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UNITED STATES
SMALL BUSINESS ADMINISTRATION

INTERAGENCY TASK FORCE ON
VETERANS SMALL BUSINESS DEVELOPMENT

THURSDAY, JUNE 11, 2015
9:00 a.m. - 12:00 p.m.

A G E N D A

1		
2		
3		<u>PAGE</u>
4	Opening Remarks/Introductions	3
5		
6	Subcommittee Reports:	
7		
8	Training, Counseling & Outreach	
9	for Access to Capital	34
10		
11	Federal Procurement & Contracting Programs	66
12		
13	Coordination of Federal Support	99
14		
15	Closing Comments	101
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

P R O C E E D I N G S

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3 MS. CARSON: Okay, I think we're ready to go on
4 the record. May I ask who has joined us on the phone?

5 MS. JACKIEWICZ: Christy Jackiewicz, GSA.

6 MS. CARSON: Could you repeat that again.

7 MS. JACKIEWICZ: Christy Jackiewicz, with GSA --
8 (inaudible.)

9 MS. CARSON: Fantastic, thanks for joining us.

10 MS. JACKIEWICZ: Thank you.

11 MS. CARSON: Good morning, I'm Barb Carson, the
12 acting associate administrator for the Office of
13 Veterans Business Development here at the Small Business
14 Administration, and I'm really pleased to see a robust
15 group today for the Interagency Task Force on Veterans
16 Small Business Development. We have an aggressive
17 agenda and work ahead that goes beyond the agenda, so I
18 look forward to just diving right in.

19 I would like to say that we will have the 2013
20 Interagency Task Force Report going into interagency
21 coordination, so please be on the lookout for that in
22 the next week. We all have responsibility to provide
23 input for fiscal '14, which is last year's, everything
24 that we have done. I think when you see this one come
25 through coordination, it will give you an idea of what

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1 would be a helpful contribution for the '14 report, and
2 we'll give you a small breather before I'm asking again
3 for '15, I won't ask you until about November, but that
4 will be a priority to hold us all accountable.

5 So, I would like to take a moment and just go
6 around the room, because there are some new faces from
7 the members and have you introduce yourself.

8 CAPT. BALZANO: Captain Dick Balzano, Department
9 of Defense.

10 MR. FLETCHER: Jerome Fletcher, GSA OSDDBU.

11 MR. LENEY: Tom Leney, Veterans Affairs.

12 MS. WOOD: Good morning, I'm Jaime Wood, I'm the
13 director for policy and engagement here at the Office of
14 Veterans Business Development.

15 MR. STOUT: I'm Jeff Stout, I'm with the
16 Treasury State Small Business Credit Initiative.

17 MS. CARSON: Thanks. We have representation
18 from the U.S. Senate Small Business Committee here with
19 us today, as well as business owners, American Legion
20 and the chair of our Advisory Committee on Veteran
21 Business Affairs, thank you very much for joining us
22 this morning.

23 We are going to kick off with -- I'll give you
24 our updates from SBA as we go through the different
25 committee reports. I'm really pleased to have guests

1 from Treasury to talk to us about the State Small
2 Business Credit Initiative, which is a significant part
3 of their contribution to our Access to Capital
4 Subcommittee. So, I would love to turn it over to you,
5 Jeff, to go ahead and share your views with us.

6 MR. STOUT: Great. Thanks, Barb and Jaime for
7 having us. I would like to take a few minutes this
8 morning to introduce everyone to the State Small
9 Business Credit Initiative, which is operated at the
10 Department of Treasury. It came into being, let's see,
11 we have slides, let me make sure. Okay. That's fine.

12 MS. CARSON: I can get it going.

13 MR. STOUT: No worries.

14 MS. CARSON: I have the slides.

15 MR. STOUT: I can get started while we look
16 those up, if that's okay.

17 MS. CARSON: Yes, or I can turn it over to our
18 deputy for the Office of Capital Access is here from
19 SBA, we could do that, whichever is better.

20 MR. STOUT: That would be great.

21 MS. CARSON: Be right back with you.

22 MR. STOUT: Thank you for inviting me. Are we
23 putting some slides up?

24 MS. CARSON: Yes, I'm going to give a little
25 background and introduce John Miller, our deputy

1 associate administrator for the Office of Capital Access
2 here at the Small Business Administration. I'm very
3 grateful for their partnership with our office. We have
4 taken a look at what is happening for the veteran
5 borrower, and all of us have some things that we could
6 be doing potentially in this landscape. It wasn't
7 trending the way that we had hoped. We are
8 investigating what can be done, and John is going to
9 give us a deeper dive on what we've learned so far.
10 Thanks, I'll turn it over to you, John.

11 MR. MILLER: Thank you, Barb, and thank you for
12 inviting me to speak to the committee. We have some
13 slides here, I'm from the Office of Capital Access,
14 which is responsible for SBA's lending, and its lending
15 programs, not only to veterans, but also all small
16 business borrowers.

17 Lending is down in this the vet arena -- do I
18 have to click here?

19 MS. CARSON: Right here.

20 MR. MILLER: Okay. Despite consistent trends in
21 overall SBA lending in the last three years, lending to
22 veterans has not performed comparatively well and shows
23 room for improvement. You can see the red bars are
24 dollars loaned, and the blue are numbers of loans, and
25 on the top is all SBA lending for business. And on the

1 bottom is lending to vets.

2 From 2009 on the left-hand, for those of you in
3 the back, to current 2014. So, this does span through
4 the recession and to current date, at least the end of
5 last fiscal year.

6 Since 2011 record highs, lending has declined
7 since reaching well below 2011 levels, and so we are
8 below that peak that we hit at the end of 2011, which
9 was also, there was other legislation from the Recovery
10 and Jobs Act that was still in force that did have some
11 impact on our lending at that time.

12 I know these numbers are small. Furthermore, as
13 SBA's portfolio increased from 2009 to 2014, veterans
14 are not seeing the same relative gains in dollars and
15 approvals. Despite the decline in the SBA 7(a) and 504
16 programs, veteran lending in the microloan program
17 remains strong. This mirrors the industry data that
18 suggests borrowers have a high demand for low-dollar
19 credits, and loans in the SBA's microloan program are
20 provided by nonprofit intermediaries and the loan size
21 typically averages about \$13,000. And microloans go up
22 to \$50,000, maximum.

23 To give you some good news, while we know there
24 is a lot more work to be done, FY '15 is bucking these
25 trends and returning veteran lending to above 2010

1 levels. So, what you have here is data through the end
2 of May, and we'll be soon getting data through the end
3 of June and confirming that the trend is still looking
4 up.

5 Based on the first two quarters, veteran lending
6 is trending above the rest of the SBA portfolio in
7 dollars and approvals. So, we have a 20 percent -- 27
8 percent increase in loan numbers, and a 65 percent
9 increase in dollars that are going to vets, versus the
10 rest of SBA's entire portfolio, which is showing a 22
11 percent increase in number, and a 20 percent increase in
12 dollar.

13 This slide shows a year to date activity in all
14 of our underserved markets, so we have minorities, women
15 and veterans by year. From 2012 to 2015, overall
16 veteran lending is up 37 percent in dollars, and 11
17 percent in terms of units. And veterans' share of the
18 SBA portfolio is also trending above the last two fiscal
19 years.

20 What's important to note here is that there may
21 be -- if there is a woman veteran, they may be reflected
22 in both of these numbers, or women minority veteran may
23 be in all three categories.

24 For the microloans, here are the underserved
25 numbers as well. You see the bar on the bottom right

1 shows a healthy increase over 2014 year to date.

2 So, we have fee relief in our programs and
3 there's a handout, if we don't have it here, maybe we
4 can bring a copy down, that talks about the veterans
5 advantage program, and what SBA is doing to attempt to
6 attract more veterans and make it easier on small
7 business veterans or startup veterans.

8 We have reduced our fees to zero across the
9 board for all small loans for veterans and non-
10 veterans, up to \$150,000, but for veterans, we have also
11 reduced the fee for SBA express loans to zero on all
12 loans up to \$350,000, and then for all 7(a) loans from
13 \$350,000 to \$5 million, we've cut the fee in half for
14 veterans only.

15 Yes?

16 MS. CARSON: This is Barb from SBA and I wanted
17 to clarify, also, that those eligible for the fee relief
18 are also military spouses and survivors of veterans as
19 well, and these numbers are from January 1st, 2014 when
20 this program went into effect. Thanks, John.

21 MR. MILLER: Thank you.

22 What this slide states is that the fees that
23 have been saved for veterans that are since January 2014
24 is over \$8 million. This is pretty substantial and we
25 think that word is getting out and attracting more and

1 more veterans to the no-fee programs.

2 Next I'd like to talk about a tool that SBA has
3 launched called LINC, and it's on our SBA website. This
4 is where individuals, including veterans, of course, can
5 enter their own personal information about themselves
6 and their business and they can be matched up with
7 lenders who are eager to lend to them.

8 So, what LINC does is you would go to the
9 website, create an account, and there are frequently
10 asked questions for people to use, and, of course, this
11 LINC can be sent anywhere to whatever veteran
12 organizations that may be interested. And it's only for
13 SBA use. So, SBA and its lending partners. So, SBA
14 lending partners who register can get onto this system
15 and identify would-be applicants and make loans to those
16 applicants.

17 So, the user or the veteran would create an
18 account, and you can also use some other tools such as
19 business plan tools, and then the small businesses can
20 submit one LINC inquiry per day and they would hear
21 fairly rapidly from a lending institution that may show
22 an interest in them.

23 So, this slide talks about the various
24 information and questions that we would be asking, years
25 in business, and if it's a startup, that's fine, also.

1 Number of employees, whether it's for-profit or
2 non-profit. We've had some confusion there, we have a
3 lot of people saying I'm nonprofit, but that's because
4 they aren't making a profit. We're going to change the
5 wording.

6 CAPT. BALZANO: That's what they want to be.

7 MR. MILLER: That's right, do you want to be
8 profitable? Exactly. And then it talks about, there's
9 just a map of all of the areas served in the continental
10 United States and the islands. And also resource
11 partners that are in those areas, local resource
12 partners that are available to assist veterans in
13 putting together business plans, helping them with their
14 financials, and helping prepare them -- prepare their
15 loan application. And that's the end of my
16 presentation.

17 SBA is also working hard to improve its lending
18 programs in general to make them more accessible to
19 lenders and attract more lenders to our programs, which
20 will have a positive impact, and we are overhauling our
21 lending system and creating a virtual lending system, if
22 you will, that will walk lenders through all of our
23 eligibility and program requirements, so that will be
24 launching in August and there's a lot of press and so
25 forth around that. So, we believe that is also going to

1 drum up a lot of interest for lenders who will submit
2 loan applications on behalf of borrowers.

3 Yes?

4 MR. LENEY: Question: Any sense of what caused
5 the trend, both to trend down from 2011 and now what
6 appears to be a rather sudden surge? Is there a policy
7 change, legislative change? You know, it seems to be
8 going in the opposite direction of economic changes.

9 MR. MILLER: A variety of factors could be
10 involved, and, Barb, I don't know if you want to help
11 out, help answer the question, but we have so many
12 possible factors that it's hard to pinpoint any one
13 factor. A lot of it could be lending -- lender behavior
14 during the recession, where they were more reliant on
15 SBA's guarantee, and there was not a lot of lending ripe
16 in 2009 and 2010 to small businesses especially, without
17 the SBA guarantee.

18 MR. LENEY: Got it.

19 MR. MILLER: Lending behavior changes, word
20 getting out, programs such as Boots to Business, and
21 just the lending industry's NAGGL, the National
22 Association of Government Guaranteed Lenders did a very
23 big release and push to their lending -- to their
24 lending members around Veterans Advantage. Really
25 encouraging lenders to step up and lend to veterans.

1 So, I think a variety of factors and probably a
2 dozen more that I can't even mention, or can't think of.

3 MR. LENEY: There is a demographic sweet spot
4 for your loans? Do you get microloans, which are
5 obviously very small, but is there a -- have you sensed
6 any spot where it's -- you know, you've been in business
7 three years, or you have no revenue, are these all -- do
8 you find the bulk of your borrowers are brand new
9 businesses?

10 MS. CARSON: No. No, we're not. And they are
11 existing businesses and fewer startups, and we have more
12 data that we can share that I don't have in front of
13 everyone today, but our sweet spot for dollar amount is
14 actually around the \$350,000 range, and I will provide
15 at our next meeting the scatter chart that shows you the
16 density of these dollars and more vets are looking.

17 So, although microloans, it is trending flat and
18 not down, gives some comfort, that's only about 10
19 percent of the market where vets want to be. So, vets,
20 there are some stereotypes about vet borrowers that we
21 are putting aside as we learn this. One, that they're a
22 decent credit risk, and some would say they had assumed
23 they were not, for various reasons, like not making a
24 lot of money on active duty, didn't know about business
25 ahead of time.

1 MR. LENEY: Right.

2 MS. CARSON: That is not appearing to be the
3 case in what we're seeing so far. So, a couple -- and I
4 would like to address your questions on what other
5 factors might have affected the lending downturn. We
6 did see, when we started this program, on January 1st of
7 '14, what we transitioned from was Patriot Express.

8 MR. LENEY: Right.

9 MS. CARSON: Which was an 85 percent guarantee,
10 and with this program, it dropped to 50 percent. So,
11 there is obviously an incentive for borrowers to
12 approach SBA and try to get this loan, but the incentive
13 for the lender has diminished.

14 MR. LENEY: Right.

15 MS. CARSON: So, that's why I'm interested to
16 see why we're trending up in the first two quarters of
17 '15. We have a lot to learn, and we, our office is
18 actually doing a GAAP analysis now to learn a lot more
19 about what is happening economically for vets.

20 MR. LENEY: Just a thought, we may be able to be
21 helpful in marketing this, and we have 5 or 6,000
22 veteran firms processed through our verification process
23 every year, and we are seeking ways to expand the
24 communication of them to be not just focused on
25 verification, but why does someone get verified, you're

1 in business to do business, and we may be able to be
2 helpful by passing out both information to the thousands
3 of firms that are in our vendor database, but also as
4 people go through that verification process, we'll make
5 it part of a package of information that we want to give
6 them to help them in their business future. So, I would
7 offer that, I'm happy to pursue that as we go forward.

8 MS. CARSON: Thank you, I appreciate it. We'll
9 take you up on that.

10 MR. MILLER: Thank you.

11 MS. CARSON: Were there questions from anyone
12 else?

13 CAPT. BALZANO: I just have one to add onto
14 that. We get this question a lot, because a lot of the
15 vets want to do business with the Defense Department,
16 because that's what they know. So, very often our
17 outreach people hear of these small companies, very
18 small companies, not the borrowing \$7 million, that have
19 no equity and can't get loans to do the things that they
20 want to do.

21 So, my first question is, and just so I
22 understand it, but this is guaranteed 50 percent by the
23 SBA, so it would make them look a little better to
24 potential lenders, and if you could get us that
25 information, I can make sure it gets into the hands of

1 our outreach folks, who get contact, I don't want to say
2 daily, but they get contacted quite often in this very
3 sense.

4 MS. CARSON: We can get you that. The handout
5 that John mentioned is really so technical that it is
6 better for the bank, so it's a lender's product so they
7 understand what's available so we can get them engaged,
8 but we can get you something that is more appropriate
9 for the folks that approach you.

10 CAPT. BALZANO: If we could get a breakdown, we
11 will access it somehow.

12 MS. CARSON: Sounds good. Okay, we'll give you
13 both.

14 MR. MILLER: We would definitely want to get
15 them in the LINC to LINC, and also, it's important to
16 note, too, that the SBA express guarantee is 50 percent,
17 but our regular 7(a) guarantee runs as high as 85
18 percent for small owners. So, there still is quite an
19 incentive for the lenders.

20 MS. CARSON: If there are no further questions,
21 I really want to thank you, John, for joining us and
22 sharing this information. For everyone who is here and
23 signed in with an email address, if you don't already
24 have it, you will have the lending analysis that we just
25 went over, and I'm always open to take more questions

1 and I'm sure, John, you would help as well.

2 MR. MILLER: Absolutely.

3 MS. CARSON: Thank you.

4 MR. MILLER: Thank you. It's an honor.

5 MS. CARSON: I will respectfully request a minor
6 change to our agenda as far as sequence and thank you,
7 Jeff, very much for being willing to give us a change
8 here. We have Ken Dodds from SBA's Government
9 Contracting Business Development Office, and
10 unfortunately he has to leave us rather rapidly, but
11 there are significant policy changes afoot, potentially,
12 and we wanted to make sure that this group heard about
13 them and we all had a chance to discuss any concerns
14 now, or identify things that you want to hear more about
15 at our next quarterly meeting, that would be helpful.
16 Thanks. Welcome, Ken.

17 MR. DODDS: Thank you very much. Some of you
18 have heard this before, but I'll go over what we're
19 working on, because it's, you know, every day we're
20 working on different rules and trying to get things
21 implemented that Congress charges us with.

22 The first one I'm going to start with is the
23 change to how we do the limitations on subcontracting.
24 This is from the NDA of 2013. It basically changes how
25 we calculate compliance on a set-aside contract from

1 costs incurred for personnel that we do, for example,
2 for services right now, it's essentially to an amount
3 paid. And, so, that's a different type of calculation
4 than getting into costs incurred for personnel,
5 excluding things and so forth. It seems like it's a
6 simpler direction from Congress to calculate how we're
7 going to comply with that.

8 And the second thing it does is it allows a
9 prime to rely on a similarly situated subcontractor to
10 perform those requirements. Right now, in the SDVO
11 set-aside arena and HUBZone arena, you're allowed to
12 count subcontractors toward your performance
13 requirement, but right now, for 8(a), and women-owned,
14 and small business, you're not. And, so, this
15 legislation kind of directs us to make every -- all the
16 programs the same, allow subcontractors to count towards
17 that performance requirement if they're a similar type
18 of firm.

19 That basically means if it's a HUBZone setaside,
20 the subcontractor has to be a HUBZone, if it's an 8(a)
21 set-aside, the subcontractor has to be 8(a), if it's
22 small, then the subcontractor has to be small.

23 There's a little note at the bottom, there was a
24 case at GAO where someone protested whether a small
25 business would be able to meet the limitations on

1 subcontracting, and in a footnote, GAO said, well, even
2 if the prime can't meet it, their subcontractor is a
3 small business, and under this new law, you're allowed
4 to do that.

5 So, we're not telling agencies to go ahead with
6 this, because we haven't implemented it yet in our rules
7 and in the FAR, but there could be agencies out there
8 that kind of, if they're being proactive or bold or
9 whatever, they want to take risk, they may try to start
10 putting this into a solicitation. So, be aware of that.

11 So, we are trying to implement it, we came up
12 with a proposed rule, in December, the comment period
13 closed in May. We have over 200 comments on this
14 particular rule. Some of the issues we're trying to
15 clarify are, you know, if you're going to rely on a
16 subcontractor, we propose that we want to have a written
17 agreement, so that we know who you're relying on. We
18 want to make sure that it's not just a second level
19 pass-through. I mean, the whole point of limitations on
20 subcontracting is to make sure the small business is
21 benefitting and performing some of the work. So, if
22 we're going to let you use a subcontractor to meet that,
23 we don't want the subcontractor to turn around and then
24 just subcontract to a large business.

25 So, should we, you know, have a written

1 agreement, should we clarify and specify what we're
2 going to perform on that particular contract. We want
3 to make sure that only the work that the actual small
4 business sub does counts towards that performance.

5 We also are trying to propose a way to kind of
6 loosen up our joint venture rules. Right now, when two
7 firms joint venture, they're basically affiliated for
8 that contract. That means we would add up both parties'
9 revenue and they would have to collectively meet the
10 size standards, and we have some exceptions that are
11 very complicated. You know, if it's a bundled contract,
12 or if the size standard is, you know, more than half the
13 size standard, the value of the contract is more than
14 half the size standard or for manufacturing there's a
15 \$10 million threshold.

16 So, what we're proposing is as long as each
17 member of the joint venture is small, we're going to
18 allow them to count as small for that particular
19 contract if they joint venture. It will allow, we
20 think, more capacity for purposes of performing these
21 contracts that seem to get bigger and bigger as the
22 years go by.

23 Now, obviously if the two firms are in business
24 and doing too much together, they might be affiliated
25 generally. So, you have to be careful when you're doing

1 this, but it should help small businesses.

2 We also did some things around affiliation and
3 recertification, some clarifications in this proposed
4 rule.

5 We're trying to clarify how the non-manufacture
6 rule works, specifically with respect to software. When
7 we, as a government, when you hire someone to create
8 software, that's a service, but in a lot of contexts,
9 the government buys software, they think of it as a
10 commodity, as a supply. And we haven't really adjusted
11 our rules to deal with when we're going to allow that to
12 be considered a supply and when we will waive the
13 non-manufacturer rule or when we're going to treat it as
14 a service. So, we went out for comment on that.

15 We also want to make sure that everybody is on
16 the same page with respect to the rule, which basically
17 says, you know, in a supply contract, we want you to
18 supply the contract of the small business, we want you
19 to make yourself or the product to be made by a small
20 business, but SBA will waive that requirement if there
21 are no small business manufacturers of that particular
22 item. So, that's what the non-manufacture rule is, we
23 want to make sure it's part of the process where
24 everyone knows up front, the offerors know what they're
25 getting into, what they're certifying to, because when

1 they submit an offer, they're telling the government
2 that they've made it or that they're supplying the
3 product of the small business, unless SBA has waived
4 that requirement. So, they're putting themselves at risk
5 if there is no waiver there. We want to make sure it's
6 up front before the solicitation that everyone knows
7 what the rules of the game are for this particular
8 supply contract.

9 So, what we're working on going through those
10 comments and hopefully, you know, there's still -- even
11 when we're done with our rule, there's still usually a
12 three-month process where we send it to OMB and get
13 comments from all the agencies, GSA, VA, DOD, of course.
14 And, so, you know, we're going to hopefully wrap this
15 rule, our rule up, get it to OMB and start that
16 interagency review process, then we'll issue a final
17 rule, and then we have to send it over to the FAR
18 counsel and they have to actually put it into part 19
19 and part -- you know, the 52 clauses and all those
20 areas. So, there's still, even though we made some
21 progress, there's still quite a bit of work to be done
22 in terms of getting this actually in the FAR and out
23 there and into the contracting community.

24 The second major rule we are dealing with is the
25 Mentor Protege Program. You know, right now at SBA we

1 have a Mentor Protege Program for our 8(a) firms that
2 allows them to joint venture with their mentor and be
3 treated as a small business for any government contract.

4 The Jobs Act of 2010 gave us authority to create
5 one for HUBZone, service-disabled, veterans and women,
6 and then the NDA of 2013 extended that to all small
7 businesses.

8 So, you know, the scale of that is pretty big.
9 Roughly we have around 5,000 8(a) firms and around 500
10 mentor protege participants, and in SAM there's usually
11 around 300,000 small businesses registered. So, it
12 opens it up to a lot more businesses.

13 It wasn't funded, we don't have the resources,
14 we weren't given ways to implement it. So, that's going
15 to be the challenge for SBA. We want to make sure that
16 we verify the mentor, we want to make sure that the
17 benefits are actually flowing to the protege, if we're
18 going to do this.

19 So, we also have to actually look at the mentor
20 protege programs of other agencies. Under the statute,
21 once we issue a final rule, we have one year to review
22 all the other programs to see whether they're going to
23 continue or not. So, I guess the idea is should SBA,
24 should there just be one basically under SBA, should SBA
25 plus all the other ones that agencies have created, you

1 know, maybe we're going to have to take a look and set
2 forth what the criteria is and then make a determination
3 one year after our final rule.

4 DOD is exempted. The statutory Mentor Protege
5 Program at DOD, which is subcontracting-based, is by
6 statute not something that we're looking at. So, that
7 will continue.

8 CAPT. BALZANO: I will tell you it's on a
9 continuum for more years. We have been fighting that
10 very issue with the --

11 MS. CARSON: Can you turn this up?

12 CAPT. BALZANO: Sorry. We have been fighting
13 that issue with the Congress to get it reauthorized for
14 long-term, and we were unsuccessful. We authorized it,
15 the language that we see right now is only going to be
16 one more year. They really are scrutinizing that
17 program right now, especially our reimbursable portion
18 of it.

19 MR. DODDS: Okay, so --

20 CAPT. BALZANO: Which is what you don't have.

21 MR. DODDS: So, has that been like a one-year
22 renewal?

23 CAPT. BALZANO: It's been a three-year, over the
24 three to five-year for the last however many years.

25 MR. DODDS: Right.

1 CAPT. BALZANO: And this year, the SES really
2 dug into it and they went into every contract, every
3 agreement, and wanted to see the return on investment
4 and all of this stuff. So, we requested a long-term
5 authorization for it, but right now the language does
6 not get us that.

7 MR. DODDS: Do you know when that theoretically
8 expires? I don't want to, you know, because they could
9 always I guess renew it, but is it next year?

10 CAPT. BALZANO: I think it's based fiscal year.

11 MR. DODDS: Okay. All right.

12 CAPT. BALZANO: On the reauthorizing now will
13 start for -- will be for '16.

14 MR. DODDS: Okay, we will keep an eye on that, I
15 was not aware of that.

16 CAPT. BALZANO: Okay.

17 MR. DODDS: So, we did issue a proposed rule to
18 get this program -- to get comments on it. The comment
19 period closed in May. We have, I think for this one,
20 around 113 comments on this particular rule. You know,
21 some of the things we're dealing with are, you know, how
22 many proteges should a mentor be able to have? You
23 know, I hear from a lot of large businesses who have
24 many subsidiaries, they have many divisions around the
25 country, they have many fields that they're in, and they

1 want to have the ability to have lots of proteges,
2 because one division doing engineering here is not the
3 same as a division doing construction in California.
4 You know, and they feel that they're separate business
5 lines. So, we're asking for comments, how many proteges
6 should a mentor have? We don't want them to take over
7 our program and totally benefit from it, you know, by
8 the same token, and the same with, you know, how many
9 mentors should a protege have? You know, one, two,
10 three, what's the right number there. What should it
11 be? How are you going to qualify as a mentor and how
12 are you going to qualify as a protege? What are the
13 standards?

14 Right now, in the 8(a) program, for example, you
15 have to be, you know, less than half the size standard,
16 never have an 8(a) contract or be in the first four or
17 five years of the program. And in the 8(a) program you
18 graduate, you know, a small business can be small for a
19 very long time. So, we have to figure out are we going
20 to let every small business qualify, do they have to be
21 in the startup stage, do they have to be -- we don't
22 want them to be so young that they really aren't going
23 to be bringing it into the joint venture and the mentor
24 is going to be doing, you know, most of the work. So,
25 you have to try to strike a balance there to get the

1 right mix.

2 Just like the 8(a) program, we're going to have
3 a written agreement that we're going to approve. We
4 propose that the relationship will last up to three
5 years with one three-year extension, we're going to get
6 comments on that. And we do want to have annual reports
7 that someone needs to verify that the benefits are from
8 the protege and, you know, continuation of the
9 relationship is going to be based on a review of that
10 relationship.

11 A recent final rule that was effected in August,
12 will be effected in August, allows a firm to get an
13 advisory size decision. SBA will do a size decision if
14 there's a contracted issue. If someone has been
15 selected as the awardee in an unsuccessful offer or
16 files a protest, that's when we will do a size decision.
17 We don't have the resources to just give opinions out to
18 8(a) small business, any of the 300,000 small businesses
19 out there, to determine whether they're small at any
20 particular point in time.

21 Under this law, a small business can go to an
22 SBDC or a PTAC and get an advisory size decision from
23 that organization, and then the process is they would
24 have to submit through the Office of General Counsel and
25 then our Office of General Counsel will make a

1 determination as to whether they agree or disagree with
2 the decision.

3 So, they are forcing us to get involved at that
4 second level. That's assuming an SBDC or PTAC wants to
5 actually render these decisions, which are almost like
6 legal decisions when you have to look at affiliation,
7 case law, you know, so on and so forth. So, I don't
8 know how much this will be used, but this is a statutory
9 provision that we had to implement.

10 You probably can't read this, but basically what
11 the statute says, this is from NDA 2014, for large
12 businesses that have an individual subcontracting plan,
13 under this revision, we are going to start looking at
14 lower tier of subcontracts to count that towards the
15 goals. So, right now, everyone reports at the first
16 tier. That's where you get credit. That's how we count
17 whether you're meeting your goals or not. Large
18 businesses, especially in the construction industry, you
19 know, lobbied for this and they felt that there's a lot
20 of small business participation that goes on at sector
21 fourth, fifth and lower, and they also, frankly, felt
22 that they were being forced to do subcontracts at the
23 first tier level with small businesses who didn't have
24 the capacity and they turned around and subcontracted to
25 large businesses, where that small business would

1 probably be playing at a lower tier if they were done
2 without regard to having to meet the goal.

3 So, that's the idea behind it. We have a
4 proposed rule drafted, and it should go to OMB very
5 soon, and it will go for interagency review. So, we
6 will be getting input from DOD, GSA, VA, and the other
7 agencies, that's usually a three-month process, so then
8 it will come out some time this fall and hopefully has a
9 proposed rule. And in the same process, we will have to
10 go through the comments to a final rule, and then send
11 it over to the Small Business Committee at the FAR to
12 get it into the FAR.

13 MS. CARSON: Captain?

14 CAPT. BALZANO: Did you see the proposed change
15 to the CSP language that came out in 2014? It seems to
16 be a confidential subcontractor plan.

17 MS. CARSON: You have to turn it on.

18 CAPT. BALZANO: I'm sorry, I thought it was on.
19 So, the last year, we, as you know, the department has
20 tried very hard to end that program, Mr. Gudger worked
21 hard and was unsuccessful.

22 MR. DODDS: The comprehensive?

23 CAPT. BALZANO: The comprehensive subcontracting
24 plan.

25 MR. DODDS: Yeah.

1 CAPT. BALZANO: We feel it allows large
2 industries a much lower subcontracting goal to be held
3 accountable to, and Mr. Gudger tried very hard to change
4 that.

5 We were successful in getting into the '14 bill
6 the clause that if the participants in that program
7 failed to meet their previous year's goal, then they
8 could not negotiate a new goal with the department,
9 which would effectually remove them from the program.
10 The staff has submitted language to remove that one
11 single clause, which will affect a lot of the stuff.

12 So, if you haven't seen this, you might want to
13 voice in on it.

14 MR. DODDS: Yeah.

15 CAPT. BALZANO: We have objected to it highly.
16 So I'm sure if you all got on board, it would be
17 helpful.

18 MR. DODDS: Was that extended with the sunset
19 date, again, or was that --

20 CAPT. BALZANO: I think they gave us a
21 three-year extension to it, and with that, the only
22 clause that we were successful in getting in there was
23 the clause about at least meeting your goal that you
24 negotiated, because often we find that come and
25 negotiate a goal, and then sometimes they don't even

1 mention that.

2 MR. DODDS: Right, okay. The way that -- yeah,
3 I mean, we haven't been monitoring that, there's
4 certainly strong feelings about that within the agency.
5 The way we're interpreting this particular statute, it
6 only applies if you have an individual contracting plan.
7 And, so, it won't apply to the -- you know --

8 CAPT. BALZANO: (Inaudible.)

9 MR. DODDS: Right.

10 CAPT. BALZANO: But this is where we want to end
11 up, that's why.

12 MR. DODDS: Okay, all right, thank you.

13 The last kind of rule we're working on that I'll
14 mention are the changes in NDA 2015 around women-owned
15 small business program. I mean, first of all, they gave
16 us authority to have sole source awards to women-owned
17 small businesses. Similar to how we have it now in
18 HUBZone and service-disabled veterans, where you do
19 market research, if you don't believe you'll get two
20 women-owned small business offers, but you find one that
21 you think will perform, you may do a sole source award
22 if it's under these threshold values.

23 So, it's not the same as 8(a) where you're kind
24 of directed to do sole source. It's only there if
25 market research shows you can't do a competitive

1 set-aside, basically.

2 We issued a proposed rule in May, the comment
3 period closes in June, at the end of June. The good
4 news is this does not have to go to OMB for review, so
5 we can move quickly on this. We've already sent over a
6 case to the Small Business Committee for them to start
7 working on. So, this will be implemented, that part of
8 it will be relatively lightning quick for government
9 standards.

10 The second thing this legislation did is direct
11 us to do a new study of what industries where women are
12 underrepresented. You know, under the program, you can
13 only do a set-aside if it's an industry where women own
14 small businesses or not, are underrepresented. We're
15 working right now with the Commerce Department for them
16 to come out with a new study for us by January of 2016.

17 And then the last thing they put in there was a
18 certification requirement. You know, right now this
19 program is a self-certification program, with the added
20 requirement that you have to upload documentation to a
21 repository, ownership and control documents and things
22 like that. Under this legislation, you know, we can do
23 it, other agencies can do it, the state can do it, or
24 these national certifying entities can do it. We have
25 approved some third party certifiers, but we approved

1 them not for the purpose of complying with something
2 like this. You know, it was a -- kind of a -- something
3 to make you feel comfortable, give you more confidence
4 that you qualify, but it wasn't supposed to be official.
5 So, we're going to have to figure out as an agency,
6 again, this was not funded, we don't have the resources,
7 they didn't give us extra resources to ramp up a
8 certification program. We're going to have to figure
9 out how we're going to implement this, and that will be
10 a different rule that will be coming out later on this
11 year.

12 So, that's all I have. My contact information
13 is there. Are there any questions from anyone?

14 MS. CARSON: We have about five minutes for
15 questions before our next presenter needs to get going.
16 If there's someone who is attending and would like to
17 ask a question, please come up to our microphone.

18 MR. DODDS: No?

19 (No response.)

20 MS. CARSON: Okay. So, next time, Ken will be
21 back, hopefully we'll be talking about SCORE card, and a
22 few other items of interest for this community.

23 MR. DODDS: When is your next meeting?

24 MS. CARSON: It is September 9th.

25 MR. DODDS: It should be out by then.

1 MS. CARSON: Good, we can talk about fiscal '14
2 before the end of '15, that would be fantastic.

3 MR. DODDS: All right, thank you.

4 MS. CARSON: Thank you very much, Ken. And we
5 are going to go back to our training, counseling and
6 outreach and access to capital portion of the agenda and
7 I am going to turn it over to Jeff Stout from the
8 Department of Treasury, the State Small Business Credit
9 Initiative, where he is the director. Thank you.

10 MR. STOUT: Thanks, Barb, and thanks for having
11 us, appreciate the opportunity to share our program with
12 the committee.

13 So, just a little bit of background before we
14 get going. This program was enacted as part of the
15 Small Business Jobs Act of 2010. It's a one and a half
16 billion dollar program that lasts for seven years
17 through 2017. And the dynamics are really Treasury
18 administering these funds, transferring them to state
19 economic development agencies who deploy the funds
20 through programs of their own design, in support of
21 small business lending and investing.

22 There are no explicit set-asides or thresholds
23 for veteran businesses at the federal level, although
24 some of the states when they implement have targets of
25 their own or markets specifically in that direction.

1 And even without the targets, obviously this is an
2 opportunity for small businesses that are operated or
3 run by veterans. Just the fact that there are -- is an
4 additional credit enhancement program out there.

5 We're all familiar with the changes facing small
6 businesses seeking secure financing, lack of collateral,
7 short credit history, small dollar requests, as we heard
8 earlier. Also, different types of capital have
9 different challenges. Early stage companies that need
10 equity capital that can't qualify for a bank loan, for
11 example, intellectual property-based businesses need
12 equity financing before they can grow in cash flow and
13 be a bankable business.

14 So, this is a wide range of needs, and states
15 have operated a wide variety of programs for decades to
16 address some of these needs. The benefits of some of
17 these state programs were more local programs that they
18 can align with state economic development objectives,
19 target local needs. For example, in Florida, they
20 operate an export finance guarantee program for very
21 early stage businesses that don't qualify for SBA or XM
22 export programs, try to graduate them to those programs.
23 Or in Michigan, for example, they developed a program
24 during the downturn specifically to address collateral
25 gaps because the value of the plant, property and

1 equipment of the manufacturing businesses had dropped so
2 precipitously that they developed a specific program
3 just for that need.

4 So, those are just a couple of examples of how
5 state programs can target local needs.

6 Another benefit of these state programs is they
7 can partner with, they know the folks on the ground,
8 they know the potential partners that can implement
9 these programs on the ground, and we'll get into that a
10 little later, how these in some ways, sometimes are
11 administered directly by the states, other times by
12 other intermediaries, CDFIs or even for-profit funds,
13 for example.

14 And, finally, the question that always comes up
15 is don't these programs duplicate SBA, USDA, and
16 typically because the states have an interest in
17 spending funds wisely, targeting local needs, they don't
18 want to compete with SBA or USDA where they wouldn't get
19 their money on the street and support small businesses.

20 So, just a couple of quick examples. Non-profit
21 businesses are eligible to enroll transactions in these
22 state-run programs, for example. During the recession,
23 obviously, credit seized up, not only that, state
24 budgets were hit very hard, and where these programs did
25 exist, many of them were swept or defunded, and that's

1 where SSBCI came in and recapitalized or helped launch
2 programs in all 50 states through the -- program awarded
3 \$1.46 billion, almost \$1.5 billion to state agencies.
4 Allocations were made by formula, so in the statute
5 that's targeted the hardest hit states in the recession,
6 the dollar amounts ranged from \$13 million to \$168
7 million in California, which was the largest, obviously.

8 States, as I mentioned, have broad flexibility
9 to design their own programs, because in part, this
10 program was meant to plug into existing programs that
11 were working that had been defunded, so you couldn't
12 take, sort of design a federal program soup to nuts and
13 lay it on a state program, there had to be flexibility
14 so they could plug funding in.

15 Very, very broad parameters. Businesses -- this
16 is not exhaustive, and this is a summary, but less than
17 750 employees, the states must target a transaction \$5
18 million or less, with a maximum of \$20 million. You can
19 see where the definition of small is quite odd here, but
20 very key, two key components that really make the
21 program work, I think, are there has to be private
22 capital in every single transaction greater than 20
23 percent, and more typically, it's 50 to 80 percent in
24 practice.

25 And states had to demonstrate a reasonable

1 expectation that they would lever funds 10 times during
2 the program period. So, if you got that \$13 million
3 allocation, you were targeted \$130 million in small
4 business lending over the course of the program.

5 Circling back a little bit to how the funds
6 flow, just to reiterate, Treasury grants funds to the
7 states, the states either administer a program directly
8 or partner with a CDFI, quasi public, for-profit, BDC,
9 for example, or investment funds in the case of equity
10 programs, and those administrators then support small
11 business transactions led by lenders or co-investors.

12 Eligible programs that the states run generally
13 fall into two buckets, as I said, credit enhancement
14 programs that support lending, financial institutions,
15 which are defined in the statute as banks, credit unions
16 or CDFIs, or equity programs. The debt programs fall
17 into four categories, that I'll run through really
18 briefly. The Capital Access Program, which is a
19 portfolio insurance program, loan participation programs
20 where the states or their partners purchase generally
21 speaking subordinate loan or subordinate participations
22 in transactions. Collateral support programs which are
23 also known as cash collateral programs where the state
24 or their partner post a deposit at the bank, for
25 example, and pledges it as collateral to the

1 transaction. This can plug a gap when an appraisal
2 comes up short, for example.

3 The loan guarantee programs, which can be up to
4 80 percent, typically the states are dealing in actually
5 on average a lower percentage, 50 percent is a common
6 number, again, not to compete directly with SBA. They
7 also, in this category, often work with the very small
8 community banks that don't participate in SBA lending.

9 And then the second broad category is venture
10 capital programs, which can fall into either direct
11 investment programs or state sometimes invested in funds
12 that was then invested in small businesses. This was a
13 really interesting set of programs, completely different
14 than the lending side. States more and more are focused
15 on growing their own intellectual property-based
16 businesses as an immediate long-term economic
17 development strategy, and this being able to fill the
18 gap in funding these early stage businesses is an
19 important part of that strategy, especially for the
20 middle states where there's not a robust venture capital
21 community. We can get into that more in a little bit.

22 As you can see here, about 30 percent of the
23 funding was apportioned by states to these investment
24 programs that remained their true lending programs.
25 States when this began, it was at the discretion of the

1 states how they wanted to apportion their funding. The
2 results so far, as of the year end, \$864 million of the
3 \$1.46 have actually been invested or lent -- I'm sorry,
4 deployed in closed transactions. That translated to
5 \$6.4 billion in financing supported. And the businesses
6 report that that would create or retain over 130,000
7 jobs.

8 Comprising the \$864 million in funds deployed
9 are 12,400 transactions, 80 percent of which supported
10 transactions that businesses under 10 employees, over 50
11 percent to businesses less than five years old, and 41
12 percent were in underserved areas. So, we don't have as
13 granular data as SBA in terms of the demographics of the
14 borrowers, but we do know that -- because we're not
15 underwriting in any form or fashion these transactions,
16 the states operate these programs, we're just a source
17 of funding, and they report back to us, but we do know
18 that the funding is making its way to small and
19 underserved businesses by some measures.

20 Really quickly, this shows the broad dispersion
21 of funding across the country. I think notable here is
22 some of the states that were hardest hit by the
23 recession have seen significant activity under the
24 program, in Michigan and Florida and Georgia, for
25 example. And these, again, are just visualizations of

1 some of the points that I mentioned before, that 50
2 percent to businesses under five years old, 80 percent
3 to businesses under 10 employees.

4 You can see on this next slide, by program type,
5 how many of the businesses are in low to moderate income
6 communities. So, again, without an explicit threshold
7 or set-aside or cap, the program is reaching businesses
8 in underserved communities, 41 percent of the
9 transactions, just by virtue of being aligned with the
10 state's economic development strategies, community
11 development strategies. And we see the funding, you're
12 not going to be able to read this, you can see the
13 funding reaching a broad variety of industry types,
14 roughly 20 percent of manufacturing is a notable point,
15 it's also a significant percentage of information and
16 professional and technical services, I think, you know,
17 in large part representing that activity under the
18 equity programs.

19 Just a few observations to close out. We do
20 see, this is a big experiment, there's over 140
21 different programs that have been funded. We see a
22 broad variety of activity suited to different local
23 conditions. We see that for every dollar in funding to
24 date, states have leveraged \$7.4 in private financing,
25 so we're well on the way to the one target.

1 We also see with having a federal program has
2 helped even out or maintain the continuity of these
3 state programs through their sort of volatile budget
4 cycle, which is important because, as you know, starting
5 and stopping a program is very difficult and damaging to
6 your relationships in the private sector. And we also
7 see that having the federal program has created a venue
8 to convene the state program managers and advance best
9 practices, which is something that's in the statute that
10 we're mandated to do, but at the same time, I think it
11 really is a highlight of the program so far that these
12 program managers have been hard at work for years and
13 rarely have the opportunity or the excuse to get
14 together and compare notes.

15 And then, finally, this is the public/private
16 relationship that emerges from these programs is sort of
17 a key -- the key piece of the puzzle, and something I
18 hope that sort of our research on the program,
19 observations as it winds down, can help shed some light
20 on. And then, let's see, we have a couple of examples.
21 So, again, we don't have a threshold or set-aside for
22 veteran-owned businesses, but we do know that many
23 states target the veteran community, including Illinois
24 and Washington, and so we do see transactions and share
25 some of those success stories with all of you.

1 I'd say as an interagency group, we would ask if
2 you have thoughts on how to leverage other programs to
3 spread the word to financial institutions about
4 opportunity that this program provides, we would love to
5 compare notes and see if there's a way we could work
6 together.

7 MS. CARSON: Thank you. Does anyone have a
8 question? And I had one, but I've heard this brief
9 twice, which is great, so thank you yesterday for coming
10 to our meeting with the advisory committee, but if I
11 understood correctly, 84 percent of the capital has
12 already been distributed to small business, so there's
13 16 percent left to get us through '17. So, there's
14 still opportunity out there.

15 MR. STOUT: There's still opportunity, and I
16 think, you know, we measure our success by, you know, to
17 what extent has the \$1.5 billion been deployed in some
18 sense, but when that's deployed, it doesn't mean that
19 the program is over at the state level. These funds are
20 essentially granted to the state to endow ongoing,
21 revolving funds. And, so, if this program does expire,
22 these stakeholders will live on with the opportunity to
23 take advantage of them going forward.

24 MS. CARSON: Thank you. And, Jessica, thank you
25 for bringing this forward to us, also, I appreciate

1 that.

2 MR. STOUT: I'm sorry, I forgot the very last
3 slide. Links to learn, details about each program in
4 each state. We do have a communications challenge in
5 that we're sort of a wholesale source of funding and
6 each of these programs is slightly different. So,
7 that's the best way to go about researching the programs
8 to look at each state program. Of course, you can
9 always just contact us and we can direct you where it is
10 most appropriate. My email is not up there, but you can
11 contact me at Jeff, J E F F, .stout, S T O U T,
12 @treasury.gov. I would be happy to link you to any
13 resources we can.

14 MS. CARSON: Thanks again for the presentation.

15 MR. STOUT: Thanks.

16 MS. CARSON: We're going to loop back to the
17 training and counseling and outreach. Does anybody need
18 a break? Good? Got energy? Okay, we're going to
19 press.

20 Okay, I'm going to say a few things about slides
21 and then we're going to jump into some that are OVBD,
22 and I'll go over our three topics, but anybody stop and
23 let me know what you've got. Senate Small Business
24 Committee did send a representative, as I said, to
25 listen to how we talk about things today and what more

1 we would like to do. So, this committee has gone
2 between OSDBU, the Office of Small Disadvantaged
3 Business Utilization, and then other offices for
4 membership, and we are looking at whether for some large
5 agencies it makes sense to have more than one person
6 here, for the kinds of things we're about to talk about,
7 for example, in this small education portion, because
8 DOD is involved with us in the transition program,
9 heavily, so is Labor, working with entrepreneurs and how
10 that messaging comes into programs that you've got that
11 exist and would be, also, there are entrepreneurship
12 elements within the Department of Veteran Affairs that
13 are very separate and distinct from the role of the
14 OSDBU.

15 So, I just wanted you to know, that's why we
16 talk about all this here, but it may not make the
17 connection with the actual representative here. So, I
18 will share anyway, because I'm hoping that you will
19 connect to the colleagues, and we all want to build
20 capacity of veteran entrepreneurs so that they can do
21 business with our agencies, whether it's federal
22 procurement or in the private sector.

23 So, our biggest news, because it took six months
24 or more to get done, is that we have 15 Veteran Business
25 Outreach Centers, 14 of them were competed and we

1 awarded those on April 13th of this year. I will give
2 you via email the list of where they are, and how you
3 can connect with them. And we really want our
4 interagency partners to think of that as the number one
5 triage center for anything veteran business. That's
6 where they can go and they're expected to know all the
7 resources that are available, both interagency and
8 regionally for veterans, and that's where the connection
9 should happen.

10 We have a new director of the program as well,
11 his name is Ray Milano, and he is a former U.S. Marine,
12 also a lawyer, which comes in handy at times, and he has
13 been with SBA 16 years and comes to us from Boston,
14 Massachusetts, where veteran borrowers perform
15 especially well. So, he is also familiar and well
16 versed with giving one-on-one counseling to vets on
17 procurement, so he has a very high standard that he
18 expects from the VBOCs that are within his portfolio,
19 and I expect to see a lot more out of them in the coming
20 years ahead. And these are three-year awards.

21 Access to capital, you've heard where we're at
22 and we've got a lot of work to do. That program does
23 expire, at the end of this fiscal year. I would expect
24 from the language that I have seen, it will continue,
25 and perhaps even become permanent, but that doesn't mean

1 that it is a complete answer, and I did mention that the
2 Office of Veterans Business Development is doing the
3 GAAP analysis, it's looking at where is the greatest
4 need for veteran entrepreneurs right now. We may find
5 it's in procurement.

6 I do hear concern that there's not enough from
7 the very beginning how to get into that at all. I do
8 have a development program for folks that have past
9 performance of a certain number of employees and
10 revenue, but beginning is tough, and some of that is on
11 us to coordinate our resources, PTACs, procurement
12 center representatives, et cetera.

13 So, I look forward to feedback, if we can talk
14 about that at the next meeting, or perhaps in the next
15 section when we go to government contracting.

16 For corporate and entrepreneurial training, we
17 just took a snapshot yesterday of what's going on in the
18 space and I am thrilled that we had programs active
19 everywhere. The Veteran Institute for Procurement that
20 I mentioned as our mid-phase is ready today. Fifty
21 veteran-owned businesses will get training, or those who
22 have graduated in the past, 85 percent of them say they
23 made a significant business practice change, it improves
24 their revenue, increases the number of people they're
25 able to hire, and their ability to get federal

1 contracts, which is the whole point of the program. I
2 will give a deeper dive on that in September.

3 The entrepreneurship bootcamp for veterans with
4 disabilities is in session right now at Florida State
5 University. Those are showing 65 percent rate of
6 startup business within a year -- (inaudible) -- and 90
7 percent of them are in business five years later. It's
8 a strong program, high touch, you can't send a lot of
9 people through it, but it's incredibly effective for
10 those that we can, and it's not one of those that I
11 would recommend just spending more money on, you really
12 need to have all the elements of the program to get it
13 right.

14 Boots to Business was at nine installations
15 yesterday, and one of them included Yokosuka, Japan, so
16 we are everywhere, thanks to DOD, really working on base
17 access issues with us and also inclusive in the
18 Transition Assistance Program. We put 28,000 veterans
19 and military spouses through Boots to Business now.

20 And the veteran women ignited in the spirit of
21 entrepreneurship, which is an intense program a lot like
22 the bootcamp for veterans with disabilities, it's three
23 phases, and that one concluded in D.C. last week. We
24 have another one coming in Boston, the 21st to the 23rd
25 of August, and Kansas City will be in November.

1 Coming this summer, for training, Boots to
2 Business Reboot. That's for all the folks who are not
3 eligible, they're not in the transition program, they're
4 not active duty or current active duty spouse. This is
5 where we reach them in communities across the United
6 States. So, if your agency hearing this thinks that
7 would fit well with an event that you're doing, we're
8 happy to bring this capacity to you, it's a two-day
9 program. And we do have -- it's a private/public
10 partnership, we're doing with the Marcus Foundation,
11 which is run by Bernie Marcus of Home Depot, as well as
12 First Data Corporation and the Institute for Veterans
13 and Military Families.

14 Tom and I will talk about a couple of things
15 that SBA and VA are doing together for training. I'll
16 speak to one of them that we just found out about
17 recently, and that is the Veteran Economic Communities,
18 which is a VA program, it identified 25 cities where
19 there's both a need and also potential for veterans and
20 their services to be more integrated and improved, and
21 tell me if I'm mischaracterizing it, Tom.

22 MR. LENEY: Yes.

23 MS. CARSON: So, today, it was released finally
24 that SBA is going to partner to make something called
25 Startup in a Day. It's asking those communities to take

1 a look at how difficult or challenging it is in
2 licensing or registering for small business within that
3 community and make it easy. So, the proposal is due
4 mid-July, they have a chance to get up to \$50,000, they
5 get 80 percent of it up front and then if they make
6 their significant improvement that they propose, they
7 get the remaining 20 percent. Extra credit goes to
8 those that are cities in the veteran economic
9 communities that the VA has listed. It's not exclusive
10 to those communities.

11 So, I just want you to know that the vets are in
12 there, we take special consideration of vets at SBA
13 wherever we can, and this is one example of it. It's
14 also a chance for interagency leverage. So, that's
15 another thing you can be bringing to the table is this
16 is something where we can hold each other accountable or
17 make ourselves more effective.

18 So, if you don't mind, Tom, I am going to turn
19 it over to National Veteran Small Business Engagement,
20 before I do a deep dive on Boots to Business, we can
21 talk about that.

22 MR. LENEY: Thank you, Barb. This year, we are
23 going to be partnering with the SBA around our National
24 Veterans Small Business Engagement. They'll be in
25 Pittsburgh this year from November 17th to 19th, and the

1 nature of the partnership is we are seeking to focus on
2 comparative advantage. So, SBA is going to be handling
3 what we call the learning agenda, look to focusing on
4 those veteran-owned small businesses that need capacity
5 building. And then the VA and other agencies will be
6 focusing on what we see as our core objective, which is
7 providing direct access to procurement decision makers.
8 So, the VA will be bringing 300 procurement
9 decisionmakers to Pittsburgh, and we are seeking or we
10 are expecting about 60 major commercial corporations and
11 training procurement decision makers as well to talk to
12 veteran-owned small businesses.

13 We are looking at a different, slightly
14 different approach this year. This is, perhaps, a
15 little bit premature, but I wanted to sort of put it out
16 there to the group, where we are looking at doing
17 registration through veteran small business first. As
18 many of you know, we have a Veterans First Procurement
19 Preference Program, and as we like to say, we do
20 veterans first, but not veterans only, because part of
21 our goal at the national engagement is to support our
22 veterans programs, so what we're looking at this year is
23 to open up registration to veteran-owned small
24 businesses first, and if we fill up the event with
25 veteran-owned small businesses, we will close

1 registration and not allow anybody else in. So, it
2 would be an opportunity for vets to really get a
3 preference in terms of access.

4 We also, for the first time, I've got an
5 authorization for the 2016 conference, which will be in
6 Minneapolis in November of 2016, which we're kind of
7 excited about, because normally we get these
8 arrangements pretty close to the execution date, so it's
9 a real blessing to know where we're going in 2016 and
10 have a date. But we're looking forward to the
11 collaboration with the SBA, because that does enable us
12 to focus on what we think we do best and brings them
13 visibility to this community on what they do best.

14 MS. CARSON: And, Tom, I don't want to speak to
15 you, the call to action that Tom and I had discussed,
16 though, is that as members of this body, we would
17 appreciate it if you would make a commitment to have a
18 strong presence there, to make, to bring procurement
19 decision makers to this engagement and we will follow up
20 with you in the September meeting to see how that's
21 shaping up. Anything to add?

22 MR. LENEY: I will call my colleagues out, the
23 department doesn't hesitate to do that.

24 MS. CARSON: Do you remember the bus you ran
25 over me with at the last meeting? I just brought that

1 back, I'm driving it this time.

2 MR. LENEY: Okay.

3 MS. CARSON: On a lighter note, during the month
4 of November, November 2nd to 6th, we will have National
5 Veterans Small Business Week, and I will be reaching out
6 with invitations to your senior leaders, your
7 secretaries, administrators, and invite them to join the
8 senior leader discussion on what we are doing together
9 on opportunities for small business owners. It won't
10 have, necessarily, a procurement focus. But I'm open to
11 shaping that, I just want to let you know that that's
12 coming. The invitation will likely go out in July or
13 August.

14 There are other opportunities that week for us
15 to partner. Our three core pillars here at SBA are
16 access to capital, entrepreneurial development, which is
17 training and counseling, and then procurement. So, for
18 example, procurement events that we plan to do across
19 the United States, we're developing a menu, and I think
20 your agencies may want to partake in this, is get a PTAC
21 together with a procurement center representative, for
22 example, and maybe some decision makers, and have an
23 engagement with that business owner.

24 Last year when we did National Veterans Small
25 Business Week, we had over 150 activities across the

1 United States. So, if you had something in that time
2 frame, we chose the week before Veterans Day because
3 we're not a veteran-centric agency and we want to be
4 able to support our colleagues at DOD and VA, for
5 example, the following week, but if there's something
6 that you're doing that week ahead of time, we sure would
7 appreciate it if we could be a part of what you're
8 doing. Or the week after.

9 So, if we can move on to our largest
10 entrepreneurial training program, and this is a great
11 forum for it, because we are doing this with DOD, VA,
12 Labor, Department of Education as well. So, I'm going
13 to hit those slides.

14 As I said, Boots to Business has trained over
15 28,000 people already, and we have some strategic
16 objectives that our program manager and really strong
17 team are hitting and knocking them out of the park. So,
18 Craig Heilman is our program manager, he can't be here
19 today, he's at Vets 2015 down in Norfolk, which is a
20 significant procurement event, but I wanted to share
21 with you what we're doing.

22 Many of you know that it is really hard to get
23 data and then to share it, especially interagency. So,
24 DOD will be getting the information sharing plan, data
25 sharing plan from us, and it had to make it through some

1 wickets first with OMB, just also within our own system,
2 and then we don't have the IT infrastructure yet to make
3 this possible. So, it's a really long lead time
4 notification, it may be a year from now, we can get
5 there, but I'm hoping it's faster, but we want to be
6 able to show, when a service member or spouse attends
7 Boots to Business, SBA is there for them across the arch
8 of their business life. When they move to another home,
9 because not all stay at a military installation, we are
10 there to receive them at a Women's Business Center, a
11 Veteran Business Outreach Center, SBDC or SCORE, then we
12 can also know did they ever get a loan. Did they ever
13 get a federal contract. That's the arch that I can't
14 get to yet and show outcomes. I can only show outputs.
15 I put 28,000 through. So what?

16 So, that is our large -- it's a huge challenge,
17 and I know that we're not alone in that, showing
18 outcomes.

19 There's a legislative language out there for the
20 program that I had mentioned earlier, which is reboot,
21 being able to do that under the Boots to Business
22 funding and authorization, so until we get that, we will
23 continue it anyway, with a public/private partnership.
24 I am thrilled with where that's going, and again, if you
25 have cities where that fits in with something you're

1 doing, let me know, we'll get it on there.

2 We have some statutory language that allows us
3 to promote, which is unusual, so we can have an
4 advertising budget. I think VA, you have quite an
5 outreach budget as well, but we're proud of what we've
6 been able to get done so far, and I am going to turn to
7 that in a few minutes so that you can see where we are,
8 because hopefully if there's a chance where it makes
9 sense, you can connect small business owners that you
10 have procurement opportunities with or would like to,
11 wherever this makes sense, let us know and we've got
12 more content than you could shake a stick at. And for
13 DOD specifically, a lot of success stories of folks who
14 have gone through Boots to Business, how can you can
15 visualize how to be successful in the next phase.

16 I'm going to go to the next slide. So,
17 quarterly, just a basic overview, the best part about
18 this is there are more participants in every class.
19 We're offering more classes, and as I said, we're all
20 over the world, in 165 installations right now. And we
21 see some seasonal dips that have to do with when people
22 are separating and retiring. And we're working on the
23 other intangibles like commander support and service
24 culture differences and access to the base, for example,
25 for spouses and also for some of our presenters.

1 And Leigh Ann, I'm going to have Leigh Ann come
2 up from our team and talk a bit about our marketing and
3 outreach updates and collateral that you will be seeing
4 and as we partner together, we would like to ask you to
5 share through your channels as well.

6 MS. ARNOLD: Thank you. So, we've had a number
7 of things kind of going on in terms of marketing and
8 outreach over the last year, to include updating our
9 collateral, we've also kind of launched a digital and
10 print advertising campaign where we're running campaign
11 or ads in Vetpreneur, Military Times, Stars & Stripes,
12 for print. And then on the digital side, we're on
13 Facebook, Bing, Google and LinkedIn.

14 So, kind of, you know, trying to raise
15 awareness, right? We have a great program, we think,
16 and we're doing some positive things, but there is still
17 a need, there are a lot of people that still aren't
18 familiar with Boots to Business.

19 So, we launched the digital campaign in early
20 April, and what you'll see on the screen is kind of some
21 of our highest performing ads. It's a two-part campaign
22 that we're currently running, trying to get people to
23 engage and figure out, you know, really at that
24 futuristic mentality, right, so not waiting until the
25 last minute, but trying to think further on down the

1 road and actually think what they want to do. So,
2 trying to raise awareness and drive traffic to our sites
3 are two of our goals for this campaign.

4 If we go to metrics next, please. And here we
5 have just a breakout of some of our digital metrics that
6 we've seen thus far. So, on the top chart, far left
7 you'll see a breakout of kind of the non-paid traffic
8 that we're seeing to the landing page, since the
9 campaign has started, and on the right you'll see a
10 breakout of, you know, about 75 percent of the traffic
11 which is paid, and from there, a further breakout of spy
12 landing page.

13 So, the green is, I believe, Facebook, and to
14 break that out even further, we're seeing about 60 to
15 70,000 people being reached weekly by our Facebook ads.

16 So, what does that mean in terms of how much
17 traffic we're seeing to our site? Well, prior to
18 starting this campaign, we were seeing about 15 to 1,800
19 views on our website monthly, and now we're well over
20 10,000. So, you know, really seeing a strong increase
21 in traffic to the website.

22 We've also made some additions to include
23 leveraging our success stories, so we have a series of
24 videos that are on the website. We have our new
25 curriculum overview video that's on the site, a calendar

1 of any of the upcoming classes for Boots to Business
2 that has a four-month outlook, and a number of other
3 features. We're really trying to make it more of a
4 one-stop shop that has more information and isn't just
5 an overview of what we do.

6 Some issues that we're kind of seeing still is,
7 you know, how do we actually drive the conversions since
8 we don't own registration for Boots to Business, it's
9 still kind of a pain point because we have more than one
10 click out. So, right now we're driving anyone that goes
11 to the site to sign up for a Boots to Business class out
12 to their branch-specific TSM website where they can find
13 the location for their transition service manager on
14 their installation.

15 So, a few pain points that we're seeing, but
16 we're still trying to optimize accordingly, and we've
17 seen, I think we skipped over one of the graphs because
18 I went on, but I apologize for that. We've seen a huge
19 spike in increase just in the traffic to the website,
20 and you'll see the slides later, but you can kind of see
21 how it ebbs and flows based off of the week breakdown
22 and kind of a weekend further low, but as we continue to
23 optimize, there is a strong increase in traffic that
24 we're seeing to the landing page. There you go.

25 So, on the far right, the baseline in blue on

1 the far left in the top chart is prior to actually
2 starting the campaign and then in red, about halfway
3 through the chart, you'll see where we launched, and
4 then at the end of the month, you kind of see that huge
5 break out in disparity between the red and blue. And
6 again, red is our paid traffic versus blue, which is our
7 non-paid organic.

8 MS. CARSON: Thank you. I'm thrilled that we
9 had some cutting-edge new ways to reach people and then
10 we've got a few traditional ones, and so I'm going to
11 hit, is there quickly any questions for Leigh Ann?

12 (No response.)

13 MS. CARSON: Thank you for doing that. We're
14 also joining with VA, Labor, and DOD, at Hiring Our
15 Heroes summits, with Soldier for Life, and those have
16 been effective for us. Our goal is, and it is, to get
17 service members into the Boots to Business program.
18 We're seeing great success there, and hope that people
19 are learning about SBA and all the resources that are
20 free, because there are many in our community who are
21 offering their services or advice for quite a lot of
22 money to vets, and we don't need to do that.

23 We're also trying to catch them before following
24 that big idea before they've done a lot of homework.
25 This is a challenge to start a small business. There's

1 no two ways about it. Yes, you can control more of your
2 life, but you might be surprised at how much of your
3 life is about business, and we want to help make good
4 decisions and build capacity.

5 That's what I had so far. I forgot one thing.
6 There's a new coalition, and it is private sector, some
7 non-profit, and then I am not -- SBA is not officially
8 signed in to this, but it is the Coalition for
9 Veteran-Owned Business, and it is focused on supply
10 chain diversity. A lot of corporations, Fortune 100 and
11 500 want vets in their supply chains, and many of the
12 things that the veteran business owners learn to do
13 federal procurement against to serve them very well in
14 this business stream as well.

15 So, the commitment is that these companies are
16 making priorities, they're not necessarily setting a
17 goal, or any set-asides, that's not possible, but they
18 are committed to bringing veteran and military
19 spouse-owned companies into their supply chains. This
20 is going to include things like doing events with us.
21 SBA is going to host a veteran-centric American supplier
22 initiative event, which I will definitely put the word
23 out to you so you can push this to your OSDBUs, please.
24 This is an opportunity for veterans to see procurement
25 decision makers on the corporate side, and do some

1 match-making. And then we are there to provide the
2 training and capacity building, that's our role.

3 The other thing that SBA is asking is that
4 members of this new coalition will agree to take part of
5 supply or pay. All it is is that once you receive an
6 invoice, a valid invoice, that you pay within 15
7 business days. We think if you're interested in having
8 a vet business, that's a commitment that you want to
9 make. And that is a wrap-up on my training, counseling
10 and outreach.

11 MR. LENEY: What's the name of the coalition?

12 MS. CARSON: Coalition for Veteran-Owned
13 Business. Lead founders are the Institute for Veterans
14 and Military Families, and First Data Corporation.

15 MR. LENEY: Thank you.

16 MS. CARSON: Thanks. Tom, do you have anything
17 else you want to add on training outreach, access to
18 capital?

19 MR. LENEY: No, not at this time.

20 MS. CARSON: Treasury, DOD? I'm sorry, go
21 ahead.

22 MS. WOLEK: So, this is Sara Wolek speaking.
23 So, it was great that today Jeff Stout came and he
24 talked about the State Small Business Credit Initiative,
25 because that is our flagship program, along with the

1 fact that we most recently had an annual conference
2 that took place between May 11th and May 13th, here in
3 D.C. This conference is an opportunity for all
4 different state programs that we've heard about that are
5 actually out there implementing and using the treasury
6 funds, it's an opportunity for the state program
7 managers to come and get assistance from the program,
8 meet each other, learn from each other, have learning
9 sessions and trade best practices information.

10 So, we had 150 attendees come in that comprised
11 of state program managers, contractors, federal
12 agencies, federal bank regulators, and we got really
13 positive feedback from the session. People found, you
14 know, the panels, the quality to be really helpful, a
15 majority of them would like to have another conference
16 next year, and overall, found that the topic areas were
17 useful for them as they continued with their ongoing
18 work.

19 The conference consisted of 25 separate
20 sessions, one of which was actually on federal
21 resources, and for that we've reached out to SBA to
22 share with the participants at the conference
23 information related to veterans businesses so that those
24 state program managers and contractors and so forth in
25 attendance had the opportunity to learn about the

1 resources that we may know around the table here, but
2 aren't necessarily readily, you know, information that's
3 shared and available across the country. And this is
4 our one opportunity since we have everybody in the room
5 who is participating from every state, frankly, to be
6 able to share this information.

7 So, we shared that via this panel that we had,
8 but then also we got some materials from SBA that we
9 were able to share with the participants in the sort of
10 packages, informational packages that we had for all the
11 participants, and that included brochures and other fact
12 sheets, information on these resource centers that you
13 have -- that you were just speaking of, Barbara. And,
14 so, this was a great opportunity to touch every, you
15 know, state, know that we have shared this information,
16 we're hoping that we do this annually, we really want to
17 make sure that this was a forum that we used for this
18 particular issue that we support.

19 So, I just wanted to update you on this effort
20 that we had and thank SBA for their support as we're
21 reaching out to them for the materials that we felt
22 would be very helpful. I would say that not only did
23 people, you know, give positive feedback, a lot of them
24 were attending this conference for the first time, so
25 there was -- there is a lot of turnover on the state

1 level, as people are leaving their jobs and new ones are
2 coming in, so that this was an opportunity also to
3 educate for the first time new program managers on the
4 veteran businesses.

5 So, this is our biggest push of the year, and
6 we're happy to say that it went well, and we think that,
7 you know, we were able to connect with the states. I'm
8 happy to take any questions on that, and we'll check in
9 again in September and see what we can do before then.

10 MS. CARSON: Thank you, Sara. Any questions?

11 (No response.)

12 MS. CARSON: You made me think of one thing.
13 One more thing. FDIC is about to do some engagement as
14 well, specifically for the veteran business owners, and
15 also for lenders. So, National Association of
16 Government Guaranteed Lenders, that's who SBA engages
17 with, but that's not the only place where veterans go to
18 get loans. And, so, I am pleased that the FDIC would
19 like to work with us on getting opportunities to talk to
20 business owners, if that's something that you would like
21 to do with FDIC, please let me know, they are willing to
22 talk, specifically DOD, they would love to be a part of
23 transition assistance, or earlier as we look now at
24 military life cycle in talking to service members at
25 different points when they add a dependent onto their

1 DEERS, when they get promoted, when they PCS, it's
2 always a good time to check in on finances and how
3 that's going. I just want you to know that FDIC has
4 offered to bring some capacity to that training material
5 if it was of interest.

6 Thank you.

7 We'll move to the government federal procurement
8 and contracting procurements with DOD, VA and GSA, this
9 side of the table gets to take over the next few
10 minutes. Would you like to start?

11 CAPT. BALZANO: Do you want to go first?

12 MR. FLETCHER: Sure, I'll go first. I'll go
13 first because I want to do a brief introduction and
14 update as to where we are. I don't exactly know what
15 the expectations are for GSA for this portion of our
16 allotted program. I do want to make sure that you are
17 all aware that we are committed to fulfilling our
18 obligation and our role.

19 I came in in October of last year as the
20 associate administrator for the Office of Small
21 Business, and as I was transitioning in, Tony Eiland,
22 who was our former representative, had just left the
23 GSA. So, while he transitioned out, we had Christy
24 Jackiewicz, who was on the phone call today, handle a
25 lot of our veteran questions, events, programs, and

1 efforts. And she is the one who made sure I attended
2 the veteran conference in Atlanta last fall where I met
3 Mr. Leney there, and saw what great efforts they were
4 going to to make sure that our veteran community was
5 taken care of.

6 Since he has been on board in that role, we also
7 have solicited the assistance of Marty Jennings, who is
8 one of GSA's past leadership in an SES role to provide
9 some of the local and visible efforts for GSA in the
10 veteran arena, and he has been very helpful as well.

11 So, with Marty and Christy and myself now on
12 board, Marty did create and get going a monthly veterans
13 forum that we host with the GSA, and the forum was
14 similar to if you are aware of the kitchen cabinet that
15 was in place prior to my arrival, but Marty had his own
16 ideas about how to improve and make it better and more
17 useful, so he is going through that process to set it up
18 as a monthly recurring meeting.

19 And in addition to that, you know, we also
20 support the other veteran initiatives such as VetForce.
21 We've hosted them and we provide speaking at their
22 engagements when requested, as well as some of the other
23 annual conferences, but overall, you know, just speaking
24 from the GSA standpoint, we have \$2.1 billion of
25 available spend in this year, and we're spending 3.27

1 percent of that on veterans. So, we're making our goal
2 for this year, as we also made it for fiscal year '14.
3 So, the veterans are a category that we never want to
4 underestimate or not show our full appreciation.

5 I know that others here are veterans, and there
6 is capacity, and I feel like we need to have one as
7 well. So, we are striving towards making sure that the
8 GSA is represented by someone of veteran leadership.

9 MS. CARSON: That's fantastic, I'm glad you
10 joined us here and I'm grateful for what Christy and
11 Marty are doing as well. Thank you.

12 MR. FLETCHER: Thank you.

13 MS. CARSON: Any questions for GSA?

14 CAPT. BALZANO: Okay, so it's my turn. Well,
15 first of all, thank you for having me, I'm sitting in
16 for Mr. Wesley and Mr. Gudgers, who has moved on to a
17 different position in the department, but he still has
18 his hands very much into our operation. On the
19 department side, since we last met, the few things that
20 I can update you on and then I'll talk about something
21 Mr. Gudgers asked me to bring up.

22 First of all, we talked about a little bit with
23 Mr. Keith Dodds, is that his name, our major programs,
24 mentor protege, SBIR and Indian incentive programs, we
25 have been fighting to keep those programs alive, and we

1 authorized the requested long-term authorizations for
2 them, but that was not -- we have not seen that being
3 granted, but we are seeing them get reauthorized. So,
4 we are pretty thankful that those programs will
5 continue.

6 The comprehensive subcontracting plan, which
7 Mr. Dodds knows a little bit about, most all of you may
8 not, we have not been as successful as we wanted to be
9 on it. So, and I'll touch on that here in a second.

10 The second announcement I have is we have a new
11 SES on board, a Dr. James Galvin, and I'm glad to hear
12 that September 9th is the next meeting, because my
13 orders end on the 30th, and so I will make the next
14 meeting, I think, and I will introduce Mr. Galvin and he
15 can go from there. But the big thing that we wanted to
16 talk about is, I'm not a procurement person, I am a
17 military assistant, in this office, and I have learned a
18 lot in the last two and a half years. And I've had the
19 opportunity to sit into a lot of the really high-level
20 meetings with Under Secretary Kendall and the large
21 defense contracting firms. And one of the more recent
22 meetings was to discuss the comprehensive contracting
23 plan, which is a plan that allows Boeing, and I
24 shouldn't use any company names, but allows these large
25 corporations to negotiate a lower subcontracting goal in

1 their massive programs than what is traditionally
2 allowed. And it's because they're doing unique things
3 that not many small businesses can provide and so on and
4 so on.

5 But one thing I noticed, and I'll try to -- I
6 should have made some slides, I apologize, I just have
7 been maxed out, and hopefully I can explain this all,
8 but the one thing that I have noticed sitting in all of
9 this, and I briefed Mr. Gudgers on this yesterday, and
10 he said, please, bring that to the task force. Is the
11 task force, the beginning of the task force, the Boots
12 to Business, the training aspect that you all have been
13 working on, has been very successful, and very good.
14 And today, we touched upon the financial part of it,
15 companies getting access to money and all of that, which
16 is another part. And you mentioned, your three pillars.
17 So, the final pillar you said is procurement, I would
18 phrase that as opportunity.

19 So, I think the next phase, my recommendation,
20 this is just me speaking, is that if the task force
21 could do something for opportunities for small
22 businesses to actually get the procurement or get the
23 subcontracting job. So, with that said, when we meet
24 with these very large defense firms, we at the Office of
25 Small Business Program have developed a thing called the

1 Defense Marketplace. This is a vision of Mr. Gudgers,
2 it's an electronic website, you know, it's electronic
3 marketplace, it's a website where he is attempting to
4 have a one-place entry to find out where you can get
5 business, who you can do business with, how you get
6 qualified, how you get involved in all of this.

7 But the one thing that's missing that we cannot
8 do, statutorily, but GSA, SBA, maybe even VA can do, is
9 we see an opportunity here for a marketplace where small
10 businesses could log on, and large businesses could log
11 on, and large businesses can post, I'm building the
12 Joint Strike Fighter, I need tires for the Joint Strike
13 Fighter. I have in my plan to use small businesses to
14 buy those tires, right? Well, I can put that out to
15 bid. I could put that out to bid and I could have small
16 businesses competing who are qualified to sell me these
17 tires, or to do an engineering analysis on the landing
18 gear, or whatever the case might be.

19 Kind of like an eBay thing, almost, which
20 doesn't exist now, the way as I have seen from the large
21 companies is they have small business liaisons within
22 their organizations. They have a network of small
23 business kind of certified companies that they choose to
24 do business with. Well, if I'm just coming out of the
25 military and I've gone to Boots to Business and I've

1 started up my company, how do I gain access to that
2 market? How do I -- I've got to go knock on the door at
3 Lockheed or Boeing or whatever and say, hey, I used to
4 work on aircrafts in the military, I do this, what, you
5 know, can you use me?

6 So, Mr. Gudgers agrees that this would be a
7 great tool, because industry would buy into it and say,
8 hey, if I can get access to all of these veteran-owned
9 small businesses or just small businesses, for that
10 matter, and I can compete my needs and requirements or
11 anything, that drives down my costs, that gets handed
12 hopefully back to the Defense Department, that gives
13 small businesses far greater opportunities now because
14 it's all out there, it's not just the network of, oh, I
15 know Joe at Lockheed Martin, I know Frank at Boeing,
16 blah, blah, blah.

17 Maybe something like this already exists and I'm
18 speaking out of turn, but the one thing we can offer is
19 that in building our marketplace, we already have paid a
20 fair amount of money to a contractor, who effectively
21 has built the bones to what I'm referring to, and at the
22 next September meeting, if you would like to hear more,
23 if you would like to have them come present what they've
24 done, and see if possibly there's a way you could all
25 maybe have them or have somebody develop this, we see

1 this as a really good next step forward for the task
2 force and a really important tool to drive our
3 subcontracting numbers up, because in the end, it's the
4 subcontracting numbers that are really going to help us
5 make our goal, which we did last year for the first
6 time, and will continue to drive up the success in the
7 department.

8 So, if that makes sense, I hope it did, I'm
9 happy to put that in some sort of form that you can all
10 understand, and I'm happy to bring the firm that built
11 our marketplace to the next meeting and let them brief
12 what their concept of this type of system would look
13 like. And I ran into you at the chow line right after
14 that meeting, and that's why I said to you, I would like
15 to bring these folks in to introduce you.

16 MS. CARSON: I would definitely like to accept
17 the offer that you would show us what is happening in
18 that space and then for those of us, especially GSA and
19 VA, if you can advise on exactly what I had from a
20 different angle, what about the beginning, what could we
21 be doing differently and what are the obstacles? I
22 mean, obviously we would be doing it now if we had
23 identified everything, or there is a constraint that we
24 can overcome, and it would be helpful, because there has
25 been a lot of support for vet business, especially in

1 small business, in general, that we should go after
2 those obstacles. So, if it's legislative, if it's
3 executive policy, what is it that's keeping us? Is it
4 money? That's the part 2 of the discussion that I would
5 like to be able to follow up with in September. But is
6 there any immediate feedback, GSA, VA, on the idea of
7 such a thing, or what we already have in our agencies
8 that without limits we combined could do?

9 MR. LENEY: Some good news, the VA has been
10 working with the Department of Defense to expand the
11 notion of the Defense Marketplace to a broader veteran
12 business marketplace, and we have contributed some money
13 to DOD, and together in the development of what we call
14 an engagement management system, which would be a place,
15 a web-based -- I hate to reuse the term marketplace, but
16 a place where we connect, particularly veteran-owned
17 small businesses with opportunities.

18 We already do some commercial direct access
19 events, where we partner with commercial firms who are
20 seeking veteran-owned small businesses. And what we
21 seek to do is adopt that in an electronic web-based
22 format where either commercial firms or government
23 agencies can input their requirements and identify
24 through review of the small business profiles those
25 small businesses that are compatible with their needs.

1 So, there is work, the good news is, there is
2 work being done on that, the bad news is it always --
3 the contracting, the downside of the procurement world
4 is it goes slowly, but we are, we have consciously
5 undertaken this in collaboration and partnership with
6 DOD, because we think we can leverage our efforts and we
7 both, you know, committed a significant amount of
8 resources to making this happen.

9 And then our intent is not only to offer this to
10 all federal agencies, of course, but since my mission
11 statement is a little different than many OSDBUs, mine
12 is to enable veterans to gain access to economic
13 opportunity, not just in the VA, but everywhere. So, we
14 are actively constructing this with commercial customers
15 in mind. So, I think we'll be in a position to
16 collaborate with DOD in September with a much more
17 in-depth report on where we are and when we expect to
18 get there.

19 MS. CARSON: Okay, thank you. Do you have a
20 question? Come on up.

21 MR. FIELDER: I have to turn on the mic'. Ed
22 Fielder, the chairman of the Advisory Committee.
23 Jerome, I was thinking that you were introducing a
24 similar portal as the DOD just discussed, could you sort
25 of tell us a little bit about that and what its intent

1 is?

2 MR. FLETCHER: At this time, I am not aware of a
3 similar portal that the GSA is doing as to --

4 MR. FIELDER: At VetForce, there was someone
5 from GSA speaking about a portal that had similar
6 concepts to it.

7 MR. FLETCHER: No, I'm not saying it does not
8 exist, I'm saying I am not familiar enough to speak
9 about it today, and as Mr. Leney was saying, you know, I
10 think what I have to do is go back and figure out where
11 our efforts are and so that when you two collaborate in
12 the fall, that I collaborate with you before then so
13 that we as a group can make sure that everyone,
14 including the gentleman who just asked the question, is
15 made aware of everything that the GSA is doing in
16 partnership with the VA and DOD.

17 MS. CARSON: This brings back something that now
18 we're coming together with a lot more than we've had
19 before, we had fallen off of having routine
20 subcommittees talk beforehand, because there's only so
21 much you can get done when really we're just presenting
22 here. I would be grateful if your Subcommittee on
23 Federal Procurement and Contracting Programs could
24 collaborate, and then I owe you the same thing, Sara,
25 for access to capital and some of the things that we're

1 doing, I will talk to you more in advance of the
2 September meeting.

3 MR. FLETCHER: Well, thank you, I was going to
4 say something. And thank you, because I was going to
5 say the same thing, because again, you know, when I got
6 the letter to attend, I was not even aware that we were
7 on a subcommittee until I saw it on the agenda, and I
8 was like, okay, wow. But, you know, like you said, in
9 order for us to provide the best information to those
10 seeking answers, our communication prior to this meeting
11 is essential. And I think that I've met over them and
12 think that based on that I know that we can step up to
13 that task very easily.

14 MS. CARSON: Thank you so much.

15 MR. LENEY: I did want to raise one, I think,
16 issue here, with respect to this, that I know Andre and
17 I have had a number of conversations about as we thought
18 about and conceived of a marketplace where we connect
19 veteran-owned small business in particular, but to
20 procurement opportunities, and it relates, Barb, to what
21 you're talking about in terms of the front end of this
22 and the preparation and more the back end, because what
23 we are finding as we developed this marketplace, a great
24 deal of interest on the customer side in dealing with
25 what we have sort of coined the term procurement ready

1 small businesses.

2 MS. CARSON: Yes. Right.

3 MR. LENEY: And there is a great deal of
4 difference between wanting to be procurement ready,
5 which means you have all the infrastructure in place,
6 the capabilities in place, the skills in place, to
7 perform whatever task you're going to be contracted to
8 perform to include mundane things like invoicing,
9 submitting invoices, receiving payment, that sort of
10 thing.

11 And I think one of the opportunities and one of
12 the reasons we have reached out to the SBA is this
13 realization that there's a great number of veteran-owned
14 small businesses that are not ready to do business with
15 the United States Government. And one of the
16 unfortunate realities is for us, since we at the VA are
17 spending a great deal of time and energy promoting
18 direct access, which is the opportunity for a
19 veteran-owned small business to sit down with a
20 customer, and to understand the needs and to lay out
21 their ability to provide solutions, but one of our
22 challenges in our direct access events is that every
23 time a veteran-owned small business sits down with a
24 program manager and is unable to demonstrate that they
25 have the capability or the readiness to perform, it not

1 only disadvantages that veteran-owned small business, it
2 disadvantages the entire category.

3 And I deal with this a great deal because this
4 is what I think is one of the key objectives of my
5 office, and where I think we have comparative advantage,
6 and there is a challenge that I would put out to the
7 veteran-owned small business community that listens in
8 on this, is last December, we brought 350 procurement
9 decision makers to Atlanta. They stayed for three days,
10 they were at the national engagement for 11 hours a day.
11 They were there to talk about their requirements. They
12 were there to hear from small businesses. We had 1,345
13 veteran-owned small businesses that were there. You do
14 the math. That's a ratio of 3:1, and, quite frankly,
15 while I -- while I accept -- I will accept full
16 responsibility for any shortcomings in marketing or
17 information, as we go forward, this is a challenge. We
18 have a twofold challenge. A, the veteran-owned small
19 businesses have to show up. And B, when they show up,
20 they need to be able to demonstrate that they're ready,
21 because it's prime time.

22 And I think there is -- I am looking to the SBA,
23 and I know the SBA has welcomed the challenge in terms
24 through things like Boots to Business, through the
25 VBOCs, through SCORE, through all of these programs, to

1 help firms become ready to do business. And I think as
2 we go forward, as an interagency task force, how do we
3 parse out the responsibilities and the comparative
4 advantages, you know, to make sure that we can really
5 have an impact on those veteran-owned small business,
6 because there's a huge difference between a want to be
7 and a procurement-ready small business.

8 And I get it, you know, I get lots of phone
9 calls from program managers who we've gotten to drink
10 the Kool-Aid, and they say, I was there for three days
11 and I didn't meet anybody who was capable.

12 CAPT. BALZANO: And that's exactly why I pointed
13 out that subcontracting is the entry point for these
14 companies. They can -- they don't have to be full prime
15 contractor type ready, they're the guys that are going
16 to do the, hey, you're going to do this portion, and the
17 prime is going to mentor them, even without being in the
18 mentor program, and they're going to force them to give
19 them what they need, which is going to help them to grow
20 and be ready to go to those events and actually be ready
21 to do work for the government.

22 MR. LENEY: That's a good point, but what I've
23 found is we have now engaged a lot with commercial
24 partners, like I say, last year, in Atlanta, we brought
25 60 commercial firms down to meet with veteran-owned

1 small businesses, and my experience now is that they are
2 a tougher crowd than the government program managers,
3 because when they take on a small business sub, that sub
4 has got to be able to deliver.

5 CAPT. BALZANO: Right.

6 MR. LENEY: Because if that sub is unable to
7 deliver.

8 CAPT. BALZANO: It's risk, right.

9 MR. LENEY: It's risk and it's money and it's --
10 and I just say, that what I've found is that the
11 commercial partners, where they come in and they say,
12 we've got requirements, we're reaching out to
13 veteran-owned small businesses, they actually have a
14 higher standard, so they come in and say, I want a small
15 business that's been in business three years, has to
16 have a million dollars in revenue every year, has got to
17 have had contracts of this and that nature, and one of
18 the things that we have been seeking to put in place on
19 this -- in this marketplace, is a differentiation
20 between federal access where we aren't very exclusive,
21 and commercial access, where I get a message loud and
22 clear from the commercial partners, don't put somebody
23 in front of me that doesn't meet all of my criteria,
24 because you're wasting my time. And more importantly,
25 the small business is wasting their time. And you don't

1 get multiple chances.

2 So, I encourage, you know, we are having the
3 national event in November, we will be, you know, we are
4 in the process right now of recruiting the 300
5 procurement decisionmakers from the VA and reaching out
6 to other agencies to provide people, but this is a --
7 I'll be frank, this is a very heavy lift, and it's
8 critical that veteran-owned small businesses take these
9 kinds of opportunities seriously and they understand, I
10 mean, it's in some ways business 101, don't sit down
11 with the customer until you're ready to do business.
12 Thanks.

13 MR. FIELDER: Ed Fielder with the Advisory
14 Committee again. Tom, I'm not going to disagree with
15 any of your points, I just wanted to add a few more to
16 those. Many service-disabled veteran small businesses
17 are going to those opportunities to find out where they
18 are lacking in capabilities, and have one-on-one
19 discussions to find out how they fit. And typically, we
20 find if we are, in fact, lacking, that there's teaming
21 opportunities, there's joint venture opportunities,
22 there's other -- there's other ways to approach it.

23 And the other point is, the large businesses
24 that are there that may be claiming that they are
25 finding that the small businesses that are coming may

1 not be capable and it may be a waste of their time, what
2 we are finding is that they have a thorough number of
3 companies that they are already dealing with, that they
4 have relationships with, and what we're trying to do is
5 squeeze into very comfortable relationships that already
6 exist and that's very competitive for us. There are
7 some large businesses that are kind of unique, they go
8 back in and they look at and refresh their small
9 business teaming partners on a regular basis. And if
10 you can catch one of those cycles, and they're generally
11 every two to three years, I think some of them may be
12 out as many as five, but if you're not catching those
13 refresh cycles with these large corporations, you may be
14 wasting their time, but they're coming -- I'm not sure
15 why they're coming, they're coming because they want to
16 be present, they want to be part of the conversation,
17 but they may not be genuinely looking for new partners
18 because they have a fair number of people that are
19 already on their list.

20 MR. LENEY: Very true.

21 CAPT. BALZANO: Can I just add one thing? I can
22 tell you that in my last meeting with the big 11,
23 every -- it seemed like every company there, when
24 they -- when we announced that the marketplace that we
25 have all been working on was going to have a NYAC

1 searchable function to it, that had small businesses for
2 those particular codes, they were very interested in
3 having access to that. So, maybe the idea that I
4 present forward is something more appropriate for an
5 association rather than for the Federal Government.
6 Just we're trying to help the whole thing.

7 MR. FIELDER: The searchable database,
8 currently, and if I'm wrong, please someone speak up,
9 but if there's an SBA dynamic, something database, that
10 basically it's all self-volunteered information when you
11 put it in there, and for a procurement official or for a
12 small business looking for a large business partner or
13 vice versa, the large business looking for a small
14 business partner, it's a huge database and you end up
15 pulling out 20, 30, 100, and then when you start the
16 screening process, you don't find qualified companies,
17 even though their NAICS code is down there. If you guys
18 come up with an alternative with a more reliable, you're
19 right, they would be excited about that, because the
20 current database is not providing a solution.

21 MR. LENEY: Are we okay with continuing this
22 discussion, Barb? Ed, you raise a really important
23 point. I think you raised a key point. You're
24 referring to DSBS, that I am a small business search
25 capability in SAM, and the challenge, the reality, and

1 it's not one that a lot of people, I think, want to
2 hear, is that that is a self-assertion, and it has
3 almost no indicator of ability to do the work.

4 MR. FIELDER: Correct.

5 MR. LENEY: And people who put themselves in SAM
6 because they want to be, they want to be somebody who
7 does work in the Federal Government. And I'm not saying
8 this to denigrate or criticize anybody, but what the
9 marketplace we are seeking is how do we take this to the
10 next level. And one of the challenges that we're
11 encountering, as we work through in many cases with
12 lawyers, about how do you build a kind of an effective
13 marketplace, that would be useful to customers, we are
14 identifying two major compliments, and we've tried it
15 out in what I call the 1.0 version in Atlanta, which is
16 a new capability scoring, to establish algorithms for
17 procurement decision makers, as to what they need or
18 what they seek for their particular requirement.
19 Because one of the blinding flashes of the obvious that
20 we encountered as we were thinking about procurement
21 ratings is it's in the eye of the beholder.
22 there is no -- we saw a common definition of what it
23 takes to be procurement ready, and what we found is, the
24 most relevant elements of procurement readiness were
25 very idiosyncratic to a particular program manager and

1 for a particular requirement.

2 The second piece that we are struggling with, or
3 grappling with, is risk management. Is to the ability
4 in simplest terms to assign a risk score to a firm. The
5 vision we have is that when a program manager or a
6 commercial program manager inputs their requirement into
7 this database, up pops veteran-owned small business with
8 two scores, a capability score, and a risk score. And
9 you want a low risk score and a high capability score.

10 The challenge, and we see it in other venues,
11 for instance CPARS, when we try to evaluate the
12 performance of small businesses, how to translate that
13 into, you know, information for a customer, and this is
14 probably not a place to go in depth on issues associated
15 with CPARS, but these are efforts by the Federal
16 Government to get at quality. And we haven't.

17 To be honest, we haven't solved the risk,
18 completely solved the risk thing, except to say, and I
19 would be remiss if I don't talk about this a little bit,
20 the VA's verification program is -- I won't say it's
21 unique, because there are analogs in the 8(a) program,
22 but the difference is, the 8(a) program is a development
23 program.

24 MR. FIELDER: Correct.

25 MR. LENEY: And, therefore, you don't have to

1 have a certain capability to be -- you have to have a
2 certain level, but it's a fairly low level, to be
3 accepted into the program.

4 One of the things that has led us down the risk
5 path is to realize that my office knows a great deal
6 about all of the verified veteran-owned small
7 businesses. And the information that we know about
8 those veteran-owned small businesses contributes
9 significantly to lowering the risk of a contracting
10 office or a program office doing business with verified
11 small business. Because you cannot be a mom and pop
12 business without a -- without operating agreements and
13 by-laws and infrastructure, and be verified.

14 And, so, one of the things that I think that we
15 are seeking to pursue is to connect these dots to say,
16 okay, take those firms that have been verified, that
17 they are the real deal, not only ownership and control,
18 but move toward a greater understanding of their
19 capabilities, and their ability to deliver. And there's
20 always going to be those who say, wow, you might be
21 excluding me, because I don't read some set of criteria.
22 And my response is, yes, but you are already going to be
23 excluded by the customer, either explicitly or
24 implicitly, and it's far better to know the rationale
25 why someone is excluding you so you can work on it and

1 you can go back to all the resources that the SBA has,
2 and therefore fill in the blanks as opposed to sitting
3 there and wondering why you've spent 30 minutes with a
4 potential customer and they smiled politely and they
5 nodded slowly, and they took your capability statement
6 and you wonder why they never, ever take your call. And
7 there's always a reason.

8 MR. FIELDER: Just one last comment. Under the
9 risk assessment part, what we see with companies,
10 particular companies that have an established track
11 record that are on the commercial side, when they try to
12 get their first opportunity on the federal procurement
13 side, which is a different direction than what we
14 normally talk about, what we're seeing is that the
15 causal experience, many with DOD, are written in such a
16 way that if you've never done a DOD job, and I've
17 actually responded -- I've actually responded recently
18 to some sources where it specifically said you had to do
19 IT work within the Air Force, not just within DOD.
20 We've got companies that had great experience on the
21 commercial side, but the risk assessment part that's
22 being done by the program manager and by the procurement
23 officials is, well, you've never done it.

24 So, it's driving us towards these teaming
25 agreements to then start building up causal experience

1 of our own, within the Federal Government. That was
2 just an additional comment on the risk assessment.

3 MR. LENEY: Very real.

4 MR. FIELDER: Yes.

5 MR. LENEY: And not just DOD by the way.

6 MR. FIELDER: Because we sort of phrase it as,
7 if you've never done business with the Federal
8 Government, then you obviously can't do business with
9 the Federal Government.

10 MS. CARSON: Thank you. I did want to follow
11 up, from SBA perspective, that I am concerned that
12 bringing capacity building sessions to an event where if
13 you don't have it, it's already too late, I want to move
14 to the left. So, and we can follow that up in our
15 discussion, Tom, on what those should look like that it
16 would actually be useful, and then what can we be doing
17 now, we all have talent and resources on what we wish we
18 were seeing in people, and if I can be doing training
19 sessions with a myriad of resources that SBA has across
20 the United States in these next months leading up to it,
21 it's not too late, but I need to know what are some of
22 the pain points that we can address.

23 There's a lot of them, but there are some
24 significant differences in business development for
25 someone who is seeking federal procurement. If you

1 can't speak certain languages, and you don't have this
2 document, it's just not going to succeed. And we can
3 make a change. Because to your point, these companies
4 are not going to continue to come back to your
5 engagement if they don't find value in it. So, it does
6 us all a world of good to keep the opportunity available
7 by preparing in advance.

8 So, we are committed to doing that, I'll take
9 you back and outside of this meeting at any time on what
10 specifically you would like to see from us.

11 MR. BLUM: Barb?

12 MS. CARSON: Yes?

13 MR. BLUM: Hi, it's Matthew Blum at OMB. How
14 are you?

15 MS. CARSON: Great, I'm glad you're with us.

16 MR. BLUM: I'm sorry, I have been on and may I
17 jump in for a minute?

18 MS. CARSON: Absolutely.

19 MR. BLUM: So, I've been listening, and
20 everything that you guys have been saying, and what Tom
21 has been saying about readiness resonates greatly with
22 us. And just to add to the comment that was just made
23 about kind of getting your foot in the door, a couple of
24 things.

25 One is back in December, our administrator, Anne

1 Rung, issued a roadmap that she wanted to follow over
2 the course of the last two years of the administration,
3 and one piece of that deals with streamlining and
4 reducing barriers to entry, and one in general that she
5 honed in on was the number of people that approached her
6 about the GSA schedule and the fact that there was a --
7 I think it's a GSA-specific policy requiring a two-year
8 mandatory experience requirement, which is a little bit
9 different than the example that was given of having to
10 do work for the Air Force, but the same family of
11 issues, with the point being, you know, it's not
12 inappropriate for somebody to require experience, you
13 know, that would demonstrate that you have the ability
14 to complete a project successfully, and therefore lower
15 the risk of failure, but to the point you're saying, it
16 doesn't necessarily need to be, you know, through the
17 particular agency in all cases, or necessarily two
18 years, and what we said in the memo is we've asked
19 agencies to review their -- if they have any minimum
20 experience requirements, to make sure that they aren't
21 across the board in a manner that would somehow preclude
22 exercising, you know, good business judgment and
23 discretion to requirements so that we don't have the
24 unintended consequence of picking companies that are
25 preventing them from coming into the process.

1 So, that sort of exercise and review is ongoing.
2 If there are other examples or flavors of that, again,
3 we call it minimum experience, but if there are
4 solicitations that people would be willing to share
5 examples where, like the gentleman just said, it had to
6 be specific experience with the Air Force, where it
7 didn't look like it was necessary, or that there could
8 be companies that had relevant experience on the
9 outside, we would love to see copies of that, because
10 it's all part of our collaborative process on this,
11 would be an issue and we can certainly raise that.

12 So, that's one point. The second related point
13 that I just want to mention and I think I've mentioned
14 this in prior meetings, but wanted to bring it up again.
15 We have been pushing pretty hard this concept of
16 innovation set aside program, it's a pilot, and
17 essentially, it would allow for an agency on a pilot
18 basis to use basically a set aside mechanism, giving
19 preference to small business, but the key would be that
20 it would be a new entrant into the procurement, into the
21 federal procurement market, meaning -- and obviously you
22 can define different ways, but we sent up legislation as
23 part of the NDAA, and in the proposal that we sent up,
24 which I am happy to share with all the committee members
25 and other folks, because it is public, we use a

1 definition that you have not had or done work directly
2 with the Federal Government within the last five years,
3 again, it goes to weight, but the point is, we're really
4 trying to target those companies that would be new
5 coming in and don't have those, you know, those
6 relationships, and equally important, don't necessarily
7 know all the specifics of the federal procurement
8 process.

9 Now, the relief that would be provided in the
10 proposal would essentially allow for the agency to do
11 either a first award or limited to, you know, new
12 entrants, but would effectively recognize that, you
13 know, it's a tremendous barrier when you have to work
14 competition and compete for the first time to get in, if
15 you don't have the ability or benefit of qualifying for
16 the 8(a) program.

17 So, this was not intended to compete with the
18 8(a) program, but it is in some ways a very simple
19 business development program based on helping companies
20 get in that don't necessarily know the ropes of
21 competition in the federal market so that they can get
22 work, prove their ability, and then learn the process
23 that hopefully, you know, they will be long-term
24 partners to the Federal Government.

25 Last year, the Senate Appropriations Committee,

1 I believe, actually included an appropriations bill, but
2 it didn't get picked up in the Omnibus. I haven't seen
3 it yet in the NDAA, so I don't know if it's going to be
4 a push this year, but what I would like to propose is to
5 share a copy of the proposal with the task force
6 members, and maybe one of the do overs for the fall is
7 to figure out how we might treat the proposal, maybe
8 make certain pilots specific to, you know, veteran, you
9 know, certification of veteran-owned small businesses,
10 or veteran-owned small businesses specific to our
11 mission here, and anything else that could go into it
12 that would make it useful and practical for the
13 community.

14 And then, hopefully, get more interest on the
15 Hill, because we think that this is -- I mean, there's
16 no one magic bullet that I think it's another tool that
17 we can use to break down barriers and get people in the
18 mix.

19 MS. CARSON: That was extensive, thank you.
20 Matthew, I didn't want to -- and you said you have a
21 slide deck.

22 CAPT. BALZANO: No.

23 MS. CARSON: But Matthew?

24 MR. BLUM: Oh, I have a copy of the proposal
25 that we submitted to the Hill that I would like to share

1 with the committee members. I can send it around to
2 Cheryl and she can get it around to the group so that
3 everybody can read what we sent up, and maybe put it on
4 the next agenda for how we might improve upon it and
5 make it more -- you know, get it out into the community
6 and get Congress more interested in it.

7 MS. CARSON: That would be fantastic, thank you.
8 And, so, everyone here, clear out your email boxes,
9 because you will be getting the veteran lending, the
10 government contracting and business development update,
11 the OMB proposal, the State Small Business Credit
12 Initiative deck, and also the Boots to Business deep
13 dive, and probably an invite to the national veteran
14 small business engagement.

15 MR. FIELDER: Absolutely.

16 MS. CARSON: We're tracking that. Is there
17 anything else from this subcommittee? Go ahead, Tom.

18 MR. LENEY: I know we're running a little over,
19 just a couple of things I think are worth mentioning.
20 The VA, there's been considerable interest on the Hill,
21 both on the House side of the House Veteran Affairs
22 Committee, and the Senate side, and there is a House
23 bill that had been passed in the House, I think it's
24 HR1382, which directs the secretary or gives the
25 secretary of the Department of Veteran Affairs the

1 authority or direction to utilize veteran employment as
2 an evaluation criteria.

3 This is something that we are having a lot of
4 conversation about within the department. We have
5 already executed this idea. Our largest procurement,
6 which is our transformation 21 or a company called T4,
7 which is our IT services, ID/IQ, which is a \$20 plus
8 billion ID/IQ. The next generation solicitation, which
9 is people we're evaluating proposals now, veteran
10 employment is an evaluation criteria. And we are
11 examining in sort of in light of -- not because of, but
12 certainly in light of some of the interest in the HVAC
13 and the SVAC, if you're broadening this evaluation
14 criteria particularly to our Veterans First program.
15 And it is what we're examining is a very simple
16 evaluation approach, which is to look at the percentage
17 of veterans in a business, and making it a point of
18 evaluation.

19 So, I just mention that, because I think this is
20 an idea whose time has come, and I -- while I'm not in a
21 position to speak categorically for the VA, but to --
22 like I said, we have now done it on our biggest
23 procurement, and I anticipate you will be hearing more
24 from us on this topic going forward, because it's a --
25 it's an idea with real legs.

1 MS. CARSON: I agree. Thanks for leading the
2 charge there, and really being the pathfinder.

3 MR. LENEY: I did not lead the charge here, I
4 want to state for the record.

5 MS. CARSON: Okay. I saw you had a point.

6 CAPT. BALZANO: One last thing. This may be for
7 OMB and VA, you know, I have listened to the
8 conversation about how the chicken before the egg
9 scenario, which is if you haven't done work, so, since
10 this is the Task Force on Veteran Small Business
11 Development, and a lot of these companies are
12 veteran-owned and operated, and I'll use -- I'll just
13 use myself as an example. If I were to leave the Navy
14 and go start my own small business, my company would not
15 have any experience doing business with the Federal
16 Government, because I'm brand new. But me, personally,
17 I have 26 years in the Navy right now. If my company
18 wants to do something that I'm especially trained in,
19 then shouldn't that count? Shouldn't that be a vector
20 to allowing that company to reduce the risk, because
21 here's a guy whose company has no experience dealing
22 with the Federal Government, but yet he, himself.

23 So, the point is, could legislative proposals be
24 pushed from either organization to allow either
25 ownership or key employees of veteran small businesses

1 experience count towards experience with doing business
2 with the Federal Government?

3 MR. LENEY: Good news, already does.

4 CAPT. BALZANO: Okay, I'm sorry.

5 MR. LENEY: For those firms that don't have
6 corporate experience, the personal experience of their
7 leadership and their employees is what they sell. And I
8 can tell you from at least in the VA, it does count.
9 And, in fact, in many procurements, it's explicit that
10 when we consider corporate experience, the resumes of
11 key personnel are often a major consideration.

12 MR. BLUM: And if I can just add, this is
13 Matthew Blum, this is one of the reasons -- this is one
14 of the triggers for the review I mentioned earlier. You
15 know, there were a number of folks actually that were
16 working on healthcare.gov, and helping the challenges
17 that then wanted to form a group that I think at the
18 time it was scheduled, and then there was a problem with
19 experience, and I can definitely understand that if
20 there is some value and times when having the corporate
21 capability matters, but if you're talking about
22 consultants that all have expressly deep experience
23 dealing with the government that are coming together,
24 you know, you have to look at things case by case.

25 So, you know, we would agree with that intent.

1 MS. CARSON: Okay. That's a good segue, unless
2 there's something else on that comment, we'll finish up
3 with coordination of federal support. Is there anything
4 separate, Matthew, that you want to address as part of
5 the subcommittee on coordination of federal support?

6 MR. BLUM: No, not today.

7 MS. CARSON: I don't believe we have anyone from
8 VetForce on the line. Is that true?

9 (No response.)

10 MS. CARSON: Well, there is a big event in
11 Norfolk, and Davy Leghorn from the American Legion is
12 here, nothing at this time, nothing to report for this
13 subcommittee?

14 MR. LEGHORN: No.

15 MS. CARSON: You've partnered very closely with
16 the American Legion on a number of business development
17 opportunities and training events, and I look forward to
18 that, but I would like for our next, in September,
19 discussion, what these organizations, what their
20 feedback is for us on how we're doing, a different lens
21 and perspective at the table would be great.

22 Okay, I'm begging now, not demanding, just
23 asking, and if you could not celebrate your 4th of July
24 holiday without giving us your interagency task force
25 input for fiscal '14, I want you to feel very guilty if

1 you are lighting a firework anywhere and have not yet
2 provided input. I would be grateful if we could get
3 that from every agency. As I said, it will be helpful
4 to you, I believe, when we send out fiscal '13 report
5 for interagency coordination, you can see what kinds of
6 things your agency has said in the past, because I
7 realize GSA, for example, it's new, but we have done a
8 lot of good work. It's plenty to report. And it
9 doesn't have to be as robust as this one, or in this
10 format in particular, but there are -- we will also send
11 you the charter, just to remind you.

12 CAPT. BALZANO: Is there a format you want us to
13 fill out and how you want it submitted or anything?

14 MS. CARSON: Oh, in the past we've done a whole
15 bunch of crafting for you and made segues and tried to
16 make agency things flow within certain areas, it matches
17 the recommendations. Yeah, we'll do a lot of the work
18 for you, but what I don't have that you do is the data,
19 in your programs, and what your goals are and your
20 objectives and how you measure your success or not, and
21 then what you propose going forward.

22 CAPT. BALZANO: Is this coming soon, or has it
23 already come?

24 MS. CARSON: It has come. But as you know,
25 there has been a lot of flux in membership and

1 attendance, to be honest.

2 MR. FIELDER: In the past.

3 MS. CARSON: Yes. We will do that. So, I
4 appreciate, this is the most robust discussion we've had
5 in a long time, and I am grateful for that. Our
6 administrator did send a letter to each secretary or
7 administrator of the agencies that are members here
8 asking for commitment to this group, and to make sure
9 that the person assigned knows that they're assigned,
10 and attends, and I am pleased that we are making
11 progress.

12 So, thank you for that. Any last -- let me make
13 sure I don't have questions.

14 (No response.)

15 MS. CARSON: Okay. Then we are concluding this
16 meeting. We will be here again on September 10th,
17 excuse me, it's a Thursday, September 10. See you then.

18 **(Whereupon, at 2:38 p.m., the public meeting was**
19 **adjourned.)**

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