U.S. SMALL BUSINESS ADMINISTRATION

ADVISORY COMMITTEE ON
VETERANS BUSINESS AFFAIRS

PUBLIC MEETING

THURSDAY, JUNE 7, 2018
9:00 A.M.

Recorded by: Jennifer Metcalf Razzino
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(Meeting called to order, 9:07 a.m.)

MR. STUBBLEFIELD: Okay. I know Amy’s in the lobby, I guess, trying to bring up other people, but we’re going to get started. So, good morning. I’m Larry Stubblefield, I’d like to welcome everyone to today’s Advisory Committee on veteran’s business affairs. The agency appreciates the time and diligent work of our committee members in preparing for this meeting, so we look forward to a good open dialogue here today.

I and the committee wish to thank my SBA colleagues for all their efforts preparing for this meeting and special thanks to Amy Garcia and Cheryl Simms, I think all of you have worked closely with Amy and Cheryl to get here. Cheryl’s not in the room right now, but, oh, by the way, today is her birthday, so she’s here -- she’s here with us on her special day.

MR. ZACCHEA: Happy birthday.

MR. STUBBLEFIELD: Yeah.

MS. GARCIA: Oh.

MR. STUBBLEFIELD: Oh, I’m sorry, it’s -- it’s -- I’m sorry, it’s Amy’s birthday. So, it’s Amy’s birthday.
MS. GARCIA: Thank you.

MR. STUBBLEFIELD: My -- it was my mistake, it’s Amy’s birthday. Okay. So as the DFO for this meeting, I serve as the liaison between the committee and the agency. I’m also responsible for assuring all provisions of the Federal Advisory Committee Act are met regarding the operations of this committee meeting. So we have a full agenda today. We also have a period for public comments, so we’re going to ask presenters -- and I think Mike just mentioned it to you, but please turn on your mic each time you speak, since this meeting is being recorded and broadcast on the webinar, and be sure to turn your mic off after you finish. And because we’re recording, if you would state your name, you know, that would be very much appreciated as well.

So copies of all meeting materials and public comments will be available by emailing veteransbusiness@sba.gov. I mentioned the public comment period for -- for members of the public requesting time to make a public comment, we’re asking that you please limit your comments to -- to five minutes.

Hopefully everyone has had a chance to look at the minutes from the last meeting and as per the FACA
rules, minutes of this meeting are being transcribed. Copies of the minutes will be available on the SBA’s website within 90 calendar days of this meeting and that will be available at www.sba.gov/ovbd.

The next meeting is looking forward. The next meeting is scheduled for the -- tentatively scheduled for the 6th of September 2018 to be held right here in this room. A notice of the exact dates and times will be issued in the federal registry and posted upon the SBA website.

Again I want to thank the committee for your participation in today’s meeting, we look forward to the discussion, and with that I’m going to turn it over to our -- our chairman and I convene this -- this Advisory Committee on Veterans Business Affairs. So turning it over to you, Mr. Chairman.

MR. ZACCHEA: This is Mike Zacchea. Thank you, Mr. Stubblefield. Ladies and gentlemen, welcome to the Advisory Committee on Veterans Business Affairs. First I’d like to welcome back all of you who have been -- served on the committee. In particular I’d like to welcome back Mike Phipps, who had a brief hiatus and is now back. So, welcome back, Mike.

And then I want to welcome back all of our new members, Brandon Shelton, Brandon Webb, Elijah Crane,
Alex Fender, and Sean Gwinner. Welcome aboard, thank you for your service and thank you for stepping up to serve the veteran business community.

We’ve had a very, very busy year, the -- a lot of changes happening for veteran-owned businesses in the veteran business community and I think that you’ll find your time on the committee to be very, very rewarding. Thank you.

So the first person I’d like to call is former chairman, Jim O’Farrell, and his presentation on the 2017 annual report.

MR. STUBBLEFIELD: Let -- let me just -- let me just ask a real quick question of Amy before we get started. This -- because yesterday I made the mistake of not doing the roll call, we need to do a roll call. Okay.

MR. FENDER: Alex Fender, Funnel Science.
MR. LOWDER: Lynn Lowder, One Vet at a Time.
MR. O’FARRELL: Jim O’Farrell, AMSG, a service-disabled veteran small business.
MR. STUBBLEFIELD: Larry Stubblefield, Office of Veteran Business Development.
MR. ZACCHEA: Mike Zacchea, Director of the University of Connecticut Entrepreneur Bootcamp for Veterans and the Chairman of the Advisory Committee for
Veterans Business Affairs.

MR. WEBB: Brandon Webb, CEO of Hurricane Group.

MR. GWINNER: Sean Gwinner, Bunker Labs.


MR. CRANE: Eli Crane, Bottle Breacher.


MR. O’FARRELL: Okay. Everybody, this is Jim O’Farrell, I am pleased to be presenting you the 2017 annual report. First of all for those from out of town, specifically guys like Sean Gwinner from Philadelphia, welcome to D.C., welcome to the home of Caps, the Washington Capitals, the best hockey team on the planet. Yes, sir, do you have -- do you have a comment you’d like to make?

MR. STUBBLEFIELD: No, I was just reminded that we need to ask for the roll call for folks who are on the phone.

MR. ZACCHEA: Okay. Glen, can you hear us? (No response.)

MR. STUBBLEFIELD: Okay. Anyone on the -- on the phone? (No response.)
MR. O’FARRELL: Okay. Back to my comedy skit, I was trying to get us off to a little -- a little levity there. So I’ve -- I’ve been given 15 minutes to -- to brief the annual report, I’m going to try to do it in 10. I have asked our -- our --

MR. BANTON: I --

MR. O’FARRELL: -- one of our --

MR. BANTON: I just heard that. I did not hear anything from the webinar, though.

MR. O’FARRELL: Okay. Are you -- you hearing me speak right now?

(No response.)

MR. CRANE: I’m texting him and he’s saying he doesn’t hear us.

MR. O’FARRELL: Oh.

MS. SIMMS: Does he have a visual?

MR. O’FARRELL: Do you have a -- on the -- ask him if he has a visual of the slide deck that’s --

MR. CRANE: He said only the people on the call can hear each other.

MR. O’FARRELL: -- can he --

MR. CRANE: They can’t hear us.

MR. O’FARRELL: -- can he see, is he logged in to see the -- the screen?

(No response.)
MR. O’FARRELL: I know that’s not going to be ideal, but --

MS. SIMMS: Just hold on for one second.

MR. O’FARRELL: -- sure.

MS. SIMMS: I’m not quite sure, I don’t know what it is.

MR. CRANE: They can see the screen.

MS. SIMMS: He can see the screen?

MR. CRANE: Yeah.

MS. SIMMS: Okay. But he can’t -- he can’t hear us?

MR. CRANE: Yeah, he can’t hear us.

MS. SIMMS: Okay.

MR. O’FARRELL: Cheryl, is there a separate dialing number --

MR. CRANE: They usually --

MR. O’FARRELL: -- or are --

MR. CRANE: -- call in --

MR. O’FARRELL: -- they going --

MR. CRANE: -- when that happens.

MR. O’FARRELL: -- exclusively through --

MR. CRANE: End of the screen.

MR. O’FARRELL: -- their machine?

MS. SIMMS: They’re going through the dial-in that’s given here, through the internet, so I posted
the telephone dial-in.

MR. CRANE: Yeah, there’s --
MS. SIMMS: And that’s --
MR. CRANE: -- a separate.
MS. SIMMS: -- right there, dial-in.
MR. CRANE: This is --
MR. O’FARRELL: Um-hum.
MR. CRANE: -- you -- you dial it in.
MS. SIMMS: So let’s -- let’s go through there
and he can just --
MR. O’FARRELL: No. No, that’s --
MS. SIMMS: -- right there.
MR. O’FARRELL: -- separate, I’m sure that’s
what he dialed in to.
MR. STUBBLEFIELD: You all got 10 minutes
left.
MR. CRANE: Do you want me to ask him?
MR. O’FARRELL: Right. Exactly. Murphy’s
law.
MS. SIMMS: It worked yesterday.
MR. O’FARRELL: He’s texting him a picture.
He’s -- he’s sending him a picture.
MR. LOWDER: I’m -- he’s sending him a dial-
in.
MR. O’FARRELL: I figure -- you army guys, you
can figure this out, come on.

MR. LOWDER: We don’t have a PowerPoint teleconference staff yet, but --

MS. SIMMS: I can kind of hear him now.

MR. LOWDER: Okay.

MR. O’FARRELL: Can you hear us now?

MR. CRANE: Can you hear us now?

(No response.)

MS. SIMMS: Okay. Okay. We’re having technical difficulties with this, I do apologize for -- hold on. Yeah. Oh, this right here.

MR. CRANE: He sent me this picture of the speaker.

MR. O’FARRELL: Hey, Cheryl, how about in the interest of time we go ahead and do the slide jack.

MS. SIMMS: Um-hum.

MR. O’FARRELL: And, Eli, if you can text him and tell him we’re going to do the -- they can --

MS. SIMMS: Okay.

MR. O’FARRELL: -- see the --

MR. CRANE: Okay.

MS. SIMMS: And I can troubleshoot this.

MR. O’FARRELL: -- and there’s some troubleshooters on the way.

MS. SIMMS: Okay.

Okay. So, welcome everyone to our June meeting of the ACVBA, I will quickly go through the annual report.

MS. SIMMS: Hold on, Jim. All right. We’re having technical difficulties. Okay. Proceed.

MR. O’FARRELL: Ready?

MS. SIMMS: Um-hum.

MR. O’FARRELL: Okay. Yeah, the -- the clicker’s not working now.

MS. SIMMS: Oh.

MR. O’FARRELL: Do you have the -- do you have the USB plugged in?

MS. SIMMS: How about -- how about if I just do it?

MR. O’FARRELL: Good.

MR. ZACCHEA: I was going to say yesterday.

MR. O’FARRELL: Next slide.

MS. SIMMS: Okay.

MR. O’FARRELL: Okay. So real quickly, the ACVBA’s mission, I just wanted to reiterate that for those especially new members of the committee. We are an independent source of advice and policy recommendations, so I ask everybody on the -- on the committee to put the independent in all caps as you serve on the committee, that is our mission.
We -- we don’t always agree with everything
the SBA is doing, everything the hill is doing,
everything the White House does, but our vision and our
mission is to be independent and provide advice and
policy recommendations.

Next slide. Description of our duties. You
can see that there, I’m not going to read them to you.
They run the gambit from reviewing; and coordinating;
monitoring plans and programs; promoting the collection
of business information, we do a lot of that; monitor
and promote plans, programs, and operations of -- of
groups that we think are doing the right things for
veterans in helping them become business owners,
entrepreneurs; and helping them grow their businesses.

We hold these hearings, as you’re sitting in
here today, and we can request information. You see at
the bottom there, “Request of the chairman from the
head of any department or agency of the U.S.
government.”

Next slide. At the end of each year we -- we
prepare and submit a report and that’s what I’m
briefing you on.

Next slide. Okay. So for the last several
years, it was back in about 2014, Eddie Fielder,
retired Marine/chairman, was our chairman for that year
and we sat down, Mike Phipps, myself, Eddie, and we -- we all kind of came to an agreement that we would take a baker’s dozen of recommendations and just drill them home for the next several years, so what you see here is the accumulated work in progress of guys like Mike Phipps, Eddie Fielder, Jim O’Farrell, Mike Zacchea, Fran, all the rest of us that have been on this committee for several years now.

It -- what we decided was you could try to hit something, and then tap it once, and move on, and you wouldn’t really have an -- an impact, especially when you’re dealing with the hill and -- and -- and administrations as them come and go.

So with that, we’ll -- we’ll dive into the next slide. I’m just going to hit -- and this -- these are the most dense slides you’ve ever seen and so what I’m going to do is hit one -- what I wanted you all to do was have the ability to walk out of here with a slide deck that if you’re riding home on the train, you’re getting on an airplane, you could actually flip through, you wouldn’t have to sit there and read it, this is the annual report in summary.

So I’m just going to hit a couple slides -- a couple bullet points on each slide. The first one regarding finance access to capital, the first bullet
-- sub-bullet there, “SBA should identify and publicize those nontraditional sources of capital being used by post-911 veterans,” for example, StreetShares, and -- and understand more what they’re doing, understand how viable they are in support of a -- of a mass-scale nationwide effort to help veterans become business owners and grow their businesses. Okay. Next slide.

MS. SIMMS: This one?

MR. O’FARRELL: No. Okay. Many -- most of you have the slide deck in front of you, we’ll keep going. Cheryl, when it catches up we’ll catch it up.

MS. SIMMS: Okay.

MR. O’FARRELL: There’s a -- on the next slide, the second sub-bullet there, “The SBA should track and follow up on the proposed pilot to study alternative GI bill usage for business funding to determine if it is feasible and sufficiently drives sustainable assistance to veteran-owned small businesses, this should include renewed efforts to establish the proposed GI bill business development usage from the U.S. Senate committee on small business and entrepreneurship in December of 2016. Based on the outcome of this pilot, additional recommendations should be derived.”

So in a nutshell we -- we were looking at
1 examining as an independent committee the idea that --
2 that funds from the GI bill could be used to support
3 veterans in starting businesses and growing their
4 businesses. We -- we have had some support there from
5 some of the larger VSOs, we’ve also seen some pushback
6 from a couple of specific ones, and I wanted to have
7 Lynn Lowder, a fellow committee member, give a quick
8 update on where we are with some recent progress in
9 that area. And, Lynn, as a reminder, you have
10 literally 30 seconds to do this.
11
12 MR. LOWDER: Oh.
13
14 MR. O’FARRELL: It’s a test.
15
16 MR. LOWDER: Thanks. Lynn Lowder, One Vet at
17 a Time. I met yesterday with Caroline Ross of Senator
18 Moran’s office. Back in 2015, Caroline is the first
19 place that our organization went to, we’re a nonprofit,
20 to try and get the GI bill back to the original intent
21 and -- and veterans could have access to that, that
22 capital. College isn’t for everybody, in other words.
23
24 So we met with Caroline yesterday, Barb had
25 run into her, said our committee, last time we met it
26 was, I think, our number two agenda, was to get the --
27 the Vet Act of 2015 done. So I met with Caroline and
28 basically here’s where we’re at on this.
29
30 What they have done under the -- the NDAA, the
National Defense Authorization Act, a program will be authorized for the SBA to initiate veteran entrepreneurship funding program. The original pilot was going to be under the Vet Act of 2015, was a pilot study for three years of 250 veterans. We’re down to 100 veterans and $1.5 million will be allocated. The SBA’s budget will be plussed up and -- and then we go forward.

The devil’s in the details, that will come later as to the process, application, et cetera, but here’s the point, when they went around -- and this is grant money, this isn’t the -- the veterans having to tap into their GI bill at all. So the idea here, I believe, is to get some wins in the can, show that veterans can do now and are doing now what the veterans did in World War II, and then we come back and we take another run and storm the castle for the larger prize, and that’s to get the -- the Vet Act of 2015 in entirely so that veterans can have access to capital from their GI bill and start their business. That’s it.

MR. O’FARRELL: Thanks, Lynn, I appreciate that. If you’re on the -- the phone, could you please go on mute so we don’t hear your typing.

Next slide, legal. So what we wanted to do
there on the first bullet is -- is advocate for and
recommend the creation of a two-to-three day extensive
training program as a follow-on to Boots to Business,
currently provided through the SBA, it would be focused
on exclusively legal-specific training classes.

One of the things that we’ve learned over
these past several years of being on this committee is
that one of the -- the significant factors that impacts
a small business, a veteran who’s starting up their
business, is some of the legal aspects of owning and
running a business.

Next slide. This one is one of the more
significant initiatives that we’d like to see
undertaken. We know there’s work going on. Guys like
Mike Phipps has been involved in this over the years
and we’d like to see it pushed to the next, you know,
goalpost here.

The first bullet there, “Create a government-
wide veteran business development program for service-
disabled, veteran-owned small businesses in federal
contracting.” So if you’re in the government-
contracting space, you know that you’re -- you’re
always well aware of the 8(a) -- at the 8(a) minority
set-aside program which allows the government to award
sole-source contracts to minority-owned businesses.
We’d like to see something akin to an 8(v) program, the 8 being -- the V standing for veterans.

Next slide. We’ll skip that one and go to next slide. So with the -- the first bullet there where you see in quotes, “Veterans First,” with the idea that -- that the Department of Defense creates veterans and yet the Department of Veterans Affairs is the organization that -- in the Federal Government that does the most percentage-wise work with veterans promoting their businesses and awarding them contracts.

We’d like to see the Defense Department take on the same Veterans First type of program and have the same type of an -- an increased quota, so to speak, of contracts that would be awarded through the Defense Department, it being the largest federal agency.

Next slide. Actually, skipping down to the bottom of this slide, the bottom two bullets, “The Federal Government should look at tax incentives for industries served predominantly by male veteran-owned small businesses to incentivize women to join these male-dominated industries,” and second, “The Federal Government should expand the women veteran entrepreneurship training program currently in a pilot program nationwide.”

Next slide. We believe on this committee that
the farmer -- the farming industry is ripe for
veterans. We see a lot of post-9/11 veterans that are
moving into the farming --

SUSAN: Pardon. Pardon me. I am so, so sorry
for interrupting you. This is Susan with AT&T
Teleconference. I had one of your participants ask me
to -- what’s going on, because he couldn’t hear you,
and you’re in listen-only mode. Do you want me to open
your line?

MR. O’FARRELL: -- sure, if it will help.

SUSAN: Thank you and I am so sorry for
interrupting you.

MS. SIMMS: Thank you.

SUSAN: All right. I’ll put you back in then.

MR. O’FARRELL: Thanks. So we believe that
the farming industry is ripe for -- for support with
veterans, working with veterans. We’ve heard some
anecdotal stories of Vietnam-era veterans who want to
turn their farms over to the next generation. Their
kids moved away from the farm, went to -- went off to
college, didn’t come home, and now they have no one to
turn their farm over to, that’s just one example.

Farming as a post -- post-combat PTSD
therapeutic, you’re working seven days a week, you’re
in the dirt, you’re getting things done, you have a
mission, we think that farming is a -- is a way for veterans to basically start their next phase of their journey. Next slide.

MR. CRANE: The guys on the phone can hear us now clearly.

MR. O’FARRELL: Okay. Okay. Next slide after that, skipping over. Just want to get to the end of this now, I think we’re -- keep going. Okay. Keep going and, like I said, all -- you all can read all of these. We welcome your questions, especially new members of the committee.

Let’s see, we’ve had -- so, for example, you know, last year we had NAVSO come in and talk to us about the work that they’re doing in researching. And this is the National Association of Veterans Serving Organizations and they were looking at determining why such a large percent of -- of veterans are successful business owners, so I want to read into the record some metrics that some are very aware of and some are not aware of.

With less than 1 percent of our country actively serving in the military since the Vietnam era, only 3.5 percent of them in the workforce are in the workforce. Why are -- why are 9 percent of today’s businesses veteran owned and led? Specifically data in
the -- date from the U.S. Census Bureau, as depicted by the Institute for Veterans and Military Families at Syracuse University, shows 2.5 million veteran-owned businesses in the U.S. with payrolls of nearly $200 billion, with 5.5 million employees, and cash receipts of $1.1 trillion. So when you think of that as a percentage of our GDP, it is not insignificant.

You know, we’d like to see -- yeah, going back to that very first statement there with -- we have less than 1 percent of our country actively serving in the military since the Vietnam era and only 3.5 percent of them are in the workforce.

Why is it that almost 10 percent, one out of every 10 businesses, is owned by a veteran? I think those around this table understand why that is intuitively, but we’d like to -- to show the -- those -- we’d like to show civilians why that is too, because it creates a natural argument for encouraging the -- the efforts that Lynn talked about earlier, getting a million and a half dollars, and I -- and honestly we were talking about that.

For those of us who have been in the D.C. area for a while, for a couple of decades, $1.5 million, we used to call that budget dust back in the -- in the day and it’s -- so if it was budget dust then, I don’t know
what it is now, but it’s even smaller. So we’d like to see that number go up in areas that support veterans in becoming business owners.

Next slide. Okay. And I just -- I want to get to -- next slide. Next slide. Okay. So one of the things that we figured out after a couple of years on the -- and I’m a Navy guy, so I was a little slow on the uptake, and -- and so Mike Phipps kept beating this into my head, you know, “There are things that are going on here, Jim, at the SBA that we need to make sure we stay on top of, we continue to address.”

I want to make sure that we get into the record some of the administrative recommendations on top, so that -- you know, it’s kind of like Maslow’s hierarchy of needs there, if you don’t have shelter you can’t real focus on what your mission is. So if the committee has a sense that it’s -- it’s not on -- on level ground or on -- on -- on firm ground, there -- there could be a sense that we aren’t able to function and do the mission that we’ve been asked to do.

So with that in mind, I just want to read a couple of these bullet points into the record. The committee recommends that the ACVBA meet quarterly and these meetings continue to be held in person at SBA headquarters.
We had heard some rumors that they were looking to cut back on the number of meetings and possibly make them via teleconference. I would offer that this morning’s issue with the IT and the teleconference are a perfect example of why we should be meeting face-to-face and secondly I would offer that a lot of the great work that happens in the committee like this happens both on the record and off the record during the meetings that --

MS. PEREZ-WILHITE: Jim, may I --

MR. O’FARRELL: -- that go on.

MS. PEREZ-WILHITE: -- may I add something real quick?

MR. O’FARRELL: Sure.

MS. PEREZ-WILHITE: This is Fran Perez-Wilhite. I am also on another federal agency board, and we no longer meet all the time at its headquarters, and those meetings are not the same, they’re just not as effective. I appreciate going around the country, and meeting different people, and having different outreach, but you just don’t have the same access to information as you would at the headquarters. Thank you.

MR. O’FARRELL: And that was Fran Perez-Wilhite, who joins us from North Carolina here today in
person. Thanks, Fran.

MS. PEREZ-WILHITE: Um-hum.

MR. O’FARRELL: Number two, “The committee recommends that funding for the ACVA should continue to be provided to reimburse travel expenses for those committee members who reside outside the D.C. area to travel to quarterly meetings.” The next one, it actually puts dollar amounts into that.

The next one, “The committee recommends the SBA/OVBA should continue to be headed by an SBA associate -- associate administrator and report directly to the SBA administrator. The committee recommends the IATF, which is the Interagency Task Force on Veterans Small Business Development,” which met yesterday, “becomes statutory and continue with its mission of coordinating the efforts of federal agencies to improve capital, business development, opportunities, and pre-establish federal contracting goals for small-business concerns owned and controlled by veterans and service-disabled veterans.”

And finally, “The committee recommends that the SBA create a pool of applicants for membership on the ACVBA to ensure the committee is staffed to the maximum levels permitted by law. ACVBA members serve on an all-volunteer basis and when the committee is not
at full strength it loses effectiveness and continuity, this was made clear when the committee was unable to meet in December 2016 due to a shortage of committee members. The SBA should not let the committee membership fall below the public law numbers for veteran small businesses and veteran service organizations.”

And I have to admit, when I walked in here this morning I was very pleased to see the number of name tags around the table with names on them and representing a cross reference, as it should be. I believe the statute says that we must have eight veteran business owners and seven VSOs, and I think we’re -- Amy and Mr. Stubblefield, we’re -- we’re at that -- we’re almost at that level today, which is -- I don’t -- I -- if we looked back over the course and drew a curve of the -- of the membership, I think we would see we’re at a high point right now.

So what we’d like to say is not rest on our laurels and say, well, congratulations, we have a full-up committee. We -- we are -- those of us who have been here are kind of shell-shocked by how low the -- the membership can become and so we’re -- I’m -- I’m sitting here looking over my shoulder and going, okay, well, who’s not going to be here next time, who’s
dropping off, you know, why wouldn’t they show up, that kind of thing.

So we want to get out of that mode, because, like I said, that’s back in the Maslow’s hierarchy. You know, I’m just worried about my shelter. Okay. I’m -- I’m pretty close, considering we -- we started a little bit later, to be on time. And that’s everything I have, are there any questions from the committee at this time?

MR. PHIPPS: There is one question. Actually, I just want to point out one thing from --

MR. ZACCheA: Mike, would you identify yourself, please?

MR. PHIPPS: -- this is Michael Phipps and, let’s see, Jim’s -- I’m not sure what slide it is. It’s -- it’s basically veteran-owned performance metrics. There’s -- there’s a downward trend and the newer generation of veterans becoming entrepreneurs and so we really want to understand why the newer generation is less likely to become entrepreneurs considering the effect on the economy that we have. I mean, that was something that we wanted to touch on and maybe even have the SBA delve and do a study on.

MR. O’FARRELL: Thanks, Mike. Any other comments on the report?
MR. SHELTON: It’s -- it’s Brandon Shelton from Task Force X. Mike, where do you have that data?

MR. PHIPPS: So some of this data comes from the Census Bureau from 2007.

MR. SHELTON: Right.

MR. PHIPPS: And we’ll -- we’ll get you the report so you can see some of the statistics behind that data and look at the nuances of the World War II generation to our -- you know, to younger generations on how those numbers are declining.

MR. SHELTON: Sure, I -- I would tell you at my firm we see it a little bit opposite, but the problem is concrete data, which is the reason I wanted to be on this task force, is that the SBA holds the key to the data. The more we can unlock from that census data and the SBA’s data to tell us the truth, because nonprofits, and investors, and whatnot are investing, and veteran-led businesses want that data, right?

Is their participation rate higher, or lower, or -- and then ultimately are veterans better suited because of their service and their training to outperform their peers as small business owners and founders, so we’d love to get hands on that data and take a look at it.

MR. PHIPPS: And this is Mike Phipps and your
input is -- is actually more up to date. We’re dealing
with census data.

MR. SHELTON: Right.

MR. PHIPPS: So we’re always kind of dealing
in arrears. So trending this data, even for the next
commitee members who are going to come on when we get
the new census report, you know, is important, but
seeing some of the information that you have, combined
with this, there’s -- there’s a solution somewhere and
an --

MR. SHELTON: Uh-huh.

MR. PHIPPS: -- answer somewhere in there.

MR. SHELTON: Yes, I’d agree.

MR. PHIPPS: Thanks.

MR. O’FARRELL: Yeah, I would just respond to
when -- when we first got that report we -- we were
shocked, because it -- it doesn’t seem that way, that
-- from what we’ve observed, that you would have fewer
veterans getting into entrepreneurship.

MR. WEBB: Hi, this is Brandon Webb, I just
wanted to comment. Grant program, I understand it’s a
pilot program, but $1.5 million divided by 100 veterans
is $15,000. It just doesn’t seem like an effective
program if it is a pilot program, because -- I mean, to
your point on the budget dust, I mean, $15,000 for a
MR. LOWDER: I -- we understand right where you’re coming from and that -- that looks to be the initial approach, but I would just tell you that the old thing about Rome wasn’t built in a day. We’re not going to get there overnight, we’ve got to get some incremental wins. It’s grant money, it’s better than nothing.

MR. WEBB: Um-hum.

MR. LOWDER: But there’s going to be further details to be worked out as the program gets through and my sense is we’re going to have to plus that number up. My sense is we may be able to find some other budget dust around, we’ve just got to get the door open, get some veterans in business, and -- and let them do what they do, what we all know they can do, then we go back and -- and -- and install it.

MR. WEBB: Um-hum. And almost lower the participant level just to -- I mean, that’s my own observation, just to make it more effective. I mean, if it is a true pilot program, you want to see it become effective. It almost makes sense to me just to lower the participant level to give it more access to capital.

MR. ZACCHEA: Oh, Brandon, I don’t -- this is
Mike Zacchea. I don’t mean to cut you off, but we were planning on talking about this in the executive session.

MR. WEBB: Okay. I’ll let you cut me off.

MR. ZACCHEA: Okay.

MR. O’FARRELL: Ladies and gentlemen, we need to, with all due respect, get back on track with time for Judge Holleman’s presentation.

MR. HOLLEMAN: Okay. Hold on one second. Am I on?

MS. SIMMS: Um-hum.

MR. HOLLEMAN: I’m on. Okay. I guess we’re at the last slide. Can we go back to the first one?


MR. HOLLEMAN: I suppose I can do it backwards.

MS. SIMMS: Well, I don’t want you to do it backwards, so, no. I’m trying to get my first one back. Okay.

MR. HOLLEMAN: There we go.

MS. SIMMS: There we are.

MR. HOLLEMAN: All right. Hi, I’m Christopher Holleman, I’m an Administrative Judge at SBA’s Office of Hearings and Appeals and the -- boy. I’m here
because the National Defense Authorization Act for fiscal year 2017 authorized us, the Small Business Administration Office of Hearings and Appeals, to determine protests and appeals related to inclusion in the CVE database. Okay. We’re back at the next-to-last slide now.

MS. SIMMS: That is the last one.
MR. HOLLEMAN: That’s -- yeah, that’s --
MS. SIMMS: Okay. I’m sorry, I don’t understand what’s--
MR. HOLLEMAN: Okay.
MS. SIMMS: -- going on.
MR. HOLLEMAN: That’s the first one.
MS. SIMMS: Yeah, I don’t know what’s going on. Okay.
MR. HOLLEMAN: Okay.
MS. SIMMS: Here we go.
MR. HOLLEMAN: That’s the --
MS. SIMMS: That’s the one.
MR. HOLLEMAN: That’s the second one.
MS. SIMMS: That’s it.
MR. HOLLEMAN: We’re going to be handling the protests, and appeals, and inclusion of the CVE database. We -- we published rules on March 30, procedural rules, as to how we’re going to handle these
appeals. These are effective 1 October and what I’m doing -- going to do now is walk you through what the process will be starting 1 October for us to adjudicate the CVE protests and appeals.

Next slide, please. Okay. Veteran-owned small business and service-disabled, veteran-owned small business set-asides, contracts from the VA set-asides for these firms, they’re -- they’re in the center for verification and evaluation database.

Next slide, please. Who can file, next. Okay. Who may file a protest? Well, if one of these firms is awarded a VA procurement, the VA secretary, the contracting officer, or one of the other unsuccessful offerors who bid on the solicitation and didn’t win, can protest that firm’s inclusion in the database, say they’re not really eligible for this award.

Next slide, please. What can you protest? You can make a challenge to claim the award, you cannot provide evidence that it meets the definition of a veteran, service-disabled veteran, or veteran with a permanent and severe disability, or you can protest -- slow down, or you can protest the ownership, you can protest that the concern is not at least 51 percent owned and controlled by a veteran.
When can you file that protest? If it relates to the procurement, the CO can file a CV -- a CV protest at any time during the life of the contract, that's a privilege reserved to the CO or the VA secretary. Those unsuccessful offerors, the competitors, they can only file a protest within five business days after being notified of the awardee's identity. We don't count Saturdays, Sundays, and federal holidays, but if it's not -- the protest is not received within five business days, we'll dismiss it, late is late.

Next slide, please. When -- for example, Monday an unsuccessful offeror gets notified of the awardee's identity, the time period begins on Monday, so we start counting Tuesday, Wednesday, Thursday, Friday. Since the fifth day is Saturday, the time period will roll over to the next business day. So the deadline would be Monday or Tuesday if that Monday was a federal holiday, like we just had Memorial day.

Next slide. Where do you file the protest? You must file it with the CVE with the contracting officer either in person, U.S. mail, or by email, but it's got to arrive within those five business days. The contracting officer has to then forward that protest to us at SBA's Office of Hearings and Appeals.
It must be in writing, it has to contain the solicitation of contract number, and your specific allegation together with credible evidence that the protested concern does not meet the eligibility requirements. This is the protester’s chance to put in their case as to why this company isn’t eligible, all your evidence on the eligibility.

Next slide, please. And you include any information you deem necessary for the judge to consider, and finally name, address, telephone number, and email of the protester, and if they’re represented by counsel, and their attorney for contact information.

Next slide, please. About a protective order. We’re dealing with the confidential business information of these firms. If -- if the protester wants -- has counsel that would like access to this information, they can do so under a protective order, this -- this allows counsel to have access to the information under certain conditions. If you desire, you can request that protective order with -- with the protester within five days thereafter. We’ve got the procedures in our regulations.

Next slide. We don’t issue the protective orders to non-attorneys, it’s -- it would be a counsel in private practice independent of the firm who would
get the opportunity to examine information under the protective order.

You have to make certain statements. For instance, you would agree to pass -- not to pass the information on to anyone, including the client. The lawyer itself can’t be involved in the protester’s competitive decision-making. If you violate the -- the terms, that can result in sanctions, including discipline. I did debar someone from practicing before us for a year, because they violated one of my protective orders.

Next slide, please. What are the filing and service requirements? All the parties to the protest must file a certificate of service with all their pleadings, that’s a document signed by the person filing a pleading attesting they’ve sent a copy to all the parties and the -- identify those parties by name and address.

Next slide. Where do you file with us? You can file via our hearings and appeals’ submission upload e-filing system at www.sba.gov/oha or e-mail at OHAFilings@sba.gov, and we have an example of the certificate of service on our website. Thanks. What happens next, we issue a notice and order notifying all parties that we’ve received the protest and we
establish a due date for response, it’s usually 15
days.

Next, a protester must supplement their
protest within that time frame. If you’ve got
additional information, such as your counsel obtains
under a protective order, you -- you can submit it
within that time frame. After the date for responses
have past, the record will close and we won’t allow
further pleadings without good cause. Also at this
point the VA will send us their case file on the firm,
so we’ll have that information.

Next slide. There are certain circumstances
we’ll just dismiss the protest, if it’s late, if it’s
nonspecific, if it just says they’re not eligible
without giving us a real reason, or if it’s based on
allegations that aren’t protestable, something other to
do when the veterans -- other than veteran status, or
ownership, or control, then we’ll dismiss the protest,
notify all the parties.

Next slide. Who can respond to the protest?
Obviously, the protest in concern, they get to defend
themselves. The director of CVE, the contracting
officer, and any of the other intervening offerors on
the procurement get to come in and intervene.

Next slide, please. Have to file it by those
dates specified by the administrative judge, that 15
days after we issue the notice and order. And if a
party wishes to reply to a response the judge must
approve it first, we’re trying to avoid endless streams
of pleading back and forth. I’ve noticed lawyers never
want to let the other lawyer have the last word, but at
some point I’ve got to cut things off.

How do we decide a case? We base our case
decision on the case file, and the information provided
by the parties, and we reserve the right to request
further information if necessary if what we’re -- if
what before us raises a question that, gee, we want to
hear more on that, we can do that.

Next, we’ll give greater weight to specific
signed, factual evidence over unsupported allegations
and opinions, we want -- we want as much hard
information as we can. We base our decision on the
preponderance-of-the-evidence standard.

Next, can we -- the contracting officer can’t
award after the protest is filed, they have to hold off
unless they determine the award is necessary to protect
the public interest and they notify us of that.

What happens if it’s found to be ineligible?
The director of CVE must immediately remove the concern
from the database; the contract, if awarded, is deemed
void ab initio, invalid from the outset; and the business can’t submit any offers and any future VA procurements until they get themselves readmitted.

Next, can the decision be reconsidered? Yes, it can file a petition for reconsideration within 20 business days of receiving our decision, but you have to convince us that we’ve made a clear error of fact on the initial decision. I will say that that is a high bar to meet, when to tell me -- come in and tell me that I’m wrong, you’ve really got to show me that.

Next, on appeals, who can file a CVE appeal? Well, if a firm is either denied entry into the CVE or if their status is cancelled by the VA, they can appeal that with us. They can only file an appeal if the decision was not based on any failure to meet any veteran or service-disabled veteran eligibility criteria. The VA’s going to be final on that, we won’t question them on that issue. The only things we’ll consider are issue -- when you’re denied -- your status is denied or cancelled, because of -- on the issue of ownership or control of the business.

Next slide. Can file that appeal with us within 10 business days of receiving the denial or cancellation, we’ll dismiss anything that’s late.

Next slide. What must you include? A copy of
the denial or cancellation, the date you received it, and an explanation including pertinent information we should consider on why the cancellation or denial was made in error. This is your chance to make your case, put all your evidence forward here, and, of course, include your contact information for yourself or your attorney.

Who do you have to serve? Again, include a certificate of service showing that you field a copy of the -- of the parties who need to have notice of this appeal. Again, we give an example of the certificate of service.

Next, who -- when filing with us, they could submit with our e-filing system, by e-mail, and you have to serve the director of CVE and veterans' affairs counsel at CVE’s appeal service at va.gov. Next, then the director of CVE has to send us the -- their entire case file so we can review it.

Next, once we issue, once we receive the appeal, we issue a notice and order notifying the parties, we establish a due date for responses. Again, usually 15 days.

Who can respond? The director of CVE or a designee may file a response. If they want to file a response, they have to serve it upon the appellant and
any other individuals named in that certificate of
service.

If -- if they file a response, usually through
VA counsel, the appellant may file a motion seeking to
reply and attach the reply, but we’ll decide whether
that reply is allowed.

Next, what’s the standard of review? Whether
the denial or cancellation by VA was based on a clear
error of fact or law. The burden of proof is on the
appellant, they have to show by a preponderance of the
evidence that the VA erred. Next, however, we will not
allow evidence beyond the case file unless the
appellant shows good cause for that.

Okay. What are our criteria? We base it on
the case file, the information provided by the parties,
while reserving the right to request further
information, and, again, we’ll give greater weight to
specific signed, factual evidence over unsupported
allegations and opinions.

We will also be able to consider issues that
weren’t raised in the pleading and the denial-of-
cancellation letter. What are the effects? That
decision is final. If we dismiss or deny the appeal,
the director of CV’s determination remains in effect.
However, if we reverse the denial or cancellation, the
director must reinstate or include the appellant in the
database.

Finally, can it be reconsidered? Yes, any
party can file their PFR within 20 calendar days
arguing that we’ve made an error of fact of law in the
decision.

Finally, these are sites to -- to the rules
and -- and to our website, which I think are in the
printed copy you’ve got. That concludes our runthrough
of how the new regs will run and -- and how we’re going
to handle these cases procedurally beginning 1 October.
Are there questions?

MR. FENDER: Alex Fender, Funnel Science. So
we -- if business has -- gets -- gets notified that
another company is awarded and then they have five days
to collect the evidence, and fill out the
documentation, and submit it, and make sure that the
case file is complete in five days, is that correct?

MR. HOLLEMAN: Yeah, let’s see. Your
deadlines for -- generally speaking, yes, that’s --
that’s also been the -- the case with size protest. If
you believe the other firm, you know, put your
information together within five business days and
submit that.

You’ll also have the opportunity to submit
your appeal after we issue our notice and order, but
you’ll have to have -- you -- you have to have a reason
why you think this firm is ineligible, what do you
know, and you’ll get it -- it can’t just be a fishing
expedition, but once -- once you -- once your appeal is
filed, you could get -- your counsel could get access
to the VA’s files under a protective order and
supplement that appeal within 15 days, but, yeah,
you’ve got five business days. This is the procurement
process, this is the same process as size protests --

MR. FENDER: Um-hum.

MR. HOLLEMAN: -- which we’ve been handling.
If someone wishes to challenge the size of a small --
of a competitor small business, they have five business
days to file a size protest once they’re -- once
they’ve been notified of -- of the award.

MR. FENDER: And are you allowed to submit
evidence after the five days, or additional evidence,
or is that the cutoff date, five days?

MR. HOLLEMAN: Well, that’s your cutoff,
that’s cutoff date for you to make a -- a -- to show
that you’re -- you have specific -- that you’ve got a
specific protest, that you -- here’s your reason,
here’s what you’ve got to back it up. You can
supplement -- if -- if -- if it meets the test of being
a specific protest --

MR. FENDER: Um-hum.

MR. HOLLEMAN: -- with some evidence, you --
you’ll have the opportunity to supplement that during
the -- during the proceeding. We’ll issue a notice and
order giving 15 days to respond, you’ll have the
opportunity to supplement during that time, but you’ve
really got to have your ducks in a row with -- on your
main issues within those five business days to come in.

We have found that this has not been a -- a --
a too-tough and foreign-size protest, generally people
have been filing effective size protests within that
five-business-day period, and one thing we found is
that people in an industry tend to know each other and
-- and --

MR. FENDER: Yeah, oftentimes you know
information, but to collect evidence that meets your
burden --

MR. HOLLEMAN: -- um-hum.

MR. FENDER: -- it takes longer than five
days. So if you -- the supplemental period sounds --
sounds like it’s enough time.

MR. HOLLEMAN: Yeah, you can -- you can -- you
can make the allegation and you have -- you have to
back it up with something, you have to be specific, you
have to -- here’s what’s the reason. You can’t just say, no, he’s not owned and controlled, but if you’ve got -- if you’ve got some reason to believe and some evidence to show that, that you collected, it could be public sources. Often they’ll find -- you can find stuff on the company’s own website that betrays -- that betrays them, but -- and you’ll have the opportunity to -- to supplement within the 15 days, but you pretty much have to make, you know, your main case within those five days and get that protest into us.

MR. FENDER: And then your office manages the CVE database, is that correct?

MR. HOLLEMAN: No, we do not. We are -- no, that continues to be managed by VA. We are handling the protests and appeals.

MR. FENDER: All right. Thank you.

MR. O’FARRELL: Jim O’Farrell. I would agree with the -- the comment about the complexity, the difference between -- say I’m protesting the three years trailing revenue around the -- you know, about $15 million NAICS code versus I’m trying to tell you that it’s not actually owned and controlled by a -- a veteran, so I just wanted to echo that comment.

MR. HOLLEMAN: Um-hum.

MR. O’FARRELL: And then secondly a question,
I think beyond actually following the process is going to be getting the veteran business owners in the community to actually know that this new process change is occurring, and you said October 1st, so I ask you, are you -- what -- what are you doing in terms of getting the word out, are you going to be attending the VA small business conference in November in New Orleans, for example?

MR. HOLLEMAN: Well -- well, this is one of the things I’m doing to get the word out, I’m -- I’m speaking here this afternoon, I’m speaking at the Veterans Institute for Procurement in Rockville, I’ve been -- I’ve been speaking at -- at -- doing webinars at Women’s Chamber of Commerce, I’ve -- so I’ve been doing other things. I -- I -- that hasn’t been brought up to me. If -- if I can get the money to go, I may go, you know, so I may -- I may talk with -- want to talk with you about that later, about the possibility of attending that.

So this is one of the things we’re doing, we’re going -- we’re doing outreach to -- to various forums, various groups to go and say, hey, you know, this -- this is out there happening.

MS. PEREZ-WILHITE: This is Fran Perez-Wilhite from the North Carolina Military Business Center. I
would be willing to assist you to get the word out and outreach to veterans not only in my state, but some other states as well.

MR. PHIPPS: This is Michael Phipps. So yesterday during the IATF the VA did not show up, Tom Leney was not present, so one of the questions would be to the VA, what is the VA doing to get this word out since this is a process that would happen, you know, along with all their procedures, and then the next question would be, Judge, yesterday you explained how this is kind of being added to the current procedures for protest that the SBA handles and maybe you could just cover down on that just for a minute.

MR. HOLLEMAN: Well, okay.

MS. PEREZ-WILHITE: Can I respond to Mike first, please?

MR. HOLLEMAN: Um-hum.

MS. PEREZ-WILHITE: Yesterday Mr. Leney was with me all day in Chapel Hill at my business development event and he did a great job. He was with me from 9:00 a.m. until well past 5:00 p.m. helping out a bunch of veteran business owners and other small-business owners, and I really appreciate him being there. So unfortunately it coincided with the IATF meeting and I -- I didn’t mean to do that, but I’m very
grateful to Mr. Leney for being there with us.

MR. HOLLEMAN: Okay. Well, as -- as you -- some of you -- as you may -- you may know, the -- the SBA has a program for service-disabled small -- service-disabled, veteran-owned, small-business concerns and we’ve been handling -- at OHA handling a protest and appeals’ process for that for some years, handling those cases, dealing with the issues of veteran status, ownership, and control, that’s not going to change.

What this -- this change adds the -- the VA CVE program to our jurisdiction to handle the protests and the appeals. As I said to this gentleman, we are not going to be operating that database, the VA will continue to administer it. We’re just going to handle the questions of protests and appeals of whether certain firms are eligible to be included and -- and so we’ll be continuing to do that. Again, that -- this -- this begins 1 October. Yes?

MS. ASHE: I -- I don’t know if -- if we’re allowed to.

MS. SIMMS: Oh, I need a minute.

MR. STUBBLEFIELD: Yeah, come to the mic.


Hi, I’m Barbara Ashe.
MR. HOLLEMAN: Hi.

MS. ASHE: I know you’ll be with us today.

MR. HOLLEMAN: This afternoon, yes.

MS. ASHE: Veteran Institute --

MR. STUBBLEFIELD: You have to --

MS. ASHE: -- for Procurement.

MR. STUBBLEFIELD: -- turn it on first.

MR. O’FARRELL: Turn it on.

MS. ASHE: Is it on, no?

MR. O’FARRELL: You’re probably better off sitting at the last seat.

MR. STUBBLEFIELD: It’s on now.

MR. O’FARRELL: That one is right there.

MS. ASHE: Oh, this one, yeah. I didn’t -- I didn’t want to focus there yet, but it’s just -- there we go. Hi, can you hear me? Thank you. Hi, I’m Barbara Ashe, and I’m National Director of the Veteran Institute for Procurement, and the judge will be with us this afternoon providing a webinar on this topic, and it’s also provided for all the VBOCs.

So it’s -- just wanted to respond to the chairman’s request, how are we getting the word out that that is -- we’re really fortunate that you’ll be doing this live webinar, but it will also be taped and it will be housed on the website for anyone to come
visit in case today wasn’t a convenient day to -- to
log in for the webinar.

And we’re also allowing Q and A, which we’ll
respond to as we can, and then the judge has offered to
respond to any inquiries afterwards that we can get
out, so -- and this is offered to all the VBOCs
nationwide as well as all the 1,000 Veteran Institute
for Procurement graduates and it will be part of our
resource library that anyone can come and view or
participate in. So I just wanted to respond to your
inquiry, so thank you.

MR. SHELTON: Can I ask a question? How do I
turn this thing on? Oh. Hi, Brandon Shelton, TFX. So
I guess a question I would have on communication in
general, and if this is the wrong place, Mike and Jim,
I’m sorry, one of the issues I have and I’ve -- I hunt
in a slightly different -- or participate in different
conferences and stuff around the country, if -- if the
number is truly 2.5 million veteran-owned businesses
from age since this data, it could be more, it could be
less, but I probably think it’s more.

The size and scale that we’re talking about
here is really small, right? So she mentioned 1,000.
We’re going to do websites, and webinars, and all of
our organizations, and word of mouth, I mean, is there
a central way either at Tom’s group or here at the SBA that -- do we have all -- excuse me, do we have e-mail addresses, do we have a -- a -- a more deliberate or intentional way to tell non-government contractors who maybe don’t always watch this type of stuff and inform other business owners that these type of rules are improving to their favor or there’s more programs emerging, I guess more like higher levels of, like, communications plan, but just responding to your question and your challenge, is there a centralized way that the SBA does that -- this type of stuff?

MR. ZACCHEA: This -- this is Mike Zacchea. So SBA has a number of agency ways for communicating and with regards to our organizations we do have a mailing lists and a number of ways and sort of some of them we can talk about in the executive session.

MR. SHELTON: Okay. Okay.

MR. O’FARRELL: I was going to -- this is Jim O’Farrell, I was going to ask the SBA to answer that question. Maybe either Larry or Amy, do you all want to?

MR. STUBBLEFIELD: Go ahead, Amy.

MS. GARCIA: Sorry. Thanks for the question. I can’t actually speak for the VA, other than their CVE database. SBA does have its dynamic small business --
DSBS, dynamic small business search database, which houses about 20,000 veteran-owned business, SDVO, SBs, so that would certainly be a way that we could communicate that out on our own.

MR. ZACCHEA: Any more questions?

(No response.)


MR. HOLLEMAN: Thank you. Let me -- let me just say thank you, I -- I really appreciate having the opportunity to come to talk to this group. This is part of our outreach on this and I appreciate your giving me the time, thanks very much.

MR. ZACCHEA: Okay. So the time on -- on deck I have is 10:06. We are eligible for a break at 10:15, so we have about nine minutes. The question is, should we take a break beforehand and reconvene at 10:15?

MR. O’FARRELL: Yes.

MR. ZACCHEA: Okay. So let’s take a break and we’ll reconvene at 10:15. Thank you.

(Whereupon, a break was taken.)

MR. ZACCHEA: This is Mike Zacchea and the time on deck is 10:16, we’re back on the record. Next up on the agenda is the veterans business development update starting with Administrator -- Associate
Administrator Stubblefield.

MR. STUBBLEFIELD: Still here messing around with the -- the -- the technical piece. I -- I just want to make you aware of two things. It was brought to my attention on the break that IVMF is working on a -- a contracting specialty track, if you will, and that Judge Holleman’s presentation is probably something we need to look at in terms of incorporating that in this -- the contracting piece that IVMF is doing for us, so that’s one -- one piece of it.

And then I want to tell you about an -- an initiative that we started with our Office of Capital Access, the AA there, Bill Manger and I last week went over to treasury and we sat down and talked -- spoke with treasury officials about the feasibility or possibility of incorporating veterans as the -- as a category -- a special category, the other targeted populations under the CDFI funding piece.

Now, the treasury told us that would probably be a high hurdle, because we’d have to make the case that veterans are an underserved population, but they didn’t shut the door 100 percent because we -- we have an intern onboard now from Yale who’s going to work in our office about the next month or so to do the deep-dive on data. Whereas we may not be able to say
veterans as a whole are -- are underserved, but there’s particular segments, you know, in the -- in the veteran population that may fall in line with -- you know, under those rules governing CD -- CDFIs.

For example, I think everyone here would agree that a -- you know, there’s a difference between a private, you know, and a -- and a colonel and when you look at the -- the -- the data, most small businesses, veteran-owned businesses, are, you know, more senior military people, as opposed to younger people getting out. So treasury has given us a point of contact to work with, we have an intern, and -- and we’re doing a deep dive, and we’re going to continue that dialogue.

Okay. All right. Going forward with our slides here, go back. Go back one. Okay. So I don’t know if -- if this -- this is Stan, if -- or -- or am I speaking -- okay. It’s off. Okay. These are some of the highlights, if you will, with every one of our OVBD.

National Veterans Small Business Week is coming up in November, you can see the theme there. We’re -- we’re in the process right now of distributing the outreach kits. I think we’ve done -- within our program offices, you know, in SBA, I -- and I -- I guess the outreach kits we will distribute outside of
SBA, I guess during August/September time frame.

You -- I -- I noticed a number of you took pictures here today with our new logo, we’ll proceed back on that. Almost every place that I’ve been we -- nothing but positive feedback in terms of our -- our new logo. So the logo on the branding, we’re -- we’re going through that right now.

We got -- we have Barbara here, Barbara Ashe, she -- and she had just mentioned -- kind of mentioned in a subtle way when she was at the mic that the VIP program celebrated its 1,000th graduate in -- in March and I don’t know if everyone here is familiar with -- with that particular program.

I had a good sit-down session with Barbara a few weeks ago and it’s -- you know, it’s -- I call it -- I classified it as maybe the intermediate stage. It’s not -- you’re past the startup and now it’s kind of, like, business 301, as opposed to -- to business 101 and so there’s that -- a -- a -- a high success rate there in terms of -- of graduates and folks who are moving on to get -- to be able to get government contracts, and growing, and expanding their business. So congratulations to you, Barbara, and all the work you’re doing.

Boots to Business, I think everyone here is probably knows that it was a pilot program in 2013, it became a -- a permanent program in 2015, and so what I’ll do right now is, like, turn it over to -- to Mark who’s going to talk about the Boots to Business program and some of the other things that’s going on in his office.

MR. WILLIAMS: All right. Thanks a lot, Larry. I’m Mark Williams, I’m the Boots to Business program manager, part of the Office of Veterans Business Development program’s team. So as Larry was talking about, hit a really big milestone recently with training our 80,000th Boots to Business graduate or Boots to Business attendee, which is a -- a really big thing.

So a little history, the program started as a pilot in 2013, became permanent in 2015. Like I said, hit that milestone. The one thing I want to say is that I think that’s a testament to a really great working relationship between the SBA, the military installations that we serve, as well as our resource partners at the VBOCs, the small business development centers, SCORE, and the women’s business centers. All of those components are really import to it, they all work together and, you know, we’ve -- we’ve strived really hard to provide equality entrepreneurial
education to our transitioning service members, so really happy that -- to be part of that team.

Going along with that, providing good service, we’ve also recently refreshed our curriculum. Part of the -- you know, as we work together with the transition assistance program we’ve -- we work together to see what -- what they need for their -- their service members and try to make sure we provide those things.

So during the recent refresh, what we did is we -- we worked with kind of our experts from the SBA instructional team as well as all of the resource partners to try to decide what’s the best -- you know, what’s the best things we can do to a pretty good curriculum already, some -- what are some tweaks we could do to that.

So some of the things we did is, one, really focused on making the curriculum less academic and a little bit more practical, because it was developed by a university, we got people who are going to go start a business in a couple of months. So it needed to be a little bit more practical, so we looked at that.

Another big one we tried to make sure and do is that, you know, we have some options. It’s like the -- the -- the -- the two-day Boots to Business
classes is your -- is your entree, is your -- it’s your, you know, introductory piece, but the real strength is our resource partner network and we also have follow on. So we’ve spent a lot of time making sure that we -- we strengthen that connection.

And then the last thing, we have a new partnership with the USDA with their rural development programs to let people know about that, so we added that into the curriculum. So that’s what we did with the curriculum.

And then the last thing that is kind of new for me to talk about is the standard operating procedures have been revised, so some of the things that we had to incorporate in, because that was created in 2014 when the program was really new, and we’ve matured a lot since then.

So we incorporated in our new customer relationship management system, which is used in the field and also when we first created that, so the -- the reboot program wasn’t thought of yet. So, you know, that has some extra little challenges to it, so we incorporated that in. So that’s what we did on the SOP and I want to turn it over to my boss, Dena Moglia.

MS. MOGLIA: Good morning, everybody. I am Dena Moglia with SBA’s Office of Veterans Business Affairs.
Development. Just picking up where Mark left off, the -- on this slide, the fourth bullet, there’s an OIG report pending, I don’t know if you’d heard about it previously.

I believe the -- the council had been advised that the Boots to Business program was under audit by our Office of Inspector General. The discussion draft has been made available to us, but it is in the middle of finalization. So we can’t release too many details at the moment, but when it is final, which will probably be within the next 30 days, we’ll be sure to share that information with you.

The next bullet, the annual Boots to Business outcome survey. This is a tool that SBA uses regularly, we have a couple of different components of it. One, we have a course-quality assessment that we use the tool for gauging the -- the quality of the Boots to Business course, but the other aspect, the outcome survey, is something that we do. We -- we call it annually, but it really is a sliding date, it’s based on people’s graduation date from Boots to Business or reboot courses.

So about a year after they complete that course, we do reach out to them via e-mail to complete a survey to ask about their experience with Boots to
Business and a number of other questions that we’ve gotten cleared through OMB. That tool actually is set to expire in December, we are on track to renew that. We’re also anticipating we’ll be making some changes to it in the future, but we’re not ready to launch those quite yet, so we’re going to be moving ahead with the current tool. Again, that’s going to be expiring in December, but renewing that for continued use.

The -- we’re not real thrilled, frankly, with the response rate that we’re getting with this particular survey. It’s about 1 percent, which is not great. There are some limitations to it, the major one being there’s inherent bias with self-reported data, but it is a tool that we’re using to -- to try to gauge the long-term impact of the Boots to Business program.

I think you all have heard before, you know, there are several other types of outcomes that we look at, short-term outcomes, as well as intermediate outcomes, and long-term outcomes. For the short-term outcomes, that’s really looking at people’s awareness and knowledge of entrepreneurship, the Boots to Business program.

If we’re helping them make an informed decision, one aspect of that is whether or not they are
connecting with an SBA resource partner, do they even know about our resource partner network. We are -- that’s something that we do gauge with the survey tool, but another improvement that we have made within the -- the program and here at SBA is our 641 form, which you may or may not have heard about, that’s the form that our entrepreneur development programs use to intake customers and get their -- their basic data on who they are and what kind of help they’re looking for from the SBA with their business development aspirations.

That 641 form was revised and it’s being implemented now to include veteran -- a checkbox for veterans, as well as whether or not they are connecting with the VBOC, and if they’ve gone through the Boots to Business program, so we’ll hopefully be getting some more data from that as we’re -- we’re gauging the impact of the resource partner network on folks’ entrepreneurial development aspirations.

The last bullet here is a -- an evaluation of the reboot program, that was conducted by the Carnegie Mellon University. That report was finalized, what are we in, June, last month and we had some graduate students with the Heinz College at CMU provide about 2,000 hours of their analytical expertise looking at all kinds of data that we threw at them. The -- they
had a few recommendations for us, we plan to use that report for internal purposes.

You can imagine, you know, with it being a volunteer effort and with graduate students looking at it, there are some nuances with the program that, you know, we want to take a closer look at, but we do plan to use their recommendations to make improvements to our program. They recommended two specific areas related to marketing and outreach as well as process efficiencies. Okay. That’s everything.

(Phone interruption.)

MR. O’FARRELL: Jim O’Farrell. Can you go on mute if you’re on this call? Someone who’s talking about a factory, thank you very much. Jim O’Farrell, once again. So going to your -- your questions -- or your -- your comments there, I have a couple of questions.

First of all, we’ve been asking for several years now, if you take the 80,000 number trained, how many of those veterans started a business, how many are in business one year, two years, three years out from when they started?

MS. MOGLIA: Yeah. So of the 80,000, we have about 1,100 usable unique responses. If we don’t factor in the folks that we’ve gone to repeatedly over
the years, that would increase the responses to about 1,300, but, regardless, we’d like to look at the unique responses, so that’s around 1,100.

Thirty-six percent of those responded started a business and are still in business, which means they survived the one-year survival rate, if you will, and about 58 percent of those participants reported using follow-on resources, so we -- again, those -- those are great numbers, we sort of take it with a grain of salt, because it’s such a small sample size and there is an inherent bias to how the data’s reported, but it is heartening to -- to -- to see those numbers.

MR. O’FARRELL: Secondly, I’d like to have you all come back in, Mike, Mr. Chairman, if we could, for our September meeting to give an out-brief of the IG report and the Carnegie Mellon recommendations. Any time I hear the word, recommendations, this committee is all about making appropriate recommendations to the White House and to the Congress on things that we can do to improve.

Going back to that comment then, so -- well, quick tangent. So you mentioned CRM during the presentations, several members of the committee, we went out to VBOCs during 2017 and a recurring theme was the lack of integration among the CRM tools that are
being used at VBOCs, versus the women’s business center, versus, you know, you name it, where we have a veteran who comes in, just got back from Afghanistan, went to the overseas training, let’s say, from Boots to Business, and say I want to start a business.

We send them down to Springfield, Virginia, they go in there, and they take -- all their data is taken, there’s the intake process, and then their wife gets PCSed, because she’s active duty, and he’s going to start the business, and they move to Iowa, and now they’re going to go to another VBOC, and that organization says, let me take everything one more time, and then on, and on, and on, depending on who they’re touching within the larger kind of SBA ecosystem.

So we’d really like to see and hear from you about how -- what changes are you all pushing for to improve that process.

MS. MOGLIA: Do you want me to address it, Stan?

MR. O’FARRELL: And I guess the follow on to that is if you have that level of fidelity in grabbing them right from the jump and getting -- and tracking them as they go, then I think that 1,100 number out of 80,000 should hopefully go up, am -- am I -- I don’t
1 know, I --
2
3 MR. WILLIAMS: That’s not important.
4
5 MR. O’FARRELL: -- I’ve -- I’ve -- I’ve got to believe that there’s a way to stay in touch with them and -- and get that data, because 1,100 seems low.
6
7 MR. WILLIAMS: Yeah, I do think one of the reasons why we’re incorporating the CRM system we’re using is exactly for that reason, which is to try to grab those people a little earlier and be able to -- to keep in contact with them. I mean, that’s a big reason why -- why we went to a pretty-large expense with the CRM system and we -- we hope to be able to integrate those systems together. So that’s -- that’s one of the main reasons why we wanted to do that, so we can track those outcomes.

8 MS. MOGLIA: And just to build on what Mark has said, the -- the agency, Writ Large, is looking at an enterprise solution for customer relationship management, they recognize that this is an area that we would like to strengthen across the enterprise.
9
10 OVBD was given the authority to operate the customer relationship management system that we’re using now on a pilot basis and then we’ve gotten pretty much the permission to operate it indefinitely, which is great for us, because it’s been very helpful in
modernizing and streamlining our operations.

Our hope is that the agency will adopt our solution in trying to use a CRM across the SBA enterprise, but -- and we’ve been providing information to our OCIO on that, so we are involved in the discussion, which is heartening. I’m not sure where that’s going to shake out and not even sure what the timeline is. Larry, I’m not sure if you want to address that at all, but --

MR. STUBBLEFIELD: No, I’ll --

MS. MOGLIA: Okay.

MR. STUBBLEFIELD: -- I’ll just say it’s -- it’s still in discussion, because you -- you know, sometimes, I guess it would be totally transparent, folks are -- you know, become territorial and they’ve -- they’ve got their own systems as far as CIO is -- is working to breakdown those stove pipes and then get a -- an enterprise decision from the administrator in terms of where we’re going to go.

Now, I -- I will say I -- in my opinion I think she’s doing a good job laying out the case, especially when she talks to the administrator. The administrator needs information and we’ve got to go to several different places, so it’s still in -- in discussion.
One thing, and I’m -- I’m asking -- I’m just throwing this out here, really kind of like it’s a new person at the table, but whatever we come up with in SBA, if -- if this is a true statement or not, I -- I don’t know how that’s going to affect our resource partners, because, like the example you gave, if -- you were talking -- talking about Iowa.

MS. MOGLIA:  Um-hum.

MR. STUBBLEFIELD:  If a person goes to, say, SCORE in -- in Iowa, they still wouldn’t necessarily be tied in to -- to us, so we -- so we need something that would -- you know, that would encompass the -- the entire process, if you will.

MS. MOGLIA:  If -- if I -- if I could just add too, one of the things that we’re doing, OVBD, to bolster our business case, if you will, for the CRM that we’re using is we ensure at every possible opportunity that SBA leadership and management is aware that this system is our data repository for the work that we do on the inner-agency work group with Department of Defense, Department of Labor, VA, all the installations, the service branches, and that was a commitment that this office in SBA made when we signed that MOU to our -- our partners with that work group that the SBA would be a part of that whole partnership.
and that includes data sharing.

And the agency, our office in particular, did not have a secure system that we could house this type of information at an individual level, so we're -- you know, we're making baby steps, but we're making progress, and that's why we've been really thrilled with the CRM. We'd like to use it more widely, but we definitely make sure that the -- the business case includes the connectivity to the inner-agency work group.

MR. PHIPPS: This is Michael Phipps. One of the things that we had talked about on the committee about this 80,000 number is, and this might be something you guys can track, how many of that number went to both days, continued on with the after-training, and what is the breakdown of this 80,000, because if we can see a deeper breakdown we might be able to influence, maybe go to the second day, continue on to the training, that -- those types of things.

MS. MOGLIA: Want me to take this?

MR. KURTZ: Sure.

MS. MOGLIA: Yeah, off the top of my head I don't have the numbers and it's certainly something we can report, if you'd like, at the September meeting, but I do know the numbers have been, frankly, pretty
low if we’re looking at the follow-on from somebody completing Boots to Business or a reboot and then picking up with a follow-on course, meaning one of the courses that we offer through either MSU, Mississippi State University, or IBMF at Syracuse University, but what the agency -- what we’ve tried to do is expand how we define follow-on support and we are including the resource partners now, that’s the -- the -- the catch, right, that’s where SBA, as an agency, we’ve got to get tighter on how we do that and how we’re tracking that and that’s something that we are definitely talking to our sister office, OED, the Office of Entrepreneurial Development, about regularly.

The numbers for folks who moved from Boots to Business onto one of our follow-on courses, when we just had one follow-on offering it was a little bit less than 10 percent and that’s off the top of my head. So it wasn’t fabulous, but there were folks who were interested.

MR. PHIPPS: And so --

MS. MOGLIA: Um-hum.

MR. PHIPPS: -- during the -- the Boots to Business course there’s a -- it’s a -- it starts off as a two-day in-person course. Do you guys have the metrics on who attend the first day versus who doesn’t
attend the second day? And maybe some reasoning for
that, that’s some of the things that we had discussed
also on the panel.

MR. WILLIAMS: One of the things we’re trying
to do with the CRM system, because, you know, remember,
this is a person who’s trying to teach a class, do all
these organizational things.

MR. PHIPPS: Sure.

MR. WILLIAMS: So it’s a little tough to try
to go through and keep track of how many of the 50
people that were there on day one are there on day two,
but one of the things we’re trying to do with the CRM
system is make that easy to be able to track that. So
we definitely do, you know, want to make sure and see,
you know, who’s in both days of the training.

The other thing I did want to kind of throw
out and -- and I know you know this, but just want to
stress it again, is remember out of those 80,000
people, these are people who are -- you know, we call
it tire kicking at SBA.

Okay. I’m just -- maybe I’m interested in the
small business idea, but maybe I’m not, and I -- I
always remember what one of our resource partners said
to me, which is someone who really didn’t know or
really shouldn’t have been a business owner, if we were
able to educate them that that’s not the path for them, 
that’s a -- that’s -- that’s a good thing.

So I -- I kind of look at it as, okay, we’re 
there to provide that information and make sure they 
have the tools to -- to go forward and so that’s one of 
the things we did with the curriculum refresh is really 
strengthen, you know, if you -- if you want to continue 
down this path, make sure that we know where to point 
them, but some people are going to, you know, decide, 
and if we educated them and -- and helped them make 
that decision, I -- I think that’s a success for us.

MS. MOGLIA: To -- to get back to your point, 
Mike, the day-one attendance versus the day-two -- day-
two attendance, it’s something that is tracked 
antidotally, if you will, it’s not tracked in hard 
data, although that’s something we can certainly
revise.

We know that the -- the tracking of attendance 
is spotty by installation and by service branch, so 
it’s something that we are trying to work through, you 
know, through the interagency. It is challenging, 
because the attendance is gauged, everything from 
manually with somebody with a pencil and a piece of 
paper to a CAC card reader, and it’s everything in 
between, and it varies by service branch and it varies
by installation.

And even those installations, I know the Navy’s one of them that’s using the CAC card reader, it may not be working that day. So guess what, they’re using the --

MR. WILLIAMS: Right.

MS. MOGLIA: -- pencil and the pad of paper again. So it’s -- it really has been a challenge to -- to get that granularity.

MR. PHIPPES: We definitely agree with the comment about sometimes it’s not the right path and sometimes it saves veterans tens or more thousands of dollars. I’m -- just two quick requests. One, we would -- and this is kind of reiterating what Jim said, we’d like to see, if possible, the Carnegie Mellon recommendations and if you have a consolidated version of the curriculum refresh we’d love to see that, because that going hand-in-hand with -- we’ve made probably three recommendations for things that are either additional courses or things that would be worked into the curriculum, one of them legal.

Jim hit on marketing has been one and so all of the -- there’s a -- definitely a cross path with some of the research that we do, and the curriculum, and just seeing, you know, where we might be able to
marry some of that up.

MR. CRANE: Can I say -- I’ve got something real quick. Eli Crane, Bottle Breacher from Arizona. Mark, to your point, I just spoke at a Boots to Business a couple months back in Tucson, Arizona and I could definitely tell that a lot of folks in there were tire kicking and I’m pretty sure I did several of them the favor and talked the out of business.

MR. WILLIAMS: Working with Jim Pipper, I bet, right?

MR. CRANE: Yes.

MR. SHELTON: I just have a -- is the thing on?

MR. ZACCHEA: Yes.

MR. SHELTON: Okay. So, sorry. Brandon, TFX. It’s kind of hard to -- right. All right. I’ll do it this way. So, obviously I’m a new -- a new member here. I know I’m obsessed with data, so I don’t want to take you guys to task with anything you come back and brief us on.

As an outsider, as a civilian, anything that I can get my hands on and advocate, 80,000 is a large number, it’s bigger than all the numbers at the VA, it’s bigger than what I just heard a minute ago in 20, and you have e-mail addresses, and, I mean, so I just
wascurious.

One question I have today, if you have it, is you said about 36 percent of the respondents -- 1,100 respondents, 36 percent, so what's that? It's, like, 350, make it easy. Actually, that were still in business. That responded, they're still in business a year after they went through the course. At some point between 2013 and 20 now, does that -- or last year?

MS. MOGLIA: 20 -- yeah, early this year.

MR. SHELTON: Last couple years?

MS. MOGLIA: Yeah.

MR. SHELTON: Great. Okay. So my -- my question is, is that do you guys track how many of those go into government contracting and how many go to other non-government contracting businesses?

MS. MOGLIA: This is Dena Moglia. We do ask questions about industries.

MR. SHELTON: Okay.

MS. MOGLIA: I can double-check, because I can't recall off the top of my head if we get to the contracting question, but I can definitely look into that.

MR. SHELTON: And just -- just a personal opinion, because it would -- we run -- we invest in technology businesses and a lot of these veterans don't
necessarily want to have their veteran-owned status. It gets in the weird dynamic, right?

MS. MOGLIA: Um-hum.

MR. SHELTON: But when the Fortune 500 company asks for your veteran-owned status with VA, they never -- you know, this is where you start to get in this mix of rules, regulations versus certification, so I would suggest that this is something for you guys to consider to track in your post survey.

MS. MOGLIA: Um-hum.

MR. SHELTON: And, secondarily, I assume you’re going to start -- you mentioned you’re going to start tracking branch of service?

MS. MOGLIA: I do.

MR. SHELTON: Okay. And you’re interdicting people with this program while they’re still on active duty?

MS. MOGLIA: Yeah.

MR. SHELTON: I would really recommend you also track enlisted versus officer.

MS. MOGLIA: We do.

MR. WILLIAMS: We do that.

MR. SHELTON: Okay. You do that already?

MS. MOGLIA: Um-hum.

MR. SHELTON: But obviously there’s an implied
education level or experience level, you know, those
type of things, so I think that would feed the data.
You may have a slightly different curriculum that can
be tailored down the road.

MS. MOGLIA: Absolutely. I was just thinking
as you were talking, one of the reports that Mark’s
going to be sharing with our field offices later this
afternoon is a quarterly report that the Boots to
Business program puts together with those kinds --

MR. SHELTON: Okay.

MS. MOGLIA: -- of statistics. So if it’s of
interest to the committee, I’m happy to -- to share
that, you -- you know, with you all and get it to Amy
and Larry for them to disseminate to you all, if that
would be -- if that would be helpful.

MR. FENDER: This is Alex Fender at Funnel
Science. On the -- one of the problems with surveys is
that they typically have a low response rate and
typically the low response rate is caused by the design
of the survey.

MS. MOGLIA: Yes.

MR. FENDER: And so several years ago I went
to a Boots to Business and I was one of the speakers
and then later on I -- I got a survey sent to me by the
government that was, like, that thick.
MS. MOGLIA: Yeah.

MR. FENDER: And it asked me to fill it out for free, right?

MS. MOGLIA: Um-hum.

MR. FENDER: And I don’t have time to fill out that much for free, right, so maybe if you could bring to the next meeting the actual survey that’s going out.

MR. WILLIAMS: Um-hum.

MR. FENDER: Sometimes the questions that a civilian would ask to a veteran or a military member just kind of sounds obtuse, if you will. So maybe if you could bring the survey to us and let -- let the committee members review the questions and maybe help try to improve the response rate, I’d -- I’d like to help with that.

MS. MOGLIA: Sure and if -- if I may, I appreciate that feedback, because that’s actually one of the things that we’re working at right now.

MR. FENDER: Um-hum.

MS. MOGLIA: And if there’s additional feedback we are certainly open to that, because there was a comment period for this survey, but that was a comment period that was really looking at the existing survey.

What we are starting to look at is refining
that existing survey, because we know it’s as you’ve
described and it’s -- when I started with the office
and I started looking at that thing and seeing the
estimated time it takes to complete it, I -- I just
thought it was ridiculous.

So there are areas that we are going to
definitely be changing with that and if you have
recommendations, I ideally would love to work with
somebody who’s got survey design expertise. It was
apparent in reading that survey that was not something
that was utilized. I think the first go around that
we’d like to change that moving forward.

MR. FENDER: So to follow on with that, with
the tool, you mentioned you had some complexities with
the tool and it prevented it from working. I’d
recommend that the -- the next tool allow for A/B
testing or a version A of the survey. So a version A
in color and then a version B, you know, not in color,
and then just measure the outcome of the surveys just
by the designs.

So if the tool could have not just one survey,
but have a version, a control that you know that you
want, and then the new test for an A or a B, that will
increase the survey rate and enrich the data.

MR. O’FARRELL: Just a quick second thought.
So another thing that emerged from us visiting some of the VBOCs was feedback from VBOC personnel that they are spending a significant portion of their workday doing Boots to Business and -- and some of the feedback was that the -- they felt that veterans in their local operating areas were more -- were as interested, if not more, in counseling services.

So, okay, I have decided I -- I kicked the tire of Boots to Business, I’ve decided I’m going to go into business, and now I -- and -- and you’re -- you’re telling me at the SBA that you offer counseling services. Bless you. However, you have people that are on the road traveling a significant portion of their weeks doing Boots to Business. Do you all hear that in the Boots to Business program office, is that feedback you have received, and what are you doing to address it?

MR. KURTZ: Well, good morning. My name is Stan Kurtz, I’m also with the Office of Veterans Business Development. I’m the director of Veterans Business Outreach program, or VBOC, and I want to thank you all for -- for getting out there and -- and talking to the VBOCs and getting some of that feedback.

But one of the things I was going to talk about is one of the requirements or the requirement for
VBOCs is to participate in 100 percent of the Boots to Business classes going on. So we have 22 VBOCs right now, and I’m going to discuss that, but if you think 22 across the country they have several states. And with that requirement of 100 percent, going back to what Mark had said, really our job is to introduce them to the resources available.

So they’re required to be at 100 percent of the Boots to Business classes, work with the SCORE, SBDCs, and any other partners. Once they go through the class, they are interested in continuing on with their entrepreneurial journey, they already know who the resources are.

We can connect them with those resources, but you’re absolutely correct, their primary focus is being there to Boots to Business classes. So we work very closely with the SCORE, SBDCs in trying to get them that -- those -- you know, those resources they need for the continued-on counseling.

MR. O’FARRELL: So, you know, just some feedback. This body, a -- a -- a major function of our mission here is to make recommendations --

MR. KURTZ: Um-hum.

MR. O’FARRELL: -- like I’ve said. So if you have a recommendation on how you would -- you could see
that in being improved, it -- I’m not sure exactly what
the analogy is, but I -- it seems like we got a bunch
of salespeople in a car lot that are helping people
kick tires, and yet the people that are back inside the
service bay need -- need help and they -- there’s
nobody there, because they’re out in front, is that --
that was a really bad analogy, but you see what I mean.
We’re -- we’re spending --

MR. ZACCHEA: Work on that.

MR. O’FARRELL: -- it seems like -- I’ve got
to work on that, Mike, I know. It seems like we’re
spending a lot of the effort on the Boots to Business
program, no offense to the Boots to Business PM here,
but we -- we need to have it more balanced so that the
veteran across that -- the life cycle of being a
business owner from start to end is getting the service
they are being promised by the SBA.

MR. KURTZ: Right, but the district offices --
again, this is Stan Kurtz, business -- district offices
are SCORE partners or SBDCs, they could provide that
counseling. In most cases they’re teaching the classes
or helping out with some of the modules as well, so
really connecting them with those resources, and again,
you know, our primary mission with VBOCs is Boots to
Business, and again, you know, we have 22 -- 22, so
they are stretched pretty thin.

MR. ZACCHEA: If I can just -- this is Mike Zacchea, I’m going to weigh in here and I’m wearing my EBV hat now. So EBV is somewhat downstream from Boots to Business and similarly I’ve taught a number of Boots to Business, but, like Brandon, I’m obsessed with data, I keep very -- my new data about hour throughput and the single greatest indicator of future success is a veteran who has been to SBA, to a -- to a VBOC, to a Boots to Business in terms of actuating an idea and then being successful --

MR. KURTZ: Right.

MR ZACCHEA: -- in executing that idea. I have a small sample, but it’s statistically valid, but just based on that I don’t find any other correlation to entrepreneurial success other than accessing SBA for counseling on starting a business.

MR. KURTZ: Right. Now, I will say even with requirement I have -- I constantly look at the data, so we thought with 100-percent requirement that the counseling would go down. It’s actually gone up, so we do track monthly and quarterly on the number of counseling sessions that are happening, along with outreach and the number of Boots to Business classes that they’re -- they’re involved with.
So those numbers for counseling continues to go up, so there is some counseling going down. I -- I wanted to make that clear that we’re -- I didn’t want it to sound like we’re not doing any counseling at all, we are doing some counseling.

MR. O’FARRELL: Okay. Final thought, Jim O’Farrell again. So in -- and I don’t know exactly the month, Mike Phipps, that you and I went to the hill, and we were sitting there with senate small business committee staffers, and it kind of felt like we were taking a bit of a beating, because we were making recommendations that supported Boots to Business.

MR. PHIPPS: Um-hum.

MR. O’FARRELL: And yet we didn’t have the facts, we didn’t have the data. So I just -- the final comment here is we live in a data-driven world, and we need the data, and we’ve been asking for this number of how many are in business and how many. So when I hear the sample size is 1,100 out of 80,000, that’s unsat and I would say that by September somebody’s going to come back to this committee, and give us some actual numbers, and give us the recommendations from Carnegie Mellon, and give us the IG report summary, because it’s -- it’s getting old.

MR. ZACCHEA: Okay. Any -- any more comments
on that?

(No response.)

MR. ZACCHEA: Okay. So next up I have Mr. Ken Dodds.

MR. SHELTON: And, Mike, can I ask another question? Sorry. Brandon. This is kind of new, so I’m sorry. How many SBA employees does it take to administrate Boots to Business?

MR. KURTZ: So that’s a great -- that’s a great question, because, you know, I was like kind of doing some -- some math here, 9,600 hours about is what’s required to deliver this around the world with 600 classes, 16-hour -- you know, two 16-hour days.

MR. SHELTON: Um-hum.

MR. KURTZ: And there have been no personnel increases to support this program, so, you know, I’m just saying it’s -- when you’re talking about the VBOC, the VBOC shouldn’t be doing that or whatever. I mean, it’s -- it’s a very -- it’s a big lip to -- to deliver this, 9,600 hours of time, and it’s either an SBA person, or a resource partner, or the VBOC.

MR. SHELTON: So this -- when this started a few years ago -- it’s Brandon again, sorry. Brandon, sorry again. The -- you guys never added a single full-time employee to support getting up to 80,000?
MS. MOGLIA: Hi.

MR. SHELTON: You just use existing SBA resources?

MS. MOGLIA: No, that’s not correct.

MR. SHELTON: Okay.

MS. MOGLIA: Dena Moglia, OVBD. So the -- the program -- when Boots to Business received an influx of money, I think that was in 2014, they did within a -- within that year they had put a contract in place to support the Boots to Business growth, if you will.

MR. SHELTON: Okay.

MS. MOGLIA: So right now at headquarters it’s Mark and I within the office and then there’s a team of no more than five contractors for program support.

MR. SHELTON: Okay.

MS. MOGLIA: There’s another contract that is supposed to be helping with marketing and outreach for Boots to Business, but also for all of veteran business development. And then what I’m not taking into account when I talk about the headquarter resources is our field personnel, and frankly none of what we do on Boots to Business, and the most critical point, from what I’m hearing from folks on the data even, is going to happen without our field personnel.

Our field personnel are the individuals who
are out there getting the sign-in sheets from all of
the installations that are conducting Boots to
Business, and unfortunately they have to scan them and
send this in, and in the 21st century it’s frankly kind
of ridiculous that we’re still doing this, but it’s the
only way we have right now to ensure that we’re getting
that data from the field on a regular basis as to who
is actually attending those classes.

There are registration lists that sometimes
DOD shares with us, it depends frankly on the
relationship that’s at the local level, but as for
actual attendance in the classes, and we have gotten
requests from our IG for those -- those attendance
lists and we’ve shared it with them, that is only as
good as what the field is submitting to us and we do
make -- and Mark can attest to it, it’s actually one of
the items on our agenda for our -- our call with the
VBDOs, the Veteran Business Develop Officers, which are
our touchpoint in the field. We have a call with them
on a monthly basis and that’s a regular agenda item for
us.

MR. GWINNER: This is Sheldon Gwinner. With
the mission, just looking at the numbers, 80,000, and
kind of jump off of Jim’s analogy, I -- I kind of view
the Boots to Business as almost like a director of
first impressions. So what it looks like you guys are doing is qualifying tire kickers to people that actually want to take the next step, was that the original goal of that or what was the -- what is the vision of the goal if it -- people are coming through once they either see their way into being an entrepreneur or see their way out, what’s the next steps being provided by you guys?

MS. MOGLIA: The -- the journey for somebody to get into entrepreneurship differs by individual. That’s something that, you know, we’ve learned as a program office over the years and what we are trying to do is offer a variety of resources to support individuals wherever they are at in that journey. So follow-on courses online so it can be reachable by people, CONUS as well as OCONUS, that’s one way that we have of doing it.

There’s a few different courses that we offer online rather than the one eight-week course that we had offered previously through Syracuse University and then the resource partner network frankly is critical for what it is that we do.

And if our resource partner network isn’t active, and engaging, and alive, that’s only going to hurt folks, our customers in the field who are looking
for help in whether or not they want to get into
business or not. And if they do want to get into
business, what are the next steps to doing that. It
could be developing a business plan, it could be trying
to get loans ready. There’s a number of different --
it could be just doing market research, there’s a
number of different steps they could take.

MR. GWINNER: But is that what -- what your
responsibility is through the Boots to Business is to
do all those aspects specifically or is it to leverage
resources in your markets such as other VSOs that do
that or even entrepreneurial-based services in that
market?

MS. MOGLIA: Our preference is to leverage the
resources in the entrepreneurial ecosystem. SBA can do
some of this, but we frankly don’t have enough people
to do all that, so we do need to leverage what’s
existing in the -- the localities.

MR. GWINNER: So do you feel that’s the
biggest inefficiency between that 80,000 and the actual
data input of 300 people given that you -- you guys
obviously can find the bodies to get in -- in to see,
but where are they going?

MS. MOGLIA: Right.

MR. GWINNER: If 300 are only in business,
where did the other 79,000 go?

MS. MOGLIA: Yeah.

MR. GWINNER: And -- and from there, there's -- I know our responsibility, if somebody's not an entrepreneur and they see their way out, we have a relationship with GPBN, for example, who helped with job placements, so that's -- do you think the focus should be more on the support and services, that way you're capturing that data and now you're saying, hey, yo, out of that 80,000 only 10,000 went into business, the other 71,000 to here to start. Yeah, to run a business, one to vets on the hill, whatever?

MR. KURTZ: Yeah, this is Stan Kurtz. You're absolutely correct, so it's all about collaborations. So our folks are plugged into the DVOPs, LVERs, so if they decide, hey, I'm not ready to do a business yet, but I do need a job, so they, you know, work very closely with -- does everybody know what DVOPs and LVERs are?

(No response.)

MR. KURTZ: So DVOPs are Disabled Veteran Outreach program specialists, we're across the nation, it's under the DOL Jobs for Veterans State grant. So these people helped veterans as far as case management, get them to be job ready, and then they also have local
veterans employment representatives that work with employers.

So the goal is to match those skill sets of those veterans to what the employer needs, so our VBOCs worked very closely with them. So if they’re in the counseling session or they decide, hey, I just need a job to kind of tide me over until I start my business, they have those resources.

And, again, I’ll go back to it’s all about collaboration and not only the VBOCs and LDRs, the -- I do a monthly call with the VBOCs and I try to bring on any other resource partner such as Bunker Labs, VetFran, any of those resources we can collaborate with to help that veteran either in their entrepreneurial journey or in another direction if they need to go into employment.

So a couple other things I’m going to cover about our program, our VBOC program that’s been happening. So last November we released a funding announcement for the re-compete, when that was complete we went through, we finally selected who those VBOCs are. We had 20 and now we have 22 with additional funding. Five of those are brand new VBOCs, two of those are brand new states that -- that have taken on, because we’re growing, so we went from 20 to 22.
So we added one in North Dakota, which is going to cover South Dakota and -- and North Dakota. The other one is Tennessee and it’s going to cover Kentucky as well. So I’m going to -- since we have five brand new ones and we have some VBOC directors that have changed down as well, so I have relatively new staff. So we’re going to bring them here in August, it’s from the 7th to the 9th in this room. We’re going to do VBOC training, so we’ll bring in all of our resource partners.

We’re also going to do a best practices with people who have been VBOCs for a long period of time to -- to basically help the brand new ones and also establish a mentorship program with some of the VBOCs that have been around for a long time and very good at what they do to -- to mentor one-on-one with some of the brand new VBOCs that are taken over.

During that -- during that training we’re going to cover best practices, as I’ve said. We also are going to go through our planning tools with IBIS World and LivePlan, so they will actually come in and do some training on those -- on those tools.

We just did a pilot program, finished that up, where we looked at IBIS World, LivePlan, and GrowthWheel, and we selected IBIS World and LivePlan,
and those are business planning and feasibility analysis tools, so they’ll actually be in here and training our VBOCs on those programs as well.

We’re also working on our SOP, it’s currently under review. It’s the first SOP for the VBOC program, so it’s -- it’s routing right now for approval. And so those are the things that are happening with the VBOC program, pending your questions.

MS. O’BRIEN: Liz O’Brien, Hiring Our Heroes. What’s the time line of -- for implementation of the CRM and then is that going to be used at every Boots to Business engagement to collect information?

MR. KURTZ: Mark.

MR. WILLIAMS: Hi, it’s Mark Williams. The CRM is used -- it’s already in use.

MS. O’BRIEN: Okay.

MR. WILLIAMS: But as far as, like, if we’re going to use it to track attendance or something like that, that’s kind of under review. We’re trying to figure out the right -- the right tool to do it, but it is already in use and we are -- one of the things that I -- I was kind of trying to keep quiet on is the -- the 80,000 number, because, remember, this program ramped up really quickly.

MS. O’BRIEN: Um-hum.
MR. WILLIAMS: We were faxing in sign-in sheets. We have not always had connectivity to the people, so we -- we don’t have a touch to all 80,000 people, because this program started early and we were manually doing that. So now one of the things we’re trying to do with the CRM system is have access to them, get them to sign up online, and then we can connect with them, and -- and track the outcomes.

MS. O’BRIEN: So for -- for engagements that are hosted on installations, you know, will -- will it be mandated that they have to use it, I -- I can’t -- I don’t even -- we collect a lot of information at Hiring Our Heroes and I can’t fathom how you’re tracking efficacy and -- and fax -- you know, through sheets that are faxed in. I mean, it just has to be overwhelming, so how -- you know, what is the process for standardization?

MS. MOGLIA: Yeah, it is overwhelming and frankly that’s where a lot of the -- Dena Moglia again with OVBD, that’s where a lot of the manpower is at is taking the sign-in sheets we’re getting from the field and then entering them into our system, because we want to make sure that we have that granularity at an individual level so we can reach out to people and give them information, you know, individually, if you will.
In the past the data that we’ve collected has been in the aggregate and that’s what we’ve been allowed to collect because of privacy concerns, and, you know, clearance processes, and all of that, and that takes time to maneuver. But the plan is that we would love to have people registering maybe in a tablet, or I should say checking in that they’ve attended the class, attendance on a tablet or something that’s digitized.

It has been challenging, shall we say, in working with the interagency and the infrastructure around that, because there are a number of equities that have to be represented with those partnerships, so there’s -- you know, with the -- you can imagine with the Department of Defense, they want to ensure that they have control and visibility over everything that their -- their folks are doing and that includes the data and whether or not they will share it with us.

They are open to that, but they -- of course they want to have secure systems in place for that data share, so that’s what we’re working towards, but the processes are the challenging part and that’s what we’re trying to push along. Any support on that would be welcome, frankly.

The great thing is that everybody who’s at the
table for interagency, we’re all in lockstep on the
data sharing and trying to get to smoother operations
around that. It’s challenging maneuvering all of the
federal regulations and requirements governing the
information.

MR. FENDER: Alex Fender at Funnel Science.
Is the database a -- is it -- what’s -- what’s the name
of the CRM platform you’re using?

MS. MOGLIA: We’re using Sales Force.

MR. FENDER: Is it -- are you using the cloud-based version?

MS. MOGLIA: Yes.

MR. FENDER: And do the VBOC -- or the VBOCs
have username and access to log in?

MS. MOGLIA: Correct. So when they log in,
they provide their -- their name, their e-mail address,
and their ZIP code, and that’s about the extent of the
information that we ask for from them when they’re
getting access to the calendar and -- and trying to --
we -- I say register, but it’s not really registering
for the Boots to Business courses, we’re trying to
capture that basic information. Did you want to add
something, Mark?

MR. WILLIAMS: Yeah, I was going to say that
-- the -- the question was, do the people in the field
-- so Dena was talking about what the -- the users, the actual --

MR. FENDER: Today.

MR. WILLIAMS: -- students have access to, but, yes, our VBDOs and our VBOCs all have accounts and are able to use it.

MS. MOGLIA: Thanks.

MR. WILLIAMS: Sorry.

MS. MOGLIA: No, thanks.

MR. WILLIAMS: A scheduled class.

MR. FENDER: Are you all using the Pardot to collect forms?

MS. MOGLIA: Pardon?

MR. FENDER: Pardot?

MS. MOGLIA: (Shakes head.)

MR. FENDER: Are you using Pardot as part of the Sales Force implementation?

MS. MOGLIA: We’re not.

MR. FENDER: Are you using any form technology in conjunction with Sales Force?

MS. MOGLIA: No, and a part of the challenge with that is any form that we have to use has to be cleared by OMB, which can take 12 to 18 months.

MR. FENDER: Sweet.

MS. MOGLIA: Yeah, but I’m -- we’re all about
trying to streamline. So happy to take those recommendations and push them, because it’s killing us, frankly, the administrative burden, and it’s really hurting the field.

MR. FENDER: I’m a Sales Force consultant, and I -- I’ve worked with many Sales Force implementations, and you’re fighting -- you’re going to go up a tough, tough, tough battle, because Sales Force requires add-ons to do the job that you’re trying to do.

MS. MOGLIA: Um-hum.

MR. FENDER: So Sales Force out of the box is not going to do --

MS. MOGLIA: Right.

MR. FENDER: -- what you need it to do.

MS. MOGLIA: Yeah.

MR. FENDER: And so the CRM -- and another followup question on the CRM is the customer that goes in the CRM is the customer, the veteran. Is there any other person that’s considered a customer that goes in there other than the veteran?

MS. MOGLIA: We’ve got our users.

MR. FENDER: Yeah.

MS. MOGLIA: Like Mark was saying, the field, and our VBOCs --

MR. FENDER: Yeah.
MS. MOGLIA: -- and the resource partners, but I wouldn’t consider them a customer.

MR. FENDER: Gotcha.

MR. ZACCHEA: All right. So, Stan, I just want to mention the VBOCs and congratulations on the expansion of the program.

MR. KURTZ: Thanks.

MR. ZACCHEA: I’m a big believer in the program and I -- I hope that -- that we can look forward to a further expansion, because I think those are very productive uses of resources for their start-up businesses. I’d -- I’d like to get onto the next agenda item at this point.

MR. FENDER: Thank you.

MR. ZACCHEA: So, Mr. Ken Dodds.

MR. DODDS: Good morning, everyone. Let’s see if this will work. Yes. In late May -- I’m -- I’m here to talk about government contracting, federal government contracting. So in -- in late May we issued our SCORE card for FY-2017. In FY-2017 we met the small business goal, which is 23 percent, for the fifth year in a row. We had the highest dollars ever going to small business at $105 billion.

We met the small disadvantaged business goal as -- as well, had the highest dollars going to small
disadvantaged business at $40 billion. We met the service-disabled, veteran-owned small business goal for the sixth year in a row and, in fact, for the first time broke 4 percent, the goal is 3 percent. The Federal Government did over 4 percent and the highest dollars ever at $17.9, almost $18 billion dollars under that, and then for the -- the women-owned program we had the highest dollars at -- at $20 -- $20 billion. Now --

MR. O’FARRELL: Ken?

MR. DODDS: -- yes, sir.

MR. O’FARRELL: Sorry to interrupt. Jim O’Farrell. So while you’re on that slide, do you have the -- are you -- I’ve looked through the deck quickly, so I kind of cheated, but do you have the -- the number of contracts, as in transactions, is that number going up like the dollars are going up in the contracts awarded, is it going down, is it flat?

MR. DODDS: We did -- in the SCORE card for the first time by law we had to compare for each agency the number of contracts awarded in one fiscal year to a prior fiscal year, so that overall I don’t -- I didn’t put that on here. Some -- some areas went down and some went up.

I think for SDVO it went up, but I can get you
that information, it’s -- it’s on our -- I’ll -- I’ll point it out to you. So it -- but it varies, there’s -- there’s -- the law requires us to look at it by NAICS code for each agency per category. So it’s a very complex calculation, but that is something we -- it’s -- it’s 10 percent of an agency’s grade.

MR. O’FARRELL: Okay. Jim O’Farrell again. For fellow members of the committee, one of the concerns the past two years has been with the consolidation of contracts across the Federal Government and the use of IDIQs, BTAs, et cetera.

We’ve been seeing fewer contracts awarded to SDVOs, and SDVOSBs, although the dollar amounts are staying the same. So you have certain companies that we call it the powerball factor, they went -- a -- a VA IT, a -- a VA -- a large VA IDIQ and they suddenly go from a $3 million revenue company a year to $180 million a year in about four years and yet there are other folks that would love to be in that business and are no longer, because this one company is sponging up significant through-put. Thanks.

MR. DODDS: Yeah, that is something we have to consider. We did look at unique -- you know, unique awards to a business in a particular fiscal year. We have a whole methodology that’s kind of complex, but we
can certainly -- it’s public, so you can take a look at that, and, like I said, some categories didn’t -- did go down, but I think some went up. And I think SDVO may have been one that actually increased, you know, by the way we calculated it, but we’ll take a look at that.

So the next slide, the -- you know, for us, for the government, DOD is obviously the biggest spender. The better DOD does in terms of contracting with small business, the better the Federal Government does. They -- they met their small-business goal, DOD did, they also did -- met the SDVO goal doing 3.3 percent, $8.8 billion with service-disabled veterans.

And I know you also would be interested in what the Department of Veteran Affairs did, they -- I believe they did meet their small-business goal. They also -- obviously, because of the VetsFirst requirement, they do much more than 3 percent with service-disabled veterans. They did 19.7 percent, $5.1 billion with service-disabled veterans.

MS. PEREZ-WILHITE: Mr. Dodds?

MR. DODDS: Yes, sir?

MS. PEREZ-WILHITE: This is Fran Perez-Wilhite with the North Carolina Military Business Center. Because of the VetsFirst program, will the actual goal
then change for SDV, so the VA will have changed to
more than 3 percent of the goal at some point or will
it just stay the same?
MR. DODDS: I think that the they under that
law give themself their own goal, so they -- they set
up their goal for that. This is based on the -- the
Small-Business Act --
MS. PEREZ-WILHITE: Um-hum.
MR. DODDS: -- which gives the whole
government the same 3 percent goal. So one of the
complaints, you know, understandably from the VA, is
because they have to go VetsFirst. They have a hard
time meeting HUBZone and the other goals, because they
have to go VetsFirst.
MS. PEREZ-WILHITE: Um-hum.
MR. DODDS: And then, of course, we say the
law says you also have a HUBZone goal, so you have to
try to find veteran-owned HUBZones for -- you know, so
that’s kind of the -- you know, there is always a
tension there when you have a special law that requires
them to do that, but for our purposes we -- we’re glad
that they’re doing 19 percent, that’s --
MS. PEREZ-WILHITE: Right.
MR. DODDS: -- that’s --
MS. PEREZ-WILHITE: Right.
MR. DODDS: -- that’s very high.

MS. PEREZ-WILHITE: Um-hum.

MR. DODDS: That’s great. We also do -- you know, they have to contribute to the other goals, just like every other agency has to contribute. We’re -- we’re not in the -- the only goal we directly negotiate with each agency is the small-business goal, that’s based on how they’ve done, everybody else gets 5533 --

MS. PEREZ-WILHITE: Well, then --

MR. DODDS: -- for each category.

MS. PEREZ-WILHITE: -- because of the VetsFirst program will you then start looking at -- also keep track of veteran-owned small businesses too or are you just going to leave that up to the VA?

MR. DODDS: That is also a VA-specific requirement to set that goal. There is no Small Business Act goal for veteran-owned prime contracting. There is for subcontracting and we do -- that -- that is part of a subcontracting plan is veteran owned, but it’s not in the prime contracting goal law, so we don’t -- we don’t grade the agencies on that.

MS. PEREZ-WILHITE: Thank you.

MR. O’FARRELL: Jim O’Farrell again. So if you take a look at that -- for those on the committee, if you take a look at the VA numbers, now you see this
19.7 percent is $5.1 billion for 2017. If you go back one slide and show the DOD number again, so you see $8.8 billion was 3 percent. If we had that number at 15 percent, I was never good at math, but I think that’s around -- eight times five is $40 billion for -- for SDVO’s piece.

Where I’m going with that is the earlier briefing I gave on the 2017 ACVBA annual report one of the things that we’re trying to advocate for is a VetsFirst program for the Defense Department.

MR. DODDS: Right.

MR. O’FARRELL: It would have a no-kidding, real impact on service-disabled and veteran-owned small businesses. So going back to your -- your briefing today, Ken, is are there any recommendations you could make to this committee that we can turn around and make to the White House, and the capitol, and the hill, and the SBA that would help to push this further?

MR. DODDS: (No response.)

MR. O’FARRELL: I asked Tom Leney at a public forum back in -- I want to say it was December 2017, he said he really had -- he had not heard anything about this. So even just starting from that level is -- you know, if -- if it’s good for the VA, why wouldn’t it be good for the DOD, realizing that Tom is the VA’s small-
MR. DODDS: Well, I -- as you know, I’m -- you know, I’ve been at SBA a long time and we kind of feel like we have five children. You know, we don’t want to play favorites, you know, because when you -- when you do that, you know, everybody from the other group feels that they have a similar situation, they want similar things.

So for us, you know, we do what the law says. So if the law tells us to do something, we will do it, but right now the law tells us that we have to meet a 3 percent goal for service-disabled veterans, but we also have to meet a 3 percent goal for HUBZone, which we’ve never met. And so that constituency wants to know what we’re doing for them, and same with women-owned small business, you know, we’ve met that goal once. So, you know, we try to -- it’s a balancing act, you know, we try to promote all -- you know, all -- all of our programs equally.

MR. O’FARRELL: I guess my counter to that would be that veteran -- the -- the veteran is the individual who did the service and is now a veteran. They did that service in the Defense Department, they may be a woman, they may be a HUBZone, they may be a
Renardy. You’re going to -- you can check multiple boxes with a veteran, so --

MR. DODDS: Oh, I --

MR. O’FARRELL: -- I put that --

MR. DODDS: -- I agree.

MR. O’FARRELL: -- on the record.

MR. DODDS: I agree.

MR. O’FARRELL: Okay.

MR. DODDS: And that’s --

MR. O’FARRELL: Thanks.

MR. DODDS: -- that’s -- that’s kind of what we -- our counter to any -- you know, the VA is that you -- you do need to market yourself not just to service-disabled veterans, but the ones that are women-owned also are ones that are also an 8(a) program, you know. You know, you have to be strategic about it, it’s -- it’s -- you’re -- it’s constant work, every year we start over again and now we have to -- how are -- how are we going to meet the goal this year, so it is something that they -- they have to look at.

It -- you know, something like what you’re talking about would take a -- you know, a law and, you know, I can’t really comment on -- on how that would look, it depends on the language and -- and we -- we have to do those things kind of like officially through
OMB, so I can’t really endorse or not endorse any of those ideas.

MR. PHIPPS: Michael Phipps. There is current law out there that SBA could follow to create a program, it probably needs some strengthening and that’s part of one of our recommendations in the some of the work that we’re doing. And we can get deeper into the creation of a -- of a program specifically for service-disabled, veteran-owned businesses, a business-development program that actually -- and this is not a hit against SBA right now, but SBA and Congress kind of voted against that in 2005 and so those are some of the things that I think that this committee we can kind of change.

MR. SHELTON: Can I ask a question?

MR. LOWDER: Let me just ask something. Lynn Lowder from One Vet at a Time. I just want to say that if there’s ever an entity that should be leaning in the direction of helping veteran small-business people make it, it ought to be DOD in a major way. I think this ought to be an absolute primary focus on getting over there, and lighting those people us, and figuring how we can get business to veterans, the people have stepped across the line for DOD.

MR. O’FARRELL: Mike, Jim O’Farrell. I think
we should request the — the presence and the briefing
by the DODs, I’m sure that — that person’s on the
IATF, aren’t —

MR. PHIPPS: Shannon.

MR. O’FARRELL: — they, Mike? Right. So
have that person come to the September meeting and —
and give us a briefing and update on what DOD is doing
and then it will afford — afford us the opportunity to
ask some of these questions.

MR. PHIPPS: This is Michael Phipps. This is
— this is a good segue into a couple of items that we
need to bring up that will specifically impact veteran-
owned small businesses. DOD has an independent panel,
it’s called the 809 panel, and this committee probably
needs to get familiar with it. They just wrote a
report in January of 2018 who Mr. Dodds here read the
entire 600-page report.

There — there are a lot of very good things
in that report, it’s — it really focuses on how to
quickly get small businesses and veteran-owned small
businesses that have technology into the DOD
procurement system. However, there is very — there is
one and it’s — they don’t talk about it a lot.

There’s a very big flag that I saw just
reading the — reading — spot reading the report and
that is that DOD is -- or that this panel is
recommending to DOD, right, they’re not going to
absolutely take these recommends, as Shannon briefed in
the IATF, that DOD have their own legislation for small
business, right, which would inherently separate their
reporting requirements and possibly separate them
entirely from even having anything to do with reporting
requirements that they do now have to do with the SBA.

And -- and the fact that it’s so under-
represented in this 609 report is actually a little bit
more concerning, because there is no guidance around
DOD making their own legislation for small businesses,
while the technology side in getting that into the
procurement system to support the mission.

There are some glaring issues in that 809
report that’s just wrong, one of them mentioned that
DOD doesn’t have a strategy for small business
reporting, but DOD does have a strategy, right, so it’s
something that from this committee standpoint -- and --
and I have already requested this, Jim, from -- from
Shannon, he is going to look into this and so that’s
something that this committee has to really look into.

I’m going to bring up one other subject,
because this has to do with government contracting, and
Ken’s here, and he has some very good input on this.
There is -- has anybody heard of the Thornberry Amendment or the Amazon Bill?

(No response.)

MR. PHIPPS: It is -- and this just was passed in the NDAA of 2019 from the house. There’s an e-commerce portal that -- that would -- GSA was directed to build. This e-commerce portal, and there’s some conflicting information about this, is going to make an e-commerce platform $25,000 and below. There’s talk about $50,000 and below where the government agencies can go on.

And the reason they call it the Amazon Amendment, it kind of started with Amazon’s terms and conditions and there’s been some talk about other platforms being able to compete where there would be no trade-act agreement, no buy America, no FAR at all, no federal acquisition regulation, so the government -- the initial impact is about $50 billion, most likely it’s going to be double or even more than that. That’s per year, right, so take us over time.

What’s really funny about this, not so funny, they say, well, we’re going to do an impact study on veteran-owned business and small businesses three years after the portal’s done, right, kind of like drilling for oil, and then doing the environmental impact.
There -- there are a number of very concerning questions, already this is impacting not just commercial veteran-owned businesses that have nothing to do with government contracting. Why? Because now what we’re seeing, what’s coming to light, is as a veteran-owned business puts their products on Amazon, Amazon, what they do is force the margins of the supplier down, right, so now you have Amazon making -- or who -- whatever business this is, right, making margin on the product itself.

Then after this is going to go into the federal procurement system, they’re going to make a percentage on the transaction, right, so I -- my pen may be one dollar and this may be the same amount as it is in the commercial space, but I have a transaction fee, plus the person who made the pen I’m getting push-down on my supplier pricing, so what is fair and reasonable for that company that’s going to supply that e-commerce portal? This is such a major deal that it’s something that this committee really needs to look at in a very big way.

MR. STRAIN: My name is Bryon Strain with Federal Management Solutions, independent, one-person consulting firm. I just want to comment on this issue that Mike has brought up and thank you very much, Mike,
that’s the reason why I’m here.

There’s a -- a lot of impact that’s going to happen to the small-business world with this portal. Right now there’s a program out there in GSA, the multiple-schedules program that most everybody probably has heard of. There’s over 18,000 vendors on that program probably today, 80 percent of them are small business, a large portion of them are socioeconomic designations. There’s a total of 12,108 socioeconomic designations, of that All Small, over 2,200 are veterans, and a portion of those are service-disabled veterans.

Those veterans did almost $3 billion last year, the small businesses together did over $12 billion. And when that portal goes into place with that $25,000 threshold and anything under that, the federal buyer can go and do anything they want wherever they want. And they’re going to go to the portal, because it only would be concerned about compliance.

These 18,000 people, companies are vetted, they’ve been assured a reasonable pricing, they’ve been assured of compliance with all the trade agreement, they’ve been assured about all the compliances before they even get their contract, and all that’s going to go away to the portal. And right now you have FedMall
over at DOD and you have GSA Advantage, those are two functional portals that are similar to Amazon. And they did a study, a naval post-graduate study, a very small study against some items on Advantage and the same item on Amazon, the pricing -- over 80 percent of the pricing was anywhere from 20 percent to 60 percent lower on Advantage. The delivery time was about half of that from Advantage.

The programs now in GSA are so streamlined now you can get next-day delivery from a huge portion of the vendors. You can get the data from the P cards, you can get anything you want in today's technology. They -- the -- the government already has the data that Amazon's trying to tell you that they can do for you, the government just needs to tweak it.

My concern is just what Mike said, the threshold's going to go to $25,000, GSA is not even going to do a real impact now. They're going around talking about the impact and they're talking about the -- the studies, and the analysis, and all, but they're also saying that this -- they're telling their own people that this portal will not affect them in this schedule program. You know, if that's the case, I've got a bridge to sell them out in Arizona.

What I'm saying to you is this is a bigger
thing than anybody else is really paying too much
attention to, other than the OMB, the folks over at GSA
who have to implement it. They’re -- they’re being
told to implement this, just like they did strategic
sourcing, and I’d be glad to talk to anybody. I’ve
been very involved in this on a person basis, but also
spent 38 years in federal supply at GSA, and now I’m
communicating with about -- about 200 small businesses
in our business today for the last 12 years. Thank
you, Mike.

MR. PHIPPS: Thank you, Bryon. So we did
bring this up yesterday during the IATF. Amando was
representing GSA there, he is reaching out to the
program office and to the people that are -- that are
responsible. I think this committee should -- should
call a representative from GSA to come and -- and
really give the impact of what this is going to have
and -- and as well as DOD. I mean, these are two major
impacts on veteran-owned small businesses that we
should track and actually get GSA to answer some very
specific questions that we can devise and -- and
provide to them.

MR. DODDS: The only thing I’ll add is --
MR. PHIPPS: Go ahead.
MR. DODDS: -- oh, sorry.
MR. PHIPPS: Go ahead, Ken.

MR. DODDS: I was just going to add, I did --
I think I briefed this a couple -- six months ago or whatever. You know, it actually could go up to the
simplified acquisition threshold, which is now
$250,000, so it’s -- it can go much higher than $25,000
in my estimation or -- or my interpretation of the law
that I read, unless it’s been amended. It -- it only
applies to commercial items, so it’s not services or
anything like that.

The law does say two things about small
business, it says, number one, if you award to a small
business through this vendor you get credit toward your
goals, and it also says nothing in this law restricts
your ability to restrict competition of small business.
So how that is interpreted and implemented will be --
will be interesting. There is -- like June 21, I think
Mathew from OMB mentioned there’s a -- a -- an open
house or a --

MR. PHIPPS: Public hearing.

MR. DODDS: -- public hearing --

MR. PHIPPS: Yeah.

MR. DODDS: -- something like that. So if
you’re interested in that, I would definitely try to
just go to that.
MS. FRAN PEREZ-WILHITE: Where is that?

MR. DODDS: I -- I -- I -- I --

MR. STRAIN: It’s GSA headquarters.

MR. DODDS: I see it was the --

MR. STRAIN: GSA.

MR. DODDS: -- GSA.

MR. STRAIN: Eighteenth and F Northwest.

MR. DODDS: It is a pilot and so there’s going to be a lot of phases. It’s very complicated, there’s a lot of -- you know, that’s why the report’s coming later after the pilot, but, you know, how it gets implemented is going to be of concern to all of us, including, you know, your constituents.

MR. STRAIN: Just a comment from Mr. Dodds to the commentary. The -- the idea of -- of commercial item is going to be taken out of the code of federal regulations and the FAR, the -- the -- the latest language in 846 states that it -- it even went further and said that the commercial item is now commercial product and COTS will be removed, which they have reversed a decision on the terminology.

COTS, commercial off-the-shelf, the -- the product, but it’s going to be commercial product and commercial service. Those are the two terms that are going to go in to CFR and they’re the two terms that
will go into the FAR, so there’s a definite plan to expand on this.

See, the original plan came out on NDAA last year as 801, and it was to be a non-competitive, single-source portal, and they got so much pushback from that it turned into what we had today on 846 and -- and 844. So there’s a lot of things that are being done behind the scenes and I just think more people need to get involved.

The 21st of -- of June over at Eighteen and F starting at 8:30 in the morning to, I think, 4:00 -- 1:00 is very important, it’s an industry day and this time around GSA will answer questions.

MR. PHIPPS: So, this is Michael Phipps. Those -- that redefinition of commercial items, commercial products, commercial services, is that going to apply to the entire Federal Government or just to this portal?

MR. STRAIN: Well, the portal is going to be separate. The -- the things that we’re talking about here, like the $250,000 or whatever the number ends up being, because there has been a recommendation for $50,000 for a micro version, those terminologies, to my knowledge and understanding, are going to apply to the portal.
Like, anything outside of the portal the micro threshold is going to stay at $10,000 and -- and the DOD is going to stay -- now, there is language to change DOD to $10,000, it’s in the 2019 NDAA. The difficulty here is when you talk to people about the average order for COTS-type products, there’s very little that’s over $1,000 or even $3,500. There’s very little, so you’re talking about an effect of a large portion of that $50 billion that was in the original language.

MR. PHIPPS: Some of -- this is Michael Phipps again. Some of you -- this is reminiscent of the VA using -- having a -- several billions, over $5 billion that’s circumvented any setasides by using the micro threshold purchase, we heard that and we’ve addressed that here in this committee. And this seems like way beyond that, because now why even have a federal acquisition regulation if you’re not going to -- if you’re just going to be able to circumvent it and, as Ken said, up to $250,000? I mean, that’s -- that seems like this is beyond just this committee, it seems like this should be being addressed at a number of other places, but definitely it’s going to have the biggest impact on small businesses.
MR. STRAIN: Bryon Strain. One last question -- or one last comment. At the Coalition for Government Procurement, the GSA official said that the $25,000 would be used to encourage the federal community to use the portal and laughed about it.

MR. SHELTON: I just want to ask a quick question, though super technical. It’s Brandon. So I -- I do want to switch gears just for some of us new folks in this world. I’m working under the impression, Ken, that DOD has -- if you’re a veteran-owned business you can self-certify in some parts of DOD. So when you report these metrics to this committee that are up on the screen, what statuses are you using, is it a common across the federal agencies so that you’re -- you’re getting like online for VA versus SBA?

MR. DODDS: That’s a good question. This is -- this is all -- every dollar that goes to service-disabled veterans regardless of how they win the contract. It could be full and open competition, it could be a setaside, it could be sole source, any dollar that goes to a firm that’s a service-disabled veteran.

The only requirement to be certified right now is for VA procurements, so this includes the VA dollars. So those are the ones that were -- have a
certification, the rest of the government is a self-certification program with the protest function that SBA does.

MR. SHELTON: Um-hum.

MR. DODDS: So if someone doesn’t think they’re eligible, they can protest that. So it includes both VA and self-certification.

MR. SHELTON: Right. So if DOD, the slide you have up here, when they say they are executing service-disabled, veteran-owned small businesses here at -- what was their percentage, 3, 3.5?

MR. DODDS: It’s 3.3 --

MR. SHELTON: It’s 3.3?

MR. DODDS: -- percent.

MR. SHELTON: That’s a mix of actual certification going through a proper certification that people who just declare that they are?

MR. DODDS: Yeah, under their contracts you can just self-certify, because it’s DOD.

MR. SHELTON: Okay.

MR. DODDS: But some of them may be certified by the VA, it just depends on if you’re -- if you’re competing or not.

MR. SHELTON: So personal opinion is any time that happens, hearing what you guys just talked about
here, if DOD further detaches itself and creates its
own ecosystem, maybe for speed and all the right
reasons, but just -- if you’re able to self-certify, I
give you a report so you leave me alone, I will -- you
know what I’m saying?

MR. DODDS: (No response.)

MR. SHELTON: Like, they’ll -- they’ll build
their own ecosystem, which may be great for those
veterans who went, who participate that -- like, I’m
wondering that that’s a rifle shot, the total veteran
community who would be taking advantage of the -- the
opportunity, so that -- this self-certifying bit that
I’ve learned as a civilian is alarming. I -- I don’t
like anything where you’re self-certifying, so --

MR. DODDS: So, Brandon, just a comment on
that.

MR. SHELTON: Okay.

MR. DODDS: This -- and if SBA was going to
certify this over 70,000 businesses, they just don’t
have the resources --

MR. SHELTON: Sure.

MR. DODDS: -- to certify and so what ends up
happening is in the community we kind of know and there
-- and people protest at the drop of a hat, so that’s
-- the protest is kind of our resolution, but it’s -- I
think it’s mainly an SBA issue with funding and being able to do certification themselves.

MR. SHELTON: Yeah, my point -- this is Brandon again. My point was -- this is a new person in this committee, is that based on what you said, a DOD can continue wall itself off --

MR. DODDS: Yes.

MR. SHELTON: -- right?

MR. DODDS: Yeah.

MR. SHELTON: And they have big dollars at play, to Jim’s point. The self-certifying function, they can just give you your report so you -- you know what I’m saying?

MR. DODDS: (No response.)

MR. SHELTON: Like, you have no fidelity on the accuracy of the report anymore and we, as a committee, are walled off from seeing that side of the fence, theoretically we get --

MR. DODDS: No.

MR. SHELTON: -- that, right?

MR. DODDS: Absolutely, that’s a huge point.

MR. ZACCHEA: Brandon, we should -- this is Mike Zacchea, we -- we should talk about -- this is -- is something that we could --

MR. SHELTON: Offline later?
MR. ZACCHEA: -- yeah.

MR. SHELTON: Okay.

MR. ZACCHEA: But next person coming up though is Daniel -- Daniel Upham.

MR. SHELTON: Ken?

MR. ZACCHEA: Oh, can Ken get through?

MR. DODDS: I -- I understand the interest of time. I -- I’ll -- I’ll just -- I’ll be real quick. We -- you’ve heard of Kingdomware if you know anything about government contracting, and certainly service-disabled veteran, and veteran procurement.

So some people will -- just for your awareness, people were trying to argue outside the VA that somehow that required the rule of two to be followed for orders and in this recent case in May GAO did not agree with that, they dismissed the protest and basically said, you know, Kingdomware, VetsFirst, yes, they -- they have to go VetsFirst, but in terms of applying this to other agencies they did not agree with that, so I just want you to be aware of that.

This will continue, there will probably be some other court cases, but it’s another one in the -- in the -- what’s coming after Kingdomware. So that’s -- that’s all I have, thank you.

MR. ZACCHEA: Thank you, Ken. Mr. Upham, are
you prepared?

MR. UPHAM: Are you going to do the mentor protégé?

MR. ZACCHEA: Yeah.

MR. UPHAM: Do -- do we went to -- do we want to do the mentor protégé or the CAP act at this time?

MR. ZACCHEA: Let’s do mentor protégé.

MR. UPHAM: All right.

MR. BROWN: Oh, thanks. At this time I’m just going to give you a quick update, it will be very quick. I just want to give you key program elements of our program, we’re centralized at SBA headquarters, we’re -- we’re online, application through certified sba.gov, and one major difference in our program is SBA, MPAs, once -- M 8(a)s and All Small offer the additional step once you -- with the joint venture is the capability to have exclusion from affiliation.

I want to talk a -- just a tad real quick about our annual evaluations. When we -- when I was here the last time we were just getting the information back on our annual evaluations, and all firms who are approved under our All Small Mentor Protégé program have to go through a yearly annual evaluation, and we ask that they have their annual evaluations done 30 days prior to the MPA approval date.
Both the protégé and the mentor must submit a report, and we started with a report, but we couldn’t get the information to drop down into a particular spreadsheet. So we had to put a moratorium in place and that moratorium ended May 31st, it went from April 15th to May 31st, and we went to Survey Monkey so that we could get the information back. We could -- we could extract the information at lot -- a lot better for the Survey Monkey, so it’s now -- people are now starting to put their information into Survey Monkey and we’re starting to get some feedback from the annual reports.

All right. The annual reports -- we kind of go through the annual reports by mentor protégés, they -- they will fill out the information. We will evaluate that information to see whether or not that mentor protégé relationship is doing well, so we can approve them for continuation for the -- for the next year.

I’m going to go through here. Now, updates. Annual updates, that should be 538, but we have 538 approved mentor protégé agreements in our portfolio. Our average turnaround day -- days, it’s -- it -- it is -- well, the days have gone up a little bit. We were right at eight, nine, now it’s about 11-to-eight --
11.8 days turnaround time, because of -- we have -- we have one analyst that we are going to fill that position. So the applications have increased as well coming into the program, we have 118 applications declined.

Lessons learned, we continue to work with federal agency partners to increase awareness of All Small. We work to enhance our program evaluation and annual evaluation report progress, all right -- or process, I’m sorry. Our opportunities, we work to enhance our customer experience and we do have a community of practice that’s done on a quarterly basis where mentors dial in and different issues they may have we -- we -- we try to address it or answer it. You know, not us, but the -- let the community answer it, and we’re working on -- one of the big things we’re having is facility security clearances for firms, understand that a mentor protégé agreement, a joint venture agreement.

We’re currently working on annual evaluation reports to determine the impact benefits of using the All Small Mentor Protégé program. I did say I would have some numbers or you, but that -- by not being able to drop the information into the spreadsheet we designed, we’ll -- I will have some information for
you, but I -- I think you all will be impressed thoroughly about some of the benefits of the program and people who are getting several contracts from that.

MR. O’FARRELL: Jim O’Farrell. Mr. Brown?

MR. BROWN: Yes, sir.

MR. O’FARRELL: What -- what is the -- what are some of the reasons for the -- the decline, the 118 decline, can you put it in a couple of categories?

MR. BROWN: Yes, sir, I can. Declines are really -- they’re -- they’re basically soft declines and -- and I’m -- and what I mean by soft is there are four items you need to send in for your application process. First of all, you need to have the MPA agreement, okay, then you need to have your business plan, and then the certification. You have to sit down through a tutorial, the mentor and the protégé has to -- have to take a tutorial -- online tutorial, and you have to upload that. If those items are missing, or one of those items, we have to go back to the firm.

Of course, if they are applying under the secondary NAICS code we have to ask for additional information, a lot of times -- showing proof of work under that secondary NAICS code. A lot of times firms do not upload that information, so we have to go back to them, we give them 10 calendar days. After 10
calendar days, if they haven’t turned that information in, we send them a soft decline.

Now, it may sound kind of bad, but that same day you can almost ask for a -- you can ask for a reconsideration that same day, even if you receive that -- that decline and that helps you keep the average processing days down, because you’re not waiting, going back. So it keeps -- it helps us keep that down.

MR. O’FARRELL: So, you know, I -- kind of at an aggregate level, what is the -- the -- the outreach, the communication that goes on between, for example, the SBA, and your office, and the community of veterans, the community of partners that might be helping veterans become part -- you know, part of the All Small Mentor Protégé program?

MR. BROWN: (No response.)

MR. O’FARRELL: You know, for example, I’m thinking of, you know, Bunker Labs, we have them at the table, and all the way to the Lockheed Martin that has a small-business outreach program, are you connecting and plugging in with those organizations as well to cut down on the number of soft declines?

MR. BROWN: That’s a good -- yeah, that’s a -- well, that’s a good -- that’s a -- to be honest with you, yeah, we -- we are going to -- we have started
reaching out to other agencies and resource partners and things of that nature to educate people who are applying for what they need to upload. A lot of times our system -- you know, certified system we are tweaking certain things so it can stop them in the process and say, hold on, you didn’t upload this particular information. So once we get that there, I think -- once we get that corrected, I think we can -- it will cut down on the declines, which on that -- that leads to this -- this here, our declines -- you know, it -- when I say a decline, it -- it may sound like it’s -- it’s hard, but it’s really not a hard decline.

It’s really soft, because it’s like I’ve got to do something with your application. So if you want to get this approval, then you have to send in the required information. So once they send it back in, we usually have that process within the next two to three business days.

MR. O’FARRELL: Yeah and then the only followup to that would be that’s -- I -- I -- I very much appreciate the soft decline rather than to put them on the spot. The VA for years have their -- they have their CVE process and a hard decline was a hard decline. You got back in line at the end of the line.
and started over, basically, so appreciate that you’re
doing that for our veteran community.

MR. BROWN: Yes, sir.

MR. O’BRIEN: Liz O’Brien. Can you give me an
overview of the data you’re attempting to collect
through the Survey Monkey and how the questions were
created that were put into the Survey Monkey?

MR. BROWN: Yes, Survey Monkey -- just to give
you a quick -- we’ve got to -- there are certain
questions that we need to ask, we ask the protégé how
the relationships come in. It -- basically when you do
the annual evaluation you have to look and see what
they say they are going to do or what they said they
were going to do in the MPA agreement.

So let’s just say under mentor/protégé, under
one of the areas of assistance it may -- it may have
been management and technical assistance, did they
develop a -- a human resource system, did -- or are
they working on it. They are going to reply back or
they’re going to write in their annual review process
how far along, whether it’s competed, that type of
thing, then you’re going to judge. You -- you -- you
evaluate that based on the goals that they stated that
they would have done in particular of the time frame.

Like, someone may say the first six months of
the -- the first six months of the MPA relationship or maybe a duration, it -- it -- it -- it just depends, and what we do is we evaluate that to see how healthy that relationship is, whether or not they have formed a JV to go after contracts within the government.

MS. O’BRIEN: Um-hum. And so who -- who creates the structure of the wording of the questions that are being put into the survey, because I think we all know that survey -- the way the questions are worded lead to -- sometimes lead to outcomes.

MR. BROWN: Right.

MS. O’BRIEN: So --

MR. BROWN: We -- we had a team -- I can’t -- I cannot get the team, but it was one of our teams that sat down with us so that we could create questions. Some are open-ended, where it had allowed you to -- qualitative questions where it allows you to explain and go into further detail, and -- and then some are where we can pull quantitative data as far as the questions, but we sat down with -- I can’t get the -- all of this now, but we sat down with them and developed our questions, and -- and then the Survey Monkey, depending on how you answered the questions, it will route you to where, you know.

MS. O’BRIEN: So is Survey Monkey going to be
the method you’re going to stay with moving forward or
-- or --

MR. BROWN: At this time right now, no. It should be -- we’re trying to develop it and certify it, but right now, so that we can get the numbers back, because we are mandated to do this, we had to go to this option here, which tends -- tends to be a -- a pretty good option right now for us.

MS. O’BRIEN: Okay.

MR. BROWN: And it’s working very well for the firms, they tend to like it.

MS. O’BRIEN: Okay.

MR. BROWN: All right. Here is a quick update, the -- this is -- this is a bar graph of our number of firms since October 17th. We’ve been in the -- in existence since October 1st, 2016, and from October the 1st, 2016 to March 31st we have 117 approved firms, and out of those 117 approved firms 37 percent of them are SDVOSBs. And then the next one is 8(a), of course, but then one higher than that would be -- well, SDVOSBs are the largest part of our portfolio.

I don’t particularly know why there is a decrease, but last time we took the -- the numbers it was 39 percent, so it dropped about 2 percent, but I’m -- I’m not particularly sure to why I think the
applications may have gone down, I’m not sure as far as that’s concerned.

Oh. Okay. And I just give you the -- the fast facts since the inception of our program, we started October the 1st, 2016; our first application approved was October the 6th, 2016; the total applications received, whether they’re approved, denied, withdrawn, were 686; total applications we processed, approved and declined, 665; total applications approved is 538.

And the percentage of -- I just want to go over here, the percentage of All Small applications approved is 78 percent and we get roughly -- about two applications a day roughly. You know, some there’s a little more, some a little -- but roughly two applications a day, and right now we have about 27 to -- this morning I looked, there’s about 30 pending.

So that -- that -- I guess what I -- and this, the next one, our research partners, what I was saying, we reach out and educate a lot of our firms through our resource partners, small-business development centers, SCORE, women’s business centers, the SBA district offices, PTACS, and the SBA learning center, which is online training, and that’s -- that’s it. If you have any questions, you can e-mail us at our All Small
mailbox, which is allsmallmpp@sba.gov.

MR. ZACCHÉA: Thank you, Mr. Brown. Good job.

MR. BROWN: Thank you.

MR. ZACCHÉA: Mr. Upham, you’re up.

MR. UPHAM: Thanks to the committee for allowing me to -- to brief you this morning. I’m Dan Upham, I’m with the Office of Capital Access. I’m the acting director for the Office of Economic Opportunity, I manage the mission-lending programs within the office of CAP Access. I just want to give you a very quick briefing, I’ll try and keep my comments relatively brief and allow you some time for comments. I know I think we’re running just a little bit late on the schedule.

First slide, I just wanted to show what our lending activity looks like. Slightly up on our 7(a) program, which is one of our flagship loan-guarantee programs. Slightly down on our 504 lending program, but, as you can see -- and -- and what I wanted to show is, you know, obviously we’re doing a high volume of lending in both these programs. We’ve got lots of resources available for small business lending, obviously to include veteran entrepreneurs.

Let’s see. Skip that, there we go. Sorry about that, I had to figure out how to use the clicker.
The next slide showing some of our -- our lending activity on the smaller loan sizes. I thought that this slide would -- would be applicable to show, simply because this is where a lot of our lending to veteran-owned businesses, veteran entrepreneurs are made.

As you can see in our -- our lending in the 7(a) program, up to $150,000, everything is fairly flat. Same goes for $150,000 to $350,000, but just wanted to be able to update the -- the committee on what kind of activity we’re seeing in -- in the 7(a) small loans.

Loans approved through April 30th of each fiscal year to veterans and unfortunately what you see here is that our lending volume to veteran-owned small businesses, and this is in all of our 7(a) programs, including community advantage, but this does not include our Microloan program, have been declining.

And I do know, because I went back last night and researched it a little better, and -- and think that we have determined -- I mean, we don’t know exactly what the reason for this is, it would require us doing some fairly extensive studies to really try and -- and nail what the exact reasons might be, but indications are two things, first with the economy doing better the unemployment rate for veterans coming
down to a slight degree.

We actually see that the unemployment rate has improved at a faster rate than our lending to veteran small businesses has dropped off. We think there would be at least some correlation there between the unemployment rate and our small loans to veterans, maybe not an exact correlation, because we're not just making loans to folks that are unemployed and starting a business on the veteran side, but we think that as the unemployment rate -- unemployment claims for veterans drops, that we would likely also see a drop off in -- in some of these numbers.

Second thing is over the last two years, while we do still offer some fee relief on our small loans to veterans, some of those fees have been reduced over the last couple of years. I believe it’s under the SBA veterans advantage program we were offering reduced fees on -- on larger loans, not just the loans up to $350,000, and I believe that’s no longer the case. We are offering fee relief up to $350,000, but no longer on those larger loans that are above $350,000, so that again might be another reason that overall our lending dollars to veterans has -- has dropped off to -- to this degree. Okay. What am I doing wrong?
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world. It allows them to participate in 7(a), but only
to the extent of making loans up to $250,000.

But while the community-advantage program is
still in pilot status starting in 2011 and actually the
majority of loans that we put on the books under that
program have occurred in 2015, '16, '17, we have
noticed that through the mission lending and in this
program that -- that we are seeing slightly higher
percentages of the loan capital and number of loans
going out to veteran-owned small businesses. In 2017
it was nearly 10 percent, whereas in 7(a) overall that
percentage has been around 5 percent or slightly below
5 percent, you know, so we know that -- that this
program is making an impact in veteran lending.

Just a -- a little bit of -- of diving down a
little bit more deeply in to the Microloan program, I
just wanted to show the emphasis with this program and
with the community-advantage program as well through
the mission lenders is on underserved markets, and
certainly one of those underserved markets is lending
to veterans.

We do collect data on loans made to service-
disabled, 50 percent or more owned -- veteran-owned
businesses and in terms of dollars, year over year,
2017, 2018, the Microloan program is doing slightly
more. So sort of bucking the trend that we saw in -- in 7(a) small loans, although it is reasonably flat, so all is -- all is room to do even more.

So I just wanted to quickly show what the fee relief currently is. And as I mentioned, in prior years where this chart cuts off at $350,000 it would have had another bullet there for loans $350,001 and above, which would have also shown a reduction in the fees paid, but just wanted to -- to, you know, bring to bear what the -- what the current incentive is for our veteran-owned businesses on loans up to $350,000.

And wanted to make sure that everybody was aware of what we have on our sba.gov site, this is a tool that -- that helps match small businesses looking for capital with the participating, approved SBA lenders that can help them. It’s as simple as logging onto the link on the -- on the slide, answering a series of questions, I believe there are around 20 questions, and within 48 hours getting return e-mails and calls from the participating lenders that have an interest in -- in working on the transaction that was -- that was entered into our system.

I know that we’ve had hundreds of thousands of matches so far, we don’t track how many of those matches turn into approved loans. There’s also no
requirement that a lender using our lender-match system has to do an SBA guaranty or Microloan. They’re -- they are certainly welcome to take that match and -- and close that loan conventionally if it’s one of our bank lenders or -- or under another federal program other than SBAs, but the tool has been very successful at -- at putting those matches together, getting the small-business borrower that’s looking for capital in touch with one of our participating lenders.

And just my contact information. That’s really all I have in terms of today’s briefing and happy to answer any questions that -- that I can.

MR. WEBB: Hi, this is Brandon Webb. I just had one question, are there actual incentives for lenders to loan to veteran-owned businesses?

MR. UPHAM: No, I don’t believe so, other than -- you know, other than simply being able to report that -- that they’re hitting a target, that is one of our priorities. There is not a financial incentive, per se, for them, just -- just for the veteran-owned business.

MR. FENDER: I’m Alex Fender at Funnel Science. On the slide you had all of the approvals, but you didn’t have the number of applications that were denied, is that information collected and can that
MR. UPHAM: Yeah, I -- I don’t believe that we collect and -- on the ones that aren’t approved. The only ones that are entered and stay in our system are the ones that -- that we approve and then we have a continuing reporting requirement on them.

MR. FENDER: So I’d -- I’d like to make a recommendation that provably the data set’s much larger on the ones that you’re denying than the ones you’re approving and so if the committee could know or these different groups could know why you’re not getting approved for your loans you could put education or training in -- in front of them to say, hey, if you don’t meet these requirements you’re going to get denied or you need to do these things.

And so I -- I did an SBA loan, I was denied on it. It was kind of unusual why it was denied, it didn’t go -- they didn’t actually submit it to the -- to the SBA and so the bank -- I wanted an SBA loan, they didn’t submit it to the SBA, and then they denied it, I mean, so --

MR. UPHAM: Yeah.

MR. FENDER: -- and then there’s no recourse.

MR. UPHAM: Right. In -- in a scenario like that I think it is usually by the time a lender is
entering a loan into our system, the application, the
SBA application for the guaranty, it’s already an
approved loan and in 75 percent of the cases the
lenders themselves have their own authority of where
they enter it into the system and based on the
authority that we’ve given them the guaranty is good.

And so on the ones that -- that aren’t going
to be approved, a lot of times we don’t see anything on
that application. Like in your case where the bank
makes a determination on their own, you know, for
whatever reason, not to approve the loan, it never gets
entered into our system to -- to put that guaranty on
top of the loan, so --

MR. FENDER: Isn’t that part of the problem,
that they’re not submitting it, so you’re not aware of
the good players versus the bad players, and -- and
wouldn’t it be nice to know which banks aren’t
submitting the SBA, even though the applicants were
specifically requesting that?

MR. UPHAM: -- yeah. You know, unfortunately
I don’t think that we require that that’s a requirement
under law, regs in our program. I think the banks --
you know, while we give them underwriting criteria,
things that need to be provided in an application for a
loan or a loan guaranty, I don’t think we require that
1 every single time a borrower comes into the bank and
2 requests the SBA loan that they have to report that to
3 us.
4
5 I think it’s -- it’s really at the
determination of that particular lender whether or not
they want to put it through SBA and that underwriting
criteria, get the guaranty, or whether they want to
finance it outside of SBA, or with another federal
program, or without any federal assistance, so it’s --
it’s -- it’s really something that’s determined at the
-- you know, at the participating lender’s, you know,
will.

MR. FENDER: How many participating lenders
14 were kicked out of the SBA’s program last year?
15
MR. UPHAM: That’s a great question for our
16 office of credit risk and I -- I don’t know that exact
17 number. I don’t know. I mean, I know that -- when you
18 say, “Kicked out,” do you mean were -- were not renewed
19 for their authority to lend?
20
MR. FENDER: (Nods head.)
21
MR. UPHAM: I know that the office of credit
22 risk management does renew lenders for compliance and
23 also for performance in terms of actually using our
24 products to complete loan transactions and if those --
you know, if -- if the standards for performance are
not met, that they are not renewed. I don’t know the
effect number in terms of how many were not renewed last
year.

MS. O’BRIEN: Liz O’Brien. So because you
don’t know how many folks are denied before they ever
get to you, we don’t know exactly how many people are
applying for SBA loans as veterans?

MR. FENDER: That’s correct.

MR. UPHAM: Correct. I mean, if -- if -- you
know, like in Alex’s case, if -- if -- if it never gets
into our system, you know, there’s just no way for us
to know about it, and, you know, if the bank is making
the decision or the lender is making that decision,
yes, it is possible that they’re making that decision
before anything ever -- ever hits our radar.

MS. O’BRIEN: It’s -- it’s -- it’s, I think, a
little bit disconcerting that we don’t have a handle on
how many people actually want to utilize the SBA grants
or loans, and the fact that you don’t get to track or
it doesn’t get to you, and -- and I understand why it’s
not getting to you, but I think I’d --

MR. UPHAM: Yeah.

MS. O’BRIEN: -- also like to understand --

MR. UPHAM: Yeah, unfortunately --

MS. O’BRIEN: -- how we could --
MR. UPHAM: -- I mean --

MS. O’BRIEN: -- change that.

MR. UPHAM: -- the -- the reporting

requirements start at the point where the government

has actually granted something or awarded something, so

either a loan guaranty or before that there is no

reporting or filing, and this goes back to OMB, it goes

back to Paperwork Reduction Act laws on what it is that

SBA is allowed to require its participating lenders to

report -- report back to us.

MR. SHELTON: How -- how does the VA loan

handle this?

MR. UPHAM: I -- I --

MR. SHELTON: Is that a proxy, are we doing --
or, sorry, I have to do this. It’s Brandon, TFX.

Okay. So when -- I don’t -- I have a VA loan for my

home.

MR. UPHAM: -- um-hum.

MR. SHELTON: So I was just curious, like, do

we -- do we have any handle as a government and other

agencies around those who apply for the VA loan, they

ask for it, and they are denied due to underwriting.

MR. UPHAM: Right.

MR. SHELTON: It may not be because they’re

faking being a veteran or something like that.
MR. UPHAM: Right.

MR. SHELTON: But is there any useful --

MR. UPHAM: There -- there -- there --

MR. SHELTON: -- ways?

MR. UPHAM: -- may -- that’s a good question.

It’s -- it’s one that I can’t give you a great answer
to, because I’m not familiar enough with --

MR. SHELTON: Okay.

MR. UPHAM: -- with exactly what the reporting
requirements are of VA, only to say that -- you know,
on consumer debt there’s a set of laws on business
lending, there’s another set of laws, and they don’t
always line up perfectly. The requirements on consumer
debt, including mortgage lending, are -- are very
strict and have, you know, very exacting requirements
in terms of APRs, and estimates, and truth in lending,
and, you know, all of the -- all of the laws that you
would -- that you would think of for consumer lending.

Some of those aren’t in place in business
lending and so they -- they just don’t match up
perfectly, but I -- I don’t have an answer exactly to
your question. There may well be something in those
government guaranties on personal finance that we might
be able to -- you know, to gain some insight from and
-- and potentially enact so that we can get answers for
some of these types of questions.

MR. FENDER: Alex Fender at Funnel Science.

It says, "Office of -- of Capital Access," so the --
the opposite of it is not having capital access. So it
would be very interesting to know the reasons why
you’re not getting the offer of capital access, so the
recommendation would be to know that.

MR. PHIPPS: This is -- this is Mike Phipps.

This is something -- I’m -- we’re just going to give a
little background here, because it took us almost two
or three meetings to understand how this whole process
works and that -- that this is more of a commercial
kind of setup that the SBA does not have.

It cannot force banks to do any reporting and
so one of the things that we have kind of struggled
with, and -- and -- and maybe Dan can start giving
some recommendations on how to change or how to force
to get more data from the banks and maybe some things
that could come out of this committee, we’ve -- we’ve
gone through this whole process asking questions to
capital access, demanding more statistics, when I think
it’s a little bit of an education on what can we --
what can we ask from the SBA, right, and what can’t we
ask, what’s not within your purview, and what can we
change from this committee’s perspective to try to get
more data to answer some of these questions to get better -- to get better recommendations for all these lending practices.

MR. UPHAM: Yeah.

MR. ZACCHEA: Mike Zacchea here. I -- I think probably the next step would be to request a briefing from the Office of Credit Risk Management to examine this, that -- that seems like a viable next first step. So I -- I want to put it before the committee, it’s -- I have a -- time on deck, 12:13, we’re 15 -- 13 minutes over. With all due respect, you know, this is lunchtime now, so I do want to --

MR. STUBBLEFIELD: Well, let’s stop.

MR. ZACCHEA: Okay. Hold on a second. Oh. Oh. Okay. So before we break up though, and we’re running way late, so my apologies, we need to ask for public comment. Yes, please.

MR. OFFUT: My name is Bill Offut, I’m -- I’m a consultant. Just as -- just something to look at over the horizon, there is legislation afoot to change the -- the structure of the TAP program and the TAP program, as you know now, is a -- is a three-day workshop and then with additional career enhancement and education tracks after that.

There’s a GAO report last December that came
out that said that -- that career track programs were not being fully utilized and so as a result of that the House of Veterans Affairs Committee has -- has sponsored legislation which has the hearing to -- to make the TAP program a -- a one-day resume writing and then a two-day career or -- or education-tracks program and DOD has said that they will only take five days for the TAP program.

My point being of -- of -- of learning this is looking -- looking over the horizon is that where would Boots to Business fit in, in all this, and -- and the terms, and the career-track program as it -- as it evolves. And something like this probably won’t happen for another four or five months, but just to make you aware of something of this -- this coming to the future and it could impact the Boots to Business program.

MR. ZACCHEA: Thank you, Bill. Any further public comment, anybody else?

MR. PHIPPS: Michael Phipps. I just want to bring up a quick comment, maybe the SBA can look into it, because I’ve had a number of veteran-owned businesses contact me, it has to do with the -- the SAM breach of all contractor database information. Everybody’s banking information was compromised and it’s timely that you’re here.
Now SAM is requiring notarized letters from some 700,000 registered contractors, it’s creating a huge delay. I had Frank call me, he said he was on the phone for two hours with sam.gov just to try to get some information. We’re hearing wait times as much as four months just to change something in your SAM record.

Not everybody only uses SAM just for government contracting, people use it for other things, I mean, so it’s just the note to the SBA if we can try to look into that. And, one, we don’t know -- I mean, there’s 70,000 veteran-owned businesses registered in SAM, just to get some more insight into what that breach dealt with, and then, you know, what SBA might be doing to help with that issue.

MR. UPHAM: Hi, this is Dan again in Cap Access. So I manage the Microloan program and there’s a grant-associated award to our intermediary lenders and also the prime grant program. Anyway, any of our grantees that are applying for any of these grant programs have to apply through grants.gov, that system is connected to the system for award management as a vetting measure before we can award anything that’s part of our vetting.

And the new requirement for the -- for the
letter, the notarized organizational letter, I think that it’s just a few months old and it has been implemented poorly. It’s causing us huge concern, because, you know, we get our appropriations sort of late in the year, then more scrambling to get everything posted on grants.gov, give the grantees enough time to actually submit their application, then we’ve got to review, do our risk assessments, get everything obligated, and notices of awards sent out before the project period can start.

In this particular issue with SAM there was -- there was a data breach and so the -- it was originally implemented for new SAM accounts, people that hadn’t had one before that were opening an account, they were making them send a notarized organizational letter as part of their application. It was then extended to anybody that had an existing SAM account that -- on an annual basis these accounts have to be renewed.

There are hundreds of thousands of SAM account holders, and GSA got over-flooded with these organizational-letter requirements, and as a result now somebody that had an active SAM account now is showing an account that is in submitted status instead of active status. Well, until it’s in active status, they’re not going to get their grant application into
grants.gov, it won’t accept it.

And the big delay is with the CAGE code certification, this is the holdup, that’s where all these papers are sitting on people’s desks, they can’t even tell us which ones had been delivered and which ones haven’t. It’s a paper process and all I can say is as a program manager here at SBA it’s something that we are calling about constantly, getting very little feedback on.

It’s a huge frustration, it’s -- it’s making the management of our grants process very unmanageable for those that are stuck in this situation where their SAM account is no longer in active status. We don’t have a solution, other than to give additional time to those grantee applicants until they can get the SAM account thing fixed.

I’m getting the same -- the same information in terms of the time that it’s taking. I’ve got several that have been waiting for over two months, and it’s a huge problem, a huge problem, and I wish I could say that I had any idea about a solution.

MR. O’FARRELL: Jim O’Farrell. So as a veteran business owner who’s currently going through this process, I’ll just lay out two scenarios. One is you have an active sam.gov registration, you have a

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registered entity, and that entity, let’s say in -- in
the case of my company, we’re valid until September --
or, I’m sorry, December 13th of 2018.

A couple of -- well, a month ago a team we’re
partnering -- a company we’re partnering with, Booz
Allen Hamilton, we’re going after an opportunity with
them, they said, “Hey, guys, in order for you to be the
prime on this, we need you to add this NAICS code to
your record.”

Go into there and right up the top you see --
you see, requires a notarized letter be submitted via
snail mail to this address in Kentucky where it’s now
going to sit with 600,000 other letters. Submitted
that and as of yesterday they haven’t -- they told us,
“We’re going to go look at all the mail that arrived on
the particular day that you sent it certified mail,
thank goodness you have a tracking number, a lot of
these companies are not using tracking numbers, so we
have no way to know when it exactly was received in our
location.”

So the -- the only good news they could give
me is, “If you have an active register -- you are an
active registered entity, it will stay in active status
until you trip --” in our case, December 13th, so if
anyone logs in -- and here’s where that’s important,
and everything you said on the grant side is true for those that are competing for, you know, competitive awards for contracts.

If you have a -- we have several pending awards right now, say, with the Marine Corps. A Marine Corps contracting officer or one of her staff -- his or her staff is going to go into SAM and check that you’re actually who you say you are. If they go in there and they see pending, or submitted, or anything like that, you’re immediately tossed out of the competition, so this is a huge issue.

MR. PHIPPS: Huge problem.

MR. O’FARRELL: I’m not sure how the ACVBA, besides at our next meeting in September, calling in front of us the GSA rep who -- who created this debacle and -- and -- and grilling them about it, and then having -- making sure, I guess, Mike Phipps, that our contacts on the hill are well aware of what’s happening to their constituents in their local communities for which this is a nationwide issue.

MR. PHIPPS: I mean, I think just right off -- this is Michael Phipps, right off the bat we could ask for immediate followup with the SBA themselves in what that -- I -- Ken had just left the room, but he is aware of it, and maybe this is a followup, and we can
even do this afterwards and talk to Larry about what is it that the SBA can do or assist. I mean, maybe they just need assistance, what is being done to -- to --

MR. O’FARRELL: Oh, and --

MR. PHIPPS: -- process all of this.

MR. O’FARRELL: -- and Scott Dennison at the NVSBC. We need to get our -- the partners, those trade -- trade associations that are involved in veteran-owned small business and SDVOB work. You know, get them fired up on this as well, because it’s -- we really -- what they need to do is admit that they messed up.

And if I understand it correctly, it’s GSA that has done this. So GSA needs to admit they’ve made a mistake, good luck with that, and then they need to -- to issue an extension, because they have been overwhelmed, they can’t -- they don’t have the infrastructure in place to handle this.

MR. PHIPPS: So as part of this committee we’re able to request information and make recommendations. We might be able to -- it doesn’t necessarily have to go with our annual report, maybe we can get input from this committee and maybe make some immediate recommendations that might assist us, especially for veteran-owned companies that are just
waiting to get a grant that can’t get a grant, because GSA can’t process their paperwork. Is that who administers all this, is this all being done by GSA?

MR. UPHAM: That’s right. Right.

MR. O’FARRELL: Can we do a motion?

MR. PHIPPS: Yeah.

MR. UPHAM: Yeah, to answer your question, I believe that it is GSA that manages that whole SAM account.

MR. O’FARRELL: Federal Service desk is the overarching --

MR. UPHAM: Right. Federal service, you’re correct.

MR. O’FARRELL: Okay.

MR. UPHAM: You know, if -- if I was to make a recommendation, I’m not a committee member, I’m -- if I can’t, then disregard.

MR. ZACCHEA: No.

MR. UPHAM: They need to get rid of this requirement until they can put a process in place that’s streamlined efficient, because right now it’s keeping people from getting the money they need to put on the street.

MS. PEREZ-WILHITE: Have businesses actually not won some contracts? This is Fran Perez-Wilhite.
MR. O’FARRELL: I -- I can’t speak to that, except to say that I’m fairly certain -- I -- I believe the requirement went into effect on April 26th or 27th.

MS. PEREZ-WILHITE: Right.

MR. O’FARRELL: So they’ve had basically the month of May, and now we’re into June, to see how this, the basically tsunami of notarized letters, hit there.

MR. STRAIN: Bryon Strain here again. One of the things that happens in that whole process for SAM is they -- they go over the DLA to get the CAGE codes’ confirmations and that’s another step that is holding it up, but also there’s contractors working with SAM.

It’s not the -- the GSA overseeing it, but it’s in the GSA’s program, but GSA is bringing together 10 programs under SAM and so this is the third breach. This is not the first breach and they’re putting it on the venders, the registrants to do this, rather than fix the real problem.

Part of the problem is -- is lack of security in the SAM system and they -- they’re messing with SAM to the degree that FedBizOpps is going to be in SAM, CPARS is going to be in SAM. All the different elements that a contractor grants, all of that’s going to be under one umbrella of SAM.

And as they’re merging that, they need to
stop, put on the brakes, and fix this thing, so that the kinds of things you talk about -- you’re losing opportunities. You’re going to lose millions of dollars before this thing is fixed if someone doesn’t get GSA and DLA to work together. This program is something that can be fixed quick, they didn’t have to have the crap about sending in this -- for this certification notarized.

I’m a SAM registrant, and I’ve got to go out here and find me a notary, and send them the piece of paper, that’s -- it’s crazy, that’s not the way the government should be asking to fix something. They should fix it, because they’ve been breached three times. Now they’ve been breached at the vendor support center and now they’re asking the vendors to double their passwords and stuff, so -- but what I’m saying, there’s got to be put -- pressure put on GSA and DLA to fix this thing quick.

MR. ZACCHEA: All right, everybody, so we -- we really need to take a break here. We’re going to -- right now, and the time on deck, 12:26, we’re supposed to be back here at 1:00 for an ethics briefing. I’m -- I’m trying to get 1:15. All right. So, yeah, as of -- as of right now we got half an hour, so let’s go off the record. 12:26 p.m. Thank you.
MR. WYNN: Hey, Mike, hello?

MR. ZACCHEA: Oh, yes. Yes.

MR. WYNN: This is Joe Wynn, VetsForce. Yeah, I’ve been on the call for an hour, good session. I believe --

MR. ZACCHEA: No.

MR. WYNN: -- we’re going to have a phone access after you come back from the break?

MR. ZACCHEA: Let me ask. Are we going to have phone access after the break?

MS. SIMMS: I’m sorry?

MR. ZACCHEA: The question from somebody online is are we going to have phone access after the break?

MS. SIMMS: Yeah.

MR. WYNN: Hello?

MR. O’FARRELL: Just say no.

MR. ZACCHEA: Yeah, Joe, no.

MR. O’FARRELL: We’re off.

MR. WYNN: Okay. I’m sorry. The reason I asked is -- is -- is the meeting still open to the public this afternoon?

MR. ZACCHEA: The meeting this afternoon is not open to the public.

MR. WYNN: Oh. Okay.
MS. SIMMS: Administrative.

MR. ZACCHEA: Yeah, we’re in executive session then.

MR. WYNN: Okay. Is there somewhere we can get back on the distribution list on a VIP?

MR. ZACCHEA: Yeah, I’ll make sure that happens.

MR. WYNN: Oh. Okay. Thanks.

MR. ZACCHEA: All right. Okay. So time on deck is 12:27, now we will adjourn until 1:00 p.m.

(Whereupon, at 12:27 p.m., the meeting was adjourned.)
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