Thank you.

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

24 But you have to have some kind of statistical  
25 software to do that, you can't, you know, what we're

1 going to show is an easy way to get to statistics. This  
2 is like you've got to know how to model things on your  
3 own.

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

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

24           The economic data that we do not have is listed  
25 here, and I know consumer spending is probably important

1 when you're looking at small businesses, but you can get  
2 that from the OS, and it's also, Kanine, it's  
3 incorporated into the tool, so Kanine can show you that,  
4 too. It's going to be part of that new Census business  
5 development tool that we're working on.

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

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

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

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

16 So, thank you, Kelly, that was a great overview  
17 of the things that we're looking at for veterans, but  
18 also for econ. And, actually, I wonder if -- like Kelly  
19 mentioned, so we're demographers, we work mainly with  
20 geographic data, so households, families, person-level  
21 data. The economic area looks at businesses and  
22 business owners, and so that's something that we're not  
23 as familiar with, but we'll try to help you as best we  
24 can, and we do know some really great people that can  
25 answer all of your questions and we would love to give

1 your name to them and they can be in contact with you,  
2 because it's a shame when people have some great  
3 questions and we're unable to answer it because we're  
4 just not familiar with it.

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

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

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

1 like Arlington County, Virginia.

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

7 MS. HOLDER: It shows up better up here.

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

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

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

22 The best way, I think, is to do topic base. So,  
23 let your data set drive it. So, we know that if you  
24 want ACS data to go ahead and pull up ACS data. So, if  
25 you go under Topics, the bottom is Data Set, it's what

1 we consider to be our different surveys, and which year.  
2 And as Kelly mentioned, ACS has three different data  
3 sets every year, one, three and five, and this year  
4 we'll be releasing one and five.

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

11 If you've already selected your geographies, it  
12 helps when you're looking at ACS data, because then you  
13 can find out what's available. You don't have to  
14 remember your thresholds. So, for Arlington County,  
15 Virginia, it's very big. So, your available is one,  
16 three and five. So, the one-year is only based on 2013  
17 data. The five-year is based on the 2009 to '13 pooled  
18 and then reweighted. So, there's some give and take  
19 there. So, obviously the five-year data is a more  
20 robust sample, so you have your margins of error and  
21 your statistical testing is going to be lower because  
22 you have more in your sample size, and then in the  
23 one-year, but the one-year is going to be more timely.  
24 So, it's 2013 data instead of being centered around  
25 2010/'11 as the five-year data.

1           For some areas you don't have a choice. So, for  
2           Arlington County, if you're big enough, you have a  
3           choice, but for a small track level, or some of our  
4           smaller counties, you don't, so we will be five year.  
5           So, not to go in too much, but I just wanted to show you  
6           the difference.

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

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

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

24          MS. REESE: Right.

25          MS. CARSON: If you can go back up, there were

1 two veteran data points.

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

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

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

15 MS. REESE: Yes, sir, civilian population,  
16 18,000.

17 MR. FIELDER: Okay.

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

25 MS. CARSON: Can we look at that one again,

1 those two sets?

2 MS. REESE: Sure.

3 MS. CARSON: All that.

4 MS. REESE: Sure.

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

6 MS. HOLDER: Right, and we do --

7 MR. FIELDER: Said with a smirk.

8 MS. HOLDER: Yes, I was, too. We tabulate for  
9 18 and over just because it's a universe that we use in  
10 a lot of our other tables.

11 MR. FIELDER: That makes sense.

12 MS. HOLDER: So, we do capture the data for  
13 17-year-olds, we just don't tabulate it for 17 and over.

14 MS. REESE: In some of our props we have that  
15 issue, that issue with everything. The capture is  
16 always the outlier. So, those are our data profiles.  
17 So you can also see the economic. You can also see the  
18 housing and then also straight demographic.

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

23 MS. HOLDER: Show him the B21 asterisk trick.

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

25 MS. HOLDER: Okay.

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

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

8 MS. HOLDER: Okay.

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

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

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

23 So, let me switch really, really quick, I know  
24 we have time to show you the slides of our very new tool  
25 that we are very excited about, we will let you know

1 when it's available and I am sorry it's not pulling --  
2 it's not coming up so that you can actually see it. But  
3 here are the slides. Just quickly, the reason for this  
4 is that we wanted something -- our economic side of the  
5 Census has been working with the Small Business  
6 Administration, with Chamber of Commerce, specifically,  
7 that they would like something that really small  
8 business owners, specifically to figure out if they're  
9 trying -- trying to open up a business, so that you need  
10 to know two things. They need to know who your  
11 customers are and then who are your competition, so that  
12 includes the ACS data, who are your customers, and then  
13 the competition, the eco data.

14           So, that's what this is. We're very proud of  
15 it, and we're hoping that it can be released very soon.  
16 If you look on the second slide, I'll show you, this is  
17 the first page, so you choose what type of business that  
18 you would want. Currently, now, we only have 47 NAICS  
19 codes, but we could -- we would like to include more  
20 information, more data. We're trying to see how well  
21 this goes over, and then you choose your location, and  
22 then take me to the map, you drop down and then it gives  
23 you a topographic map that shows you the outline of  
24 where you're specifically looking and then you select  
25 your variables.

1           So, businesses -- other businesses like mine is  
2 your econ data, and then it will populate the field, and  
3 then you can also look at my potential customers, which  
4 is the ACS data, and they will populate those fields.  
5 You can also filter, so you can look at median housing  
6 unit value and only look at areas that are over a  
7 certain area and between a certain area. This is how  
8 that is made.

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

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

21           MR. FIELDER: I have a wrap-up question. Does  
22 anyone else have a question? We're going to try to move  
23 quickly into the next speaker. If not, my wrap-up  
24 question, is that as always, when we see things like  
25 this, we go, I didn't know about that, right? What are

1 you doing in some of Barb's portion, she gave us this  
2 great presentation about how they're using Facebook and  
3 some other things. I think, you know, Entrepreneur  
4 Magazine, getting that information out, a connection to  
5 Syracuse University and what they're doing with their  
6 entrepreneurship program, this is data mining that you  
7 would be interested in, when they're building business  
8 plans and whatnot.

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

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

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

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

24 MR. FIELDER: Can you get this specific  
25 information out to people?

1 MS. HOLDER: Yes, and suggestions are always  
2 welcome, because they may not have thought about some of  
3 these ways to get the information out.

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

21 So, we are here, and we can do this through  
22 webinars, we can do this through actually forums like  
23 this, or at meetings and at national meetings, we can do  
24 workshops, and then we -- this is not a one-shot deal.  
25 We want to -- thank you very much for the invitation,

1 and I am going to definitely, from my end, kind of hold  
2 you to that intention, because --

3 MR. FIELDER: You can count on it.

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

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

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

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

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

24 MS. HOLDER: Sure. It's  
25 kelly.a.holder@census.gov. And you had a question about

1 veterans' spouses, I'll quickly answer that.

2 MR. FIELDER: Yes, thank you.

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

15 MR. FIELDER: Kelly, thank you.

16 MS. HOLDER: You're welcome.

17 MR. FIELDER: Thank you.

18 MS. REESE: You're welcome.

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

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

23 MS. CARSON: It was great.

24 MR. FIELDER: Thank you. Thank you, very  
25 interesting stuff. Amazing.

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

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

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

22           UNIDENTIFIED SPEAKER: Is it better now?

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

25           MADAM REPORTER: Better.

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

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

8           MADAM REPORTER: Hold on a second, please.

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

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

21           Many small business loans and investments are  
22 small transactions. Lenders and investors shy away from  
23 small dollars transactions because they're less  
24 profitable. The cost to find, underwrite and service  
25 small transactions may be comparable to that of a much

1 larger transaction with less revenue potential.

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

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

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

25           So, in September 2010, the Small Business Jobs

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

8 In 2011, state agencies were awarded a billion  
9 and a half by SSBCI, State Small Business Credit  
10 Initiative, allocated through a formula outlined in the  
11 statute. All states, including the District of Columbia  
12 and territories, received the funding. State agencies  
13 deployed the funding under broad parameters, outlined in  
14 the statute. These were targeting businesses with less  
15 than 750 employees, with an average principal amount of  
16 \$5 million or less in transactions of less than \$20  
17 million with at least 20 percent private capital at risk  
18 in any given transaction. These were not grants to  
19 businesses, but were designed to spur private lending  
20 and investment, and states must show a reasonable  
21 expectation that at least \$10 in new lending and  
22 investment will be generated for every one federal  
23 dollar.

24 Some states elected to deploy capital through  
25 programs administered by their agencies, others elected

1 to partner with private sector entities to deploy such  
2 programs. Again, this is given the flexibility of this  
3 program. Some states chose to partner with community  
4 development financial institutions, or CDFIs. Others  
5 worked with state-sponsored nonprofit organizations,  
6 while others contracted with investment funds to fill  
7 financing gaps within their states.

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

18 Going really quickly through this list over  
19 here, Capital Access Program, it allows lenders to  
20 ensure against the risk of small business lending by  
21 creating a reserve account that the lender may draw upon  
22 should it incur losses. Loan participation programs,  
23 essentially two types of loan participation programs,  
24 but both types allow the state to -- allow the lenders  
25 to purchase participation or companion loans.

1           Collateral support programs provides a partial  
2 cash deposit at a lender that serves as a collateral for  
3 an approved loan when the small business borrowers'  
4 tangible property, real estate or equipment has  
5 depreciated as a result of economic conditions. The  
6 loan guarantee program states, "utilize SSBCI funds in  
7 this program to guarantee a portion of an approved loan  
8 in venture capital programs providing equity support to  
9 high-growth businesses."

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

17           So, Congress authorized SSBCI to operate from  
18 2011 through 2017, with a little less than two years  
19 left in the program, and with states having drawn over  
20 84 percent of the available funding, we're seeing very  
21 positive results. Through 2014, every \$1 in SSBCI  
22 funding spurred \$7.40 in private sector lending or  
23 investment, \$6.4 billion in private financing in  
24 approximately 12,400 transactions was supported by SSBCI  
25 funding, and that all translates into 48,000 jobs

1 created and 93,000 jobs retained as estimated by the  
2 businesses receiving financing.

3           These transactions are largely to very small  
4 businesses, 80 percent have less than 10 employees. And  
5 this funding is largely to very young businesses, over  
6 50 percent are less than five years old. And to a great  
7 degree, to businesses located in low or moderate income  
8 communities.

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

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

25           Through 2014, we're seeing small business

1 financing activity supported by SSBCI capital across the  
2 country. As you can see on the map, most states  
3 reported over \$50 million in loans or investments  
4 supported by SSBCI funding. And we see a distribution  
5 over there.

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

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

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

19 So, over the past few years, as we've worked  
20 with states to deploy financing programs, we've learned  
21 a great many things. As a matter of fact, we're  
22 learning constantly, and this list may already be  
23 outdated. However, some points to highlight, number  
24 one, we see a great diversity in the 140-plus programs,  
25 over half of which are newly created. This diversity is

1     respective of the very economic contexts and challenges  
2     across the country, the flexibility of the SSBCI program  
3     allowed states to tailor a particular lending or  
4     investment program to address financing gaps.

5             We also see SSBCI capital spurring new private  
6     sector lending and investment activity. We heard the  
7     \$7.40 of private sector leverage for every one federal  
8     dollar.

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

23            And lastly, one of the defining attributes of  
24    this program has been partnerships that have proven to  
25    be germane to its success within a state. So, when we

1 talk about partnerships, we're talking about the federal  
2 and state partnership, but we're also talking about the  
3 state and private sector partnerships on the ground that  
4 determine key outcomes.

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

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

25 A local bank and Craft3, a CDFI, working with

1 the state of Washington, used loans made possible  
2 through the state's SSBCI program to provide the  
3 business owner the capital needed to make the necessary  
4 upgrades and modification. This support -- with this  
5 support, the business was able to leverage \$5 million in  
6 additional public and private investments, and within  
7 the next year, the business projects 19 new full-time  
8 jobs as a result of this financing to create or be  
9 retained.

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

21 The Illinois Department of Community and  
22 Economic Opportunity, utilizing its SSBCI lending  
23 program, the loan participation program to work with the  
24 bank to provide the capital needed for this project.  
25 They were able to leverage over \$5.1 million in

1 additional capital and are expected to create 150 jobs  
2 in the first two years of operation.

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

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

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

23 MR. FIELDER: (Inaudible) -- state by state  
24 programming dollars for -- (inaudible.) My guess is  
25 each state is implementing a little bit different

1 program and then I saw a slide that suggested that there  
2 might be zero dollars to the state, there was a category  
3 of zero. So, are there states that -- of the 50 states  
4 that do not have implemented programs for SSBCI?

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

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

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

1 MR. ZACCHEA: Um-hmm.

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

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

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

23 And in other cases, it was creating new  
24 programs, new lending programs that follow these  
25 structures. And each of these lending programs are a

1 bit different in the way that they approach the market.

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

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

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

11 MR. ZACCHEA: Um-hmm.

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

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

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

1 MR. ZACCHEA: Absolutely.

2 MS. CARSON: The reports that you mentioned?

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

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

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

25 MS. CARSON: Good, so we can expect it to last

1 through 2017 as this has already been set aside as to  
2 how it will be deployed, that cash?

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

12 MS. CARSON: Thank you.

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

18 MR. ZACCHEA: Yeah. So --

19 MS. WOOD: Medical?

20 THE WITNESS: In their reporting -- it's a great  
21 question, Jaime. So, the question was, on the industry  
22 sectors. So, we do publish this, and we have on the  
23 website a 2013 annual report is the most recent annual  
24 report that we have, and we also publish quarterly  
25 reports, and the most recent quarterly report is the

1 2014 fourth quarter report. So, there are -- there is,  
2 you know, cross-sectional data that we provide on the  
3 manufacture -- on the industry sector of each of these.  
4 So, you can see some of those data points there, in  
5 addition to, you know, the age of the business, the  
6 number of FTEs, so on and so forth.

7 MS. WOOD: Thank you.

8 MR. FIELDER: Any other questions?

9 (No response.)

10 MR. FIELDER: Thank you very much.

11 MR. ZACCHEA: Thank you for having us.

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

18 MS. CARSON: Okay.

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

20 MS. CARSON: Absolutely. So, as I mentioned  
21 earlier, our office has got some great partnerships and  
22 they're represented here on this committee, so it's  
23 really reinforced, and I realize looking at our agenda  
24 that we haven't ever had a trade over to the table, and  
25 what are your equities and what are you serving and what

1 do you still need. So, that's what -- thank you, Ed,  
2 for the time that we are going to ask to first introduce  
3 our families.

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

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

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

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

24 So, Blue Star Careers is our answer to some of  
25 those concerns with military spouses. With the help of

1 corporate and foundation funders, we've developed a  
2 program where we provide a range of data-driven  
3 education and employment initiatives designed to support  
4 military family members at all points in their career  
5 life cycle.

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

22           Awareness is the number one thing, as military  
23 spouse education, deploying it, all of that is really  
24 important. So, that's what we do in the careers part of  
25 Blue Star Families. We, of course, have other morale

1 programs, but that speaks to exactly what we're talking  
2 about today. Thank you.

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

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

13 MS. CARSON: Exactly.

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

20 MS. CARSON: Is there anything else?

21 UNIDENTIFIED SPEAKER: I was going to ask you,  
22 and this may be more for you, Barb, and maybe to the  
23 administration itself, you know, you've done such a  
24 great job of communicating with, you know,  
25 organizational partners about what OVBD does, but how

1 much communication has there been with, you know,  
2 organizations like yours on the other, you know, areas  
3 within the SBA, like, you know, the Office of  
4 Entrepreneurial Development and the Office of Capital  
5 Access, which have offered their own, you know, outside  
6 the veterans and military spouse support area of their  
7 own programs and, you know, just do you know of any  
8 communication of that type to facilitate that?

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

17 UNIDENTIFIED SPEAKER: Yeah, okay.

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

23 UNIDENTIFIED SPEAKER: Well, are there things  
24 that, you know, I mean, for my boss, who is a member of  
25 the committee on small business entrepreneurship in this

1 setting, are there things that we can do in commerce to  
2 be helpful in communicating?

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

8 MS. CARSON: Thank you, Sheila.

9 MS. STEVENS: Thank you.

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

14 MS. STEVENS: We do.

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

20 MS. STEVENS: I agree. We have three networks  
21 on Facebook that are starting to get static, you know,  
22 it's that trying to lose that last 10 pounds, we're not  
23 getting the people to decide anymore. They're not  
24 interested, so we either need to get them more excited,  
25 get more information out there, so we're trying to

1 develop ways of marketing and outreach differently on  
2 Facebook now, too. And I think just defining  
3 entrepreneurship to military spouse, they -- most of  
4 them wouldn't define themselves as an entrepreneur, even  
5 though they have a small business.

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

11 MS. STEVENS: No problem.

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

17 MS. HARRINGTON: Yeah, thank you, and I know  
18 that I'm between you and lunch, so I'm going to keep  
19 this very, very brief. Hiring Our Heroes started about  
20 four years ago, with the goal to help transitioning  
21 service members, veterans and military spouses with  
22 meaningful employment, and in four years, we have over  
23 900 hiring fares, and have documented 27,000 hires from  
24 those what we call brick and mortar model events.

25 We're moving left of transition, we're working

1 with our government partners, DOL, VA, SVA, Soldier for  
2 Life, and IMCOM, I may have left out an acronym or two,  
3 but to take our model, our brick and mortar model into  
4 installations and work with service members,  
5 transitioning service members who are locked in  
6 transition, typically 12 to 18 months out.

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

20 So, it's a nice marriage of our organizations.  
21 We have workshops at each one of our events, including  
22 our transitioning summits and -- (inaudible) -- to be a  
23 part of that. The entrepreneurship track is very, very  
24 important and not one that transitioning service members  
25 and their spouses often consider. We're also coupling

1 that effort with launching a track of what we call our  
2 fast track program, it's a digital platform that helps  
3 service members identify what real economic opportunity  
4 looks like.

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

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

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

22 MS. CARSON: And she's downplaying what a  
23 commitment this is from the U.S. Chamber. So, this  
24 isn't just happening from in the United States, they've  
25 been in Japan and Germany, where you can imagine, and

1 maybe because many of us are vets in this room, you did  
2 transition from overseas. It feels like a Herculean  
3 task to contemplate. And, so, this breaks it down, as  
4 you said, and actually brings employers overseas, face  
5 to face, talking with service members and spouses. And  
6 I appreciate what we're trying to do and why SBA feels  
7 that this is absolutely something that will be approved,  
8 you know, in the executive and legislative branches is  
9 that we're hoping that people who come and hear about  
10 entrepreneurship at a Hiring Our Heroes event convert  
11 and go to Boots to Business. That's why we're investing  
12 our resources there, and as Jennifer said, getting the  
13 decision further you said to the left, earlier in a  
14 career, is going to make them a more successful small  
15 business owner coming out.

16 Thanks, Jennifer.

17 MS. HARRINGTON: Thank you.

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

22 MR. LEGHORN: Sure.

23 MS. CARSON: Is that okay, Ed?

24 MR. FIELDER: Yes. I generally don't get to  
25 eat, but I think people should eat.

1 MS. CARSON: Can we come back at the same time,  
2 then?

3 MR. FIELDER: Yeah, I think we'll come back at  
4 1:00, kick right back in, and if there's a little bit  
5 that we have to absorb, we'll absorb that with our  
6 private session at the end. And, so, is there any  
7 business that we need to cover prior to lunch?

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

10 (No response.)

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

13 MR. BAILEY: Rob Bailey here.

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

18 MR. BAILEY: No, no comments. I think that in  
19 listening to those programs that aid veterans, veteran  
20 entrepreneurship probably wouldn't hurt to give a shout  
21 out to the VIP and the good work that they're doing and  
22 I would definitely like to see linkages be developed  
23 between what they're doing at Syracuse, Boots to  
24 Business, and what Barbara is doing over in Montgomery  
25 County, it would be good on a blanket-wide outreach of

1     how each of these programs individually help not only  
2     with starting a small business for the veterans, but  
3     help sustain the small business infrastructure and  
4     business entity. So, I just wanted to add that on.

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

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

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

19            **(Whereupon, a lunch recess was taken.)**

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**AFTERNOON SESSION**

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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,

1 so, I come to you with sort of the ability to talk both  
2 about what's been most recently happening on the Hill  
3 and the way that industry has been engaged in that as  
4 well.

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

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

25 We feel like this increased focus on this pledge

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

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

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

1 lending to veterans. And, so, we're really excited  
2 about continuing the conversation internally.

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

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

17           I also wanted to mention that these lenders have  
18 produced some great marketing material, and I don't have  
19 it for you here today, but I can certainly pass along an  
20 electronic version if it helps. And it started, again,  
21 out of this operation vet access where it is a brochure  
22 that now all of our brick and mortar locations among our  
23 lenders, if they want, are able to use this material  
24 that is specifically geared towards veterans lending,  
25 because a lot of the education, not only is, you know,

1 necessary among the borrowers, but also among our  
2 lenders, sometimes they just don't know to talk about  
3 the opportunities that are available to veterans within,  
4 you know, a certain framework, and that's, you know,  
5 education is necessary on our part as well, for our  
6 members.

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

19           But I definitely want to present this data  
20 because I think for me, coming from representing the  
21 banks who are trying to make these loans to veterans, it  
22 would be helpful to walk away from today really being  
23 able to have a conversation with all of you about why  
24 you think these numbers are where they are. From  
25 industry's perspective, you know, we're the private

1 sector banks. At the end of the day, you know, if  
2 someone walks into the bank with a pulse who's  
3 financially viable, we want to make that loan to them.  
4 You know, and it's a smart financial decision for the  
5 bank and for SBA.

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

10 MR. FIELDER: Can I ask a question?

11 MS. GRANCHELLI: Sure. Sure, yeah.

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

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

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

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

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

25 UNIDENTIFIED SPEAKER: Counterpoints with

1 address going like this, are we still going like that,  
2 or usually it's --

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

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

7 UNIDENTIFIED SPEAKER: Keep us in suspense.

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

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

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

22 MS. CARSON: Right.

23 MS. GRANCHELLI: So, yes, that, of course, would  
24 include spouses, but I think that's an important point  
25 in terms of education, right, of our lenders, is making

1 sure they're aware of that, because that's a big -- a  
2 big component of it.

3 MS. CARSON: Yeah.

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

6 MS. CARSON: Exactly.

7 MS. GRANCHELLI: Yeah. So, this slide sort of  
8 tells a different picture. You know, 2009, we seem to  
9 be positively ticking up. We had this drop in 2011 to  
10 2012. The outlook there, in those lighter bars, shows  
11 this pledge that we're -- that we're really hoping to  
12 stick to that. Again, SBA really led the charge on that  
13 and industry is echoing here again showing a drop there,  
14 2013 to 2014, the dark blue is projected what we're  
15 hoping to do.

16 So, again, I sometimes hesitate to show data  
17 that doesn't, you know, display the trends that we're  
18 all hoping to see, but I think that for this group in  
19 particular, since this is your bread and butter, you  
20 know, this is what you think about and this is, you  
21 know, what you have your pulse on first hand. I think  
22 it's important to not sugar coat the facts and to really  
23 show you what it is that industry is also looking at,  
24 and but also to show you what solutions we're hoping to  
25 drive towards. And I think my biggest takeaway from

1 talking to you today, hopefully will be how to kind of  
2 message out to industry ways that we can improve the  
3 situation and why maybe you think as an advisory  
4 committee that we're seeing these numbers start to tick  
5 down, despite, you know, an increased focus on it from  
6 the lenders.

7 So -- yes?

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

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

17 We -- I don't know that --

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

1 they need SBA's guarantee attached. But there's really  
2 no way to track that for the delegated lenders, the  
3 number of applications received.

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

7 MS. GRANCHELLI: Yes.

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

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

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

16 MS. GRANCHELLI: Sure.

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

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

1 MS. GRANCHELLI: Yeah.

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

5 MS. GRANCHELLI: You know, on the whole  
6 underserved markets, when we talk about it as an  
7 industry internally, it's a difficult conversation to  
8 have because we're given a limited amount of data. So,  
9 when we look at, for example, loans to African  
10 Americans, we see as an industry that we need to be  
11 doing better. It's steadily increasing, so it's going  
12 in the right direction, but when you talk about, again,  
13 the universe of the data set, we don't know that. We  
14 don't know how many African Americans, small business  
15 borrowers are actually out there, so we don't know the  
16 denominator. We don't know how many would be actually  
17 applicable or eligible, rather, for an SBA loan, meaning  
18 that they fit all of the parameters that go into the set  
19 of eligibles around SBA lending. And we also don't know  
20 the amount that apply. And part of that, too, is when  
21 you actually break down the process with a lender, they  
22 don't fill out or they don't check that box that says  
23 you're a veteran or says you're African American, until  
24 the very end. It's the 1919 form, and the bank has  
25 already made the loan. It's already going through

1 processing. They've already approved the financing  
2 based on your financials, essentially, and that you've  
3 met all of the eligibility standards.

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

5 MR. MILLER: I believe that's correct.

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

18 And, so, I often speak to our lenders and I ask  
19 them, you know, how do we get better at not only lending  
20 to minorities, but reporting on it, so that this data  
21 that we're getting from SBA, we can start to say is a  
22 little bit more trustworthy when it comes to knowing  
23 that full denominator out there, or comes to even  
24 knowing how many African Americans we've actually lent  
25 to.

1           There are some that just aren't -- we don't  
2 capture and we'll never know. And that's because it's  
3 up to the borrower's discretion to check that box on the  
4 1919, and it's not required and they can send it in and  
5 the banker, the lender is put in a lot of times a  
6 position of having to have a fair lending compliance  
7 officer breathing down their neck. Their actual  
8 institution, they're scared of a lawsuit, no matter  
9 which way they turn. For them, it's almost within their  
10 DNA, the way they operate, to not pursue asking, hey,  
11 could you just check this box, I noticed that it wasn't  
12 checked.

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

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

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

25           MR. FIELDER: John? You've got me waiting, I've

1 got my hands down and I'm sitting on them waiting for  
2 the answer that you're going to give me. Is this part  
3 of the answer? Overregulated banking institutions?  
4 Overcautious?

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

7 MS. GRANCHELLI: Agreed. Agreed.

8 MR. FIELDER: Okay.

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

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

25 MS. CARSON: Even like after the eight weeks

1 online?

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

6 MR. EVERSOLE: That's what's tough. Very tough.

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

11 UNIDENTIFIED SPEAKER: Try to track and  
12 synchronize it.

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

17 MS. CARSON: Exactly.

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

20 MS. CARSON: Okay.

21 MS. GRANCHELLI: So, I just want to finish up by  
22 saying this is very timely, and I'm sure you heard this  
23 earlier from Ami in previous discussions by NAGGL as an  
24 industry is very supportive about what both the Senate  
25 and the House are doing in looking at this legislation

1 to waive fees on the express program for veterans.  
2 Right now, the fact that SBA is already doing it and it  
3 does not have any detrimental effect on subsidy or fee  
4 increases, that it's a policy that's working, that we  
5 feel as industry that it certainly encourages veterans  
6 to apply for these loans.

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

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

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

1 MR. AUGMENT: You mentioned --

2 MS. CARSON: Can you stay?

3 MS. GRANCHELLI: Of course, yeah.

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

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

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

21 So, when it comes to how compliance is also  
22 cracking down on how, you know, accurate reporting might  
23 be, I think Reg A and Reg B, Reg A+, you know, you start  
24 seeing the alphabet here, like how many different  
25 regulatory and compliance mechanisms are out there.

1 And, you know, like I said, I've heard this from some of  
2 our largest lenders, where they have floors in corporate  
3 headquarters that are just dedicated to compliance  
4 officers. So, it certainly changes the way that this  
5 self-reporting mechanism can be successful or not  
6 successful, I think.

7 MR. FIELDER: Were there any other questions?

8 (No response.)

9 MR. FIELDER: Appreciate it.

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

13 MS. GRANCHELLI: Um-hmm.

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

16 MS. GRANCHELLI: Um-hmm.

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

20 MS. GRANCHELLI: No, and that's -- there isn't,  
21 and we're sort of stumped by this, as an industry, and  
22 again, could it be because we're not accurately  
23 capturing how many veterans we're touching? Could it be  
24 that, you know, there's not as many applicants  
25 increasingly in the amount of veteran small business

1 borrowers not approaching the 7(a) program as a  
2 possibility, or there's not that awareness there.  
3 Perhaps.

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

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

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

21 MR. FIELDER: (Inaudible.)

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

1 MR. FIELDER: Yeah.

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

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

16 UNIDENTIFIED SPEAKER: Right.

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

24 MR. FIELDER: What this might look like, Jim, as  
25 we summarize the probably 10 or 12 different groups that

1 we've had, both government and industry, banking  
2 institutions, come and talk to us, we summarized that,  
3 and then we got to some conclusions, and one of the  
4 conclusions is that somebody has got to figure out what  
5 this is, and then we make a strong recommendation that  
6 that be looked into.

7 MR. O'FARRELL: Well, and the other thought --

8 MR. FIELDER: And that may move resources so  
9 that the right people possibly could then take care of  
10 it.

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

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

19 MR. O'FARRELL: Yeah, we're going to chat.

20 MR. FIELDER: Not to pick on you.

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

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

25 MR. MILLER: I've been sitting on my hands.

1 MR. FIELDER: Thank you.

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

4 MR. FIELDER: It's pronounced --

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

10 MS. STOCKWELL: Yeah, of course. Thanks.

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

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

25 UNIDENTIFIED SPEAKER: Barbara, can you just

1 give us the acronym for OVBD.

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

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

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

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

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

25 MS. CARSON: And, John, can you talk about

1 Recovery Jobs had things like hire guarantees, are there  
2 any other differences that we would see between RJA and  
3 now?

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

12 In addition to the fact that banks were behaving  
13 differently during that period than they were obviously  
14 prior to the recession. And then I think since 2011 and  
15 '12, they've been behaving a little bit differently than  
16 they did in that period during the recession.

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

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

22 UNIDENTIFIED SPEAKER: Do you think that could  
23 have been it drove some people who would have -- prior  
24 would have qualified for a standard loan, into an  
25 SBA-backed loan during that period?

1 MR. MILLER: Correct.

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

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

8 MR. O'FARRELL: And that is because?

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

18 MS. GRANCHELLI: I would also just add, and not  
19 to be repetitive, I mentioned this when you had asked  
20 about some of the trends, that I think Dodd-Frank, we  
21 hear from almost all of our lenders, that no matter how  
22 you feel politically about some of the regulatory  
23 changes that happened within the financial -- among the  
24 financial institutions, they inevitably changed the  
25 profile of what it is that these banks are able to do,

1 whether it's for the better or for the worse. And, so,  
2 Dodd-Frank and also Basel III, more significantly,  
3 changed a lot of the capital liquidity requirements.  
4 So, banks, on a whole, since the recession, have started  
5 to no longer feel comfortable with being able to tie up  
6 the bulk of their deposit base in long-term loans.  
7 They, instead, rely on short-term loans for the bulk of  
8 their deposit base, because they want to be flexible and  
9 nimble in the case of another recession.

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

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

20 And I think you've got Dodd-Frank, with the  
21 amount of compliance taxes that are heaved on banks once  
22 you exceed that \$10 billion asset threshold, a lot of  
23 these smaller community-sized banks, which again, are  
24 mostly the answer to small business borrowers, are  
25 keeping themselves at bay, and keeping their -- the

1 amount of their assets down, the amount of capital that  
2 they have to invest down, because if they get beyond a  
3 certain threshold, they're hit with a tax over \$10  
4 billion, a regulatory compliance tax.

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

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

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

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

1 about \$13,000.

2 So, though there's more to be done, FY '15 is a  
3 silver lining here. It is bucking the trend and  
4 returning veterans lending to above 2010 levels. So,  
5 everything you've seen heretofore was year end '14. So,  
6 '15 is trending in the right direction.

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

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

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

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

23 MS. WOOD: We will, we'll send you all of the --  
24 not Barb, it's Jaime, but we'll send all the docs out to  
25 you.

1 UNIDENTIFIED SPEAKER: Thank you, Jaime, I  
2 appreciate it.

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

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

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

1 difference.

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

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

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

25 So, in the veteran market, what we're seeing is

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

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

14 MR. MILLER: No, they're not.

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

17 UNIDENTIFIED SPEAKER: No.

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

21 MR. MILLER: Exactly.

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

1 they got a loan?

2 MS. CARSON: No.

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

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

20 MR. FIELDER: So, when it is possible, are we  
21 talking about data starting at a finite point and then  
22 going forward, or is there a possibility of do we still  
23 have contact with previous Boots to Business that  
24 reconstruct data going back maybe not the full three  
25 years, but a year or two years?

1 UNIDENTIFIED SPEAKER: I think that might be a  
2 better question to ask the OVBD, just because they  
3 capture, you know, SBDC store, WBCs, they capture, you  
4 know, the BtoB graduates that come out, theoretically,  
5 and we're tracking that to, you know, are you a veteran,  
6 they track these kind of, you know, so it is  
7 self-reported, so a lot of the same problems that we see  
8 in other data sets, but that might be, you know, the  
9 best way to go about it, because if they're already  
10 going to -- they're going through BtoB, they're aware of  
11 the SBDCs, and you can capture them that way and  
12 possibly ask, but --

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

22 MR. MILLER: Yeah, it's different than some  
23 other programs, although not in the United States, but  
24 where they have direct lending, and they have Canada,  
25 for instance, has a development bank, and they have

1 field offices that do the counseling, the recruiting,  
2 and the lending, and they can track from the time they  
3 make contact with the borrower, through the time they  
4 get loans, and then even continue to track the business  
5 as it grows. They have statistics such as our  
6 businesses that we counseled have higher revenues, have  
7 a higher growth rate. We just don't have the ability to  
8 do that, because we are not a direct lender.

9 MS. CARSON: Good point.

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

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

25 MR. MILLER: That's something I'll have to look

1 into.

2 MR. FIELDER: That's one of the issues with  
3 goaling, that's a --

4 MR. MILLER: Yes. Right.

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

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

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

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

19 UNIDENTIFIED SPEAKER: Yes.

20 UNIDENTIFIED SPEAKER: -- the loans you made.  
21 Like it should.

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

24 UNIDENTIFIED SPEAKER: Right.

25 MR. MILLER: Thank you. Here's the information

1 on microloans.

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

4 UNIDENTIFIED SPEAKER: Fifty.

5 UNIDENTIFIED SPEAKER: Fifty and below?

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

8 MR. MILLER: Yes.

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

12 MR. MILLER: Yes.

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

16 MR. MILLER: Yeah.

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

19 MR. MILLER: The seasonal --

20 MR. O'FARRELL: Should get us --

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

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

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

25 MR. O'FARRELL: So, this works the same way.

1           MR. MILLER: And then it picks up again in the  
2 fall, and there's a big run at the end of the calendar  
3 year.

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

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

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

11          MR. MILLER: Um-hmm.

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

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

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

25          MR. ZACCHEA: I understand. In order to get to

1 that number, at the end of the day we want the real  
2 number, right?

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

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

17 Okay. LINC is a portal where a borrower,  
18 including a veteran borrower, of course, or would-be  
19 borrower, can submit information and be -- and that  
20 information would be disseminated and can be selected by  
21 lenders. It's kind of like lending tree, that sort of  
22 thing. It's on SBA's website. It's an excellent tool  
23 because the link to link can be sent around at no cost,  
24 to whatever veterans offices and posted and so forth.  
25 And individuals can go in and sign up for free. They

1 can register and create an account, and they can submit  
2 one LINC in free per day, and be matched up with a  
3 lender.

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

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

17 UNIDENTIFIED SPEAKER: Yeah.

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

24 One other item we do, I don't have a slide on  
25 it, is our SBA 1 platform, which is going to change the

1 way our lending occurs. It's a -- it's a virtual  
2 lending tool for submitting loan applications to the SBA  
3 for our lenders. So, with it, we hope to attract and be  
4 able to recruit many more lenders to get -- and this  
5 will walk them through the difficult and complex  
6 eligibility and other barriers that SBA has historically  
7 had to its programs.

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

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

14 MR. MILLER: Yes, definitely.

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

17 MR. FIELDER: No, I think John did a great job  
18 of sort of wrapping up the news and the technology, one  
19 of the things that's been part of the process to reduce  
20 the costs associated with producing SBA loans. So, as  
21 the majority of our conversation has shifted towards  
22 this focus on how banks are using SBA loans to diminish  
23 the cost on regulation and things of that sort, SBA 1  
24 takes lenders continued down that road. So, per unit,  
25 SBA loans would become cheaper and we hope that that

1 leads to a much larger increase overall to SBA lending,  
2 it will allow lenders to be able to access those markets  
3 that traditionally are a little bit more --  
4 (inaudible) -- seeking for whatever reason, and  
5 hopefully they are putting in the work to make sure SBA  
6 helps out everybody, and helps out even the smaller  
7 lenders as well as those national institutions.

8 MR. MILLER: Thank you. Appreciate it.

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

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

13 MS. STOCKWELL: Thank you.

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

22 MS. STOCKWELL: So, just to quickly introduce  
23 myself, I am Willa Stockwell, and I am a fellow with  
24 KivaZip, which means as we're based in San Francisco,  
25 and they send people out to various markets throughout

1 the country to represent KivaZip in those countries, or  
2 in those cities. So, I am representing the D.C. area,  
3 and sort of the D.C. metro area -- (inaudible.)

4 So, just a quick overview, Kiva itself is a  
5 larger microfinance organization that was started about  
6 11 years ago. I'm sure you guys are all familiar with  
7 it, and KivaZip came out of this larger organization  
8 that itself has impacted millions of small borrowers  
9 throughout the world.

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

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

23 And then, we also want the to make sure that  
24 we're connecting people through this platform, and we  
25 have lenders from all over the globe that invest in

1 farmers here, that invest in bakeries, and that's just  
2 really cool to see that connection that emerges from the  
3 platform.

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

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

16 So, we use more of a social capital rather than  
17 your traditional financial numbers to underwrite the  
18 applicants. We look at their networks, we look at their  
19 standing within their community, the way that it works  
20 is we get endorsements from organizations like small  
21 business incubators, SCORE is actually one of our  
22 trustees that we get endorsements from, and these are  
23 people that know small businesses, know small business  
24 owners in their network, and can vouch for them as  
25 somebody who maybe can't get the loan from a bank but is

1 well deserving, a hard worker, and has a really great  
2 idea.

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

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

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

23           So, we touched on this a little bit already, but  
24 we use a system of trustees which are well-known and  
25 trusted organizations in our networks, let them bring

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

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

25           And then on the right side, you can also see

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

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

16           Impact to date, we have serviced over 1,000  
17 borrowers. We have over 500 trustees that we're working  
18 with throughout the country. As far as our lenders go,  
19 we recently in the past couple of months just hit the  
20 50,000 mark, and we're working with people lending from  
21 over 200 countries. So far, over \$6 million have been  
22 lent, and right now, we have an 89 percent repayment  
23 rate, and this is actually very reflective on sort of  
24 the first year that we were working, because it was a  
25 pilot project, we really just wanted to get as many

1 loans onto the site and I think they haven't quite  
2 figured out who the best borrowers were and what was  
3 going to work. So, the number is actually just a little  
4 bit higher now.

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

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

15 This is our progress to date in D.C., so we so  
16 far have funded 75 borrowers, and have lent out  
17 \$420,000. And we've had three second-time borrowers,  
18 and that just shows that we haven't really been here  
19 that long, it takes about two years to pay back a loan,  
20 and so you can't apply for your second one until you've  
21 paid back the first one. And this is just information  
22 for borrowers and trustees.

23 And just a brief overview of who our borrowers  
24 are, one thing I do want to point out is that one of our  
25 newest initiatives is really trying to target veterans.

1 We actually are just compiling a spreadsheet right now  
2 of all of the veteran borrowers that we've funded in the  
3 U.S. So, once that's completed, I can pass that along.

4 And, so, this is sort of an example of what  
5 people use their loans for. Mostly people will have  
6 purchase orders already, something like that, they need  
7 the initial inventory. Once they can do that, then they  
8 scale up and they can apply to a larger loan. This just  
9 goes through to qualify for a KivaZip loan, we don't  
10 look at financials, we don't look at your credit score,  
11 the only requirements, you have to be over 18, you have  
12 to have a PayPal account or the ability to set one up,  
13 and we also need them to verify it, so they need to  
14 connect them to a bank account, or some -- (inaudible.)  
15 They can't currently be in bankruptcy or foreclosure.  
16 Also past due debt, if they're over a certain amount, we  
17 either require that they take out a loan amount or we  
18 wait a period of time until they've come up a little  
19 bit.

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

24 And just a little bit about how this works. The  
25 trustees are the organizations that they work with, they

1 send out endorsements, and once they do that, then the  
2 borrower starts the application, they send it to us, we  
3 edit it. This whole process can take a number of -- it  
4 can happen within two days, and then they're on the site  
5 fundraising, the whole process can be done within a  
6 week, it may help their money and they start paying back  
7 later.

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

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

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

15 MR. MILLER: And this is current?

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

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

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

1 grandfatered in.

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

4 MS. STOCKWELL: Um-hmm.

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

8 MS. STOCKWELL: Yes.

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

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

19 And one other thing I think is important to  
20 mention, at least here in D.C., is that we work with  
21 partners like CapitalOne that provide matching funds.  
22 And a lot of borrowers wouldn't be able to make it  
23 through a fundraising period without having those larger  
24 corporations that are not generating funds and provide  
25 it and making them more flexible.

1 MR. MILLER: Do they do any credit analysis?

2 MS. STOCKWELL: Yes.

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

7 MS. STOCKWELL: Yeah, it's exciting.

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

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

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

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

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

25 MR. SCHMELING: Yes, this is James, and I'm on

1 the line. And I apologize, both for not being able to  
2 make it down there in person, but also because the fire  
3 alarm just went off in our building and we have fire  
4 trucks responding, so if there's any background noise, I  
5 apologize.

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

10 MR. LEGHORN: Oh, okay.

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

12 MR. SCHMELING: Yeah. Hello?

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

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

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

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

25 MR. SCHMELING: On the side wall with the fire

1 trucks.

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

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

16 MR. SCHMELING: All right, fantastic. So, if  
17 you could go to the next slide, which is our mission, I  
18 just want to give a 30-second overview, which is that  
19 our institute as a whole while it started off focused  
20 on -- (inaudible) -- for veterans and its families, it  
21 has expanded beyond that, and we are really focused now  
22 on -- (inaudible) -- that conform by research that we're  
23 trying to track outcomes and measurable outcomes and  
24 building community capacity, ensuring that we're working  
25 with partners and that we're across the full spectrum of

1 social, economic and wellness concerns, including all of  
2 the employment components and working with large  
3 business and industry as well as small businesses.

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

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

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

22 If I could have the next slide, we have a quick  
23 programs overview. The programs that we offer in the  
24 entrepreneurship area, and a little bit that's related  
25 to career engagement and training are Boots to Business,

1 which is with SBA, Boots to Business Reboot, which is a  
2 closely launched program with SBA funded by the Market  
3 Foundation, and by First Data, and then V-WISE, which is  
4 our women veterans program with SBA. EBV, which is the  
5 Entrepreneurship Bootcamp for Veterans with  
6 Disabilities, and then we do a Veteran Transition  
7 Program, which is open to all of the business owners and  
8 all of the employees that they have who are veterans and  
9 who are military spouses as well post-9/11 veterans.

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

13 MS. CARSON: Yes.

14 MR. SCHMELING: So, I want to give a couple of  
15 overview pieces of those programs. We've educated about  
16 28,000 veterans and military family entrepreneurs so  
17 far. Between our Boots to Business work with SBA, we've  
18 been in eight countries, 51 states and territories, and  
19 delivered well over 700 training sessions during 2014,  
20 and we're on pace to do that again in 2015.

21 Our core competencies really are supporting  
22 business ownership, connecting everyone's ecosystem, and  
23 then creating tools for readers who are looking to hire  
24 into their small businesses, as well as creating supply  
25 chain opportunities for veteran-owned businesses. We do

1 that with research, we visualize so much employment data  
2 and entrepreneurship data, and I'll give you just a  
3 sense of that for the program that we've started out  
4 with, which was our flagship program, EBV.

5 Since we started that in 2007, there's been over  
6 \$200 million in revenue generated by EBV grads and 65  
7 percent of EDB graduates actually have started their own  
8 businesses, and 93 percent operating now are operating  
9 serial businesses. So, more than one or successive  
10 businesses.

11 They employ over 1,420 folks in addition to  
12 their own selves. These businesses created or 45  
13 percent of the funds are created by EBV alumni or  
14 employer firms necessary to provide 20 percent of firms  
15 that are in play or members of the national economy.  
16 And interestingly, our data indicates that 42 percent of  
17 the employees that are getting hired by these businesses  
18 are either veterans or spouses. And that's a really  
19 impressive number that carries over additionally to EDB  
20 programs very similarly, and we expect to have some  
21 similar source numbers if we're able to begin collecting  
22 and analyzing data on the Boots to Business survey.

23 If I can have the next slide, please. V-Wise,  
24 the V-Wise program overall is a collaboration with Small  
25 Business Administration, and this is really a critical

1 program that we found as we started this. We were  
2 initially relying on a startup program for women  
3 veterans because we believed that you would educate  
4 women veterans very similarly to how you would educate  
5 any other veterans. Veterans are veterans, business  
6 owners are business owners, and entrepreneurship is  
7 entrepreneurship.

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

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

25 Originally, there was enough money to fund

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

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

22 This program continues to be offered, three more  
23 scheduled sessions, Boston, Kansas City and Charlotte,  
24 North Carolina. Right now we will be able to offer more  
25 in the future as well.

1           Next slide, please. Boots to Business is the  
2 program that's offered by SBA as part of the transition  
3 program. We operate that business structure in terms of  
4 coordinating all of the components, the participation,  
5 the base installation, getting back up, and then  
6 oversees -- (inaudible) -- goes out and does the  
7 instruction. We develop with SBA resource partners and  
8 the SBA the curricula to attend the training sessions  
9 and then we revise it as well for this.

10           As of March 2015, SBA announced that they had  
11 reached 25,000 participants, and we delivered last year  
12 431 CONUS workshops and over 175 locations with over  
13 12,000 -- (inaudible.) We did 65 overseas presentations  
14 with 1,300 scheduled persons with them, and then we also  
15 have the online eight-week course which is available to  
16 anybody who finished the two-day course. It's on paper.  
17 Roughly what we're seeing is about 10 percent of all  
18 eligible service members are electing through the  
19 two-day and approximately 10 percent of those folks to  
20 15 percent of those folks are opting for the eight-week  
21 online as much more significant work.

22           The two-day is really an introduction to  
23 entrepreneurship. Broadly what it entails is a little  
24 bit of opportunity recognition, some success stories,  
25 orientations to marketing, business planning, financing,

1 and to all of the resource partners, and the eight-week  
2 is actually online, in front of your Wi-Fi, faculty  
3 members from our 14 university partners, where they are  
4 given individual attention, homework, they're  
5 asynchronous classes, so you don't have to take them  
6 live with the instructors, but you do homework that is  
7 actually graded by the instructors and you receive  
8 feedback from the instructors, including business  
9 planning activities.

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

20           If I could have the next slide, please. Boots  
21 to Business Reboot is an interesting piece, because it  
22 combines the best attributes of Boots to Business, which  
23 is the material being touched on in the two-day  
24 curricula and eight-week online with that co-sponsorship  
25 concept that was pioneered with V-wise.

1           So, we were able to go out and raise funding  
2           from the Marcus Family Foundation and from First Data,  
3           with other partners potentially on deck as well, and to  
4           collaborate with SBA to offer these around the country  
5           in the coming year, we anticipate that we will be able  
6           to offer this between 50 and 75 times per year, and the  
7           demand that we anticipate is based on what we did last  
8           year with 12 courses. We did 12 courses in 12 cities,  
9           approximately 100 to each one and had about 25  
10          participants who registered for the coursework and were  
11          able to read from a reading list, and about 1,200 of  
12          them went through. A good 15 percent of them then  
13          enrolled in the eight-week online, and thereagain, we  
14          will see where we will come out in terms of business  
15          ownership in the future, but I think this is a highly  
16          representative program for what we've been able to do  
17          with this public/private partnership that we've been  
18          able to do because of SBA's regulatory authority to  
19          enter into co-sponsorship agreements.

20                 If I could have the next slide, please. One of  
21          the things that I think is really unique about IVMF is  
22          that we are a researching forum. So, when we do our  
23          national alumni conferences and offer technical  
24          assistance, we survey our alumni to understand really  
25          what it is they need and how we can address that need.

1 And the guests that we've found are pretty clear.  
2 First, financial literacy, and that's the idea that they  
3 need to be able to understand all the financial concepts  
4 for their own personal lives, but also for their  
5 business. And then financial capability. That is,  
6 after they understand that, do they then have the  
7 ability to access those programs and services, financial  
8 goals, loan products and other things, and then credit.  
9 And obviously, there are a couple of components for  
10 that. One is their own personal credit and any credit  
11 repair that needs to be done in anticipation of needing  
12 outside funding. And then another component of it is  
13 just simply helping them to understand how to get back  
14 on track if they've had significant credit problems that  
15 have been related to their employment, their family  
16 circumstances, the lengthy separation to divorces in  
17 some case, and to the changes that come with being  
18 deployed and then not being deployed themselves.

19 A second component that we know is access to  
20 capital at the right time and at the right level, and I  
21 won't spend much time on that, because we just had a  
22 great panel discussion with the presenters. By the way,  
23 I thought the trustee for the IVMF, as well as  
24 personally I met every one of our veterans who we  
25 approve and have been trustees, and I believe in that

1 program strongly.

2           The next one is really the technical capacity  
3 and understanding clearly that we need to build more  
4 technical assistance. There are sometimes long waits  
5 for *pro bono* legal assistance and other things like  
6 that. We are right on top of those type of things for  
7 our EBV program, but in other cases, we're not able to  
8 offer those to specific alumni -- (inaudible) --  
9 technical assistance -- (inaudible) --

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

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

24           I actually did some lecturing to New York and  
25 the personal debt assistance program and the 14 program

1 providers there, and received funding from the state of  
2 New York to provide assistance to veterans, and about  
3 half of them didn't understand at all why veterans would  
4 pursue entrepreneurship rather than positional  
5 employment. So, there was certainly an education  
6 component there that we needed to have.

7 In addition, there are gaps related to knowledge  
8 of human resources, tax policy, access partners,  
9 creation of joint ventures and subcontracting  
10 opportunities, and we spent a lot of time on that,  
11 including access to private sector projects, because  
12 many people understand and know about the opportunity to  
13 become government contractors, but they may not  
14 understand and engage with the private sector in a  
15 similar way. We know that the government contracting  
16 sector, this is about \$500 billion a year, but we also  
17 know that the private sector supply chain opportunity,  
18 e-commerce alone is almost \$12 trillion a year, so it's  
19 24 times the size, and we want to make sure that we are  
20 educating our veterans on that component of it.

21 In terms of reaching the pathway to business  
22 success, we do want to make sure that we can create  
23 opportunities for them to research business and industry  
24 sectors that are ripe for entrepreneurs, where the  
25 geographic opportunities are, and again, supply chain

1 participation. And we want to make sure that they have  
2 opportunities connected to entrepreneurship education,  
3 whether that be in business programs, be an online  
4 course, for instance, courses on entrepreneurship or in  
5 financial accounting or whatever else they might need,  
6 because there are great educational resources that they  
7 may not have access, and so we're trying to create  
8 opportunities to learn about those and then access  
9 those.

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

25 If I can have the next slide. This is a data

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

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

19 MR. BAILEY: This is Rob Bailey. Real quick, I  
20 have to drop off in just a second. Your presentation,  
21 I'm actually down in Boots to Business in  
22 Charlottesville, Virginia, I've gone through the EBV  
23 program, I've heard the presentation, I would offer  
24 that, you know, based on some of your research, and I  
25 know that you had softly alluded to components that can

1 sustain veterans. I think that that's one area where I  
2 think that there's a huge gap after the program, where  
3 does the veteran actually go to view some of the  
4 programs out there, but relative to your program, how do  
5 you look at -- have you looked at the curriculum to see  
6 where you can probably emphasize more on, things such as  
7 generating a pipeline for the veteran to help in those  
8 activities that relate to access to capital, because if  
9 I'm on the pipeline in a sustaining market, then I can  
10 generate those things. I think those are some of the  
11 areas that seem to be part of the program relative to  
12 the greater population.

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

1 MR. BAILEY: Thank you so much for that. Thank  
2 you.

3 MS. CARSON: Any other questions for James?

4 (No response.)

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

19 What SBA is doing is asking them to commit  
20 either formally or informally to supplier pay, which is  
21 upon receipt of valid invoice, payment within 15 days.  
22 If you're committed to serving this population and want  
23 to be in business with them, do right by them as well.

24 So, that is how we are connected right now. The  
25 other thing that we will be doing is the American

1 Supplier Initiatives, they're match-making for supply  
2 chain opportunities and veteran-owned businesses, along  
3 with the corporations that want to participate. We  
4 think this is a perfect place to bring that coalition  
5 and say, okay, you said you're committed, here's the  
6 time and place that we're going to meet. We will do  
7 that event around National Veterans Small Business Week,  
8 SBA at large has agreed to offer us at no cost, OVBD,  
9 this event to be vet-focused. And, so, I'm grateful for  
10 that, too.

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

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

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

22 And then on the affiliate members side, we  
23 brought in the American Legion, we brought in  
24 StreetShare, we brought in Military OneClick, Broadview  
25 Network, and a variety of others who are focused on

1 bringing resources to and advancing the interests in  
2 veteran-owned businesses.

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

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

1 learn some lessons, just how we apply them is unknown.

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

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

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

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

1 business in both streams.

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

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

8 MS. CARSON: Thanks, James.

9 MR. FIELDER: Thank you.

10 MR. SCHMELING: Thank you.

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

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

1 again, that's events, counseling, and advocacy.

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

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

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

19           It might be fun to just kind of thumb through  
20 our nine tutorial modules. The other thing that we  
21 offer is VA verification counseling. We help you do  
22 pretty much the whole thing with the exception of  
23 writing your by-laws or operating agreement for you, and  
24 uploading it for you into the VIP database. And the  
25 reason why we don't do either of those things is for

1 legal reasons, but we still help you. We will sit there  
2 with you while you are uploading, if you have any  
3 problems, we tell you the right format to save  
4 everything on in order for everything to go smoothly. I  
5 mean, this is a process that could take months.

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

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

21 So, what we do for you, in the veterans realm,  
22 you could take those same documents, and we'll  
23 definitely point you in that direction of, if you're  
24 ready for this and you meet the other requirements,  
25 you'll apply for your 8(a) and these are the people that

1 you talk to. You know, we're just a starting point.

2 And, so, for our services, in terms of VA  
3 verification counseling, we average a case load of about  
4 24 cases per year, and we only ever had one case that we  
5 weren't able to complete. And that was because of some  
6 advisory board -- not advisory, but board of director  
7 issues where one of their board of directors was  
8 actually one of his competitors, and was refusing to let  
9 him go after CVE verification for, you know, selfish  
10 reasons.

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

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

19 MR. LEGHORN: Zero, for the record.

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

22 MR. LEGHORN: No, absolutely not.

23 MR. O'FARRELL: No?

24 MR. LEGHORN: We do it for -- we're a veteran  
25 services organization, we provide that service, as long

1 as you're a veteran or spouse, yeah, zero cost.

2 MR. O'FARRELL: That's great.

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

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

22 And, you know, and, of course, there are some  
23 other stuff that are pretty standard, you know, making  
24 sure the agencies meet that three percent goal, making  
25 sure that programs are fully funded, and are -- and

1 funds are spent wisely. And that's -- that's about it.  
2 I mean, as a really broad overview, that's really all I  
3 could really say.

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

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

10 (No response.)

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

13 MR. FIELDER: I have not.

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

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

24 MR. FIELDER: And your hometown?

25 UNIDENTIFIED SPEAKER: Outside the beltway.

1           MR. McADAMS:   Huntsville, Alabama.   Home of  
2   Redstone Arsenal, four-star Army command.   So, there's  
3   only four of them and three of them --

4           MS. CARSON:   Not around here.

5           MR. McADAMS:   Outside of D.C.

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

9           UNIDENTIFIED SPEAKER:   Navy is under way.

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

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

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

19                   **(Whereupon, the pubic meeting was adjourned.)**

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