SMALL BUSINESS ADMINISTRATION

INTERAGENCY TASK FORCE ON VETERANS
SMALL BUSINESS DEVELOPMENT

PUBLIC MEETING

Friday, June 6, 2014
9:00 a.m.

Eisenhower Conference Room
409 3rd Street, S.W.
Washington, D.C. 20416

Diversified Reporting Services, Inc.
(202) 467-9200
MEMBERS PRESENT:

Rhett Jeppson, Associate Administrator, Office of Veterans Business Development, SBA

Ruth Samardick, Director of National Programs of the Veterans Employment and Training, DoL

Barbara Carson, SBA

Luis MacDonald, SDVOSB, AutoFlex, Inc., President

Craig Heilman, Office of Veterans Business, SBA, Program Manager, Boots To Business Program

Anthony Eiland, Office of Small Business Utilization, GSA, Program Manager, Mentor-Protégé Program

Joe Wynn, National Association Black Veterans, Vet Force

Stanley Fugi, SBA

Capt. Richard Balzano, DOD

Mathew Blum, OMB

Joe Wynn, VET-Force

Dan Dellinger, American Legion

Marc Goldschmitt, Goldschmitt and Associates

Rick Weidman, VVA (By telephone)

Tom Leney, VA (By telephone)

David Boddie, Federal Allies (By telephone)

Shirley Bailey, GCC Technologies

Paul Ingnosh
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I. Opening Remarks From Rhett Jeppson

MR. JEPPSON: So I think we'll go ahead and start here informally and we'll wait until we get our fifth member to go on the record. So, anyway, a little bit frustrating, we'll tell you that we had everyone confirmed here except for Treasury, who had conflict and asked to be excused. So it's a little bit frustrating, but it is what it is, not much I can do about it at the moment.

So with that said, as many of you know, today was D-Day. We actually had a video that we would love to show you commemorating D-Day. It's pretty impressive, but we've run into technical difficulties within the building here. Anyway, so for those of you who didn't know, today is the 70th anniversary of the invasion of Fortress Europe, a pretty manly event. I don't think there were many Marines who participated in that; Navy, Air Force and Army, though.

So I wish I was actually there today, you know. It would have been cool, having been there a couple of times. I think many of us have. It's awful
impressive. And I'll tell you that the VA has
certainly come under scrutiny, a little bit; but I will
tell you that as you go and visit those sites there,
they do an exceptional job with the monuments there on
the grounds, and that they really do reflect what a
special place it is. And so I'll tell you I've enjoyed
my time there. So with that I just want to cover a
couple of things that have changed since the last time
we met, and then we'll kind of proceed to the program.

I think today will be a short meeting, to be
honest, just because we don't have many people here.
But the first thing is that we have a new administrator
now, who's on board. Unfortunately, she won't be able
to make it with us today, but we'll have her here next
time with us and look forward to it.

So just Maria Contreras-Sweet, a big fan of
veterans within her first week, we actually attended a
Boots to Business class, and within the first two hours
she actually held a meeting with several vet and small
business owners to hear their concerns and what they
felt that we could do to support the veterans community
more.
So, here we go. We've got a full quorum, so we can go ahead and actually officially start.

Okay. So now that we've got the whole body, let's rock and roll. As I mentioned today, I think we'll be fairly short, much shorter than the past and -- So what I'd like to do is just run through the schedule, and then we'll spend a little bit of time organizing ourselves here, because I think it's about that time. We've kind of let this thing kind of peak since Marie was here, and it's kind of fallen off a little bit here. And we need to probably think about how we've kind of reenergized things a little better.

So having said that, we just talked a little bit about today -- Matt and Bruce about today -- the 70th anniversary of D-Day. And, certainly, we'll take a moment to remember and reflect on that important day in our history. The day that forever changed the world, I guess, is what I read in captions this morning.

So let me give you just a couple of updates on what's happening out of SBA. And I'm not trying to get too much into the training counseling piece.
So the last time we met together, we had one of the members of the NEC come over and brief the Vets’ working group that was held at the White House and some of the outcomes of that. There are a couple of things that are ongoing right now that I'll call to your attention. The first is joining forces, SBA, and NEC are working closely with ABC. And I don't know if you're familiar with "Shark Tank," they've got a casting call out and they've actually got the group cohoorted now. We're trying to go through the details on that, but there will be a vet's version of "Shark Tank," an episode with veterans in it to highlight veteran entrepreneurs.

In conjunction with that, the White House announced will be doing a Champions of Change for Veterans Entrepreneurs, and possibly will have a couple of the sharks in some of them there as well for that event. So that's going well. One of the other things that came out and that you'll hear more about in the coming weeks is we're calling it Boots to Business Reboot. So as everybody knows, and if you've had a pulse and you've been to one of these meetings here, we
brief the Boots to Business, constantly.

(Laughter.)

MS. SAMARDICK: You've made sure we're aware of it, Rhett.

MR. JEPPSON: It's our program as part of TAP. So as you know, Boots to Business for the transitioning veteran, so it's those men and women who are leaving the service, transitioning and coming out. Now that's what we were funded to and directed to provide Boots to Business. There are 21 million American veterans out there, almost 22, depending on the numbers you see. And they don't have access to the transitioning component, unless they've lived near base and still have an ID card to get back on base. So it's a little more difficult for them. So what we're going to do is we're going to run some events around the country here, actually, 12 of them to teach Boots to Business.

Okay? So I'm just hearing a little noise back there. But the Boots to Business taught to veterans who've already transitioned out there to get a sense of how we would take entry-level entrepreneurship training to our veterans community there for those who were
interested in small business ownership. You know. Those who may already be in a start-up phase or those who were thinking about it.

MS. SAMARDICK: Okay. So beyond the transition.

MR. JEPPSON: So beyond the transitioning people. So what we will do is do 12 cities around the country, working with the district offices and the resource partners to provide that. And then at the end of the 12 cities, which will be the end of August, we will then come back. We'll compile a report about how we'll be able to implement this, what resourcing we think we'd need to do that, what the traction level was, because we're going to make some projections. We'll use that in this case. And then I will tell you that that coupled with the awareness piece I think it will be also mutually supporting to our Access to Capital.

So I've had to testify twice since we were here last, and I got asked both times: “What are the single biggest challenges veterans face, and what are the things that SBA does that are most important”.
I'll tell you that in my opinion, for what it's worth, the single most important thing that SBA does is provide access to capital. That is by far and away what we do. And that's not just veterans small business. That's all business.

We provide access to capital, but you can't decouple that from entrepreneurial education. We know that businesses that have good entrepreneurial education have that help, make more efficient use, have better rates of gaining that access to capital. They're better prepared when they go to the banks, et cetera, et cetera. So you can't decouple it. So those are the two things that we really do, and then we can talk about government contracting.

I have no doubt that we will bring that up more than a few times here today, which is also an important leg of what we do at SBA. But those two in my mind are the two most important things that we do. But with focusing on this reboot piece, we'll gauge how we might better serve our veterans' community there and leverage the other local resources that are available in the community to support our veterans. And maybe
we'll see whether it can be a coalescing event for communities too, as well.

We will start to get a sense of that and lessons learned. And so the plan, the timing right now, is that with Reboots to Business, we'll make a formal announcement and Maria's vision speech on Tuesday. And then we will actually have a blog in the White House web. So starting on Tuesday, we will be very active, proactive. It's not that it's a secret. Now, we've been pretty proactive with the community and with the White House on this, and it was briefed last time, just giving you where we're at.

So the plan is just to have the first event in Washington, D.C., at the White House on 10-11 July. I say at the White House. It will be over at EOB. And then we will host across the nation through an additional 11 cities, these Boots to Business Programs, and we'll culminate with the American Legion National Conference at the end of August. And then we'll start doing some after action, report review writing, and we'll come back to this body and report what the outcomes were. So the goal is to do these 12 cities
about a hundred per city, so about 1200 veterans.

We'll make sure that we have good survey information and feedback on that, so we can determine the best way forward on that. So we're very excited about that initiative here. A little bit later on, we'll talk about Boots to Business and access to capital. So I'll defer on those two.

So thank you to those of you who made it here today. So I appreciate that and look forward to an abbreviated meeting, it looks like, maybe.

So, with that, Barb, do you have comments before we move on?

MS. CARSON: We'll share the information and the city names next week after the announcement is made. And I hope that we might have some opportunities to optimize and reach some communities where we could work together to reach vet entrepreneurs and help all vets. That's all I had, Rhett.

MR. JEPPSON: Okay. So with that, just from our board members, anything you can bring up real quick before we turn it over to Luis?

(No response.)
MR. JEPPSON: Okay. So last time we were here, Luis MacDonald -- what's that?

PARTICIPANT: The intros, anybody on the phone?

MR. JEPPSON: Oh. I'm sorry. Is anybody else on the phone except for Jim Wilfong?

MR. BODDIE: David Boddie at Federal Allies.

MS. SAMARDICK: David Boddie?

MR. BODDIE: With Federal Allies, B-o-d-d-i-e.

MS. SAMARDICK: Thank you.

MR. JEPPSON: All right. So during our last meeting, Luis MacDonald was here. And he had some interesting -- not some interesting -- he had some issues that his business was going through, and I just really wanted to, since we have GSA and OFPP here, and, you know, I will tell you that I understand some of it, but not all of the challenges that he faces. And so I would ask Luis to come back and just present on some of the challenges that he's been facing as a veteran trying to do business within the Federal Government, you know, just with the sense that some of us may not get all of the challenges.
I know I certainly don't get all of them. I think I have some, but not all, and I really want to understand the environment and things from his perspective as well here. So we've allowed a little bit of time here for Luis. So thank you for being here and having a presentation, and the floor's yours.

II. Veteran Business Development Within GSA Schedule 751 Program AutoFlex Inc. - SDVOSB

MR. MACDONALD: Thank you, thank you, and good morning everybody. I appreciate the invite, Rhett. It's D-Day, anniversary of D-day that we're celebrating today. It also happens to be the 70th anniversary of the GI Bill. So a lot of veterans go out, you know. They serve their country and then they go out and they get an education through the GI Bill. Right? And the next step usually is if you're going to get into the Government contracting arena, is you go to SBA and get certified in small business. Right?

Those that are veterans then go to the VA and get verified that they're a veteran company or SBD. And then the next step is you need a license to go into the agencies and GSA has the GSA schedule program. And
that is the key program for any small business that
wants to do business with the Federal Government. And
it's important to market and be basically certified by
the GSA that you're capable of performing and doing
business.

The timeline I just shared about the serving
in GI Bill, that's basically my timeline, my story as
well, just as it is for many, many other veterans. And
so I really appreciate the opportunity to give this
presentation today, because I just want to share one
example of from the last meeting of some of the
barriers that vets need to overcome in order to do
business within the Federal Government.

And so I'm just going to share my particular
experience within the GSA schedule, 751 program. And
what I'm really going to do with this presentation is
ask members of this taskforce what is the value add of
veteran participation in the Federal Government. And
what we really try to do is if we can determine what is
the value of veteran participation, then how do we
factor that into the far clause pricing evaluations
that are very key to doing business within the Federal
Government.

I have a question already.

MR. DELLINGER: Well I was going to comment, Lu, when you asked what's the value. I think is this group and the charter is we can also ask the question how can we increase that value. I think that's really the central issue of what the interagency taskforce is really looking at, is increasing the value of each of the individuals and of the community.

MR. MACDONALD: Thank you, Dan. I appreciate that. But, by the way, this is an issue that we've gained the support from Tony and his Small Business Office at GSA, as well as the VET-Force. So we really appreciate this opportunity today to just kind of educate you or give you, you know, this particular 751 program experience.

(Slide presentation.)

MR. MACDONALD: Let me give you an overview of the federal fleet. GSA Schedule 751, by the way, is commercial leasing of motor vehicles to federal agencies. You all are maybe used to contractors leasing people and labor to agencies, well there's also
the leasing of vehicles and property.

The Federal Government fleet spends $3 billion annually to acquire, operate and maintain federal agency fleet, and there are approximately 500,000 non-tactical vehicles in the federal fleet, among all the different agencies. All right? So $3 billion a year, and on an annual basis 50,000 vehicles are ordered and replaced by federal agency fleets, each model year. All right? They are the end users. They are the customers. Right? And so what this does is create an opportunity for veteran businesses to get contracts and for veterans to get jobs.

That's really why we're here. To me, a contract is a job and we're trying to create jobs, especially these days. It's even more important. Just to give you a little background on the way the program's been working in the federal fleet, GSA has a fleet leasing program, and it is an operation that leverages the volume of agency orders each year. They get all the orders and they work with each of the agencies, and then they turn around and negotiate with all the manufacturers that have vehicles and products
that the government needs in order for the government
to perform its mission. Right? And there's all sorts
of requirements. The standard vehicles, non-standard
vehicles, it's just a lot of interesting business that
goes on there.

GSA Fleet has in place a revolving fund that
was authorized under the Federal Property Act of 1949,
and what that does is it allows GSA to utilize a
special account into which an agency customer's money
is deposited for expenditures, without regard to fiscal
year limitations. So as a result, GSA Fleet leasing
terms are based on five years plus. If an agency
orders from GSA, they're going to get to be caught in
their fleet, and they're going to be paying a lease on
it for five years or longer.

There are some federal fleet vehicles that
have been in service for much longer than their life
cycle. Right? This is an important note here, because
the GSA Schedule 751 for small businesses and for the
private sector, it is based on not a five-year term.
Right? It's based on a one-year term. And that one-
year base period then is there's options -- right -- to
extend. So there's an apples and oranges that occurs, you know. If you buy a certain vehicle and you can amortize it over five years, your payment’s going to be here.

If you buy that same vehicle and you can only amortize it over 12 months -- because you don't know if the government's going to go any longer -- your price is going to be up here. Right? So it's an apples and oranges type of cost comparison that's been going on.

As a result, the federal fleet market share, the federal fleet has historically been controlled, or GSA fleet, really, has controlled more than 99 percent of all agency vehicle leasing orders and budgets. You know. That's pretty considerable on a $3 billion federal spending arena. What's interesting is that GSA fleet is not a mandatory source of supply for leasing a vehicle. That's under the federal management regulation I have there.

The GSA Schedule 751 that we're talking about here is a multiple award schedule for commercial leasing of OEM supply warranted vehicles. Schedule 751 has historically been the most underutilized of all GSA
schedules. You look at all the schedules for whatever
products and services there are that the Federal
government procures. 751 is at the bottom of the list
and it has been for many years.

MR. JEPPSON: Why is that, Luis?

MR. MACDONALD: Well the reason is that these
are the apples and oranges. You know? And this is
when we're going to get to the purpose of this meeting
is the pricing evaluations. What the contracting
officers are doing is they're comparing the GSA five-
year pricing to a commercial one-year price. So it's
always basically going to be steered towards the GSA
government program as opposed to commercial leasing
opportunities.

MS. SAMARDICK: And isn't it also, Luis, that
the money doesn't have a date anymore, so you can use
expiring money and kind of park it there for your GSA
fleet.

MR. MACDONALD: Right. There is parking
and --

MS. SAMARDICK: And of your money for parking,
parking money for the fleet.
MR. MACDONALD: That goes into some other issues.

MR. JEPPSON: Parking's important.

MS. SAMARDICK: There you go.

MR. MACDONALD: It opens up a whole box of issues.

MS. SAMARDICK: Parking cash is always good.

MR. MACDONALD: But, you know, the point I wanted to make is that it's been four million annually being spent among 751 Schedule contractors. Okay? This is all GSA sales portal information. Small Business Administration has an NAICS Code System, right, to tell whether you're small business or not. The NAICS Code for commercial leasing is 35.5 million annual. Okay? There's only $4 million being spent annually right now, and it's being spent among eight companies. Okay.

There's a multiple award schedule contract and due to the underutilization, there's an ongoing turnover of vendors, you know. They come in and they go to all these conferences saying, hey. Come to the government. We're the biggest customer in the world.
We're going to do business with you. Oh, yeah, veteran, get certified. Go through the process here, you know. We're a big customer, you know. There's some opportunities here. Well, $4 million is the economic pot for these eight companies. Of the eight, three are large, three are small. One is a veteran-owned small business, and one is a service disabled business. That's 25 percent of all the vendors that have been approved by GSA are veteran-owned companies, 25 percent, an NAICS code of 35.5 million. Okay.

So, next slide. What is the value that the commercial 751's offer? Prompt customer service? We can deliver vehicles in a week from date of order, to factory orders up to three to four months. You know, depending on the vehicle. The GSA fleet kind of moves vehicles around. There's been agencies that don't get their vehicles 'til a year after they order them.

So there is a lot to be said in terms of value added for commercial leasing. We can do custom and special order equipment outfitting, express location of vehicles for someone that needs something and a prompt delivery. We've got experiences with all the
manufacturers, you know, a lot of experience with the commercial side.

But the key area that really is the one that I've been advocating the most and trying to gain some support on is cost effective solutions for new technology. In particular, the Federal Government fleet has been asked to move towards alternative fuel vehicles for energy security, which is really important to the U.S. at this time. And there is a lot of innovation and technology being developed by small businesses. And the opportunity to come into the Federal Government would be innovation and new technology is being caught up in these FAR clauses that do the price determinations that are in evaluations that don't really allow you to come in.

So, but value added service, in particular for new technology, you know, commercial companies can use tax credits and incentives to be very cost effective, actually give a better price than GSA Fleet Program. We also -- incremental cost up front for this new technology, a lot of times, is the reason agencies don't go with the new technology, because they can't
handle the up-front incremental cost that's being required. But that's not an issue with commercial leasing. We don't need to have an up-front payment. We can put it right into the lease and you pay over time. The other value added is the opportunity for agencies and members of this task force to meet socio economicals, and, you know, that's one of the key reasons we're here today.

Next slide please. Fair and reasonable FAR Clause 552.212-73 is the FAR Clause that's being used by the GSA contracting office to evaluate fair and reasonable police pricing for all Schedule 751 contracts every year. Every time the manufacturers come out with pricing, we've got to work up all the pricing submitted to GSA for approval. Okay. Before we can even go to agencies, right, and then we have our catalog pricing that we can go and market. The determination, right, is based on lowest bid.

Small business 751 companies, the pricing is being unfairly compared to large business pricing without any consideration to economies of scale. That is the issue I wanted to bring before this task force
to let you know the FAR Clause and the contracting officers out there are basically determining whether you do business with the Federal Government or not based on the lowest price and the lowest price compared to large businesses.

Next slide, please. So we go to the question I wanted to ask. You know. What is the value of SDVOSB participation in the federal fleet? GSA has rejected SDV line items, because they were $20 per month higher in price than other large business vendors. You know. And I'm talking about a line item that's like a minivan, the VA and a lot of agencies order a lot of. We can't even add it to our catalog, because the GSA contracting officer says we're $20 higher than a large business. Okay.

The economies of scale: If we reach a point of 35.5 million size, or our portfolio gets larger, we can make that difference up pretty quick. If we can go longer term than just one year, we can make that difference up also. All right? All we're asking for is the opportunity, right, to be able to be competitive. But the question is what is the value.
Is $20, $240 a year, SDV participation worth at least 240 a year at your federal agency? I guess that's the question veteran companies and small businesses are asking the task force. That's why I'm here. Next slide?

Our concern is limited opportunity to develop under the schedule currently. I do want to add, though, that the VET-Force, we've been meeting with Tony. We've had some ongoing meetings. Actually, there's some more meetings coming up next week, and we're actually addressing this specific issue. All right? But it's important that you, the end users, the actual customers that have the fleet, right. By the way, the DOD is the largest fleet among all the federal agencies -- are aware of what's going on with this.

And, you know, the next point that I want to make is the limited opportunity to meaningfully participate in the new technologies. You know. We really feel there's some opportunities there, particularly for returning veterans to get involved in these new technologies, these new industries that are going to create a lot of jobs. They're going to create
a lot of business and it's very important for the Federal Government, which is really getting all the funding to develop, right, and have market development in the new technology for small businesses to participate there as well.

So that is really one of the key concerns in our community. The other limited opportunity for federal agency fleets to achieve socioeconomic goals, you know, for veteran-owned goals, SDV goals, is it possible to get a three percent goal within your federal fleet orders on an annual basis? I mean that's such a reasonable request compared to the size of a $3 billion area of federal spending.

Next slide please. So here's the recommendations that I just kind of put out for this. Conduct a survey of federal agency senior leadership to evaluate what the socioeconomic value of SDVOE participation is. Is it $20? Is it $100 plus a month worth meeting the goal? It's really the agencies that have to answer that question. I mean, you know, we're talking about barriers to overcome for vets and small businesses. That's what I wanted to share with you
today.

Also what's important is continued education on commercial leasing rules and regulations are -- among federal agencies. What is in the best interest of the government? You know, that's the question to ask. And then tied to that is promote multiyear lease terms to federal agency fleet customers, subject to the availability of annual funding, you know, which they receive from the U.S. Congress. That right there will help level the playing field, and really that's all we're trying to do. We want to level the playing field, get an opportunity, and then you'll start seeing more veteran businesses with contracts. They can then grow, and then they start hiring some veterans.

We can create jobs, and that's really the goal of the task force here, and that is the end of my presentation. I want to thank all of you very much for allowing me to share this.

MR. JEPPSON: Luis, I just wanted to --

MR. MACDONALD: I have the copies, by the way.

MR. JEPPSON: Yeah. So I was just thinking. I'm sorry. Looking at these here, I mean obviously
there's some things that we could do is build awareness. And we continue to use the score card to get the agencies to focus on their small business spent and each of the set aside categories.

But has anyone considered a legislative or a rule proposal that may allow or change this, or make it -- I mean here's where I'm coming from is the contracting officer, we've always got to consider kind of their perspective, because, obviously, they're the ones who are going to make that decision. And they are risk adverse (sic). I don't think that that's -- comes as any surprise, because as long as it's going smooth and nobody's complaining, they're fine.

But as soon as they start taking any heat, they're going to say why did you choose them, because they're always open to protest. And even when the smalls, like in the mentor protégé things, the bigs will back the protest or the bigs have the resources. He's got to have an easy way to be able to say this is why I went there. This rule allows me to do it in black and white. So, you know, I certainly could see where morally, ethically, I would say I went with the
SDVOAB. It was $240 a month more, but they have a good
track record, yada-yada.

MS. SAMARDICK: A year.

MR. JEPPSON: What's that?

MS. SAMARDICK: A year, not a month.

MR. JEPPSON: A year, a year; I'm sorry, a year. So I mean, you know, I'm not finding fault with your logic, Luis. And, you know, obviously I would certainly go advocate, and I think many NGCB and P-Tacs would. But that contracting officer really kind of needs something to hang their hat on a little bit. Is there a rule that you or VET-Force or others have proposed that would allow us to maybe affect that or make it easier. I'm just trying to make the contracting jobs easier, contracting officer's job easier and easier for him to defend and also easier for you to say, look. Here's a way for you to do it right here. It's right there.

It's like, you know, with VetsFirst and the Sole Source to go to the service disabled under five million. You know. I wish we had that on the rest of Federal Government. You know, Federal Government, if I
could do that, we could really make life easier for the contracting officer in that case, but we don't. So is there something we could do?

MR. MACDONALD: Well, you know, the FAR Clause I bring up in this presentation focuses on fair and reasonable pricing. Is it fair and reasonable to compare pricing between small business and a large business?

MR. JEPPSON: Well, let me -- that's pretty broad language. And if I'm the contracting officer, I'm going to want something that's almost in black and white.

MR. BLUM: Maybe I don't have the right solution, but now, for example, with the Jobs Act authority that makes it clear that you can do set-asides on the orders on the schedules, even though it's not mandatory, I mean it sounds to your point that if you used the set-aside in some fashion here, you know, then you would be comparing between different small businesses.

They may not be a small disadvantaged, veteran-owned small businesses, but the economy of
scales issue at least would be within the scope of you
being evaluated against other small businesses. And
that would be the baseline efficiency. I mean is that
something that you think would be attainable?

MR. MACDONALD: Yes, absolutely. I mean, you
know, any of your assistance and support in this at --
to level the playing field would be much appreciated by
all the small veteran business. Not just by veteran
business, but minority and other small businesses as
well.

MR. JEPPSON: Is there some way that maybe we
could even modify that? And I don't know whether it
would be in like a letter, a memo, a directive, a
proposed rule change that would kind of give the SDOSB
and the contracting officer something. And they go,

oh, hey. This is how OFPP or GCBD, or how they both
see it. And I think that your mechanism is great; but,
sometimes, the contracting officers, they're looking
for that thing that they can hang their hat on.

MS. SAMARDICK: Right.

MR. MACDONALD: The FAR authority is already
there for multi-year leasing and things of that nature.
They're just not using it.

MR. JEPPSON: No, but for the consideration of the fact that you do have a set aside category that gives them that authority that says, oh, yeah. I didn't just use price only. Because GSA, generally, it's a price base thing. Everybody's qualified. I fill out the statement of work, and I take -- it's a pricing based thing, because you're assumed to be all qualified bidders capable of providing the thing.

So, as a general rule, all omnibus contracts, you know, federal, state, whatever, are usually price point, because you've already prequalified the bidder. So if there's something that allows them to take one other special consideration within a certain range, I don't know. I'm just looking for something that gives you and that contracting officer flex.

CAPT. BALZANO: And I can point out how we're handling it. We have this very same issue a lot of times. I'll give you an example of something we just did, but the department how we're handling it is the goals that are being set for us, we are then pushing those goals down to our different commands and our
agencies. We then force them to, for instance, use the
SOCOM example, because it lines right up with it.
SOCOM -- and I'll put this out for everyone so they
know -- is issuing a $1 billion services contract, a
thing called SWMS is coming up.

MR. JEPPSON: Yes.
CAPT. BALZANO: It's all services-based
activities and that's a huge number. For us it's not a
huge number, but for probably most other folks it's a
huge number. But if we don't force that into some of
that into small businesses, it's really going to affect
our goal. So Mr. Gudger had to get involved. We flew
down to SOCOM. We got briefed by all of their folks,
and then we struck a deal where some of the stuff can't
be done by some of these small businesses. Some of it
has to be done by certain companies; but, we struck a
deal where 40 percent of that is going to be set aside
and focused towards SDVO and small businesses.

So, and the argument Mr. Gudger went with is
"I have to report to the SEC on this, and if you don't
do this, we are going to fall short of our goal." So
it really boiled down to reaching our goals --
MR. MACDONALD: Yeah.

CAPT. BALZANO: -- which, he's not in huge favor of goals. He wants to do the right thing, but this was a forcing mechanism that we used to get some participation. Because if we went with lowest bidder -- or some of these folks are doing work all over the world and they've already got people there. So they've got infrastructure, so they can outbid the smaller businesses where this was the forcing mechanism. So that may be an option, a non-legal option, but it has to come from the agency down.

MR. MACDONALD: You know. One of the issues in 751 though is --

CAPT. BALZANO: And I don't know this. Yeah.

MR. MACDONALD: -- that rule of two, you know. You know, for the set aside that you were mentioning, you've got to have the rule of two. And maybe there could be a waiver for schedules that are very underutilized. I don't know. That would be appreciated.

CAPT. BALZANO: Right, but it's a commitment from us, from my boss's office to make sure that the
 MR. MACDONALD: Well, so, by the way, I would like to mention this, though, in regards to DOD. Their contracting officers go to the schedule. They see if they can meet the requirements of what's offered through GSA; and when they don't offer it and the agency needs something in particular, they'll go open market. Okay? And since the beginning of this year, that's the only way we've gotten business with DOD Fleet was open market, and we've been successful in terms of lowest bid and best technical with the Army and with the Navy.

 MR. JEPPSON: So, Luis, why did they go open bid with you when GSA exists? I don't understand that.

 CAPT. BALZANO: I think that's an excellent point, by the way, because one do we encourage people to use existing vehicles. And we also at the same time put pressure on the managers of vehicles, and I know GSA does a lot of evaluation of the revenue that's being generated. So if it's this low -- and I don't know the details on this particular schedule -- I would think that they would be looking, because they have an
interest too.

MR. JEPPSON: I mean the Economy Act is pretty explicit in that to leverage existing vehicles.

CAPT. BALZANO: Yes, yes, it's true.

MR. JEPPSON: And don't run your own competition, if you can.

CAPT. BALZANO: Right, right.

MR. JEPPSON: And so I find that almost incredulous (sic) that DOD would be running their own contract outside when there's a GSA schedule that does that. So --

CAPT. BALZANO: But again it doesn't call into question that maybe there aren't adjustments that can be made to the GSA schedule so that then DOD would take advantage of it and get those economies. And I appreciate the point about the $20 a month, but I really don't want to forget all of the other points that you made at the beginning of the value that small business is at. Because we shouldn't have to get to that, you know.

I mean, yeah, there are times when you say that, but we don't want to think of this as a charity.
There are lots of great things and benefits that agencies get in terms of customer service and support from going with small businesses. And those things can be brought into the justification as well. It's not just a goal. It's all the other associated things.

MR. MACDONALD: Right. And GSA follows the OMB circulars for the Fleet and how the Fleet should be managed and spending. And so, yeah, I appreciate your comments, absolutely.

MR. JEPPSON: Okay. Paul?

MR. INGNOSH: Luis, it seems to me that the largest disparity claim I've heard in this presentation is that while, as an agency, I park my money over here to take advantage of all my Fleet requirements for the next five years. It makes my life and my procurement staff --

MS. SAMARDICK: And your budget reconciliation?

MR. INGNOSH: And you're competing against that out of this fund, because your rates must reflect a 12-month not a 60-month. Why couldn't we just fund you and your schedule out of that same fund and allow
you some relief on the 12 months issue to be
competitive on a 60-month issue. It just seems to me
that might be the single-most point to codify an
acceptable approach here with some relief and whatever
is governing that, you know, the FAR and FMR, I don’t
know. But there’s a reason that your schedule is not
funded the same way the other Fleet schedule is.

Tony, I guess you’re kind of the guy we would
look to for that.

MR. EILAND: It would be best for someone at
Fleet to answer this question. I can have somebody
that could draft an answer for you if you wish, and we
could present it to the next meeting.

MR. JEPPSON: Yeah. So what I was hoping to
do is just, you know, this is kind of into the aegis
and I think that we’re not as a committee above that we
ought to be. So what I’d like to do is let’s ask Tony
to come back and talk to us about that. And then, you
know, Matthew, I think that through some of the
discovery process, anything you might would be useful.

So, Marc, did you have a --

MR. GOLDSCHMITT: Yeah. Marc Goldschmitt.
Luis, when you talk about $20 to 100 a month difference, what's the baseline for that? Is it $20 more than $100, $500? And the basis for that is as a percentage, can you then go back and let the contracting officers give you a preference or some kind of evaluation criteria that says like a 10 percent price or five percent price?

MR. MACDONALD: Well, you know, it's been an ongoing negotiation for many years with the GSA contracting officers, and they pretty much stick to that FAR clause, and they keep stating it's in the best interest of the government to have the lowest bid. Right? And they really don't distinguish between, you know, if we're $20 a month higher than a major company. Right? Or the GSA program, you know.

MR. GOLDSCHMITT: The second part of that is really what Paul just asked --

MR. MACDONALD: Yeah.

MR. GOLDSCHMITT: -- and in the same context of doing the one-year versus the five-year --

MR. MACDONALD: Correct.

MR. GOLDSCHMITT: -- and different
alternatives there, would a five-year lease drop that price down to where you're competitive?

MR. MACDONALD: Absolutely. We would be as competitive, not lower. There's been examples in alternative fuel arena where the government has actually spent more money, right, from GSA than they would have spent on a posted GSA Schedule 751 price for that same vehicle that they ordered from GSA. Our prices would have been actually lower. So, yeah, this is much appreciated, what everyone's discussing here. And in the next presentation I want to work with all of you, in OMB and DOD. I mean this is an area that really what we're trying to do is create opportunity for Veteran businesses and get some jobs for some veterans as well.

MR. GOLDSCHMITT: I wanted to tie one more piece in there, because I know some of you have mentioned the issue of access to capital. Is there a method or something SBA could do from an access to capital perspective that could help you get to a five-year lease pricing, provide some kind of guarantee or other mechanism that would let you get to that five-
year pricing.

MR. MACDONALD: Well, one of the things that you've got to keep in mind is the agencies are the end users. It's their buying power of the customers that GSA uses to leverage with the manufacturers. Right? So the manufacturers tend to provide GSA with the lowest price for anyone you know, the most favored customer pricing. Right? But, you know, if you're a small business, right, you don't have the economies of scale, you may not get the same pricing as maybe the GSA. And, yet, it's all based on the end user order. So if we had the order from the agency at DOD or whoever, and we went to the manufacturer with that order, right, we can then suddenly negotiate a price as close to what GSA is getting. You know. But, by law, they have to be the lowest price.

MR. INGNOSH: Well, there are different strategies for those two schedules though, are there not? Different strategies that GSA Fleet has in relation to those two different schedules? I mean the 751 is for those small business opportunities; but, for those unique, not general, “it fits the mold, and I can
leverage it against the manufacturer" thing. Where you’re, I think, really hitting on the money is the technology aspects of this. But for the straight vanilla I am leveraging my manufactured stuff, that probably belongs in that big chunk; but, for the other stuff, I think the real strategy for 751 to begin with is to accommodate those, let's say, out of a straight vanilla box of opportunities and give that to small business.

MR. MACDONALD: Good point, you know. If we just target it, we can actually work with GSA. It's in their best interest to help with Schedule 751 improve. I mean we pay an industrial funding fee, et cetera, and work hand in hand with them to put out vehicles that are approved by them in terms of standards, et cetera. And when there's new technology, we work with them to get the approvals. We don't want to put something out with the customers that's not going to be properly warranted and perform. Right?

MR. INGNOSH: Well let's not forget Rhett's opening comment on this dialog was, we must first consider the procurement process and the procurement
people here, because we want to make sure we're helping
them meet their goals.

MR. MACDONALD: Right.

MR. JEPPSON: Okay. So, Luis, I want to thank
you very much for being here today. And what we'll do
is we'll put this on the agenda for next time and we'll
look for the agencies to discuss, you know, how we
might be able to --

MR. MACDONALD: I'll try to provide a copy of
it.

MR. JEPPSON: -- at some point. There's a lot
of, a lot of moving parts on that. So next on the
agenda was the Boots To Business update. And so, well,
fortunately and unfortunately, Craig Heilman just
returned from overseas last night, and so I'm not sure
he knew he was on the agenda.

MS. SAMARDICK: How nice for Craig.

MR. HEILMAN: It's just a casual update,
rather than a formal update.

MR. JEPPSON: So, yeah, so a casual update.
So what I'd like to do, so we don't have to put him on
the spot, I'll run through some of the highlights and
just ask him to -- you got it covered then?

MR. HEILMAN: Absolutely, as long as no one minds the casual attire, I'd be delighted to give you a Boots To Business update.

III. Boots To Business Update

MR. HEILMAN: This is Craig Heilman, for the record, and I will say we talk about it every time and it's a privilege to be able to do that, but we're trying to create as many Boots to Business ambassadors as we can. And we certainly consider you all some of our ambassadors for the program. We know that the word of mouth in the veterans community is really our strongest marketing tool, so that folks are aware of the value that this is we need to provide transitioning service members and certainly we're trying to leverage it as an incubator for doing more things beyond just the transitioning service member, which was mentioned with regard to Reboot to Business. So we're not rebooting Boots to Business within Boots to Business, just trying to expand it beyond.

And so I've talked a little bit about what our goals are for the year coming in 2014, and I'm just
going to go back to those and give you a quick snapshot of where we're at on all of that. And then if there's questions or ideas, would love to hear them. But the theme has been, from start-up to scale-up, so it's been all about getting scale with the program and building something we can sustain, and again, leverage beyond just the transitioning service members. And there are three things that we needed to do.

We needed to be able to continue what we were doing in the U.S. There were over 140 installations, at least quarterly, in some cases monthly, for our face-to-face two-day program. We needed to be able to really increase capacity for the eight-week follow-on, because we see over and over again, and we just saw again in Europe -- which I'll get to in a second, but we get this wide range of student, some that come in there and are either already operating a business or really close to starting one, all the way to someone who's just kind of considering it and what does it mean.

And that eight-week extension online course really allows those that are ready to go to get to that
next step, because then we get to that capital, you know, it's important. That was the second piece for the year. And the third big piece to get to FOC was to deliver overseas. So going backwards on those three, so we've launched overseas this week in Bavaria, Germany, at Rose Barracks, and had 30 students there. And we were able to take professors over.

We had a professor of entrepreneurial practice from Cornell, two from Syracuse, as well as some others that were there that were going to be instructing at different locations overseas. So, well received. We're really excited to be able to do that. We'll go to 19 locations in Europe and Asia in June and July for our first, so it's really going global. So that was great.

Regarding the eight-week online course, looking at throughput and expanding capacities, just a couple of numbers, you know. In the second quarter of the fiscal year from January through March, we had 110 enrolled before we were able to get our funding in place. From April through June we'll have 500, so that's about 345 percent increase in that time period
to reflect getting the funding in. And we expect -- our goal was to be able to accommodate between 1,500 and 2,000 students per year. And so with those numbers it looks like we're there and we'll see what the demand ends up being, now that there's plenty of capacity, which leads us back to our numbers for the two-day and what we're doing overall for that core two-day class. And we went over 10,000 total since inception, so from January of 2013 when we started as a program, all the way through getting funded this year. So from June 1st, we'll have done 10,651 transitioning service members that have come through the two-day program, which we are excited about, and we had over a thousand that had come through the eight-week.

So things are really growing, and, again, that was our goal. And we'll keep reporting back to you on how we're doing on that. About halfway through the year for the two-day, we were slightly behind overall, although we've grown significantly about 25 percent on the two-day, and our average class participation has grown about 15 percent as well. We still know we can do more. We still know there's a lot more to do in
terms of getting the word out and getting folks aware that this is available for them and we're working on that.

A couple of other things we needed to put in place that are in place now, was the ability to reimburse our resource partners that are teaching this for us. So we have some grant opportunities to facilitate that, which are closing in a week and we'll be able to hopefully award beginning of July. And a lot of work being done to just improve our processes and improve the curriculum, we just finished a multi-location focus group project where we were able to get some feedback on the curriculum and see what was working and what wasn't working. So we're getting ready to action that.

We've got some hiring actions here at SBA and filled out the program team so that we could sustain this, as well as some other contract opportunities, to help us on things like marketing and outreach for the program and some of the other operational processes that we need to support, so a lot going on. When we started the year we were telling this task force about,
hey, we need to get some grants in place. We need to get overseas. We need to grow our marketing and outreach. And so halfway through the year we've hit a lot of those milestones, and so we're excited about it and we look forward to continue to be able to let you know how we're doing, and appreciate all your support.

So, Rhett, I think that would conclude what I would say, but I would be happy to take any questions or comments or input on it, because, again, you are all our Boots To Business ambassadors and we appreciate you supporting it.

MR. JEPPSON: Okay. Thanks, Craig. Questions for Craig from the Committee members?

CAPT. BALZANO: Can I just offer something?

MR. HEILMAN: Please.

CAPT. BALZANO: We just recently had a reserve admiral, RADM Herb in our office. And if you will contact, I will get you in touch with her. She's looking for ways to get training and different things out to the different reservists that are coming home and being deactivated. So this seems like they would roll in --
MR. JEPPSON: RADM who?

CAPT. BALZANO: H-e-r-b.

MR. JEPPSON: And who is she, specifically?

CAPT. BALZANO: She came in. She met with the boss about two months ago. She is the NOSC Washington Naval Operational Support Center Washington, which is kind of like the Navy. It's the reserve component for this area that controls a bunch of units. So I'll get you her information and we'll get you in touch with her and see if we can help.

And, secondly, if we can help you guys advertise your events, let me know. We have a massive outreach effort in our office, and we have website portals and all of that stuff. So just let us know how we can help you.

MR. HEILMAN: We will gladly utilize both of those. We've done a lot in getting this morning with the guard reserve, reaching them. And how we service them has been an big initiative for us, because they're a little bit different. Right?

CAPT. BALZANO: Right.

MR. HEILMAN: And we're trying to be flexible
and meet the requirement that's state by state, unit by unit. And in some cases that means they do two days, and in some cases it means it's a shorter version. There's all kinds of different -- so we've been trying to do that. And then from a advertising perspective, we do find that the command engagement, the top, you know, that really helps get folks the opportunity to be able to participate. Great.

MR. JEPPSON: Okay. So anybody, non-committee members, questions? Joe?

MR. WYNN: Good morning. Joe Wynn. VET Group. You mentioned something about -- I think you said around 10,000 or so had attended two-day sessions since January 2013. Did I hear that correctly?

MR. HEILMAN: 10,651 from 1 January '13 to 1 June '14.

MR. WYNN: Right.

MR. HEILMAN: Two-day.

MR. WYNN: The two-day?

MR. HEILMAN: Yes.

MR. WYNN: But then only a thousand followed-up on the eight-week session?
MR. HEILMAN: 1,065 enrolled in the eight-week in that same period of time, because we didn't have funding until February the 18th of 2014 was when we were able to actually have that money in our account, and then turn up the volume on the eight-week so that we could facilitate all comers. We maintained a waiting list, which was discouraged, because we were, you know, kind of in terms of that. So that's why I wanted to mention that stat around one. As soon as that funding went on, our enrollment in the eight-week increased 345 percent, you know, from quarter to quarter over a quarter, and so we cleared our waiting list immediately. So we think we're in a place now where we can take any interested Boots To Business two-day graduate into the eight-week online program.

What we don't know, quite yet, we've got some educated guesses as to what will be the demand for how many will take that next step. One thing, when we tell the two-day -- our learning objectives for the two-day -- we tell them we wanted three things that we're trying to get out of it for the students. One was we wanted them to understand what business ownership,
small business ownership entrepreneurship is as opposed to service vocation. What does it mean to do that? What is your lifestyle? How does it intercept your family? What are all their considerations? That's goal number one in that two-day.

The second goal is to give them a couple steps on what to do next and how to think about evaluating a business opportunity, but not the entire business plan in the two days, but just one of the components of that business plan. And we have the tool that we use to help to do that.

And that's where the eight-week really comes in. Because if they're ready and they want to get a full business plan, and they want to go out and try to raise money, whether it be from an SBA loan or some other source, we really wanted to go into that eight-week. And so trying to figure out is that going to be ten percent of everybody that comes through the two-day, which there are 10,000. A thousand is what we see, even without funding, or is it going to be higher, more like 25 percent?

That's what we're trying to understand, but
we've got the capacity to take -- you know -- to take all comers at this point. And, the third thing we want them to get out of it, which is probably even the most important point, is where to go for help. So we wanted to connect them back to SBA resources and other resources, so that they, you know, hey. This isn't the right time; I'm transitioning. I don't worry about that, but six months from now or five years from now, I know exactly where to find help. And -- and those are the three big goals of the two-day.

Then that eight-week is, okay, I'm ready to go. I want a full business plan. I want to get feedback from professional practitioners, professors on this and my peers. And I want to be able at the end of that to go out, meet with an SBA resource partner and find out where the right lender is, and go get some capital and then start.

MR. JEPPSON: So let me just mention, too, when we built the model for what we thought it would take resourcing wise, we used a factor that 30 percent would go to the eight-week online course. You know.

MR. INGNOSH: 30 percent?
MR. JEPPSON: 30 percent; it's a pretty big

time commitment. It's not an easy course; it's about
150 hours. So it's eight weeks. It's 10 to 15
hours --

MR. INGNOSH: Per week?

MR. JEPPSON: -- per week of time in there.

So, I mean, it's a college level program. I mean, you
know. I'm not going to tell you it's graduate level,
but you're putting serious thought into your business
plan and you're getting critiqued on it. So we'll see
what the graduation rate is. We expect an attrition
rate, just like you would anything else. But, you
know, when we were at FOC, I could see that we're
starting, you know, ten percent.

If we had ten percent of the population, you
know, say the DOD was able to get all 250,000 people to
go through there. About 25,000 would go through Boots
to Business in a year. This is what we were in every
installation meeting all demand worldwide, you know.
And then you're probably about 30 percent of that.
That's kind of our stretch goal to get into the eight-
week online course.
MR. INGNOSH: Yeah.

MR. JEPPSON: You know. We think that even in the two-day, the people who don't go or decide not to start a business, they say, hey, this is too much to this. That's still a win for us.

MR. INGNOSH: Oh, yeah.

MR. JEPPSON: It kept them from wasting their money at the time. So just because we don't see the total transition of 100% to 100%, and 100% start, we don't think that's necessarily a bad thing, so.

MR. INGNOSH: Yeah, there's an enormous benefit to them for not going, in some cases.

MR. JEPPSON: Right.

MR. INGNOSH: You know?

MR. JEPPSON: Right.

MR. INGNOSH: Yeah.

MR. JEPPSON: It will also help with our failure, with the mortality rate of the businesses, I believe, so.

MR. WYNN: Will there still be any discussion? I think you had mentioned once before about pilot programs to include veterans who hadn't recently
separated to be able to access the ADV program?

MR. JEPPSON: That's a good segue right there.

So with that, any other questions on Boots To Business?

(No response.)

IV. Subcommittee Reports

MR. JEPPSON: Okay. So with that, we'll kind of visit the different committee reports, which generally tends to be around the table with the different agencies here.

Craig made the point, and I'll get with you Joe. I'll find this. It's the Reboot To Business piece that we kind of covered earlier, but don't want to just revolve around. But I just spent an entire opening part of the statement, yeah. So before we're going to try to get a sense of what that looks like and how we would execute it with the White House. So I just wanted to give a quick update on a couple of things that have happened here lately that I participated in.

So we were actually on the Hill, since we met last time, twice. First was in defense of Boots To Business, you know, why the program's important. It
was with the House Small Business Committee. There was
some question about unauthorized programs, and I just
want to touch this just briefly. So, with Boots To
Business, the reason we're executing this, is since
right around 2000, SBA has always been required to
provide information to the trainee as part of TAP,
since TAP was memorialized in statute.

More specifically, in the 2008 Small Business
Act, my office was directed to provide support to DOD
in the TAP program, utilize the VBOCs and provide
material to Department of Labor, et cetera, to
participate in TAP. With the VOW Act, again, and the
interagency task force, we were woven in there. So
there is statutory reasoning for that. It may not
enumerate it as Boots To Business, because Boots to
Business is just simply the branding name that we give
for it.

So we would have to go up and defend that
there. And then, last week, or two days ago, we were
actually on the Hill for a Senate Small Business
hearing on Veterans Entrepreneurship, and they covered
a range of topics. But, specifically, there are two
bills that have been proposed by members of the Senate Small Business Committee. The first is Sen. Sheehan's bill (sic). It specifically relates to -- it directs -- the bill, if passed, would direct us to engage in programs to help more veteran women start and operate small businesses. As she pointed out in her testimony, women make up about 14 percent of the service right now, but only 4 percent of all Veteran-owned, small businesses are women-owned.

I will tell you that although Boots To Business is completely gender neutral, it's just only for transitioning veterans. 25 percent of our participants going through there are females, which does include some spouses of female veterans as well. So we see female veterans over-indexing in the course. The other part of her bill, which is in line with what -- very similar to what our FY '15 budget proposal is. As you know, when we talked about Access To Capital last time, we have reduced a fee on the SB Express loans up to $350,000 to zero. So depending on the size of the loan and your particular bank, it would save you over 5,000 bucks at closing over your counterpart,
civilian counterpart.

So that's a real tangible dollar that you see in your pocket. I will tell you one of the things that was attractive about Patriot Express was the higher guarantee, which was a benefit. Because it maybe left the bank, if they were kind of on the edge, they may have given you the loan. But you didn't see a dollar benefit, and you actually paid more at closing. You had a higher fee. So if you talk about dollars and cents and some trade-off, there is actual dollars in your pockets.

So in the '15 budget we have also — and so Sen. Shaheen's bill, she has asked for that to be put into statute. And in the '15 budget, what we have asked is for all our 7(a) loan products, which is the majority of our commercial loans out there that don't have anything to do with real estate, the fee above $350,000 will be cut in half as compared to everybody else. So you could see, you know, some pretty big savings there.

One of the gentlemen there was testifying that he was trying to get a Cap line for a million dollars.
He was in the process of it. His portion of the fee was $30,000 for that million-dollar Cap line. So this is just real savings for some of our companies that have those, will require those higher dollar loans. And I say it's higher dollar loans, you know, a million bucks is not that much any more when it comes to business operations. It's a lot to start-up, you know, in some industries. In others, it's a drop in the bucket. So, but there is real dollar savings in those.

V. Training, Counseling and Outreach for Access To Capital

We were not resting on that, though. We think there are other things that we can do when we came to explore with our Office of Capital Access and the others who kind of planned that arena with the building to improve the loan product. Along that line, I mentioned the Reboots earlier is one of the things in the Shark Tank thing, the Shark Tank that came out of the OS. What are the other things that came out of this is there's a group called Vets In Tech.

They do a great job of doing Tech Boot Camps for Veterans, but they're kind of creative and
innovative in the space.

And so one of the things that we've done is we participated in the first one out in San Francisco just recently is called VetCap. It was the first one. And the goal behind that is to take venture capitalists and other types of financing, hold events and build awareness about the different types of financing for the veterans, and then also to have a pitch competition with that, where veterans can pitch their ideas to venture capitalists, angel investors.

So let me just tell you about the first panel that we were invited to sit on. The first one happened last month up in San Francisco. On the 18th of June, we'll have the second event up in New York. So we went up to New World Capital one evening, and so we had straight venture capitalists there with us. We had a corporate venture capitalist, you know. It was actually GE Capital, so a little bit different model than straight venture capital.

We had from Angel List the founder of Angel List, which is Angel investing online. We had the folks from Kickstarter talking about crowd sourcing or
crowd funding, rather, of small business.

    Silicon Bank, which is a traditional lender, and then I represented to SBA as government-guaranteed lending, and each of us gave a spiel about what do we offer to the veteran. You know. How would the veteran access, what type of businesses would benefit from us and what kind of requirements are actually covered. Then we actually had about 70 veterans there and we had several of them pitch to the panel. And I just want to spend just a minute and drill down on this here. It was really informative and interesting for me to be there, and to look at the quality of the business ideas that the veteran community group was coming out. And I'm just going to chair a few examples with you so you get a sense where they're going.

    Let me just contrast it to you if we had it in D.C. I know that if we had it in D.C., we'd have a lot of people come and talk to us, you know, because of our proximity about the government contracting space. Of all the pictures out there, there was not a single one that had to do with government contracting.

    MS. SAMARDICK: It's another world.
MR. JEPPSON: But let me give you a couple ideas of where they're at. So let me tell you the first guy. So one of my favorite guys, a really sharp guy, he was looking for 300,000 in venture capital. He could have crowd-sourced it, but for some reason he wanted a venture. So he's the founder of Duffel Blog, if you're familiar with that. And so if you follow, it's kind of like “The Onion” for the military. The guy's got a million followers, subscribed followers on there, and I see it every morning and laugh heartily, generally. He's also the editor for Business Insider, West Coast editor. But, so, there was one guy, and he again, just why he didn’t use the crowd sourcing, because he could have done that in a heartbeat.

The next was there was two MBAs out of Stanford there, and so if you're familiar with the construction industry, time and motion studies are very expensive and, you know, they really can affect how your business performs. And so they had come up with a innovative way to put a sensor into the work gloves, do big data analysis on time and motion studies. And so they were in there looking at just start-up capital to
take it to the start-up phase. Next, we had another company come in. He actually had strawberries. Bear with me just a second. So strawberries are the second highest producing yield dollar crop in California, second only to the illegal trade.

(Laughter.)

MR. JEPPSON: So he had a way. They had a mechanism by which they could track where harvested product was to the square meter, so that when you bought it you'd be able to say this is where my strawberries came from. And it was interesting to see his conversation with the venture capitalists, because they look at the different aspects of it from food safety to production to consumer awareness of lots of angles, and it was neat. And so he was already out of startup and he was looking for his first round of investment, you know.

We had another veteran come in; and, essentially, what her idea was was to take patents. It would package them into books. In other words, they'd work with the patent owners. They'd book the patents into books. And so if you have, for example, buying
cell phone technology, you would be able to pay a single fee. You would get access to all the patents so you didn't have to negotiate with every single patent owner. They were already into their second round, looking at another 20 million in investment.

So, and then, lastly, we had there were several others, but I'll just show there was one other young Marine came there. And he had this great idea of use of UAVs and the surveying of utilities. And so he didn't have a business plan, yet, but just a great idea. So we saw a range of veterans with -- in their business, from an idea to getting ready to scale, looking at their second round of ventured capital. So it was amazing to me to see the breadth and skill of work veterans are at in small business here, and especially when you took that step to the West Coast where their interests were at.

So I will tell you that sometimes we get a little fixated in D.C. on some of the things that we have here. Once we get outside the Beltway and we see where the veterans commune, you really witness a lot of focus as to how effective veterans are doing and how
well they are executing as small business owners. So when I hear that number of a trillion dollars in receipts annually, you get a real sense of where it comes from.

Just a couple of other quick updates real quick. So we just sent a transfer letter to Congress. V-WISE to oversee, to move $500,000 so we could fund V-WISE and make sure that we have our women's veterans program fully funded. And that's kind of it from the SBA perspective. So, Barb, do you have anything?

MS. CARSON: No, I think you hit our highlights.

MR. JEPPSON: Okay. So with that, what I'd like to do is go around the table. If you guys would excuse me for a minute, I'll let Barb take the reins for a minute. I've got to run upstairs to the administrator's office, and I'll be straight back. So if you guys could rest, so Ruth over to you.

MS. SAMARDICK: All right. The Department of Labor, we are opening our Vets 100, 100(a) filing season. It is open from August through the end of September. This is still under the existing regs as
many of you are aware. We are promulgating a new set
of rules. We would like to get them promulgated before
August so that they would be in place for the 2016
filing cycle.

I was curious, because as we were talking
about small disabled veteran-owned business and
veteran-owned businesses, and how they promote veteran
hiring, it's kind of a null hypothesis that we haven't
really been able to test. And, should we successfully
promulgate these regulations, we will for the first
time have a unique count of protected veterans in
federal contractor work forces and a unique count of
new hires who are protected veterans.

So we would for the first time be able to test
this null hypothesis by going to a list of veteran-
owned businesses and comparing them to the non-veteran-
owned contractor businesses and seeing if, indeed, the
proportion of veterans in the work force -- protected
veterans in the work force -- is higher among those
veteran-owned businesses. And I think that that would
be a really neat marketing point. So I'm really
excited about that. Unfortunately, it's not going to
be this year, so.

MR. INGNOSH: Yeah.

MS. SAMARDICK: But it's a great move in the right direction. So we're very happy about it. We got just a few comments on the generally positive from federal contractors with the new reporting requirements. It greatly reduces the burden of the report.

MR. INGNOSH: Outstanding.

MS. SAMARDICK: That's all I've got.

MS. CARSON: Thank you. Any questions for our group?

MR. LENEY: A question on the phone.

MS. SAMARDICK: Yes?

MS. CARSON: Go ahead. State your name.

MR. EILAND: State your name.

MR. LENEY: Yeah, this is Tom Leney from the VA. That's a pretty exciting report. When do you think it will be implemented?

MS. SAMARDICK: Well, first we need to promulgate the final rule, and in the notice of proposed rulemaking we proposed that the rule would be
effective one year from promulgating the final rule, that gives companies to revise their reporting systems in time for the filing season. And the filing season is August through September. So we're kind of on a tight timeline to promulgate this final rule, and I can't swear that we'll make it before August, in which case it would not be in place until 2017.

MR. LENEY: Well, you know, kudos on, I think is really heading in the right direction. So from the VA's perspective, we are very excited and supportive.

MS. SAMARDICK: Thank you.

MR. BLUM: I'd just ask, Ruth, you mentioned there was positive feedback. Did that come back through the context of the rulemaking process? I mean do you have --

MS. SAMARDICK: Yes, the public comments through the rulemaking process.

MR. BLUM: Is that posted on like Regulations.gov?

MS. SAMARDICK: It was posted on Regs.gov. I'm sure the docket's still up on Regs.gov, because we haven't promulgated the final rule yet.
MR. WEIDMAN:  I'd like to ask a question.

MS. CARSON:  State your name, please.

MS. SAMARDICK:  Could you state your name, please?

MR. WEIDMAN:  My name is Rick Weidman, Vietnam Veterans of America. Why were the VSOs and other, but particularly the VSOs and military service organizations, not forwarded the link to the proposal, proposed regs, when they were published? Every administration going all the way back to Nixon has done that. Is there a particular reason why you all aren't doing it?

MS. SAMARDICK:  No. I wasn't aware that it had been done back to Nixon, but I did talk about the NPRM in our last meeting here.

MR. WEIDMAN:  Right, but that's not the same as communicating directly with the VSOs, NSOs. And, frankly, we could use a good deal more of that from our friends at Labor. And I'm not sure that new rules are going to be universally celebrated within the veterans' community.

MS. SAMARDICK:  Why would that be, Rick?
MR. WEIDMAN: But --

MS. SAMARDICK: Why would that be, Rick? Why would that be? What would be the objection?

MR. WEIDMAN: This is the rules for FCJO?

MS. SAMARDICK: This is new federal contractor report. This is federal contractor reporting requirements through the Jobs For Veterans Act, which we are revising the existing regs.

MR. WEIDMAN: That is what the intent is, but if you meet those percentages that you all have laid out, it would take every veteran in America in the work force to meet those guidelines.

MS. SAMARDICK: I'm sorry, Rick. I think you're talking about the OFCCP rules, not the vets' rules. All the vets' rules do is require reporting by federal contractors on the protected veterans in the work force and the protected veterans among new hires.

MR. WEIDMAN: So, okay. And --

MS. SAMARDICK: OFCCP uses the --

MR. WEIDMAN: -- no one's sending us the links.

MS. SAMARDICK: Um. The NPRM, the public
comment period is closed now.

MR. WEIDMAN: Are these the ones you published last year?

MS. SAMARDICK: We published them in February. This is the Vets' rules, not the OFCCP rules. The OFCCP rules have been finalized already.

MR. WEIDMAN: We'll take this offline.

MS. SAMARDICK: Sure. Give me a call. You know my number.

MR. WEIDMAN: Why don't you ask the Assistant Secretary to give me a call?

MS. CARSON: Okay. Anything else for labor?

MS. SAMARDICK: No, that's it.

MS. CARSON: Okay. And Treasury's unable to be here today, so they will be with us at the next meeting. We'll move on to the Federal Procurement and Contracting Programs. The DOD?

V A. Federal Procurement and Contracting Programs

CAPT. BALZANO: Well, first off, I'm Capt. Richard Balzano, and I'm sitting in for Mr. Gudger. And at 2:27 this morning he sent me an e-mail telling me to sit in for this. So he really was planning to be
MS. SAMARDICK: And you got it at 2:28, I presume?

CAPT. BALZANO: I did not.

(Laughter.)

CAPT. BALZANO: I was enjoying my sleep. So at 0730 I saw this. So I think I can talk about some efforts we have ongoing right now and some things that we have accomplished that relate to the different things we've spoken about here this morning. But, first, I'd like to point out that all of the departments sitting around here are going through budget struggles. Everybody's budget is declining. And as a proof positive of the Defense Department's position on small businesses, our office is growing.

We are increasing our people and our billets, which billets are how we put people in slots, and our funding has gone up, which is quite amazing in that building, because everybody's struggling to find dollars to feed the programs, which will also lead me to announce that we have a VAA out right now for $350 million contract over the next five years to support
our office with training and basic support for our
programs. So that's how much we're growing.

When Mr. Gudger took over this position, I was
not there, but the office had seven staff and I think
$700,000 budget. We now have $60 or 70 million budget,
and we are upwards towards a hundred staff. So it
really is an important issue to the Secretary and to
the Department. And what I mentioned about special
operations command and that contract is absolutely
ture. It's small to us, but every little bit counts.
When Mr. Gudger got on a plane, I had to go with him,
got briefings, and we fought. He fought to make sure
that 40 percent of that contract went to small
businesses service disabled. So it's an effort that's
ongoing.

We continue to train our workforce. There's a
number of policy changes that we're working to get
small business integrated into the acquisition process
in our building. You know. We're used to buying these
big, giant weapons systems, and we have these
professional acquisition folks who analyze all the data
and we do all this work. I'm not familiar with it as
much as I probably should be, but it's not my
specialty. But Mr. Gudger has carved out a job
category for small business professionals now. So it
really is changing the game in the building as to how
small business is dealt with in the Defense Department.

We have been up on the Hill I can't tell you
how many times. We have fought to get more money into
the P-Tacs, into the NDAA this year. We have made
changes to the comprehensive subcontracting plan. And,
if you don't know what that is, that's a big deal.

Some of the very large vendors for the Defense
Department -- and I can't name their names, but think
of the biggest companies -- have these carved-out plans
for how they subcontract. And subcontracting with
those large companies is where small business really
plays in.

Well, they have been getting away, and I've
got to be careful. They have been allowed to have much
lower numbers than what the rest of the industry has
been allowed, because they have this special plan
that's supposed to be a pilot plan that's been in place
for 26 years. So Mr. Gudger has successfully crushed
that in the NDAA. It's the first time we've been able
to get this done; and, believe me, we had considerable
pushback from industry on it. So, but we think we are
there, but nothing's passed yet. So, you never know
until it's out.

What else do we have? Due to our budget
increases in our office -- and when I say budget
increase, it's not like the department is giving us
more money. They're just reallocating funds from other
places and putting it into this. So it's a
prioritization of the funds. We have an increase in
our SBIR program, which is small business innovative
research, and we have carving out and setting up a
commercialization office. It's exactly what you're all
talking about or what Rhett was talking about.

The companies start different things, and then
ye need to take it to the next step, and that's
called commercialization. So they build things for the
Defense Department, and, yeah, we can use it for this
small thing. But, then, where does it go from there?
And we are standing up an entire division in our office
to focus on that. I offered the Boots To Business
support, and please take me up on that, and I will get you the other with Adm. Herb and we'll go forward. And that is all I have from Defense Department.

MR. BLUM: It's a good thing he didn't tell you 24 hours in advance.

(Laughter.)

CAPT. BALZANO: I had my talking points, so.

MS. CARSON: This is Barb Carson, SBA. I have a quick question for you.

CAPT. BALZANO: Sure.

MS. CARSON: Is there a timeline when we could talk more about P-Tacs and what, if they were able to grow, and what that might look like?

CAPT. BALZANO: I'd be happy to do that, but I'm not the person for that. But if we could put you in touch, Janice is the one who handles most of that.

MS. CARSON: Okay. Good.

CAPT. BALZANO: But, yeah. I'll get you my stuff and contact me and we'll take care of it.

MS. CARSON: Thank you.

MR. MACDONALD: Could you expand on that
commercialization initiative that you just mentioned?

CAPT. BALZANO: Well, it's fairly new. So I don't have too much on it at the time.

MR. MACDONALD: I mean within your small business, though.

CAPT. BALZANO: We support and administer a program called "The Small Business Innovative Research," called SBIR.

MR. MACDONALD: Oh, okay.

CAPT. BALZANO: It's a federal program, not just a DOD program. And the point of that program is we fund companies. And the reason it's in the small business realm is we find that. The best innovation comes from the guy working out of his garage. So the guy that's making this like really high resolute camera to do something, and then we realize, hey, we could use that for this. So what we do is we fund them in different stages to develop that technology. And then once it's developed to a certain stage, either a program of record or a weapon system, or whatever it takes that technology to do whatever they're going to do with it.
But, we've invested in this company. And so what we hate to see is them making a sting and then they get done with their defense department business and then they're gone. And then we've lost the industrial base for that. We can't provide parts, all that stuff. So our goal is to help them get to the commercialization point where the IE is selling it to the off-the-shelf type stuff; obviously, not some of the classified things and things like that, but things that are components of it that can be helpful to general society. And that's the effort, commercially.

MR. MACDONALD: Okay.

MR. JEPPSON: Yeah. Just so you know. So out of SBA, out of our office innovation and research, IRR -- so the SBIRs -- all the rule sets and things over there are run out of the office. But it's really like government, almost government venture.

CAPT. BALZANO: Venture Capital, right, exactly.

MR. JEPPSON: Yeah. So it's the same office that manages the SBIC program where we do a match with licensed investment companies. This is where on the
research side they do run the competitions and do that through the different agencies.

CAPT. BALZANO: Yes.

MR. JEPPSON: And so DOD certainly has one of the largest funds.

CAPT. BALZANO: Yeah.

MR. JEPPSON: But, there are many others -- HHS.

CAPT. BALZANO: It's like a $2 billion federal program. It is not small.

MR. JEPPSON: Right. So, okay. So I think Barb told me that DoD, so next I understand Tom Leney's on the phone.

MR. LENEY: Yes, I'm here.

MR. JEPPSON: So, Tom, over to you.

MR. LENEY: The only thing that I would add, we are also to follow-up at DOL. We have just submitted -- after discussions with SBA we're submitting a rule change for 38 C.F.R. 74. We've had good conversations with your folks in SBA, and based on those conversations we will be revising that rule. We've already done the advance notice of proposed rule
change. We've gotten the comments. We've incorporated comments. We have reached out as, I think, Rick Weidman would acknowledge to the VSO and the MSO community. And I just wanted to report to everybody we are moving forward on that aggressively.

The last -- the final piece is that we've been in conversations with SBA to make sure that we have and where at all possible we are in -- not in lock step but in collaboration and coordination with that. The other thing that is happening to let you know I have sent a note to David -- the acting secretary -- we are proposing the final rule to establishing an appeal process for verification by the SBA Office of Hearings and Appeals. So we're not going to wait for the larger rule change.

Again, we have reached out to the VSO community that the stakeholders, SBA, there's a lot of support for and the desire. We understand the desire to make sure there is an independent appeal process. The VA supports it. Now, we are acting on it and we think the interim final rule will be the way to get there faster. Then, of course, we're incorporating it
in the overall rule change. That would be my report.

MR. JEPPSON: Okay. Thank you, Tom. I appreciate that. On to you, Tony.

MR. EILAND: I'll keep mine short and sweet.
We are continuing to expand our outreach to our veterans, service disabled veteran small business community. We have expanded and created a new webinar series as part of our doing business with GSA. That's focused just on veterans small business. It's done once monthly. It's the second Tuesday of every month at 12:00, and it will be done by myself. And it can hold up to -- I believe last count was 200 persons at a time. So I will make sure that the event page on the GSA website has the event. And you can click and you can log on from there. So if you go to www.GSA.gov/events, and just go and you can look up the date and look up the next event.

We will also be having an outreach event next Monday, June the 9th. That will be from 12:00 until 4:30 where we will be making sure we're hosting for our service disabled veterans primarily. It is open to all small business, but our focus is on service disabled
veterans. We will have the NCR community there. We will also be bringing in subject matter experts from FAS and also from public building service. So we highly recommend anyone who's interested in doing business with GSA or learning more about GSA to come.

MR. DELLINGER: When is that, Tony?

MR. EILAND: Monday, June the 9th. And on a personal note I need to alert everyone today that we are losing our senior executive of Veterans Advocate as of next week. Bill Webster has announced his retirement. So we do not know who will be replacing him, but I hope to honor him Monday, at least to let everybody say goodbye to him. But, as soon as we have somebody, I will let everyone know. Until then, you're stuck with me. Thank you.

MR. JEPPSON: Thanks, Tony. So on this next as we move to kind of the federal support here, so I know Jim Wilfong had to leave a little bit early. Let me see if he's on the line and if he's got any comments before he leaves. I should have done this from the get-go. So I apologize.

Jim, are you still there? Jim?
(No response.)

MR. JEPPSON: Okay. He did mention he had another meeting, and that's why he was unable to join us today. So, anyways, we'll contact him afterwards.

Coordination of Federal Support.

MR. BLUM: Thanks, Rhett. So we had OMB sponsored with the FAR council and the Chief Acquisition Officers Council and the CIO Council, the first ever, government-wide, online dialog on procurement. This was using an internet platform idea scale to not only show people comments in real time, but also to allow participants to comment on other ideas.

It's not new in the world, but I think within the federal contracting space for the government the first time that we did this. And it will definitely not be the last, because this is all about getting good outreach. And, but, for a first effort, we got about 120 ideas that were posted and 200 comments on that, and about 500 people that were signed up to use the system. And the dialog was broken into three areas.

One was in looking at reducing burden, whether
it's recordkeeping, reporting, reference search, and so forth. In fact, in the last 20 years or more, I don't actually remember an exercise where we kind of explicitly thought about the cumulative burden that's imposed by these requirements. We certainly had in the government contract space the Federal Acquisition Streamlining Act and the Clinger-Cohen Act, which actually were about 20 years ago. But I don't know at the time that we explicitly looked at how we collect information; you know, how well we use our systems, whether we're collecting things a decentralized way, work could be done in a centralized way, whether we could reduce the frequency, and so forth.

So I think it was very healthy to get some of this input and to cause us to really think about are there smarter ways to collect this information. Are there things that we now have in our systems today that we didn't 20 years ago, where we can collect it, rather than constantly asking contractors for this information. And on this front I would note, by the way, that there was a very strong participation by some of the industry associations and members, for example,
the Coalition for Government Procurement that obviously participated on the GSA schedules.

And I think the number one reporting requirement, or one of the number one top reporting requirements that folks were raising was the price reduction clause, which it's a different variation of what you were talking about. But it does speak to this idea that, you know, for most of the history of the schedules program, we think about pricing in kind of a vertical way -- what's the best pricing within that company and that maybe there are opportunities to look at a little bit more horizontally and in return potentially provide some relief from the costly internal controls that agencies have to maintain in lowering their prices every single time they offer a lower price to their commercial customer.

Secondly that we asked about were better buying practices and ways in which we can drive greater innovation into our processes, and also take better advantage of commercial practices. And a lot of the feedback there focused around better communication. Many of you may recall that our office had promoted a
myth-busting campaign in part to try to make sure that there was an understanding of what's the sort of outreach that can be done in developing requirements and building RFPs and what-not. And I think there's still a lot of appetite for doing more of that.

We recently piloted a rate the agency tool, which is really a mechanism that we hope will be used by agencies across government to regularly collect feedback from bidders, successful contractors, as well as those that participated in the competition and weren't successful, so the agency can do self-assessments on a regular basis about what works well, you know, where communication went well, and what are things that became challenges for the companies and the process that cost them money that, if the agency can think about, they can improve upon. This isn't designed to be a situation where we're rating individual contracts --

(A cell phone signal caused interference.)

MR. BLUM: But, rather, instructive, getting feedback that agencies can do self-assessments. And we can also learn with them to see where we, from our
central perch, can help with the process as well. And
there was also a third lane, which perhaps was greatest
interest here, was specifically how we can improve
access for small businesses, new entrants, minority
contractors and other non-traditional government
contractors. There was an interesting observation made
by many of the participants in the dialog about certain
minimum experience requirements that are currently in
existence on this, again, on the schedules.

Certainly, we want to make sure that all of
our contractors are qualified, but it did get us to
think a little bit about maybe there are ways in which
in certain circumstances it may not necessarily be
necessary to have a two-year minimum experience. We
may be inadvertently pushing certain companies that
could otherwise qualify and do good work for the
government to prevent agencies from taking advantage of
them. So we haven't taken any steps on anything yet.
We're analyzing, but I think a lot of very good ideas.

I will mention one more that I think really
resonates with some of the comments that have been made
previously in again the area of innovation, and in
getting some of these new companies in, and recognizing when you're a start-up company you probably have a very short window in order to kind of prove your worth to those that have invested in you. And it's always hard to break into the market. You have to have a certain level of sophistication, which is why Boots To Business, other programs, are so critically important.

That said, if it's always a certain degree more complicated to break into the federal marketplace because of the complexity of the process, that means the government is never going to get the benefit of those, whether they're in basements or otherwise, that have this great technology. And there are many ways that this can be dealt with. I think one is we had had conversations or had an initial conversation with some folks within your team about P-Tacs and Small Business Development Centers, and NBDA's development centers, about whether there are opportunities to do a gap analysis and figure out where there may be a need for more directed and better to build on the help that's currently being supported.

So, for example, there may be adequate
technical assistance, but maybe what is needed is
business intelligence. We had a number of companies in
like the Silicon Valley, for example, that say they're
actually willing to put up with the compliance
requirements, at least if they can be relaxed in like
the kind of context under this simplified acquisition
threshold. But what they don't know how to do is they
don't know how do they deal with the incumbent, large
business contractor to become a subcontractor, and when
is it time for them to go ahead and spend the money to
get on the schedule. And they may actually find
program people that have an interest in their
technology, but they don't know, again, how to make
these decisions.

And if they have 15 people in their company,
they just don't have the ability to have seven of them
running around agencies in a very large government. So
it's not just getting access to information on business
opportunities through Fed Biz Ops, although making
improvements there is certainly critically important,
but it's this additional step of business intelligence.
So we've started a conversation with these
organizations that we'd like to build on.

And, Barb, I know you had mentioned one you
had a conversation. So if we can be part of that, I
think that would be great. And one other kind of
related one is one of the commenters had mentioned the
benefit of the set-aside concept that we were talking
about earlier and having a competition within those
that, you know, have similar capabilities in terms of
their infrastructure. And so one comment that had been
made is for a start-up company that, again, they may
have capabilities to meet the mission need, but they're
not experts in government contracting. So if the
government doesn't have a way to be able to evaluate
them, and they always have to compete against
experienced businesses -- including small businesses
that know how to operate within the federal space --
it's hard for them to break into the market. You know.
This is not a new concept. It's kind of a business
development model, except, you know, are there
opportunities.

And one notion there was like an innovation
set-aside where you would actually have competitions
limited to those based on very limited experience in
the federal market that they have things that they can
sell technologies or other things to the government.
So we think that there are many very interesting ideas
that have been posed from this dialog. I'm sure we
would do this again, and we will need to make a much
more concerted effort to make sure that this task force
and those that are so loyal and being part of these
conversations are specifically giving comments back.

The comments, for example, that Louise made
earlier, are precisely the sorts of things that we want
to hear about, because it helps us to prioritize and
figure out where we need to focus. So, more to come,
but I think it was a very productive exercise.

MR. JEPPSON: Okay.

MR. MACDONALD: You got me all excited about
the innovation set-aside. That sounds really
promising, you know. You know the Federal Fleet comes
under that circular 11(a), or whatever, and then
there's a Mr. Kelly in OMB.

MR. BLUM: Yes, yes.

MR. MACDONALD: Is he still --
MR. BLUM: He retired, but, yeah. No. We know the circular.

MR. MACDONALD: Oh, okay. Because I'd like to follow-up with whoever took his place.

MR. BLUM: Yes, yes. We can do that.

MR. MACDONALD: And discuss this innovation set-aside pilot program.

MR. JEPPSON: Anything else from the interagency group members?

(No response.)

MR. JEPPSON: Anybody else from -- okay. With that, let me press on to just a couple of closing comments. First off, thank you everybody for being here today. Oh. I'm sorry?

MS. CARSON: We still have more American -- sorry. Pardon me.

MR. JEPPSON: I'm sorry. You know. So the American Legion, Bill Ferguson was scheduled to be with us today, and we got a note from him saying that he was not going to be able to make it this morning. He had had an incident with the flat tire. And, anyway, so, and Jim represents VET-Force.
MS. CARSON: And did he have any comments for it?

MR. JEPPSON: He didn't. He had to leave, yeah. I'm sorry.

MR. CARSON: I just wanted to get to public comments.

MR. JEPPSON: Okay. So before we get there to public comments, I've got a couple of things. One, I wanted to thank everybody for being here; but, two, is we know we've kind of been on a sideway with the task force here. So I think that we're, you know, with the loss of Maria -- excuse me -- Marie, that participation and frequency have gone down a little bit, while we kind of kept it in the warm mode here. As I mentioned earlier, we do have a new Secretary now. So there's a couple of things that we're going to do that I'm going to let you know about in advance. So you can expect a letter from her to your agency, head respective agency head -- so the Secretary of Defense -- to renominate, and we'll reestablish each of the chairs here. So if you're the current incumbent and you intend to be there, just make sure that you see that. So, because
Capt. -- I think it's Andres, actually.

CAPT. BALZANO: Yes, it is.

MR. JEPPSON: So, and I know that you guys are absent somebody.

MR. EILAND: You've got me.

MR. JEPPSON: We've got you. So, yeah. But, so with that said, you can expect that letter when we reestablish exactly who's who on the task force from each of the agencies. And in that same letter, we will actually establish the date at the next meeting, which Maria, as you know, by statute and by White House Directive, she is actually the chair of the meeting -- not me. I've just been in the caretaker role. So she will chair that. That next meeting will be on the calendar there.

CAPT. BALZANO: When do you anticipate this letter, just so I can keep an eye out?

MR. JEPPSON: So we'll do that within the next two weeks. The next two weeks we expect to see that out, and we'll establish the date. And, so, we'll ask for the names to be reconfirmed here by then, and then she will chair that next meeting. Okay. A couple of
administrative things. We'll be more proactive in the future on getting those dates, and we'll also try and establish in conjunction with that letter a list of dates between now and the end of the year. I know we caught one or two people by short notice.

For example, we had been sending the e-mail to Don Graves, assuming he was still the same, the representative. He did move up a slot to Assistant Secretary. We assumed she'd be there, when it should have been Jessica Milano, who is now the DASD there. So just a couple of errors on our part, so we want to readdress that, make sure that we have got the right people and it's on your calendar in a timely fashion.

And then in the future, too, we'll actually make a call for slides so that you can have your talking points, and we'll make sure that we have them projected in the future. And we'll also -- again, we did not get a lot of feedback on the agenda on topics covered or you wanted to cover on there. So I would ask it in the future, you know, kind of keep that in the back of your mind. We'll make a call for topics you want us to discuss on that.
So, with that, we'll open it up for public comment here as our last event. So, with that, the floor is yours for public comment. If you would just state your name and where you're from, and what your question is. So the time is right now it's 11:00. And so I don't see the need to spend an entire hour at this, but we do want to have a fruitful conversation. So we'll take what time we need.

VI. Public Comment, Constructive Suggestions and Discussions.

MR. GOLDSCHMITT: Marc Goldschmitt, Goldschmitt and Associates. As I've listened to some of the comments this morning, I think what Capt. Balzano and the issue of commercialization with Matt and Rhett in terms of things like Sharp Tank, I've begun to get some inquiries from companies that are better than service disabled veteran-owned companies that have been in the commercial space or been through incubator programs, and that can be by extension some of the folks looking for venture capital, angel capital, other conventional means of getting capital. As they go through there, they're finding that they may
not meet all the criteria necessary to be designated as a service-disabled veteran or a veteran-owned small business to compete for government programs.

So, as we move forward with some of the stuff, the redo of 38.74 and other initiatives, make sure that there is either a communication when you do the Sharp Tank type thing so that the agreements these people have to write and agreement come to -- if I've got to give up ownership for some other piece -- that that's consistent. They know what the rules are if they want to now compete for set-aside businesses within those agreements; or the folks writing those agreements need to know the other side of that so that they can put the appropriate language in the agreements and not lock-out some of these guys from being able to compete in the marketplace.

Another area where I'm seeing that is the area franchises of what you have to give up. I know that there's been some discussion. I'm not up to date on what it all is, but these guys are going through the program. They're saying why can't I do business with the government. And I don't necessarily have the
answers for that. There may be answers or there may be questions we have to ask way down stream.

MR. JEPPSON: Okay. Appreciate those comments. Any questions about that? Okay. Thanks, Marc.

MS. BAILEY: Shirley Bailey. I would like to bring up a discussion on another barrier to SDVs. Right now with the reauthorization of the Transportation Act, if you scale down into the 80 billion side of it of the surface on transportation program, there is no inclusion for service disabled vets or hub zone companies. At this point it's limited to only women-owned and minority businesses. So, basically as part of we're looking at a coalition between the veteran community and the hub zone community to pursue congressional legislative change to try to get those two added through the new reauthorization bill.

So as of this point, SDVs are totally excluded from participating in all this infrastructure type of contracts. So with all of the emphasis on the Grow America Act that's going forward and the infrastructure
rebuild, we want to make sure that the vets are included in that as a potential for the set aside.

MR. JEPPSON: So let me just ask a question on that. Is that the money that goes to the states and then it's re --

MS. BAILEY: Right, right. And the definition that they use for DBEs actually excludes service disabled.

MR. JEPPSON: So DBEs, that's the California term for --

MS. BAILEY: Well that's what it actually uses in the law, too, so.

MR. JEPPSON: For?

MS. BAILEY: For the transportation program.

MR. JEPPSON: Not the SDOSBs?

MS. BAILEY: No, it doesn't even have those. They're not even included. And the thought is that this was put into place before those two programs were actually instituted. So the time now with the reauthorization is to get those included so that they aren't excluded from those contracting, small potential set-aside.
MR. JEPPSON: Okay.

MR. BLUM: That's grant money. Is that right?

MS. BAILEY: No, not grant money. It's funded. So, basically, right now, the Hub Zone council, and we're working with the veteran community as well to put out these congressional pitches. We have some white papers already to discuss that, and we'd be happy to discuss that in a further session.

MR. BLUM: Can you share the white paper with the task force?

MS. BAILEY: Hmm-hmm. Absolutely.

MR. JEPPSON: Okay.

MR. MACDONALD: That's federal money that goes to the state and the state spends it? And it's not a grant?

MS. BAILEY: No. It's not a grant. It's not a grant. So, you know. There's a lot of technicalities about how that actually flows down. But at this point in time, you know, the veteran community is totally excluded from that money. And the estimated value is like $80 billion. So it's a significant share in the pot.
MR. JEPPSON: Okay. Shirley, if you could leave your card with us, that would be great, your contact information.

MR. BLUM: Yeah. Because normally when I think of the transportation, it got me interested, but it usually is moneys through grants to individual states --

MS. BAILEY: Right, grants to states.

MR. BLUM: -- for their transportation projects, which they do have programs, but they're not on -- at least federal government --

MS. BAILEY: Right. These are not the grants.

MR. BLUM: Okay, but interesting omnibus.

MR. JEPPSON: Okay. All right. Other questions? Joe?

MR. WYNN: I have a couple of comments. Joe Wynn, VET-Force. One, I just want to mention that the proposed legislation that VET-Force and many of the other veteran organizations had been supporting, H.R. 2882, which proposed to move the VA verification process from VA to have SBA do it, language from that legislation was included in the MDAA, which passed the
House. So we're now talking to some of the Senators or will be talking to some of the Senators there.

Already, some Senators who supported, there's one in particular, who would prefer if this is going to be moved, and rather than it be limited to just having SBA verify for the VA, that it be made federal-wide that they verify for all federal agencies. So that's kind of the point of contention right now, whether to just limit it to have an SBA-verify for the VA or for all federal agencies.

MR. JEPPSON: So, in essence, this is what you're saying is that if what the VA was proposing to assist it, it would be a single process administered by SBA applicable to all federal agencies.

MR. WYNN: Yes.

MR. JEPPSON: So it's one part of entry, one application, one approval process applies to all federal agencies.

MR. WYNN: Right.

MR. JEPPSON: Okay.

MR. WYNN: And, which now you know Tom Leney – - I don't know if he's still on the phone -- but had
mentioned that they were submitting changes to the regulations for the VA. Some of those changes would actually call for changes in the language that already exist within the language under SBA. So we're not sure how much confusion or controversy that's going to bring up. So obviously there will have to be some discussion with regard to that.

Also, I just wanted to mention too with regard to the meetings here at the Interagency Task Force that there's still seemingly very limited public disclosure. I know it's always posted in the Federal Register, but as you can see, the participation among the public is continuing to decline. I mean, you know, some of us who've made comments since it started three years ago, and it's just continuing to decline. So if Interagency Task Force is really intent on continuing its mission, it would be -- you know -- hopeful, delightful to see more of the public, the veteran business owners are made aware of it and participate, provide feedback and so forth, exchange of information and ideas from the veteran business community.

MR. JEPPSON: I will -- I will just talk to
that. I mean it is a bit of frustration. You have the
meeting and, you know, sometimes our participation
levels aren't at the level we'd like. I appreciate all
of you who are here, but also, you know, from the
audience side. So anything you can do to help, we
would certainly welcome that, Joe, from VET-Force to
help public awareness there. So, because we do just
two things. We do publish it and then we do send it
out. We have a list of all the VSOs and it gets e-
mailed out as soon as we get the Federal Register
announcement. It goes to every VSO that we have on
file.

MR. WYNN: Well and I did get the e-mail from
Cheryl, and I sent it out through our notice. But, I
don't know. Maybe we've just got to reinvigorate the
community without the interest level.

MR. JEPPSON: Okay.

MR. WYNN: And which brings me to my last
point, which is maybe we need to reemphasize what is
the mission. What was the intended mission of this
interagency task force, because we're going around. We
have -- we have, you know, the SBA veterans advisory
committee. We have our group that meets once a month. We have several other groups around town that meet and we have people coming in from different agencies. And they provide -- you know -- information about what's happening within their agencies.

So what's the distinguishing difference here about the Interagency Task Force where, you know, as it compares to some of these other groups? It's just talking about what happened, you know, last month at the agency. This Interagency Task Force had a real, specific intended purpose when the Executive Order called for it to be convened. And, you know, so maybe that may have something to do too with why the veterans business community has seemingly maybe lost some interest. So, you know. And I know that, you know, Marie Johns was the original chair of the task force and going forward. You know. I guess the new deputy will be taking over. Did you mention that?

MR. JEPPSON: No. We don't have a deputy yet.

MR. WYNN: Not yet, right? But I mean coming in.

MR. JEPPSON: We don't even have it
compensated yet, but by the end of the original charter, in the charter and by statute, it's the administrator who's the named chair. I will not pretend to tell you that she will attend every one, but we will have her here for the next one to chair that. And we will also have the membership squared away.

But, obviously, Joe, I think those are really great points. I appreciate your bringing those up, and I will tell you that we'll take any help we can get from you and the folks in your organization to help build awareness of when this is and be here. You know. We always make a call to and are always welcome to any announcements or presentations you've got. We'd like to have those for consideration. We'll try to include as many as we can.

MR. WYNN: And my final comment. There was the annual report that I think was due at some point. Did you all already mention what the status of the annual report, you know, the one that's supposed to be submitted to the President each year?

VII. CLOSING COMMENTS/QUESTIONS

MR. JEPPSON: Right. So, and that report's
signed out by the administrator. So then when we have
the administrator here, because we did have that gap,
it's going through its final stages of check against,
so that she can sign it out here. But we do have a
holdup with one agency, which has been raised up to a
pretty high level right now, so. Okay. Other
questions or comments, concerns?

(No response.)

MR. JEPPSON: All right. I want to again
thank everybody for being here. Look. We're done a
little bit early today, which I think it brought us all
some time back. So thanks again for being here.

I appreciate it all and look forward to seeing
you in a couple of months.

(The meeting was concluded at 11:10 a.m.)