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ADVISORY COMMITTEE
ON VETERANS BUSINESS AFFAIRS

PUBLIC MEETING

WEDNESDAY, SEPTEMBER 9, 2015
9:00 a.m.

UNITED STATES SMALL BUSINESS ADMINISTRATION
409 THIRD STREET, S.W.
CONFERENCE ROOM B
WASHINGTON, DC 20416

P R O C E E D I N G S

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3 CHAIRMAN FIELDER: This is Ed Fielder,
4 chairman of the committee. We are going to call
5 the meeting to order. Before I make my opening
6 remarks, could we get a roll call of those on
7 the phone, please.

8 MS. BULLARD-MARSHALL: Maggie
9 Bullard-Marshall with Aldevra.

10 CHAIRMAN FIELDER: Could you spell the
11 last name, please.

12 MS. BULLARD-MARSHALL: B U L L A R D,
13 hyphen, M A R S H A L L.

14 CHAIRMAN FIELDER: Okay. Who else is
15 on the phone?

16 MR. MOROSKY: Alex Morosky with the
17 Veterans of Foreign Wars.

18 CHAIRMAN FIELDER: Thank you. Do you
19 need the spelling on that? Need a spelling on
20 the last name.

21 MR. MOROSKY: M O R O S K Y, as in
22 Yankee.

23 CHAIRMAN FIELDER: For those that are
24 on the phone, there's a recorder and the minutes
25 are transcribed. Anyone else on the phone?

1 MR. HUBBARD: Hi, Ms. Will Hubbard with
2 Student Veterans of America.

3 CHAIRMAN FIELDER: Spelling on the last
4 name?

5 MR. HUBBARD: H U B B A R D.

6 CHAIRMAN FIELDER: I was going to guess
7 that. All right, thank you. Welcome those on
8 the phone.

9 Here within the room is the committee
10 together. Before I make introductory remarks,
11 Stephen Libonate and Ken Quaglio, due to a
12 family emergency and a business emergency, are
13 not able to be with us today. I believe they're
14 going to join us later by phone. We have -- and
15 then Robert Bailey, who was a member of the
16 committee for almost two years, I think that's
17 correct, his business has become so challenging
18 that he asked to drop off, although he's still
19 committed to everything that we are involved in
20 in veterans affairs, in the larger sense, but he
21 will be dropping off the committee effective
22 today.

23 We have two new members and I'm going
24 to ask them to introduce themselves, but Rich
25 McAdams just so happened to be in town when we

1 had our last meeting and so he came over and
2 introduced himself to the committee, but he has
3 not been formally introduced to the larger group
4 yet. And then we have Michael Zacchea, who this
5 is his first meeting.

6 So, Rich, if you would just introduce
7 yourself.

8 MR. McADAMS: I am Rich McAdams, I live
9 in Huntsville, Alabama, I am the president of
10 Engenius Consulting Group, a small business that
11 does IT services, primarily for the Federal
12 Government. I am a second generation Army
13 combat veteran, my dad served tours in Vietnam
14 and Korea. I am technically an Army brat, I say
15 technically because I was six when dad retired.
16 My sister got the full-blown nine schools in 13
17 years experience, which I missed.

18 Serving veterans is important to me,
19 that's why I've stayed in the industry that I'm
20 in. What we do is somewhat removed from
21 soldiers, but at the end of the day, it still
22 helps warfighters win and come home.

23 MR. ZACCHEA: Good morning, my name is
24 Mike Zacchea, I am a combat wounded medically
25 retired Marine lieutenant colonel. I spent a

1 couple of years in a medical holding unit
2 recovering from my wounds.

3 I went to UCONN to get an MBA to
4 re-integrate into civilian life, and that is
5 where I started the UCONN Entrepreneur Bootcamp
6 for Veterans With Disabilities. We're in our
7 sixth year now. We've had 110 veterans have
8 graduated, we've started 90 businesses.

9 In addition, I started the Connecticut
10 Veterans Chamber of Commerce, we represent more
11 than 42,000 veteran-owned businesses in the
12 state that produce about \$20 billion worth of
13 state product. I also started an organization
14 called The Military and Veterans Support
15 Committee, which is an organization -- at the
16 time when we started it was about 15
17 corporations, but now it's about 80 major
18 employers in the state of Connecticut
19 representing about 30,000 veterans who are in
20 the workforce, and I'm very, very committed to
21 the cause of veterans business ownership,
22 particularly when it comes to re-integration
23 from the current wars. Thanks.

24 CHAIRMAN FIELDER: Thank you, Mike and
25 Rich. Just to sort of set the stage for today's

1 activities, we're going to have a half a day of
2 public activities wrapping up the topics that we
3 chose almost 18 months ago to address over the
4 last fiscal year, and once that's concluded,
5 we're going to go into a private session where
6 we're going to start working on digesting
7 everything we learned and turning that around
8 into a report that we would then provide to SBA
9 and Congress and the President and hopefully
10 prior to Thanksgiving, if we can pull that off.
11 But that will be our activities today.

12 I think just to talk a little bit about
13 our journey, and I think I'll actually cover
14 this because there's always new people joining
15 us either in the gallery or on the phone, or are
16 here in the committee, and so I think it's
17 important to carry this message, and that's the
18 committee has revitalized itself over the last
19 18 to 20 months, and we maybe purposefully
20 designed ourself and looked forward in the sense
21 of going out to gain information on very
22 specific agenda items, and I think we've done
23 that successfully. We've had three and a
24 half -- at the end of today, we'll have had
25 three and a half hearing days, if you will, and

1 I think we've come up with some meaningful
2 information that will turn into meaningful
3 reports and meaningful recommendations.

4 With that said, that concludes my
5 opening remarks and I will turn it over to Barb.

6 MS. CARSON: Thank you, Ed, and good
7 morning, and those of you on the phone, thanks
8 for joining us. On behalf of our SBA
9 administrator, Maria Contreras-Sweet, I welcome
10 you here and thank you for the work that you
11 have done over this past year.

12 Normally, by statute, we do meet three
13 times per year, I'm very proud that we have been
14 able to come together four times. There's a lot
15 of work to be done and this has been a very
16 engaging group to do that work with, and I look
17 forward to your recommendations and your
18 assessment of how we are doing for veterans
19 small business owners.

20 I did want to, for those who have
21 joined us on the phone, go around the room real
22 quick and say who else is in the room with us,
23 today, the other members. You've heard from our
24 newest, Mr. McAdams and Mr. Zacchea, but I would
25 like you to hear who else is here.

1 And also for those who are here
2 physically, there is construction in the
3 building today, you're not in danger, for those
4 of you on the phone, it feels like there's a
5 giant that is about to descend on us, but it is
6 pile-driving next door, and it will hopefully
7 cease, but my hopes are not high.

8 So, I'm going to start with
9 Ms. Roth-Douquet on the end, please, if you will
10 do a quick intro.

11 MS. ROTH-DOUQUET: Okay, Kathy
12 Roth-Douquet, CEO and founder of Blue Star
13 Families, representing the current military and
14 military spouses for the board.

15 MR. PHIPPS: Michael Phipps, managing
16 director of The Millennium Group, current
17 advisory member.

18 MR. O'FARRELL: Jim O'Farrell,
19 president and COO of AMSG, current advisory
20 board member.

21 MR. LEGHORN: Davy Leghorn with the
22 American Legion.

23 MS. ULSES: Marcie Ulses with the
24 SDVOSB Council.

25 CHAIRMAN FIELDER: Ed Fielder,

1 principal at Fielder's Choice Consulting,
2 chairman.

3 MS. CARSON: And we are back to me, it
4 is Barb Carson, Veterans Business Development
5 for SBA, and around the table?

6 MR. MUELLER: I'm Kurt Mueller, I am a
7 current board member, I am now the president of
8 the Atlanta Vietnam Veterans Business
9 Association, was a small business owner prior to
10 that and was revetted as a veterans service
11 organization. And it's good to be back.

12 MR. AUMENT: Good morning, I'm Ron
13 Aument, I am a veteran small business owner,
14 Duty First Consulting, and we are in the
15 Washington area with the federal professional
16 services practice.

17 MS. CARSON: We do -- many of you have
18 the printed agenda in front of you, we are going
19 to make a minor modification. Before I give you
20 updates on all that SBA and our office in
21 particular have -- what we've been working on
22 since we last met, I'm going to turn it over to
23 the director of Veteran Programs in our office,
24 Craig Heilman. He's going to give us an
25 overview of a gap analysis study that we are

1 currently wrapping up to address what is being
2 done for veteran entrepreneurs right now across
3 various sectors within the Federal Government,
4 academia and business owners themselves. What
5 are the needs and what is the greatest need and
6 where should we be directing our efforts. It
7 should be complementary to the work that this
8 group, this body, is doing, and perhaps will be
9 helpful to you as you write a report going
10 forward.

11 For now, since it is not completed, I
12 want to give you a status update and that's what
13 Craig is going to do for us this morning.

14 MR. HEILMAN: Hi, good morning. As
15 Barb mentioned, Craig Heilman, director of
16 programs here at SBA and it's great to see you
17 all again here and appreciate very much the work
18 that you do, and along that line, you know, we
19 have been doing some work that we think will
20 inform your work as you go forward and come up
21 with recommendations to help us all do better on
22 our mission to empower veteran entrepreneurship
23 and do the best that we can for all of our
24 veteran small business owners.

25 And, so, you know, as those of you who

1 know us well know, we've been pretty busy and
2 dedicated to this mission for quite some time,
3 but we are small, so, you know, we don't have
4 the legions of consultants sometimes that maybe
5 DOD or VA or some of the other folks have, and
6 so we miss some things along the way for sure,
7 and that's a lot of what we rely on your advice
8 and counsel to help us with.

9 So, in June, we, recognizing that we
10 have a lot of strategic initiatives that were
11 well under way, we had new programs, we've got
12 some new funding, we've been doing a lot of
13 great things across a range of our missionaries,
14 whether it be on the program side or on the
15 policy side or on the ombudsman side. You know,
16 with the proliferation of need, as well as
17 service organizations, et cetera, to address
18 that need, we felt it was time to go out and
19 take a look across the landscape and see, you
20 know, what was out there to inform our strategic
21 thinking and planning, and find where the gaps
22 were.

23 And, so, we commissioned a gap
24 analysis, kind of a short-term high energy sort
25 of look at all of this to come back to us with a

1 report on what's out there, but more than that,
2 specifically talking about those gaps and some
3 recommendations on what we ought to consider
4 doing about them.

5 So, see what we've got here. Are you
6 able to go back? Thanks.

7 So, this team that we put together was
8 we wanted some experts, we wanted folks that
9 could really have the experience that weren't
10 looking at this freshly, you know, to see what
11 rocks to turn over, and so that included some
12 veteran business owners, it included folks that
13 had government program experience, including a
14 former OSDBU. It included folks with expertise
15 in academic research, as well as corporate
16 market research, and one of those that was on
17 this team you know very well because he's here
18 with us today, Michael Phipps provided a lot of
19 leadership to this effort. I was pointing at
20 you over there, but you're over there. Hi,
21 Mike. So, they'll probably chime in here with
22 some more details as we go forward.

23 We said, hey, we want you to look at
24 all the sectors that are kind of active, so it
25 includes what's going on in the academic sector

1 in terms of research and whether it be general
2 entrepreneurship, hopefully veteran-specific,
3 but recognizing that there's a lot of overlap in
4 that in terms of what our academic institutions
5 are looking at, what's going on in the corporate
6 world, what's going on generally from a
7 philanthropic perspective, you know, what
8 corporations are out there that are trying to
9 help our veteran business owners, but then also
10 from a business perspective and things that they
11 might be doing in employment or other areas that
12 would be relevant. Certainly what's going on in
13 government, right? You know, awareness of what
14 obviously SBA is doing, but then what other
15 agencies are doing and how that fits in, and
16 then just kind of the other nonprofit,
17 noncorporate and all the veteran service
18 organizations.

19 So, and then to take the point of view
20 of kind of the government program developer, our
21 policymaker, right, because obviously we want to
22 use these recommendations and we want it to be
23 something that we can act on, but not lose the
24 perspective of the veteran business owner and
25 kind of the ultimate customer, you know, and

1 where is the intersection of that.

2 And we said, please, you know, go out
3 there, collect the information, you know,
4 analyze that information and come up with the
5 right framework for processing it into something
6 that's actionable that we can really take and
7 run with. And there was a scope limitation
8 because we recognized we were asking a lot and
9 period of performance was small, but we knew we
10 had a team that had the experience to do it, and
11 certainly the motivation. We said, tell us what
12 to do kind of, but the how to do it we recognize
13 is a little bit hard to be able to know, because
14 there's a lot of internal dynamics to that and
15 certainly some of that is kind of, you know, the
16 inside government stuff that we weren't sure it
17 was fair to ask them to tell us exactly how to
18 do it, but certainly what to do was within
19 scope.

20 And that yielded really six primary
21 recommendations and there's a lot of
22 sub-recommendations, I mean, there's a lot
23 there, and the entirety of the report is about
24 302 pages, and Mike can speak to that very well,
25 and so we have been digesting that, and what we

1 intend to do with it is to provide it to you
2 all.

3 We have a little bit more work to do
4 just to finalize a few things and clear it for
5 release so that we can give the whole thing to
6 you. That's been our intention. Again, we
7 think it will inform your work particularly as
8 you go out to write your own report and you may
9 find some of this, you know, informative,
10 compelling and useful as you do that.

11 So, I'm going to touch briefly on what
12 those recommendations were, kind of at a high
13 level, keeping in mind there's a lot behind what
14 that recommendation says at the surface.
15 There's the methodology that was used to derive
16 them and kind of get inside the thinking of the
17 team that did the gap analysis, and then I will
18 turn it over to Mike in case he wants to add on
19 to some of this, tell you what the next steps
20 are from our perspective, and then if there's
21 time for discussion, et cetera.

22 So, starting, the six recommendations,
23 and the first one not a surprise here maybe, but
24 we still, this gap analysis team says we need to
25 reduce our identified capital access barriers

1 that are still out there, what category is that
2 in? Well, we did say, hey, we are SBA, right,
3 so we do have a mission set of capital
4 counseling and contracting, and -- Ed? Oh, I
5 wasn't sure if you wanted me to move faster.
6 Okay.

7 So, capital contracting --

8 CHAIRMAN FIELDER: The noise beneath us
9 again.

10 MR. HEILMAN: Right, right, see I used
11 to live on a ship a long time, so I just find
12 this to be helpful with productivity, the more
13 noise the better, I can concentrate.

14 So, capital contracting was certainly
15 what we thought would be -- you know, what we
16 wanted to hear about those things and then if
17 there was other places we needed to go, we want
18 to hear about that, too, but this first
19 recommendation, of course, is in the capital,
20 and it encompassed both, we also said, well hey,
21 tell us if it's kind of policy, right, or if
22 it's program, or if it's policy that's got to
23 enable program, right? Let's try to, because
24 again, we do operate in those different -- those
25 different buckets and sometimes there are

1 different capabilities and approaches that we've
2 got to take.

3 So, capital. It's policy development,
4 but it would also involve outreach, and so they
5 came back and said, there are a few things out
6 there that we think are probably good and you
7 ought to keep doing or support. You know,
8 there's some pending legislation on GI Bill,
9 that sounds like a good thing, U.S. SBA probably
10 ought to be supporting that if you're not.
11 Continued fee relief, you know, it was made law
12 that we were going to keep our fee relief, you
13 know, permanent, at least at a part of the
14 portfolio, not quite for the whole portfolio,
15 we're still doing that from an administrative
16 perspective, but we should be doing that.

17 We should be looking at microlending as
18 somewhere where we might be able to increase
19 activity and support, and there was a big
20 financial literacy component to this
21 recommendation around helping veteran business
22 owners understand or have what they were calling
23 capital awareness around different phases of the
24 business life cycle, the kinds of capital that
25 are applicable of those different phases, you

1 know, how do you approach it and how do you
2 expand your network so that those things are
3 approachable.

4 So, that is all in there. And then
5 there was a piece of it that was about tax
6 policy, and what could SBA as a government
7 agency do to influence tax policy to help
8 investors have incentive that may not otherwise,
9 and you start thinking about some of the
10 institutional sides, you know, your angels and
11 VCs and folks like that that might stumble upon
12 veteran-owned companies every once in a while,
13 but maybe aren't actively engaged in that and
14 could be if there was some favorable tax policy
15 that was in there.

16 And then there was a piece around a
17 tool that would maybe facilitate a lot of this.
18 So, that's number one.

19 Number two on the contracting side was
20 about something that, you know, we talk a lot
21 about and have worked a lot about over the
22 years, but it was to strengthen the SDVOSB
23 setaside, particularly at the sole source
24 component of that, that the gap team viewed as
25 restrictive and that there should be change such

1 that it would have the SDVOSB would have the
2 same sole source opportunities that 8(a)s
3 currently have, and that would be, you know,
4 changing the FAR to do that, and it would be
5 accompanied by training and outreach for the
6 contracting officers out there, even without any
7 change, more that was a big part of this, that
8 there needed to be more standardization around
9 how the OSDBUs and/or contracting officers were
10 approaching that, that they needed to have
11 better training, et cetera.

12 And that leads into number three around
13 establishing resource standards for the OSDBUs,
14 how does SBA go out and make sure --

15 MR. CLARK: May I ask a question?
16 Excuse me. I wanted to slow you down for a
17 moment.

18 MR. HEILMAN: That's hard to do.

19 MR. CLARK: I know, I know. Major
20 Clark, Office of Advocacy. Interested in number
21 two, and you're saying amend the FAR, but
22 there's nothing -- okay, you're saying amend the
23 FAR, but there is nothing there that talks about
24 the legislative need to actually put that in
25 place. So, it's not just amending the FAR, it's

1 a requirement that Congress is actually going to
2 have to put that in place in some legislative
3 context.

4 So, I just wanted you to be aware of
5 that as you kind of talk about that as a
6 recommendation. And I don't know whether or not
7 your report, your gap report actually uncovered
8 that in terms of -- in terms of the study that
9 was done.

10 MR. HEILMAN: So, thank you, Major
11 Clark, and yes, absolutely it does, and I
12 appreciate you pointing that out and I want to
13 just point out to everybody, this is a very
14 high-level summary of a 302-page report. So,
15 amend the FAR, loosely, yeah, that would require
16 legislation that you're not going to just go
17 amend the FAR. So, that's in there, and so take
18 this as a summary and not the detailed level of
19 it. So, thank you.

20 Number three, establish resource
21 standards for the OSDBUs, again, in the
22 contracting bucket, and that's kind of a program
23 development initiative and it's got a compliance
24 flavor to it, such that, you know, the things
25 that were on web sites that were providing

1 information that needed to be out there, the
2 procurement forecasts and how those are
3 published and updated over time, all the things
4 at that intersection of OSDBU and marketplace
5 for our veteran businesses and how does SBA get
6 more engaged in standards around that.

7 MS. BULLARD-MARSHALL: Hi, I'm sorry to
8 interrupt, can someone please come downstairs
9 and get me? Hello?

10 MR. HEILMAN: On the way.

11 MS. BULLARD-MARSHALL: Okay, thank you.

12 MR. HEILMAN: Sure. Can I have the
13 next slide.

14 So, again, in the contracting bucket,
15 last one in the contracting bucket was
16 verification, again, something that talked about
17 a lot, both here and in other bodies, and it's
18 contracting policy, but it's also program
19 development, and that the gap team was pointing
20 out that what's emerging from SBA on the
21 woman-owned small business side might be a model
22 that we should look at. And that, you know, the
23 confusion in the marketplace around this
24 persists and that there probably needs to be a
25 verification process, system, program, policy,

1 all of it out there that SBA would administer
2 that goes beyond what currently exists today.

3 Five, now we're moving out of
4 contracting and more into the counseling, and
5 this kind of takes us a little bit into what was
6 uncovered in the academic area. So, the team
7 that looked at the academic literature as well
8 as the programs that existed in higher ed or
9 academic institutions that were serving our vet
10 business owners thought there was all kinds of
11 opportunity for us to do more and to partner
12 more. They thought it was particularly
13 interesting all the cross-disciplinary
14 entrepreneurship education that's come into that
15 domain over recent years, such that it wasn't
16 just the traditional business schools, but if
17 you were a psychology major, but you had an
18 entrepreneurship interest, and that by engaging
19 in more partnerships in this domain, not only
20 could we potentially reach more business or
21 veterans that are maybe on campus, or associated
22 or in that ecosystem somehow, but that we could
23 also inspire, incentivize, catalyze more
24 research that was veteran entrepreneur specific
25 with the recognition that there's not a lot out

1 there that is.

2 And, you know, some understanding but
3 maybe not a total understanding of where the
4 intersection is between the entrepreneur at
5 large and the veteran entrepreneur and the
6 unique challenges and/or capabilities that that
7 veteran business owner, veteran entrepreneur is
8 bringing.

9 And so they looked at funding, and
10 again, one of the things about this report that
11 I think the committee will find interesting is
12 just the breadth of things that are out there,
13 and kind of putting that all in one place,
14 whether it's stuff that Kauffman is doing or
15 stuff that's coming out of the -- there's
16 another entrepreneurship education council, I
17 forget the exact acronym, you know, the things
18 that we already know well about, right, the
19 programs that we're engaged in the
20 entrepreneurship bootcamp for visibility -- you
21 know, with disabilities, things we do with IVMF,
22 et cetera.

23 So, that was the next one. And the
24 last kind of high-level summary recommendation
25 was kind of the master roadmap, right? You

1 know, it's all out there, it's everywhere, and
2 while that right resource is out there, your
3 likelihood of finding it as a veteran business
4 owner, whether you're a new business owner or
5 one that's been around the marketplace for a
6 long time, you know, is probably limited, or the
7 cost benefit of spending the time to find it
8 would keep you from pursuing those resources.
9 And, if you were to find that resource, the
10 ability to evaluate it at least before you
11 engage firsthand and spend the time and energy
12 to utilize it isn't out there.

13 So, this included a lot of things that
14 I've only at a high-level summarized here, but
15 that there's a resource library to begin with,
16 right, so the directory, and that then that that
17 library categorizes it, right, whether it's by
18 life cycle of the business or the type of, you
19 know, the functional type of support that you're
20 going to get or how it is relevant to a specific
21 industry. All kinds of different ways to
22 segment and categorize that resource library.

23 And then the rating piece, and there
24 was some interesting ideas in there around, you
25 know, kind of the open source rating systems

1 that exist in the marketplace, whether it's Yelp
2 or TripAdvisor, all these things allow
3 everybody to comment and come up with a
4 consensus view of, hey, you can go utilize this
5 resource, this was my experience, and here's how
6 many stars it gets. So, that was a piece of
7 that.

8 And going beyond the -- and going
9 beyond the library, the rating, the standardized
10 performance metrics, because -- and this was a
11 long discussion on incubators and accelerators
12 of which there's over a thousand now, I believe,
13 and the team talked to a researcher that really
14 had specialized in that as a career, modeling,
15 evaluating, if incubators are successful and
16 why, and the bottom line there being there's not
17 a lot of hard metrics on and that that can
18 extend beyond just incubators and accelerators,
19 that this needs to include metrics.

20 And then, beyond that, how does SBA or
21 SBA and its partners and/or another actor of
22 some sort in the private sector create a case
23 management process or case management approach
24 to taking that veteran business owner through
25 the life cycle, matching up to the resources,

1 making sure that it's effective, et cetera.

2 So, if I have the next slide, I'm just
3 going to tell you, so the next steps here, you
4 know, we're looking at the final review, we're
5 going back with the team on a couple of small
6 changes, and then our intention is to release
7 that broadly, certainly to this committee first,
8 and we are going to evaluate, obviously
9 internally, with our own planning process, what
10 we think the feasibility of some of these
11 recommendations are on what kind of a timeline,
12 what kind of a funding paradigm.

13 And then we're really looking forward
14 to hearing your opinions on all of those same
15 things and getting your feedback. And then
16 we'll integrate those into our plans, you know,
17 wherever those intersections are between biggest
18 need in the marketplace, biggest bang for
19 government dollar, and ability to be effective,
20 and we'll move forward from there.

21 So, that was all I was going to say, I
22 want to turn it over to Mike and see if you want
23 to add any words.

24 MR. PHIPPS: You obviously read, it's
25 actually 402 pages, if you put it all together.

1 MR. HEILMAN: I shorted you 100 pages?
2 You know, I didn't read all the appendices.

3 MR. PHIPPS: You summarized it
4 perfectly.

5 MR. McADAMS: I do have a question, if
6 this is an appropriate time, about what's your
7 sense on the likelihood of getting SDVOSB the
8 same status as 8(a)? That's been talked about
9 for years. And it just doesn't seem like
10 there's been the --

11 MR. PHIPPS: It needs to be the
12 commitment from the SBA and from all -- and from
13 other actors to just go full force on it. There
14 were a number of issues that happened in the
15 original setaside. It's doable. It's
16 absolutely doable.

17 MR. McADAMS: Is that something SBA can
18 just do, or does that require legislation,
19 doesn't it?

20 MR. PHIPPS: No. No, it requires --
21 it's a process. SBA probably knows the process
22 better than anybody, but --

23 MS. CARSON: We also have -- this is
24 Barb. This is Barb Carson. We will have Ken
25 Dodds join us today on some of the likelihood of

1 these -- some of these things in that arena, but
2 again, I would bring back to Major's comment
3 that there are things at SBA that we cannot
4 enact, but this advisory committee, you do
5 report to Congress and the President, and so we
6 do our best to inform you so that we can take
7 action where appropriate in our lane, but there
8 is a chance to inform others who have other ways
9 to effect change in this veteran
10 entrepreneurship and military family business
11 ownership arena.

12 CHAIRMAN FIELDER: Rich, that's an
13 excellent opportunity to, as we go into
14 developing our agenda for next year, that
15 possibly plausibly could be an agenda item that
16 we take a deeper dive and look at.

17 MS. BULLARD-MARSHALL: Hi, sorry. I
18 was just going to remind you that SDVOSBs can
19 apply for 8(a). I'm Maggie Bullard-Marshall,
20 hi, I was on the phone, now I'm in person.

21 MS. CARSON: Great.

22 MS. BULLARD-MARSHALL: So, I mean, that
23 is definitely an option to consider.

24 MR. McADAMS: But that's only if the
25 principal owner qualifies as an 8(a).

1 CHAIRMAN FIELDER: That is incorrect,
2 the 8(a) program is actually an economically
3 disadvantaged and there's been some folks that
4 did come to talk to us earlier this year, Rich,
5 you would have missed that by one meeting, but
6 they talked about the fact that if one could
7 then possibly, plausibly I think might be a
8 better word, plausibly build a case that the
9 veteran was, because of their service-disabled
10 handicaps, and because of their handicaps
11 related economically to having been out of the
12 workforce for 20 or 30 years, one could argue
13 that that might be an economic disadvantage.

14 We were not aware, nor did the person
15 that gave us that presentation give us a case
16 where that would happen. We thought that maybe
17 someone should be motivated or pushed in that
18 direction just to sort of do a trial to see how
19 that might work. And I think there was, and if
20 I misstate this, someone correct me, but I think
21 service-disabled vet historically as in a decade
22 or more ago did, in fact, qualify for 8(a), and
23 it had changed since then. So, there was some
24 precedence that we were brought notice of in the
25 sense of that it was there.

1 MR. PHIPPS: This is Michael Phipps. A
2 lot of what we see back from the veteran is not
3 I want to be included in the 8(a), they consider
4 their benefit an earned benefit and it should
5 not be classified with the 8(a), and that is
6 something special and unique to the veteran, and
7 they should be recognized for that.

8 MR. HEILMAN: One quick thing, just to
9 remind the group here that this -- you're the
10 first body that we've socialized this with, and
11 so when Ken Dodds comes, et cetera, they would
12 not have seen this at all, and so just keep that
13 in mind and, you know, this came in on August
14 the 31st, and then we're working to get it to
15 you as quickly as we can.

16 And, so, to the extent that I hope
17 there's great discussion here, I unfortunately
18 have to leave, but you're in good hands with
19 Mike and Barb to continue on with any questions
20 you have on that, I just want to throw that out
21 that you are the only ones who have seen these
22 recommendations at this point.

23 MS. ROTH-DOUQUET: I'm not sure if we
24 want to discuss this a little bit more now, is
25 there time to do that?

1 CHAIRMAN FIELDER: Yes.

2 MS. ROTH-DOUQUET: Just two things I
3 wanted to bring up. One on the access to
4 capital with small business, and when Blue Star
5 Families works with IVMF, it's as important for
6 us to help people decide when they shouldn't be
7 a small business owner as when they should, and
8 increasing access to capital in all cases isn't
9 always good, right, we want to make sure we're
10 actually enabling companies that can succeed and
11 will succeed as opposed to hurting people,
12 possibly, and hurting situations by making
13 capital easier without having it vetted.

14 So, I just want to make sure that
15 that's not seen as an unadulterated good, but
16 that we really do want to help people decide
17 when they're -- when they're a good risk and
18 when they're not a good risk and so that
19 that's -- the goal isn't to increase small --
20 small business ownership among veterans and
21 military spouses, period, it's to find the right
22 match, right?

23 MR. PHIPPS: Successful.

24 MS. ROTH-DOUQUET: Successful. Right.

25 The second one, I have a lot of

1 concerns about the GI Bill being used for access
2 to capital. And that's closely related. First
3 of all, we do have a focus on the current force,
4 and the GI Bill is an extremely important
5 benefit for the current force, and then for
6 people who stay more than one term -- tour of
7 duty, what's most important to them is their
8 ability to transfer it, especially to their
9 children.

10 So, I'm just concerned about doing
11 anything to the GI Bill that might dilute its
12 ability to continue or make it easier to stop
13 using it as a law. I think we're at risk of
14 that already, and I think using the GI Bill in a
15 way that doesn't vet, whether this is going to
16 be a successful business or not, sets us on a
17 dangerous path.

18 MS. CARSON: So, thanks for that. That
19 will actually be a presentation that we're going
20 to have today.

21 MS. ROTH-DOUQUET: Okay.

22 CHAIRMAN FIELDER: Just queueing up a
23 potential topic for next year, following Rich's
24 lead on the services table and 8(a) program,
25 there are a few authors out there now writing on

1 veterans affairs that are now publicly writing
2 that failure to get access to capital is
3 somewhere in the middle of the list of why small
4 businesses fail. And I don't know if they've --
5 I haven't read a piece that actually segregates
6 out the failure rate of service-disabled veteran
7 businesses, but small business in general, they
8 fail for all of these what I like to refer to as
9 operational back-of-the-house reasons, and
10 finances is somewhere like on a five or six on a
11 list of 10. But that might be a topic that we
12 look at next year.

13 MS. ULSES: Mike, this is Marcie. Can
14 I -- Mike Phipps. On going forward on the next
15 steps, are they talking about keeping it
16 internal to SBA, or to continue on either with
17 the committee that they have, or flipping it to
18 some other people?

19 MR. PHIPPS: For which?

20 MS. ULSES: For the next steps to carry
21 out the gaps, the things to do that need to be
22 done.

23 MR. PHIPPS: So, the committee, this
24 committee will review all of those
25 recommendations. We will either accept those or

1 not accept those. We will come up with our own
2 recommendations, and that is what will go
3 forward to the SBA, and then -- is that right,
4 Barb?

5 MS. CARSON: I'll address that one.
6 Yes, we did commission this study, and the scope
7 of work was just to provide this. So, the next
8 steps are within our office to decide how we're
9 going to go forward, and it may be additional
10 studies, there is obviously some of these are
11 far enough along and are logical that we can act
12 on them now, so there are a couple of prongs
13 that will go with this study from where it is
14 now, but the scope for this was exactly this,
15 the only report at this time.

16 CHAIRMAN FIELDER: This is Ed Fielder,
17 the chairman. Let me be very precise on that.
18 Our work and our report is truly independent.
19 This report came out of the veteran affairs
20 group at SBA, and it's independent. The fact
21 that one report can inform the other report,
22 without duplicity, I think is greatly needed, in
23 the sense of building consensus on certain
24 topics, but I think we need to recognize the two
25 reports are truly independent.

1 MR. O'FARRELL: This is Jim O'Farrell.
2 So, Mike, what you just said, if I heard it
3 correctly, was we accept or we reject, but I
4 don't -- that's -- it's not like the BRAC
5 Commission, we don't have to take them all or
6 leave them all, we can pick and choose if we so
7 desire?

8 MR. PHIPPS: Absolutely.

9 MR. O'FARRELL: All right.

10 CHAIRMAN FIELDER: Any other questions
11 for -- nevermind, I was going to say any other
12 questions for Craig, but he has actually ditched
13 us to go get to his airplane ride. And for
14 those that aren't aware, this pile-driving thing
15 adjacent, when it does start happening, it's
16 very distracting inside the room, and so if we
17 seem a little disjointed every once in a while
18 as we react to the pile-driving going on next
19 door, it's with apologies, but there is -- it is
20 kind of distracting.

21 Barb, did you want to jump back in and
22 finish wrapping up your comments?

23 MS. CARSON: Um-hmm. Yes, for those of
24 you who have an agenda in front of you, we did
25 move Craig up to the place where I would have

1 been speaking, so I am going to go over a few
2 things until our next presenter is here. And
3 for those of you who are on the phone, if you
4 would like to send your email address to us
5 later today, we can get these presentations to
6 you. I'm going to give you Ms. Cheryl Simms'
7 email address, it is Cheryl, C H E R Y L,
8 .Simms, S like Sierra, I M M S, @sba.gov.
9 Cheryl.simms@sba.gov.

10 All right, I am going to talk, I am
11 going to go follow the flow on access to capital
12 and tell you how it's going, because it really
13 has been an amazing year, and I think we've got
14 those slides so that those of you in the room
15 can see what I'm going to talk about. Can you
16 pull that up?

17 And for committee members, you have the
18 slides in front of you. A quick overview of
19 where we've been with veteran borrowing. We did
20 have a named program for veteran borrowers, and
21 that was Patriot Express, which was sunset
22 December 31st of 2013.

23 What started on January 1st of 2014 was
24 fee relief for veterans and military spouses who
25 were eligible. That meant for \$350,000 and

1 below, absolutely no fee was paid up front. For
2 \$350,000 up to \$5 million, half a fee was paid.
3 On a \$5 million loan, that's a savings of
4 \$70,000. So, it's significant. That continued
5 in fiscal '15 as it was, and then the newest
6 public law was signed on July 28th by President
7 Obama making permanent the fee relief for
8 veterans and military spouses for \$350,000 and
9 below.

10 SBA will soon announce policy going
11 forward for fiscal '16 and it does look like it
12 will reflect what it has been in '15, the half
13 fee above in all 70 programs, \$350,000 to \$5.3
14 million.

15 What you see in front of you is what's
16 required, some of the forms that are needed.
17 Why is this important? We really I think
18 demonstrated in fiscal '15 that veterans and
19 family members found value in their military
20 service. They came to lenders prepared to say,
21 I am a vet and I know that you've got something
22 that's different for me like SBA is supposed to
23 do by statute, provide special consideration for
24 veterans and military spouses in access to
25 capital programs. That's why we had a banner

1 year. People responded, they're hearing about
2 it, and I appreciate the work that you have done
3 to get the word out.

4 This is a visual depiction of where the
5 relief is for veterans so that you can see by
6 dollar amounts where there really is special
7 consideration and in which programs so that you
8 can visualize that SBA offers quite a number of
9 7(a) programs, they're all listed there, and
10 where veterans are getting relief is depicted.

11 This group has heard me say this
12 before, but I'll say it again, there is no
13 stereotypical certain kind of veteran business,
14 either in the amount of capital they need or the
15 sector in which they operate. We are, as a
16 community, just as diverse as all small
17 business, and that is what is shown here in the
18 types of loans and the dollar amounts that
19 veteran borrowers and military spouses are
20 getting from SBA.

21 Early in the year, I was quite
22 concerned. The share of lending from SBA that
23 SBA guaranteed for veterans was dropping. Every
24 year. Finally, in fiscal year '15, we've had
25 incredible growth, 110 percent over last year.

1 Over \$500 million difference so far through Q3.
2 That's substantial. Is this a trend? Too early
3 to say, but I will say it's significant,
4 substantial growth.

5 Here's another depiction of how growth
6 has looked as veterans were hit especially hard
7 in lending. You will see that since 2011, the
8 rest of the SBA portfolio had growth and veteran
9 business owners dropped in the dollars and
10 activity and the units of loans that they were
11 able to get.

12 Finally, the last slide shows you the
13 diversity I spoke of. Now, where is the --
14 where is the need that we see? At least in SBA,
15 I can't speak for the rest of lending, as a
16 whole, but look at the growth there. Over 100
17 percent growth in some of these categories on
18 dollar sizes. The most -- the largest are
19 highlighted for you there. So, it's a
20 percentage, fiscal '14 to '15 in each of the
21 dollar categories.

22 MS. BULLARD-MARSHALL: I feel like we
23 need to pause for a clap.

24 MS. CARSON: We should. It's
25 fantastic. I am really -- I'm excited about

1 where we're headed, and so I'm keeping an even
2 tone, but yeah, this is the big great news of
3 this year. We are finding successful businesses
4 that are ready for capital and this is going to
5 make a difference in their growth.

6 MR. O'FARRELL: Barb, Jim O'Farrell.
7 If you just looking at that slide right there
8 where you have the 212 percent, 0.5 percent
9 highlighted, if you go in there and look at the
10 25 in FY '15, what would be the characteristics,
11 like the top two or three? Is that a -- is that
12 too detailed of a question? I mean, these are
13 construction companies that are veteran-owned,
14 are they -- like you said, there's no
15 stereotypical, but there's something -- I'm
16 focused on that one because of the dollar
17 amount, too.

18 MS. CARSON: That's a question that I
19 can absolutely come back to you with fidelity,
20 and yes, I can finally see that data. That was
21 another thing I shared with this group, really
22 getting my colleagues in capital access to share
23 this with me and go through it with me, so that
24 we could build better policy to address needs.
25 So, the best I could say right now on a high

1 level is that the same top 10 sectors for all
2 borrowers are exactly the same top 10 sectors
3 for veterans. So, the same thing that they're
4 getting loans for in this dollar amount,
5 civilian, it's for veterans as well, but I'm
6 sorry, I don't have that breakdown for you right
7 now.

8 MR. O'FARRELL: Yeah, to me it speaks
9 to because the \$3 to \$4 million amount is
10 normally not associated with a business in its
11 first six months of, you know, of startup.

12 MS. CARSON: True.

13 MR. O'FARRELL: And then the other
14 questions, we sat here a year ago and like you
15 said a minute ago, Barb, I mean, if you imagine
16 that that FY '15 bar is not on the previous
17 chart, the trend was stark, and so this is --
18 this is just amazing. That's a great job.

19 MS. CARSON: Thanks. I do have a few
20 more updates, I'll save them for later in the
21 day, if that's all right, Chairman, because we
22 do have a presenter here, Mr. Ken Dodds.

23 MR. McADAMS: Barb, I do have one
24 question. This is Rich McAdams. I'm just
25 curious, it shows \$4 million to \$5 and a half

1 million, I thought the loan limit was \$5,000.

2 MS. CARSON: My error, so yes.

3 MR. McADAMS: Oh, okay. I thought they
4 might have --

5 MS. CARSON: Thanks for correcting the
6 record.

7 MR. McADAMS: I thought they might have
8 bumped up the limit.

9 MS. CARSON: No. We are making one
10 more agenda adjustment, my colleague from the
11 Office of Contracting and Business Development
12 is here, Mr. Ken Dodds. He's going to speak to
13 us specifically on what happened with goals and
14 how small business performed in fiscal '5 --

15 MR. DODDS: '14.

16 MS. CARSON: Excuse me, I keep thinking
17 it takes a while, but not that long, right? And
18 Ken did have some other questions that you may
19 be able to address or we will take them for the
20 record and I will get back to folks who have
21 asked them, but we're going to turn it over to
22 you this morning. Thanks.

23 CHAIRMAN FIELDER: Ken, before you get
24 started, could you at the end of your
25 presentation give us an update on the

1 Mentor-Protege of service-disabled vet. Just
2 timelines and where we are.

3 MR. DODDS: Sure. I'll start with
4 goaling, which is what, you know, you -- is on
5 the agenda, what you wanted me to address, and
6 then the Office of Policy that I run also does
7 size standards and it does a lot of the rules
8 that we're implementing from legislation, like
9 Mentor-Protege and limitations on subcontracting
10 and those things so we can -- and the
11 woman-owned sole source, so we can talk about
12 that at the end.

13 As far as goaling goes, the Small
14 Business Act tells us that the goal is 23
15 percent of all dollars that we spend each year,
16 the goal for small business is 23 percent. You
17 have the 5 percent for SDB, 5 percent for
18 women-owned, 3 percent for service-disabled
19 veteran and then 3 percent for HUBZone. So,
20 that's the starting point of where we -- that's
21 our directions from Congress. The way we get
22 there, and we met the goal in FY '13 and we met
23 the goal in FY '14, with almost 25 percent for
24 small business, at least the small business
25 goal. And the way we do that is we divide it up

1 and we give each agency their own goal.

2 Some agencies like SBA, they spend 70
3 percent of their dollars with small business.
4 Other agencies like Energy, they just do about 5
5 percent prime contracting with small business.
6 DOD is the biggest spender, they're usually 21,
7 22 percent or so. Some agencies like Interior,
8 they're spread out around the country, they do
9 really well with small business, they do around
10 50 percent or more usually every year.

11 And it's really simple kind of math
12 that we use and we've been using for several
13 years. We take what the agency did in '14,
14 okay, we take that number, we do an analysis of
15 each NAICS code and we have a government average
16 of how small business does in that particular
17 NAICS code, and let's say it's construction and,
18 you know, small business does 50 percent
19 government-wide, that's the average, and we look
20 at the agency and we look at how they do in that
21 NAICS code, and if they're deficient, let's say
22 they only do 25 percent, we're going to add
23 something to their numbers to -- that we call
24 opportunity. There's an opportunity there. We
25 don't expect them to go from 25 percent to 50

1 percent. We expect an incremental jump and we
2 usually do like a quarter percent, basically, or
3 a 25 percent jump of the difference.

4 So, in the end, it adds a couple, maybe
5 one or two, three points to their '14 numbers.
6 And then we take their projections for '15,
7 because we're in the middle of '15, not all the
8 contracts have been awarded, they're still being
9 awarded, and the data we're using, like from
10 FPDS, that keeps being adjusted even after the
11 year ends. In fact, agencies have until January
12 to certify their data from the prior fiscal year
13 that ends in September.

14 So, we don't use their actual numbers,
15 we use their projections, what they tell us that
16 they think they're going to do in '15. And then
17 we add those together, divide it by two, and
18 that's basically the goal for the agency. So,
19 it's really based on '14, you know, we're doing
20 '16 now, and we're trying to get those in place
21 by October, so we took their '14 numbers, we
22 looked at their opportunity, we add their
23 projections for '15 and we divide by two, and
24 that's basically how we get to it.

25 When we do our score card, when we

1 announce the results, we've been doing this for
2 several years, we use a, you know, a school type
3 system where it's A, B, C, D, F grading system.
4 Some in -- you know, each administration does a
5 different thing. The Bush Administration did a
6 stoplight thing where they had green, red,
7 yellow, depending on whether you were improving
8 or not. And the way -- and I've given you a lot
9 of -- I've given you all the material and I'm
10 not going to go through it, because it's
11 pretty -- is this working? It's kind of
12 complex, so I'm just going to simplify it. You
13 know, basically we do -- it's your grade as an
14 agency, it's 60 percent small business, you get
15 5 percent on your SDVO goal, 5 percent for
16 HUBZone, 5 percent for SDB, 5 percent for
17 women-owned. So, that gets us to 80 percent.

18 And then 10 percent of your grade is
19 your subcontracting, because we established
20 separate subcontracting goals for each agency.
21 So, that's 10 percent of your grade.

22 And then we have something called
23 success factors where the OSDBUs at each agency
24 kind of rate the other OSDBU or the other
25 organizations on their commitment to small

1 business, their outreach to small business. We
2 have seven factors that we kind of have that we
3 evaluate them on.

4 So, it's kind of a peer review process.
5 And that's 10 percent. So, that gets you to 100
6 percent.

7 And, so, when we add all that up,
8 that's when we give you the scorecard, and
9 that's kind of what I've provided those as well,
10 I think, and hopefully they will give them to
11 you. So, we have a scorecard for the government
12 and each agency has a scorecard. And usually,
13 you know, it takes, as I said, it takes -- '15
14 will end on September 30th, right, but we won't
15 get the certified data from the agencies until
16 the end of January, and then from that point on,
17 we collect, you know, the FPDS data, we collect
18 the ESRS data for subcontracting, we have the
19 peer review panel looking at all the success
20 factors, getting those grades in, then we
21 compile them, we have a scorecard and that's
22 when we finally announce how the government did.

23 So, we met the goal -- the small
24 business goal in 2013, and 2014, we've met the
25 SDVO goal I think last year and the SDB goal.

1 Women were still -- we're trending up, each year
2 we're getting better, but we did not meet it
3 last year. And HUBZone has been the most
4 difficult goal, you know, we weren't very close.
5 It's a difficult program, you know, the -- you
6 can be in compliance one day and out of
7 compliance the next, you know, if an employee
8 leaves your employment.

9 HUBZones change, you know, it's
10 complicated, it's set by statute, they've
11 designated what is a HUBZone and what is not.
12 It's based on data, the data changes, then
13 you're no longer in a HUBZone, so then what do
14 you do? So, that's complicated as well.

15 So, I know the OSDBUs are really
16 looking for HUBZone firms, that's kind of been
17 one of their focuses, to try to, you know, if
18 they can find anyone that's doing that kind of
19 niche. And, you know, different agencies have
20 different goals. For example, the VA has their
21 own Vets First system, where you have to go, you
22 know, they're supposed to go service-disabled
23 vet or veteran-owned first. So, they do really
24 well with their service-disabled veteran-owned
25 numbers.

1 We give -- when we do our scorecard, we
2 do give extra credit, so if you exceed the 3
3 percent goal, you do get some extra credit, but
4 we cap it, we don't let -- you only meet that
5 goal and get an A because we don't want you --
6 even though you're the VA and you are focused on
7 vets, we don't want you to ignore the SDB or the
8 HUBZone or the other goals that the agency has
9 as well. We're all kind of in this together,
10 the whole government has to try to meet these
11 goals. And, so, we rely on everybody to do
12 their part.

13 So, that's goaling in a nutshell. I
14 don't know if I've raised any questions, or you
15 had questions coming in, we can talk about it.

16 MS. ULSES: Ken, this is Marcie Ulses.
17 Just a short question. You said you give them
18 their goals, and I don't mean to be naive, but
19 my comment is, so what? Do they take the -- I
20 mean, I know there are some OSDBUs who take this
21 very seriously, I talk to a lot of them, but do
22 you guys have a lot of teeth behind this, or is
23 there some financial impact to them when they
24 just focus maybe on one category and not the
25 other? I know that's a complicated question,

1 but --

2 MR. DODDS: Yeah, I mean, and we do --
3 it's not really a negotiation. We do tell them,
4 you know, we've done our -- they know what the
5 methodology is, we tell them what their goal is.
6 You know, sometimes there's some back and forth,
7 sometimes they want it lowered because of this
8 reason, that reason and so forth. There's a
9 carrot to the methodology, you know, when you
10 get an A plus, you get -- the administrator
11 comes down and congratulations you, and, you
12 know, it's good for you. When you get an F,
13 like the Department of Energy got, you know,
14 it's bad press, it's people, you know, it's bad
15 stuff on the Hill.

16 So, it's a carrot thing. I don't think
17 there's any -- there's no punishment, you don't
18 lose money, you don't lose -- because, you know,
19 these are important goals. We also want DOD to
20 do its mission, you know, we don't want to
21 interfere with their, you know, on the
22 battlefield or carrying out all the things they
23 have to do. So, there's a -- you know, it's
24 really just a public shaming thing that we have
25 right now.

1 CHAIRMAN FIELDER: Ken, there was a
2 conversation, going back to the previous
3 administration, about making this goaling part
4 of the managers, directors, agency heads
5 performance appraisal. Is that still out there
6 languishing and never been impacted?

7 MR. DODDS: No, I mean, I don't know
8 about the heads themselves, but part of the
9 reason -- there's many factors of why we've met
10 the goal finally in '13 and '14, and one of them
11 is it's now statutory that goaling -- small
12 business goaling needs to be in the performance
13 plan of all SES, and not just procurement
14 people, but the program people with the money.

15 CHAIRMAN FIELDER: So, are you saying
16 it is now there?

17 MR. DODDS: In most -- in a lot of
18 cases it is, in the agencies that have success,
19 it is there.

20 CHAIRMAN FIELDER: Okay.

21 MR. DODDS: I think the statute says if
22 practicable or if possible. So, there's -- it's
23 not mandatory, but I think in a lot of cases, it
24 is, and a lot of agencies, we do -- we have an
25 SB meeting where the OSDBUs come in and talk

1 about their best practices, and we -- every
2 agency does one, you know, each month we have a
3 different agency. The ones that have success,
4 the ones that meet their goals, the ones that
5 get As, that's one of the things they point to.
6 SES, having it in the SES of the program people
7 with the money, and then also just senior-level
8 commitment, the ability to get the head of the
9 agency to come to events, the ability to have
10 them get support for them, the visibility of the
11 OSDBU, that's always one of the things that they
12 point to as towards their success.

13 CHAIRMAN FIELDER: Yeah, but back to
14 Marcie's question, I think accountability,
15 responsibility and accountability are two
16 different things, but accountability, this was
17 one way that I always thought that if you can
18 make people accountable and make it part of
19 their performance appraisal, so somehow this
20 would turn the numbers, and I think what you
21 just have said does, in fact, validate that in
22 the sense that where you're seeing the As and
23 the A pluses, it's part of the performance
24 appraisal system.

25 MR. DODDS: Yeah, and one thing I

1 forgot to mention, because I wasn't actually at
2 the meeting, but I remember Joe Jordan talking
3 about this when he was here, they have had White
4 House meetings where they did focus on small
5 business government contracting, where like the
6 Vice President asked the heads about their
7 numbers and how they were doing. That was very
8 important, you know, and they do that from time
9 to time.

10 So, that kind of high-level political
11 visibility is also very helpful for us.

12 MR. McADAMS: Rich McAdams. I'm sorry,
13 FPDS does not contract subcontractor dollars,
14 right?

15 MR. DODDS: Right.

16 MR. McADAMS: What system are you using
17 that has that level of granularity? I didn't
18 realize we were able to track it at that level?

19 MR. DODDS: Well, it's -- I don't think
20 it's a publicly available system, and I don't
21 know that I would say it's a great system, but
22 what we have is something called ESRS, and it's
23 basically the way the primes report to their
24 contracting officer on how they're doing on
25 their subcontracting plan goals. So, it's

1 general numbers, it's percentages, it's not down
2 to the name of here's the -- like FPDS, you have
3 the name of the company and 100 different data
4 points on that contract. For ESRS, you don't
5 know who the name -- you don't know what
6 companies we're talking about, so it's really
7 just percentages, dollars.

8 MR. McADAMS: You just know the small
9 business category that they --

10 MR. DODDS: Right, and that's, to be
11 fair, that's kind of what it was created for,
12 it's to -- instead of having a paper system that
13 we used to use, the 294s and 295s, now it's we
14 just hopefully do it electronically and they go
15 in and the CO accepts or rejects the report and
16 so forth.

17 So, we're hoping the CO is monitoring
18 that on a daily basis, but the system doesn't
19 really give you insight into a lot of data, I
20 don't think.

21 MR. PHIPPS: And that's not audited?
22 It's just what the prime reports, there's no --

23 MR. DODDS: Well, I think there is --
24 there is. I mean, I know our -- we have
25 something called commercial market

1 representatives and they do compliance reviews
2 of big, large primes in their region. I know
3 DCMA also does some, but it's not -- obviously
4 we don't have the resource to do every one.

5 So, it is kind of an audit system, but
6 probably not even up to that standard. It's
7 probably a lower percentage than you would want,
8 but there are compliance reviews, and we do have
9 from time to time, you know, issues that come
10 up, and then during those reviews.

11 MS. BULLARD-MARSHALL: This is Maggie.
12 I just have a question about whether or not
13 there's any discussion to revise the
14 methodology, given the recent increased scrutiny
15 from Congress, especially at the VA hearing
16 about their goals that they certified.

17 MR. DODDS: Yeah, that's a good,
18 complicated question. The methodology, you
19 know, we use FPDS, which is the Federal
20 Procurement Data System, it's the system that
21 was created to capture data, not just for us,
22 but for all kinds of different purposes. You
23 know, we do have some safeguards in the sense
24 that we do require agencies to certify their
25 data. We have created an anomaly report, a

1 standard report where agencies can go in and see
2 if there's things that don't make sense. We do
3 send -- we do our own anomaly kind of review and
4 we do send that to agencies. It's not something
5 they have to report back to us, it's not -- we
6 are not going to -- we can't change their data
7 in FPDS, but we do alert them to things that we
8 don't think look right. You know, the thing we
9 have to understand is there is probably 20,000
10 people making millions of actions each fiscal
11 year in this database. There are going to be
12 mistakes in there. We have a system where if a
13 large business is misrepresenting their status,
14 we have protests, we have demarment, you know,
15 we have criminally prosecuted people. I have
16 had to be a witness at a case where people went
17 to jail and they were fined. So, there are ways
18 to catch that.

19 I think when it looks -- it looks bad
20 sometimes, there are -- there could be an
21 explanation that's not fraudulent.

22 You know, for example, we have a
23 recertification rule where firms have to
24 recertify their status. And if a large business
25 buys a small business, they're supposed to

1 recertify. Sometimes the clause isn't in the
2 contract, sometimes they don't. Sometimes they
3 do recertify and the Congress -- and the CO
4 doesn't enter the data, so there are sometimes
5 those kind of explanations.

6 And size is a function of the CO
7 actually has to check the box to say they're
8 small. So, there is going to be human error
9 where that happens as well. You would have to
10 really look at the contract file to see what
11 exactly happened in some of those anomalies that
12 we see from time to time. And they're going to
13 be there every year, unfortunately.

14 MR. AUMENT: This is Ron Aument. I
15 think what Maggie was referring to was that VA
16 was being criticized for excessive purchases
17 using purchase cards, which that information
18 never made it into the FPDS.

19 MR. DODDS: Oh, no, yeah, you're right.
20 I did read, you know, I can't really comment on
21 that. I read the allegations and I read the
22 response and the testimony. You know, as I said
23 from the outset, if they put in it FPDS, it's
24 reflected. If somehow they're not entering it
25 in FPDS, then it's not. And that's something

1 that we need to make sure agencies are doing
2 what they're supposed to do when it comes to
3 reporting data, but we're kind of relying on the
4 system we've created. They own their data, we
5 just use it. So, it is on them, you know, I
6 can't -- I don't know, reading both sides of it,
7 I'm still not sure what exactly happened there.

8 MS. BULLARD-MARSHALL: I think the
9 requirement is that you only have to enter 3,000
10 and above in FPDS, right?

11 MR. DODDS: That's right.

12 MS. BULLARD-MARSHALL: So, at the VA
13 they're using their P-cards for items less than
14 \$3,000, and that's where the questions about the
15 expenditures are coming in. So, your answer is
16 at this point, SBA is not planning to consider
17 micropurchases in the goal report methodology?

18 MR. DODDS: Right, because it's not
19 reported, and the way it's set up, they're
20 supposed to be easy purchases. We don't collect
21 data. So, a lot of times, I don't think there's
22 any way to know whether the firm is small or
23 large because they're not -- they don't use all
24 those clauses and systems that you usually would
25 use. So, you know, that would require, in order

1 for that to be captured, you would have to
2 change micropurchase rules and then require them
3 to report them in FPDS and then we would use it,
4 but until that happens, it will continue to be
5 outside of the reports.

6 CHAIRMAN FIELDER: Ken, Ed. As a
7 former contracting officer, my sense is that
8 those simplified purchases under \$3,000 probably
9 have a higher percentage value small business
10 than large business. And I think it's
11 unfortunate that you're not capturing that in
12 some way.

13 MR. DODDS: I think you're right and I
14 think -- I think someone did -- was directed by
15 Congress to do a study or something about it and
16 I think that we did find that that was the case,
17 but there's also, you know, there's also talk of
18 raising the simplified acquisition threshold,
19 you know, like people want it to be easier and
20 quicker, so that you have that counterbalance,
21 like do we -- you know, when you look at FPDS, I
22 mean, I don't know if you ever have, there's
23 100, 200 data points you have to enter. You
24 know, is it a firm fixed price, is it
25 competitive, was it 8(a), was it Native

1 American. I mean, to enter all that data is a
2 time-consuming process. So, you have to balance
3 that out for do we want to really do that for a
4 \$100 purchase of, you know, paper.

5 MR. PHIPPS: And this is Michael
6 Phipps. Is there a way to run the dollars that
7 are in FPDS of an agency against what their
8 actual spend is to find the difference of what
9 is not being reported and then have some sense
10 of percentage of that agency's budget that might
11 be falling under the micro threshold purchase,
12 or it just doesn't apply to FPDS.

13 MR. DODDS: There probably is.

14 MR. PHIPPS: There probably is. If
15 it's a database, it should be fairly simple for
16 us to --

17 MR. DODDS: I mean, you can get the
18 FPDS numbers easily. I know there's
19 USASpending, that might have -- that has
20 additional information, I think that even has --
21 I think it might have grants. I'm not as
22 familiar with that system. So, there's probably
23 a way to do it, I don't know how.

24 CHAIRMAN FIELDER: And in the interest
25 of keeping it moving here, staying on schedule,

1 can we -- if there are no further questions
2 concerning goaling, I think this sort of --
3 thank you for coming back, because in the sense
4 of what our agenda item was to sort of captured
5 this for comment and recommendation going
6 forward, I think you just put the exclamation
7 point at the end of everything we've heard all
8 year.

9 Could you move on to some of the other
10 topics we had talked about.

11 MR. DODDS: Yeah, we have a lot of
12 rules going, because Congress keeps sticking
13 things in the National Defense Authorization
14 Act, and so then we have to, you know, implement
15 them, and that keeps us busy for sure.

16 The women-owned sole source authority
17 that we were given in the NDA of 2015, we did a
18 proposed rule. We're now ready to go final and
19 that should be published very soon. It should
20 be published in September. It will probably
21 have an effective date in October.

22 There will also be a FAR interim rule
23 implementing that fairly quickly. The
24 certification requirement for the women-owned
25 program, that will come -- that will be in a

1 separate rulemaking. So, that will come later,
2 probably this year. Although that might,
3 sometimes that takes a long time because of
4 interagency review and things like that.

5 The changes to the limitations on
6 subcontracting, where you're allowed to use
7 subcontractors, that rule went out for proposed
8 rule, we had over 200 comments, I think, that
9 rule is being drafted. We're hoping to be done
10 with it from SBA's perspective, but then we have
11 to submit it to OMB, for 90-day interagency
12 review, which allows GSA and all the agencies
13 like DOD to comment on the rule.

14 So, that's realistically, you know, we
15 would hope that it would be published in
16 January. And it's kind of the same schedule for
17 the Mentor-Protege rule. We kind of went out at
18 the same time, we received 180-some comments on
19 that rule, we're drafting it. It will still
20 have to go to OMB for that 90-day review period.

21 The caveat with that one is, that's not
22 just a rule, it requires people to implement.
23 You know, we have to somehow monitor the mentors
24 and proteges to make sure that the benefits are
25 actually flowing to them, we have to approve the

1 mentors and proteges and we were not provided
2 any funding for that program. So, we have to
3 figure out how we're going to implement that.

4 We also have to, under that rule, take
5 a look at all the Mentor-Protege programs of
6 other agencies and determine whether they're
7 going to continue. So, that's going to -- that
8 rule, even if it is published, let's say, in
9 January, that doesn't necessarily mean that
10 there will be -- we'll be ready to accept
11 applications in January. We have to figure out
12 how we're going to staff this and resource this.
13 So, I just wanted to make sure I don't -- I
14 don't want your expectations to be that it will
15 be full go January. I'm hoping that's when it
16 will be published, and then we'll figure out
17 what the full go day on the Mentor-Protege is.

18 The other rule, the limitations on
19 subcontracting rule, because that doesn't
20 require, you know, people to implement, you
21 know, hopefully that will be quick, but it will
22 still have to go to the FAR and then they
23 actually have to get it into the FAR clauses
24 that go into contracts, so there's still going
25 to be a lag there in terms of that rule being

1 effective and in your actual contracts.

2 MR. McADAMS: This is Rich McAdams, I'm
3 new to the committee, on the limitation on
4 subcontracting clause, potential change, that
5 would allow, for example, as a service-disabled
6 veteran-owned small business prime, let's say
7 one or two subcontractors that were of the same
8 socioeconomic status would be counted toward the
9 51 percent?

10 MR. DODDS: Yes, and in fact, I should
11 clarify, right now, under the SDVO and HUBZone
12 program, you can already do that. That's why --
13 our programs are confusing to Small Business
14 because if it's a Small Business 8(a) setaside
15 or women-owned set aside, you can't rely on
16 subs, but if it's a HUBZone or SDVO, you can,
17 and the reason that it was that way is kind of
18 the way Congress wrote the laws, when they
19 didn't address it, we allowed subs, when they
20 did specifically say the prime had to do it,
21 that's how we interpreted it.

22 So, this new direction from the NDA of
23 2013 said, let's make all the programs the same,
24 let's allow subs to count. So, it will start
25 counting for all those other ones as well.

1 MR. McADAMS: All classifications?

2 MR. DODDS: Yes.

3 MR. McADAMS: Okay, thank you.

4 MR. DODDS: Are there any other
5 questions?

6 MS. BULLARD-MARSHALL: Can I just
7 clarify, the limitations on subcontracting means
8 that the FAR clauses applicable to the prime
9 flow down to the sub and before they didn't?

10 MR. DODDS: No. No. That's a
11 different question that does come up from time
12 to time. No, it just means if it's a service
13 subcontract, right now, you're supposed to do 50
14 percent of the costs incurred with your
15 personnel. Under the SDVO or HUBZone program
16 now and once we change the rule, you can meet
17 that yourself with your employees, or a similar
18 concern you can use their employees to meet
19 that. So, the proposal was, you know, tell us
20 who your subs are going to be and how you're
21 going to meet it, and then instead of doing 50
22 percent yourself, you can do 25 and have two
23 subs do 12.5, and then you're still -- the
24 benefits are still flowing through to the
25 intended recipients, just as subs instead of

1 primes. You know, we do allow joint venturing
2 as well, but that can, you know, for business
3 reasons and legal reasons, sometimes you don't
4 want to be a joint venture because there are
5 limitations and problems that sometimes arise.

6 So, this gives you two ways to kind of
7 meet it, you know, as contracts get bigger, use
8 subs or joint venturing, teaming is going to
9 become more important, as contracts get bigger
10 our resources kind of shrink, it seems like
11 that's been going on for a long time. So, this
12 is another way to help you help small businesses
13 hopefully meet those.

14 CHAIRMAN FIELDER: Let's go ahead and
15 wrap up. Any other questions for Ken?

16 (No response.)

17 CHAIRMAN FIELDER: Ken, it's always a
18 pleasure to have you here. Thank you very much.

19 MR. DODDS: Thanks for having me. I'll
20 see you next time.

21 CHAIRMAN FIELDER: We are at a break
22 moment and right now the break is scheduled to
23 run through 10:30, that would be just under 10
24 minutes. Is that sufficient? Let's do that.
25 10:30 reconvene.

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

3 CHAIRMAN FIELDER: Okay, we're ready to
4 reconvene and go back on the record. What we're
5 going to do is very quickly finish up Barb's
6 updates topics and then we're going straight
7 into Coalition of Veteran-Owned Businesses with
8 Vivian Greentree.

9 MS. CARSON: Thank you, Ed. I do have
10 just a few more updates. For housekeeping,
11 there is a seat next to me for those of you who
12 are in the room and you have a question, please
13 come up and use this microphone next to me, and
14 those of you on the phone you are welcome to
15 participate at any time and ask a question. We
16 haven't muted you, because everyone is doing a
17 great job keeping it quiet in the background.
18 Thank you, but feel free to jump in at any time.

19 We did spend a good deal of time this
20 morning on goaling and procurement, and I want
21 to pull us back into the rest of the portfolio
22 for veteran business owners and spouse business
23 owners, that there is a lot more business to be
24 done. Lots of sectors.

25 So, feel free to jump in on that

1 conversation. If we do get into the
2 procurement, I mean, that's what it's a core
3 competency of SBA, it's just one of the four
4 things that my office is responsible for, and I
5 want to make sure we cover the breadth of what
6 we are doing, it's exciting.

7 So, I'm going to give you a quick
8 top-level overview since I am on running Ed's
9 time and I appreciate having a little more to
10 talk about it.

11 For entrepreneurial development and
12 training, quick updates on Boots to Business.
13 We have done deep dives in the past couple of
14 meetings, so just top-level, I'm going to tell
15 you that we're trucking ahead, it's going really
16 well and we have trained over 30,000 spouses and
17 military members on military installations
18 across the world. So, approximately 165
19 installations. And really proud of that.

20 Partner here at the table, U. S.
21 Chamber of Commerce, Hiring Our Heroes, we have
22 been joining that effort and appreciate the
23 pivot to include entrepreneurship as one of the
24 things that folks who are making decisions about
25 post-service career hear about. So, we've been

1 at a senior level participating in those panels
2 and reaching at Fort Gillem, I believe over
3 1,400 who attended those events.

4 Why are we doing that in addition to
5 Boots to Business? Because we would like for
6 them to hear about it sooner, earlier, in the
7 career. As many of you know who are business
8 owners in this group, it takes time to get the
9 capital, it takes time to build the knowledge
10 that you need to decide whether your idea is
11 feasible and beyond. So, thrilled with what's
12 going on in Boots to Business.

13 Big announcement for us on Boots to
14 Business Reboot, and that is taking the Boots to
15 Business curriculum out to communities,
16 especially think Guard, Reserve, those who
17 aren't getting the transition services
18 potentially that they're entitled to, and in
19 other cases, whether they need them or not,
20 they're still veterans, or whether they get
21 transition services, excuse me, they're still
22 veterans, and military spouses are also eligible
23 for this. So, it's using Boots to Business
24 curriculum, but out in the community, led by our
25 district offices, Veteran Business Outreach

1 Centers, Small Business development centers,
2 women's business centers and SCORE.

3 So, we come together bringing business
4 owners as well, and that's been going on in a
5 soft launch. What the big news is that we have
6 a private/public partnership that has just been
7 signed that will allow us to do between 75 and
8 150 events over the next year. One of those
9 partners is here at the table today, too. That
10 is First Data. Additionally, we are joined with
11 the Institute for Veterans and Military
12 Families, and the Marcus Foundation, which is
13 Bernie Marcus of the Home Depot. So, grateful
14 for that.

15 The Federal Government can't and
16 shouldn't do everything. These partnerships are
17 critical to being able to reach more vets and
18 military spouses across the United States. This
19 is one way we plan to do it.

20 So, the big launch will be during
21 National Veterans Small Business Week, which is
22 November 2nd through 6th this year, and I'll get
23 into a couple of comments on what that entails
24 in just a moment.

25 Veterans Institute for Procurement,

1 that is run by the Montgomery County Chamber of
2 Commerce Foundation up in Maryland. They will
3 celebrate their 50th graduate this October.
4 Registration is still open. That's another
5 thing for those who aren't in the room, you can
6 get information from Cheryl Simms on that link.

7 SBA through a grant relationship has
8 made it possible for 150 veteran business owners
9 and their companies to go through that program.
10 It's for those who are already, they've got past
11 performance, they've got employees, they're over
12 a certain level of revenue, so there are
13 eligibility requirements before you go in. I'm
14 really thrilled with the outcomes. Eighty-five
15 percent of folks who go through that say they
16 have made significant business practice changes
17 that improved their either growth in revenue,
18 the number of employees trained, or many of them
19 have those ah-ha moments when they say, I really
20 shouldn't have done that thing I did and I'm
21 going to go fix it, whether it is illegal or
22 some other aspect of their business they had a
23 blind spot in. So, I'm looking forward to
24 celebrating that 50th graduate.

25 I'm going to spend a little bit of time

1 talking about National Veterans Small Business
2 Week, and why is outreach important, because so
3 many of you in this room have said it to me, I
4 didn't know that that was available. And we run
5 into that everywhere. And, so, it is an
6 important responsibility. It's not just
7 marketing, it's getting the word out so that
8 people can act on what they have just heard is
9 available to them.

10 So, we have, for example, the American
11 Supplier Initiative. This is looking at
12 diversity in supply chain. There are two
13 veteran-focused events that are going to happen
14 in Atlanta and Chicago, stand by for dates, but
15 it will be that week of the 2nd through the 6th.
16 You're going to hear about one of our
17 significant partners in that event, it will be
18 the Coalition for Veteran-Owned Business, which
19 Vivian Greentree is going to present on in a
20 moment.

21 Supply chain diversity, this is
22 critical. We spent some time, as I said,
23 focused on federal procurement. Do you have any
24 idea how big the business is in the private
25 sector? It's at least 10 times larger than

1 what's available in opportunities in federal
2 procurement. So, right now there is an
3 incredible appetite to have veteran and military
4 spouse-owned companies in supply chains. So,
5 that's what we're going to hear about in just a
6 moment.

7 I think, Ed, I will turn it back over
8 to you, unless there are any questions over
9 what's going on in OVBD right now.

10 (No response.)

11 CHAIRMAN FIELDER: No questions heard,
12 then Vivian, welcome.

13 DR. GREENTREE: Yes, sir. So, during
14 the break, we put the packets around for
15 everybody to find out a little bit more about
16 the CVOB case, we missed it during the
17 presentation, and I also put in there a
18 one-pager about First Data.

19 Hi, my name is Vivian Greentree, I run
20 our military and veterans affairs programming,
21 which covers our employment, education and now
22 entrepreneurial initiatives, including the
23 Coalition for Veteran-Owned Business and the
24 Center of Excellence for Veteran
25 Entrepreneurship at the University of Syracuse

1 IVMF.

2 A little bit about First Data. We are
3 a global leader in payment technology and
4 business product solutions, and so that's why
5 our entrance in veterans entrepreneurship comes
6 from. On any given day, we have about six
7 million merchants in about 70 countries who use
8 our products and services to safely and securely
9 enact over 2,000 transactions per second. We
10 partner with over 3,500 financial institutions,
11 and given that network, why wouldn't we leverage
12 the synergy that we have with our corporate
13 partnerships with MasterCard, Visa, American
14 Express, PNC, Wells Fargo, Bank of America,
15 Chase, why wouldn't we use those -- that network
16 to create a platform, a national platform to
17 support veteran entrepreneurship.

18 So, the Coalition for Veteran-Owned
19 Business was launched on May 5th of this year.
20 Several of our partners are at the table, SBA,
21 American Legion, the Chamber of Commerce, and
22 it's a first-of-its-kind national platform aimed
23 at providing entrepreneurship training and
24 education for transitioning service members,
25 veterans and their spouses so that they will be

1 successful with their business ventures. So, it
2 will provide entrepreneurial education and
3 training, business products and solutions, an
4 opportunity for commerce, both the business-to-
5 business and the business-to-consumer models, as
6 well as opportunity and access to private sector
7 supply chain, which Barbara mentioned earlier.

8 We know that, I was going to say, and
9 there's a lovely picture of Barb on there. And
10 that was at the launch on May 5th, and this
11 group probably knows better than a lot of other
12 groups that we talk to about the opportunity
13 profile that comes with the military business
14 community. We know that of the more than 27
15 small businesses in the U.S., about 2.5 million
16 are veteran-owned, and that's actually I think a
17 conservative number, so we will go with that, so
18 with 9 percent, that still creates a huge
19 opportunity profile for those wanting to provide
20 access to capital, franchising opportunities,
21 marketing, telemarketing technology, and we know
22 that they produce over \$1.2 trillion in revenue
23 per year. They employ about six million
24 employees. They are more likely to be
25 successful.

1 All of these things are very important
2 to corporate partners who want to get involved,
3 and I think I skipped over that part, but those
4 are the founding members of the CVOB on the
5 bottom that we continue to continue to grow, but
6 each of those, we were all working
7 independently.

8 For example, First Data, one of our
9 first ventures into entrepreneurship around
10 veterans stemming from our employment program
11 was what we do every day is help businesses grow
12 their business. So, what could we do, what
13 product that we have could we do. So, and in
14 your packets it has we created a veteran
15 business offer. And as we were doing that, and
16 taking the lead from others like USAA, and
17 Verizon on their employment side, we were all
18 thinking, well, you know, USAA is very
19 interested in the supply chain part, Walmart
20 wanting to have more of their products and
21 services within the U.S., wanted to focus on
22 veterans, but any one of us doing this alone was
23 kind of we all -- they had manufacturing, some
24 had each year, but veteran-owned businesses
25 didn't know about them or with the access to

1 capital, we had certain groups like SunTrust who
2 were very interested in the small business model
3 and providing mentoring services to small
4 businesses, but didn't, you know, how do you
5 break into the veteran-owned business community?

6 Just like the employment situation a
7 few years ago where all the companies were
8 saying where can we find veterans to hire and
9 veterans were saying how do I translate my
10 resume? We're about at that same place right
11 now with veteran-owned businesses where we have
12 a huge amount of interest on one side and a huge
13 amount of need on the other, and where the two
14 shall meet shall be this, you know, will create
15 the next greatest generation in veteran and
16 military spouse-owned businesses.

17 And, so, I didn't want to take up a lot
18 of time talking about -- I mean, I think the key
19 pillars around the coalition is really the
20 access to entrepreneurial education and
21 training, the access to business products and
22 solutions, and the access to commerce and to the
23 private sector supply chain. And as I think
24 Barb mentioned that there is, you know, in as
25 much as veteran-owned businesses want to get

1 into federal contracting, we want to support
2 that and support that process and knowledge as
3 well, and Lockheed Martin is one of our founding
4 partners, but we know that there is a whole wide
5 world out there on the private sector supply
6 chain with goods and products and services that
7 we would like to introduce veteran entrepreneurs
8 to and that's another reason why we were so
9 excited to sponsor the Reboot, knowing that, you
10 know, educated and informed entrepreneurs are
11 obviously the best entrepreneurs and we want to
12 do everything we can to provide the goods and
13 services commensurate with the sacrifice that
14 these entrepreneurs have provided -- and their
15 families have provided the country.

16 By the way, they are very -- they have
17 a very successful profile and that's also good
18 business, which always helps when you're in the
19 private sector. But I did want to close with
20 the summit, the first in-person CVOB summit that
21 we will be having in Dallas on November 6th, in
22 partnership with SMU's Cox College of Business.
23 They were really excited to, when they saw the
24 coalition launch, which is something we hadn't
25 focused on as much getting universities

1 involved, but when they reached out and said,
2 this is excellent for our business school,
3 Dallas is a thriving ground for veteran
4 entrepreneurs in general, but veteran
5 entrepreneurs have certainly abounded there.

6 So, this day, and there is an agenda in
7 your packets, too. It's getting past the kind
8 of the why we need to do it trying to sell the
9 corporate partnerships. We are, right now,
10 overwhelmed, quite frankly, with corporate
11 partners who want to come on board and what
12 working groups to put them on and how they best
13 fit in to leverage their own networks and
14 resources and goals and missions.

15 So, what we all really want to -- what
16 the corporate side wants to do is now dig in and
17 drill down in the areas of their interest where
18 they want to reach veteran-owned businesses and
19 where we know that veteran-owned businesses have
20 interest in, which is that access to capital.
21 Franchising opportunities. We have VetFran,
22 UPS, 7-Eleven coming to talk about franchising
23 opportunities. We have building your brand with
24 Disney, right, like if you -- who doesn't want
25 to build their brand like Disney? We have

1 access to private sector supply chains with USAA
2 and Walmart. We have leveraging technology, and
3 all of these topics that veteran-owned
4 businesses have consistently shown that they are
5 interested in and need access to or lower the
6 barrier for or a resource or information about.
7 And, so, that's what this first day summit will
8 be, and then we'll follow up with what I assume
9 will be a good football game between SMU and
10 Temple, although as a Georgia fan myself, I'm
11 probably more interested in the tailgate, but
12 it's a great networking opportunity, the
13 tailgate is for veteran-owned businesses to come
14 and then talk about with the subject matter
15 experts, that they will have access to all day,
16 then to be able to follow that in an informal
17 setting where they will be able to follow up
18 with all those questions that they may or may
19 not have been able to get in the breakout
20 session.

21 We think that this is going to be a
22 very successful model. We've integrated
23 elements that we've seen from past events around
24 veteran entrepreneurship to try and take the
25 best practices that we could with the small

1 amount of time that we have, and so we're really
2 excited for the potential of this and then
3 hosting more of these throughout the year.

4 We'll also be signing on new CVOB
5 members, which is exciting, and a local part
6 of -- as part of VetFran's commitment, the CEO
7 of Sports Clips, Gordon Logan will be giving the
8 keynote for lunch, which is really exciting to
9 see a very successful veteran entrepreneur who
10 also now through his franchising provides other
11 veteran entrepreneurs the opportunity to pursue
12 their dream, and then, by the way, you know,
13 kind of the second order of effects is then they
14 hire veterans and so it's a very rising tide
15 lifting all ships.

16 So, that's the summit that we have
17 coming up. And if you want to flip to the end,
18 you know, we know that veteran entrepreneurship
19 is now taking the place of veteran employment as
20 the next greatest cause that we can rally around
21 public and private partnerships, and knowing
22 that, you know, the government can't and
23 shouldn't do all and that there's a huge
24 business case given some of the numbers that I
25 talked about and others that we have been

1 collecting for an infographic to show just what
2 a business case there is for supporting veteran
3 and military spouse-owned businesses, so to have
4 this kind of synergy and tidal wave national
5 platform is very exciting, and we know it's not
6 something that anyone in this room takes
7 lightly, and also that you guys are in the best
8 position to do the most good.

9 So, thank you for letting me present,
10 and if I can take questions now or afterwards,
11 I'll be here.

12 CHAIRMAN FIELDER: Questions?

13 (No response.)

14 MS. ROTH-DOUQUET: Thank you, Vivian,
15 what a great presentation. So, is this the kind
16 of thing we can promote to our networks for
17 people to participate in?

18 DR. GREENTREE: Yes, please.

19 MS. ROTH-DOUQUET: It looks like a
20 wonderful day.

21 DR. GREENTREE: And it is different, I
22 think, than a lot of -- it's expansive in the
23 fact that it includes military spouse
24 businesses, which is sometimes harder and more
25 thorny to do given the certification issues.

1 MR. PHIPPS: Michael Phipps. Are you
2 guys hosting the Reboot program? No.

3 DR. GREENTREE: No.

4 MS. CARSON: We have come together,
5 it's a partnership truly. So, there are --
6 there's a special effort, for example, around
7 the food industry, if you would like to speak to
8 First Data's portion of that, but it will be an
9 SBA program that is run by district offices,
10 that's where the scheduling will be run, using
11 the efficiency of the current infrastructure
12 that we used for Boots to Business, for
13 everything from the registration to actually
14 putting on the program.

15 What the partnership makes possible is
16 covering the venue costs, refreshments, because
17 Reboot is generally a two-day program, sometimes
18 compressed to one. So, that's where the
19 partnership was essential. We couldn't grow to
20 scale it across the United States without that.

21 Can I add, on top of the CVOB portion
22 that we just talked about, what SBA has asked
23 for gently is that members would consider
24 participating in American Supplier initiative
25 events where that is match-making, and pretty

1 sophisticated match-making that I told you you
2 will see an example of in Atlanta and Chicago,
3 where business owners send in a very detailed
4 profile and those companies that are coming with
5 opportunities also have a lot of detail, so that
6 there are better chances that there will
7 actually be a transaction that happens.

8 That is something we're proud of that
9 infrastructure at SBA, and are giving CVOB
10 members a chance to put their money where their
11 mouth is and come.

12 DR. GREENTREE: Yeah.

13 MR. PHIPPS: What's the registration
14 fee for veteran-owned small businesses?

15 DR. GREENTREE: There is not one. And
16 there's no --

17 CHAIRMAN FIELDER: So, but there's a
18 registration process?

19 DR. GREENTREE: So, we have a
20 certifications working team, who will be
21 pursuing that certifications area. Right now,
22 there is no -- there is no fee for registering,
23 but registering as a VOB through the CVOB allows
24 them access to our calendar of events that all
25 the organizations on here and like the SBA will

1 be compiling a calendar. Resources, you know,
2 targeted resources provided by the members of
3 the coalition. It doesn't mean that, you know,
4 it would certify you through the SBA.

5 We are also, though, with the
6 certifications working group coming up with that
7 transparent kind of process that says if I'm a
8 VOB and I want to do this, then I need to have
9 this, you know, this certification and this
10 certification, what third party certification
11 means, what NaVOBA certification means, what
12 SBA, what VA, what the process is, points of
13 contact. We really want to demystify the
14 process, but we're not looking to create another
15 process.

16 MS. CARSON: Thank you, Vivian. And if
17 you're talking about an ASI registration fee,
18 that one I don't know the answer to, so I owe
19 you that. And one more thing that we have asked
20 is that as you know, in federal procurement, we
21 do have -- Quickpay, you know, if you get a
22 valid invoice and pay it timely, that's another
23 thing that we have brought forward to the CVOB
24 as a commitment to make to these companies that
25 they do business with.

1 DR. GREENTREE: Right.

2 MS. CARSON: Whenever -- well, it's
3 hard to get that in writing from such a diverse
4 group, because everyone has their hurdles that
5 they need to clear, but we have said that within
6 15 days of a valid invoice receipt, that we will
7 pay those companies. That's what we will
8 continue to beat the drum for.

9 MR. PHIPPS: Good luck.

10 MS. CARSON: Well, you can't -- it's
11 great to convene, but if we have certain things
12 that are better for the community, we should put
13 those out front, and that's what we're doing.

14 MR. PHIPPS: There could be actually a
15 process where the reasons why Quickpay doesn't
16 happen to be brought out because there are very
17 specific reasons, especially in government
18 contracting, what the primes do to bleed the
19 subcontractors is a matter of red tape and
20 flowdowns that maybe aren't necessary, maybe
21 capture some of that data to go along with that
22 Quickpay.

23 CHAIRMAN FIELDER: Vivian, thank you.

24 DR. GREENTREE: Thank you.

25 CHAIRMAN FIELDER: Echoing some of

1 Barb's earlier comments, we as a committee
2 sometimes focus on contracting and government
3 contracting specifically, and I think the
4 realization, and we came to this realization a
5 couple of years ago, that it's 10 times the
6 market, and what you guys are doing in the sense
7 of assembling this very credible and impressive
8 list of corporations that want to move beyond
9 the employment issue, which is where many
10 corporations seem to be stuck, unless they're in
11 federal procurement, but moving beyond that is
12 just admirable, and we thank First Data and your
13 coalition for doing that. Thank you.

14 DR. GREENTREE: Thank you.

15 CHAIRMAN FIELDER: Many of the
16 committee members had asked Barb and I for
17 information related to the Veteran
18 Entrepreneurial Transition Act of 2015, and as
19 we were sort of preparing our agenda for today,
20 we thought we would do a -- just a 15-minute
21 introduction on the topic, and we've invited
22 Caroline Prosch to do that for us, and she's
23 with Senator Moran's office.

24 MS. PROSCH: Good afternoon, good
25 morning, something. I'm used to sitting behind

1 my boss in front of the mic', so this is a
2 little unusual for me, but thank you for having
3 me. Barb, thanks for extending the invitation,
4 and Davy, to you as well.

5 I'm Caroline Prosch, I'm Senator Jerry
6 Moran's military legislative assistant. This is
7 Emily Wilson. We both work together on veterans
8 issues and defense issues for the Senator.

9 So, I'm here today to talk about the
10 Vet Act, and I don't want to bore you, running
11 through the legislation, running through the
12 text, but I think that running through the text
13 essentially spells out exactly what we're trying
14 to accomplish. So, I'm going to go through, but
15 at any point if there are questions, feel free
16 to jump in.

17 A little bit of background. The
18 genesis of this bill really stems from a few
19 years of talking about the what-ifs of allowing
20 a veteran to use their GI Bill benefit for
21 something -- to start a small business, other
22 than higher education. And in 2012, working
23 with Davy and a few other folks, Senator Moran
24 created a roundtable to have a broader
25 discussion. Barb was involved, and a few

1 others, to just talk through what this might
2 look like. Some nonprofits were there, the
3 Kauffman Foundation, if you're familiar, was
4 there. And a few veteran-owned businesses.

5 So, what scenarios or what courses of
6 action could we take that would be amenable to
7 all sorts of folks moving forward, particularly
8 the VA, veterans themselves.

9 So, it's something that we've been
10 working on, and earlier this year, we took a
11 bigger step forward in actually putting some
12 text down. What was presented before the Small
13 Business Committee in the Senate was about the
14 18th iteration of multiple edits and revisions
15 and really trying to get it right. And, so, I
16 provided that history just as a context that we
17 don't take this lightly. Senator Moran wants to
18 make a very concerted effort that if we're going
19 to try to accomplish a change like this in the
20 U.S. of the GI Bill, that we're making a very
21 strong effort to be extremely thorough and
22 thoughtful with what this might look like.

23 So, jumping in, the way this is
24 designed being thoughtful is it's a pilot. So,
25 first and foremost, this is a proof of concept.

1 We're trying to test what this looks like for a
2 veteran to use their GI Bill benefit to start a
3 small business. And I -- that is fundamental to
4 this entire construct, because this is not
5 permanent, it's a three-year pilot, full with a
6 Congressional report to Congress and also a GAO
7 report.

8 So, again, trying to assess the
9 feasibility of what this might look like and the
10 success and potential failures that might occur,
11 and then assessing the pilot itself, the
12 construct along the way.

13 Okay. So, a big component to this is
14 that it's SBA-administered, and that was
15 intentional from the start. And I guess what's
16 also unique about talking about this today is
17 that your committee also has a role in the
18 implementation of this pilot. And I think it's
19 a great opportunity for the committee, given the
20 work that you do in research, and discuss and
21 then try to implement.

22 So, administered by the administrator
23 for the SBA, and the language says throughout in
24 consultation with your committee. When you jump
25 through just running through the subsections,

1 it's -- the criteria of the type of business
2 enterprises is something that you would consult
3 on. So, it's franchises, it's someone, you
4 know, buying a business from someone else, a
5 photography shop, for example, or someone who
6 has the idea of a startup, and wants to learn
7 more about what that takes with a tech idea or
8 some other sort of startup.

9 So, your involvement in setting what
10 that criteria looks like for business
11 enterprises and then criteria throughout, and
12 I'll get to that.

13 This is a pilot for 250 grants, 250
14 eligible veterans. We wanted to implement
15 geographic diversity just like the GI Bill in
16 some states, the value is higher, depending on
17 the locality, and so we wanted to make certain
18 that this was across the United States and not
19 just centered in one state or another.

20 Like I said, it's a three-year pilot.
21 To apply, the time frame for application is not
22 later than -- you have to apply within the first
23 two years of the pilot. And the intention of
24 that, of course, is that we want to assess how
25 well veterans do, and if it's through the course

1 of the three years, they, you know, apply at the
2 very end, it doesn't make much sense for them to
3 start up their business.

4 Documents required, we go into very
5 great detail as to what applications look like.
6 Side note, and this is, again, sort of
7 throughout, we wanted to be very detailed and
8 thorough in legislative text without the
9 overreach of, you know, telling SBA how to
10 color.

11 You know, we want to give, of course,
12 the administration, the administrator, the
13 ability and the committee to decide how this --
14 how this is going to function and what this
15 looks like. There's only so much specificity
16 you can have in text where you're
17 overlegislating it at that point.

18 But we do go into great detail as to
19 what is required in the application process, and
20 one of those, just to note, is that a veteran
21 certifies that they must complete an education
22 training program, and I'll get into what that
23 means in another section, as far as the
24 educational training, but that they also certify
25 that they understand they will not, shall not

1 receive grant funds until they meet and complete
2 the training requirement, as well as an improved
3 business plan by the SBA.

4 And then we leave it, again, sort of
5 open-ended to say, if there are other
6 certifications that the committee and the
7 administrator should come up with, those are
8 criteria that you can set into the application
9 process as well.

10 I mentioned business plan. Oh, we also
11 touch on the employment status. Just like a
12 veteran who is pursuing higher education, if
13 they are a part-time student or a full-time
14 student, we wanted to acknowledge and have sort
15 of equal bearing in this circumstance that if
16 you are a full-time employed person, that an
17 allowance or additional assistance as it's
18 described later must also be calculated and
19 caveated to the point that you're not receiving
20 the full benefit if you're employed and
21 receiving income from other means.

22 Okay, jumping into sort of the meat of
23 this, is the entrepreneurship training. We
24 wanted to, in the realm of not overlegislating
25 or recreating the wheel or creating something

1 new, in discussions with Barb, her team, there's
2 tremendous infrastructure within the SBA.

3 There's tremendous infrastructure with other
4 training organizations and curriculum that can
5 contribute to the education of the veteran as
6 they pursue the development of their business
7 plan within this pilot.

8 We didn't want to create, in the pilot,
9 a whole new realm of training when there's
10 already substantial resources out there. So,
11 spelled out into the text are approved programs,
12 and those approved programs are all SBA
13 programs, but at the very end, again, we leave
14 some flexibility for the administrator and your
15 committee to include other programs. And, for
16 example, a veteran pursuing a startup would
17 benefit more from an incubator or startup type
18 training. The bunker being one such incubator
19 that could provide that sort of assistance and
20 advisement.

21 Also, the Kauffman Foundation has their
22 FastTrac program that's across the country,
23 provided from multiple educational institutions,
24 and other means, and that's another program that
25 these two entities actually have MOUs or MOAs in

1 the works with the VA right now to be able to
2 provide their curriculum to veterans cost-free,
3 but in the interim, those might be entities that
4 the administrator and your committee approve as
5 a training program.

6 It goes into detail, I won't run
7 through, but it goes into detail as to when you
8 apply for the grant, what substance you need to
9 provide in explaining your business plan, and
10 the business enterprise that you're trying to
11 pursue, economic indicators, market data, that
12 type of information.

13 I think I mentioned this briefly, but
14 once they enter into a training program, a
15 veteran is required to have an advisor, someone
16 that they can lean on, count on, and seek
17 support from as they learn about how they're
18 going to create their business, and most
19 importantly develop their business plan.

20 This is where -- this is something
21 that's in the report to Congress. We want to
22 assess that advisory role. We want to make sure
23 that that advisor is someone who is capable
24 enough to have to take on that role advising
25 that veteran, and that's something that the

1 committee, your committee, and the administrator
2 and the SBA would have a function in overseeing.

3 Specifically, when the veteran creates
4 their business plan, you will have the committee
5 and the administrator have the ability to
6 approve it, if the advisor disapproves, or
7 disapprove it if the advisor approves. You
8 essentially, you have the final say on whether
9 it's a sound business plan moving forward for
10 that veteran, which I think is critical. Again,
11 it's sort of another hurdle or another check and
12 balance to make certain that how that veteran
13 moves forward is in a way that makes sense and
14 there's enough oversight to make sure that they
15 have the best possibility to succeed.

16 Getting into the maximum amount, the
17 maximum amount of the grant would include what I
18 mentioned earlier, additional assistance. So,
19 again, we're trying to keep all things equal of
20 housing allowance and how that translates from
21 traditional GI Bill to this circumstance. It
22 would include the amount of the grant, the grant
23 going to the actual creation of the business,
24 the implementation of the business, and it could
25 include the cost for the educational training

1 that is not cost-free.

2 So, if, for example, you approve a
3 training program that's \$750 for that veteran to
4 take, and it's a 12-week program, whatever it
5 might be, but it's something that the veteran
6 has sought out, that they feel is the right fit
7 for them, and that it's something that you
8 approve \$750 then could be contributed as part
9 of the grant, the overall grant.

10 The grant maximum, again, equating to
11 the GI Bill, is the maximum amount that they --
12 36 weeks -- 36 months?

13 MS. WILSON: I think.

14 MS. PROSCH: Or 38 months? The maximum
15 amount of education that they would pursue as
16 part of higher education. It's the equivalent
17 in this same circumstance.

18 In some cases it may not seem like a
19 lot, it may seem like a lot, but it may not seem
20 like a lot of money, but at the end of the day,
21 it's about giving them the resources and a
22 little bit of capital to maybe pursue that
23 larger loan.

24 So, I just want to note that it's not
25 the end-all, be-all. Veterans are not entering

1 this situation, they'll have enough information
2 up front, believing it's the end-all, be-all for
3 starting their business, but it's something more
4 than they have and it's using a benefit that
5 they have earned. So, that's the whole purpose
6 behind it.

7 Any questions thus far? I've been
8 going.

9 MR. McADAMS: This is Rich McAdams,
10 what does 38 months, what does that equal in
11 dollars?

12 MS. PROSCH: It depends. It depends on
13 the state, and what the maximum amount of a
14 state university is, which is why we try to have
15 the geographic diversity. For example,
16 California is going to be much higher amount and
17 level than the state of Kansas might be. So, it
18 varies, but the VA does have a cap.

19 MR. McADAMS: Okay. So, it's the
20 maximum for in-state tuition?

21 MS. PROSCH: Correct.

22 MR. McADAMS: Within that state?

23 MS. PROSCH: Right.

24 (Inaudible speaker.)

25 MS. PROSCH: Yes, ma'am. Yes, ma'am.

1 Which is spelled out here as well. Upon initial
2 review when people see that detailed explanation
3 of the E-5 equivalent, it's what does this mean
4 and what are you getting at, and so we put in a
5 paren, you know, similar to title, Chapter 32,
6 Chapter 33, Title 38, to make it very clear of
7 what we're trying to accomplish as far as the
8 calculation.

9 MR. HUBBARD: Hi, Caroline, this is
10 Will Hubbard from Student Veterans of America.
11 How are you?

12 MS. PROSCH: Hey, Will, I'm fine, how
13 are you?

14 MR. HUBBARD: Good to hear from you
15 again. I had a quick couple of questions. Just
16 a second ago it was mentioned what is 38 months.
17 Is it 38 months or 36 months? I didn't know if
18 there was two months added for some particular
19 reason.

20 MS. PROSCH: All right. I'm a little
21 nervous. Thirty-six.

22 MR. HUBBARD: Okay. And then, also, as
23 far as the maximum allowable amount for the
24 total dollars, is that -- I thought when we
25 discussed that it was regarding the private

1 tuition fee versus the in-state tuition
2 nonpublic costs.

3 MS. PROSCH: I think this is also
4 something where I'm going to kick it back to
5 what the SBA's role is and the administrator and
6 how they look at and assess private versus
7 in-state. Our intention is in-state.

8 MR. HUBBARD: Okay.

9 MS. PROSCH: To make all things equal.

10 MR. HUBBARD: Gotcha, gotcha. And
11 then, also, as far as the version that got on
12 the committee, does that version, is that 1862
13 or 1870, and does that impact the Title 38?

14 MS. PROSCH: The first part, yes, it's
15 consistent with 1870, with a few really great
16 additions that the committee added, including
17 the GAO report, and then to your second part,
18 yes, Title 38.

19 MR. O'FARRELL: Caroline, this is Jim
20 O'Farrell. So, you're pushing this ahead
21 because of what's going on in the marketplace
22 that you see a need for this? What's going on
23 with the use of the GI Bill? Some of us have
24 read some articles about that maybe it's not
25 being used quite as much. Can you address any

1 of that?

2 MS. PROSCH: Sure. We have some
3 one-pagers to pass out, also, that sort of go
4 into our substantiating guidelines, but I think
5 the CVOB just presented some data that what
6 we're seeing is that -- and, Will, you might
7 disagree, but the statistics may be off
8 slightly, but veterans aren't using their GI
9 Bill for education at a rate that we might
10 expect. So, I'm not going to put it in any
11 specific terms. There are statistics out there,
12 unfortunately, I don't think the VA, not I don't
13 think, I don't believe the VA has the -- enough
14 data to be able to present to us who is using
15 the GI Bill, who is not, to the rate of how
16 successful the program is. And then you have
17 to, you know, qualify what success means, of a
18 veteran actually finishing their program of
19 record, which isn't very high either.

20 So, this legislation is not meant to
21 deter from higher education, to be extremely
22 clear. This legislation is about giving
23 veterans a choice, and the option to use their
24 education benefit in a different way, starting a
25 small business, rather than pursuing that higher

1 education. It does not mandate that they must
2 use this choice or execute this choice, it's
3 self-selection, it just means they have the
4 option.

5 MR. O'FARRELL: And Jim O'Farrell with
6 a follow-up then. So, under what conditions or
7 terms could the pilot program be continued or
8 terminated? It is a pilot, so it doesn't
9 necessarily just go on --

10 MS. PROSCH: Right.

11 MR. O'FARRELL: -- you know, into
12 infinity. It has some sort of a time
13 limitation.

14 MS. PROSCH: It does. Typically
15 pilots, in my experience, and there are others
16 who know this better than I, the administrator
17 will start looking, the agency will start
18 looking, 18 months to a year out of extending
19 that program. That's why the report to Congress
20 is critical, and that's also why the GAO report
21 is critical, assessing the pilot internally from
22 SBA, and then assessing the pilot externally by
23 the GAO.

24 And, so, that data, that analysis, that
25 information will help inform the agency and

1 Congress of whether this is something that
2 should be extended, or it's something that
3 should become permanent.

4 MR. AUMENT: This is Ron Aument, I have
5 a question more for Barb, is that the advisory
6 committee here seems to be taking on an
7 operational role of some sort the way the
8 legislation is envisioned. Have you any
9 thoughts on that?

10 MS. CARSON: There is quite a lot this
11 advisory committee is empowered to do, but its
12 for population, and this is appropriate.

13 MR. AUMENT: Okay.

14 MR. ZACCHEA: Ms. Prosch, Mike Zacchea,
15 I run the Econ Entrepreneur Bootcamp for
16 Veterans.

17 MS. PROSCH: Right.

18 MR. ZACCHEA: Virtually all of our
19 veterans are working on multiple fronts, that is
20 they are going to school, they are either
21 employed full-time or seeking full-time
22 employment and starting a business at the same
23 time, so the question is, how -- is this an
24 either/or proposition, they can use GI Bill
25 benefits for either education or starting a

1 business? And the follow on to that is, how
2 would their use of GI Bill benefits to start a
3 business affect their access of voc rehab or
4 other veteran educational benefits?

5 MS. PROSCH: It's either/or in the
6 sense that it depends on the grant amount that
7 they're seeking. So, if a veteran is eligible
8 at 100 percent for X amount of dollars through
9 their GI Bill, and they only end up using
10 15,000, 20,000 as part of this grant, that delta
11 remains for voc rehab training, for other
12 education. It remains accessible to them. So,
13 it depends on the grant amount.

14 If someone wants to max out completely
15 what is available to them and what they're
16 eligible for through the GI Bill, then it is in
17 that sense an either/or scenario, but again,
18 it's something that they are willingly,
19 knowingly, opting to do. And it's presenting
20 them that choice. It doesn't mean that they
21 have to use -- have to use this option to start
22 a small business, it's only if they want to.
23 Knowing that they're using their benefit to do
24 it.

25 MR. ZACCHEA: No, I understand that

1 they don't have to start a small business, I'm
2 just wondering if -- thinking about and knowing
3 how people use their benefits and I think that
4 one of the reasons that you're finding that
5 veterans are not using their GI Bill benefits at
6 the rate that you might expect is because
7 they're husbanding their educational benefits
8 and the first option that they go to is the voc
9 rehab, and many of our veterans, as they're
10 pursuing starting a business, are also pursuing
11 a business education, whether a bachelor's
12 degree or an MBA, and that's whether they're,
13 you know, mid-careers, transition or second
14 career transition, now having retired from the
15 military.

16 So, it's I think an issue that
17 ultimately we would have to -- or you would have
18 to or we would have to work through to figure
19 out how that whole thing would work, the
20 interaction of the various educational benefits
21 and what goes where.

22 MS. PROSCH: Sure. You know, part of
23 the intent in the legislative text was to,
24 again, not be prescriptive in the VA funding
25 side. And the funding side generally. There

1 are -- there is still an openness in how this is
2 implemented from a funding scheme.

3 So, and that's something that we have
4 discussed with the folks who are on the line.
5 So, I think it's something to be addressed, but
6 there's a way to do that with the way that this
7 bill is written.

8 MR. HUBBARD: Hey, Caroline, this is
9 Will again. I just actually wanted to clarify
10 something. You mentioned that -- and I've seen
11 it come up a couple of times, the non-use of the
12 GI Bill or the lack of use or shortage of use,
13 however you want to term it. What data were you
14 looking at to get that? I couldn't find that
15 anywhere.

16 MS. PROSCH: Oh, that's Kauffman
17 Foun -- no, not Kauffman Foundation, it's SBA
18 data, it's Census data. I mean, it's available
19 on SBA's website, it's available open source on
20 multiple web sites, but, will, I was very
21 careful to say that I am not going to mention
22 any specific statistics because there is varying
23 data and you make a very relevant point, but
24 from where I sit and the things that I have
25 read, it may not be being used to the extent

1 possible.

2 MR. HUBBARD: Okay. Yeah, I just think
3 there's a challenge and it's important, as you
4 point out, to caveat that, because given that
5 individuals have 15 years to use their Post-9/11
6 Educational Assistance Act benefits, you know,
7 it would be tough to say people haven't used it
8 yet, or aren't using it, because I mean, we
9 haven't even hit that limit on that time frame
10 yet.

11 MR. WEIDMAN: The suggestion, I
12 think -- Rick Weidman, Vietnam Veterans of
13 America and VET-Force. The model you may want
14 to think about, because it is always a danger
15 that in black letter law you try to be too
16 specific and guard against it getting messed up.
17 And, in fact, there is no guarantee against
18 messed up. Scene designers for the theater are
19 always trying to make their sets actor-proof,
20 and there's no such thing. Somebody is always
21 going to figure out a way to fall and get hurt.
22 But where you can put down the parameters of
23 what you and the Senator and you all envision is
24 in the committee report, and the committee
25 report for 10650 is still the very most valuable

1 document. I'm sure everybody on this committee
2 has already read that, and if you haven't, I
3 think it's still on the general counsel site,
4 excuse me, of the Office of Advocacy site of the
5 VA -- SBA.

6 So, those are the documents that really
7 can put down -- not necessarily in a
8 prescriptive way, but what are the outcomes that
9 you envision? In other words, it gets at the
10 intent, the Congressional intent behind the law,
11 which is the key, and referencing the report
12 even in black letter law is often useful, and to
13 make sure that the key elements of that fund
14 that sway into conference report if, in fact,
15 you have to conference with the House, would
16 just be any suggestion.

17 And once again, thanks to Mr. Moran for
18 many things, both on the health side as well as
19 small business side. Thank you, Mr. Chairman.

20 CHAIRMAN FIELDER: Just as a followup
21 to Rick, one of the things that we laid out on
22 our website, if you will, is if we have
23 published and put the public laws to include
24 160-50 on our web page so that they're
25 accessible as they affect the committee.

1 (Inaudible speaker.)

2 CHAIRMAN FIELDER: Yes.

3 MR. MOROSKY: Hi, this is Alex Morosky
4 from the Veterans of Foreign Wars, and I just
5 wanted to -- the VFW felt that it was important
6 that we may want to register some of our
7 concerns about this concept for the benefit of
8 the committee, and I've already met with
9 Caroline, so she knows where we stand on it and
10 I think we're kind of at a point where we agreed
11 to disagree on a couple of points.

12 So, as far as just the general idea of
13 the concept just goes, forfeiting a GI Bill
14 benefit in order to get a grant to start a small
15 business, we really feel like education and
16 entrepreneurship should be looked at as sort of
17 mutually supportive, that it's not one or the
18 other, that just because you want to start a
19 small business that you wouldn't necessarily
20 benefit from an education. That's one.

21 Two, you know, even though the bill was
22 written in a very thoughtful way in terms of
23 sort of vetting businesses, only giving the
24 grant to ones that are likely to succeed, there
25 are still going to be people who end up with

1 small businesses, and then, of course, we feel
2 like the education benefit should be there for
3 them as a safety net.

4 So, you know, those are two things that
5 really concern us about the idea. You know, one
6 of the things that you hear about a lot is how
7 the original GI Bill of Rights had a small
8 business component to it, and that the post-9/11
9 GI Bill should also have a small business
10 component to it, and that's a good point, but
11 it's also important to remember that the
12 education and small business components of the
13 original GI Bill were not mutually exclusive.

14 In other words, it wasn't a one or the
15 other thing back then, we don't see any reason
16 why it should be. And we sort of think, as far
17 as our concerns go, you know, we're a little --
18 we're a little reticent to see the GI Bill Trust
19 Fund used as a pay for new programs that are not
20 related to education. You know, there's a
21 slippery slope there that, you know, we're not
22 really comfortable with. You know, this is a
23 good idea.

24 Maybe it's a pilot program, like
25 Caroline pointed out. That, by its very

1 definition, means it's unproven. I think we
2 would really like to see, ideally, a pilot
3 program that implements the grant program with
4 the vetting process through SBA, but doesn't
5 necessarily require the pilot members of the
6 program to forfeit their GI Bill benefit before
7 we get that report, and we feel like standing up
8 the program on its own without the GI Bill
9 component is probably the responsible sort of
10 incremental step towards setting up a program
11 like this. So --

12 MS. PROSCH: Alex, great to hear from
13 you. To the last point, there's nothing in this
14 bill that stipulates that the pilot must use and
15 the veteran must use their GI Bill benefit, and
16 that's something we've discussed.

17 MR. MOROSKY: Right.

18 MS. PROSCH: So, the funding stream, as
19 I mentioned earlier, is not defined here, and
20 that was intentional.

21 MR. MOROSKY: Okay.

22 MS. PROSCH: So, you know, the intent
23 was that this is an SBA-administered program,
24 that was very important to us, because SBA has
25 the expertise to support veterans in pursuing

1 small businesses. The VA does not. In the VA's
2 comments back to us, when we asked for their
3 views on this bill, very much consistent that
4 they don't want to manage such a program, but
5 while at the same time, remain neutral and did
6 not oppose the program.

7 To some of your other points, I just
8 want to note that when this went through the
9 Senate Small Business Committee, some of the
10 reporting language addresses some of the
11 philosophical underlying concerns that you've
12 presented in the past, and today. And it
13 addresses the issues of fiscal responsibility,
14 duplication of other pilot programs,
15 potentially, as well as whether it remains
16 consistent with the GI Bill.

17 So, there are some underlying reporting
18 requirements are going to address analytically
19 your concerns. Your concerns are not like --
20 unlike ours, and I think for most people who
21 look at the concept, we don't want veterans to
22 fail. We don't want veterans to go through an
23 experience and feel like they've wasted, you
24 know, their GI Bill benefit. We've tried in a
25 very concerted way to put as many measures and

1 parameters in place to have the highest level of
2 success. It's not going to be perfect, and
3 that's why it's a pilot. This is a proof of
4 concept to test what works and what doesn't, and
5 again, then an analysis internally through the
6 SBA and externally through GAO to address all of
7 these factors.

8 So, this is not law, it's not
9 permanent, so while we understand your concerns,
10 and again, they're ones that we share, to some
11 degree, there's a fundamental difference of what
12 we're trying to accomplish by testing this
13 scenario, because it's a desire among veterans.
14 Not that there isn't a desire for education, but
15 there's a desire among veterans to use their
16 benefit and have the choice to use their benefit
17 to start a small business. But thanks for your
18 comments.

19 MR. MOROSKY: But that's only because a
20 program like this doesn't exist, though, right?
21 A grant program doesn't exist. I mean, I think
22 if any of those veterans who are looking to
23 start small businesses and for some reason feel
24 like they're leaving money on the table because
25 of their GI Bill, if they were offered -- if

1 there was a program that allowed them to access
2 the same amount of capital without forfeiting
3 their GI Bill, I don't know anyone who would,
4 you know, want to forfeit a benefit that they
5 haven't used yet.

6 So, I guess that's kind of where, you
7 know, we stand on it still, but we can have more
8 conversations about this. I just really wanted
9 to register VFW's opinion for the committee's --
10 for the record for the committee. That's all.

11 MS. SANCHEZ: Alex, this is Ami
12 Sanchez, I actually work for Ranking Member
13 Shaheen, who worked on the modifications to the
14 manager's bill for S-1870, I think. You know,
15 in my conversations with her, she was very clear
16 that she shares your concerns. This is, you
17 know, as Caroline mentioned, it is a pilot and I
18 think, you know, to Mr. Weidman's point about
19 using that report language, the process isn't
20 done. We still have the report that accompanies
21 the bill that we fully intend to utilize to
22 encapsulate these concerns so that, you know,
23 when this pilot or, you know, should this pilot
24 become a point of implementation, you know, at
25 that point where we -- you know, the powers that

1 be seem to want to decide whether or not to make
2 it permanent, you know, we have that on the
3 record to show, well, these were the concerns,
4 you know, and to the extent that we in that
5 process, in the process of implementing the
6 pilot, learn about things that need to be
7 addressed or, you know, maybe new things that we
8 never even considered that authorizers do, and
9 we take that I think for my boss, for the
10 chairman, I don't want to speak for the
11 chairman's boss or for the chairman myself, but
12 I know for my boss we take those concerns and
13 that role of ensuring whatever we do make
14 permanent is appropriate, we take that
15 seriously.

16 And, so, you know, I would love to talk
17 to you offline, you know, I'm sure the
18 chairman's staff would also love to talk to you
19 and see that -- and make sure that we get in the
20 report that accompanies the bill really does
21 capture your, you know, yours and others
22 concerns appropriately.

23 MR. MOROSKY: We would be happy to do
24 that, thank you.

25 MR. AUMENT: This is Ron Aument. There

1 doesn't seem to be nearly as much activity going
2 on in the House side on this area right now.
3 Can you speak to that? Is there -- is there
4 going to be something that's going to be
5 spurring that activity there as well?

6 MS. PROSCH: We do have a companion,
7 actually, from Congressman Fortenberry.

8 MR. AUMENT: But it's not even before
9 the --

10 MS. PROSCH: It has not been.

11 MR. AUMENT: -- the Veterans Affairs
12 Committee.

13 MS. PROSCH: No, well, it would go
14 through Small Business, but I don't know if it's
15 on their agenda, their calendar, for the
16 legislative hearing this month, or next.

17 MS. SANCHEZ: This is Ami. I can tell
18 you that, you know, the Senate Small Business
19 Committee has been incredibly active. I think
20 if you look historically over the last sort of
21 past several Congresses, you know, what have we
22 done. You know, I think this Congress, we've
23 probably been more active than we've ever been,
24 and I'm not just saying that because it's one of
25 my favorite bills on the agenda.

1 So, you know, I think a lot of it was
2 led by the Senate, and we're looking forward to
3 having conversations with our counterparts in
4 the House about how to move the ball forward.
5 You know, jointly, we have a precedent set with
6 the Veterans Entrepreneurship Act, which not
7 only permanently waived the -- you know,
8 codified the fee waivers available to veterans
9 on certain SBA-backed loans, and it ended up
10 being the vehicle by which we, you know,
11 increased the statutory authorization level for
12 the entire 7(a) loan program.

13 So, realizing that that was the vehicle
14 to get this larger thing done, I think it
15 highlighted, it elevated the importance of
16 veterans entrepreneurship and veterans small
17 business ownership to, you know, all of
18 Congress, frankly, but, you know, particularly
19 to our friends and colleagues in the House.

20 MS. ARTIS: I just have a comment.

21 CHAIRMAN FIELDER: In an attempt to
22 stay on schedule, I'm going to take two more
23 questions and then let Caroline wrap up.

24 MS. ARTIS: Well, my comment as a
25 veteran, I just want to applaud the efforts. I

1 think it's a great idea and I do hope that you
2 all decide to work around all the little small
3 issues to get it in place, and I say that
4 because I was an entrepreneur before I joined
5 the Marine Corps, before I joined the Marine
6 Corps I operated as an entrepreneur. So, if
7 there was something in place that had more of an
8 encouragement behind me going to school so that
9 I can be a better entrepreneur would have been
10 hugely beneficial to know about while I served,
11 instead of there's a GI Bill for you to go to
12 school. Well, I'm not really like so-called
13 interested in just getting a degree, I want a
14 career in certain things, and being an
15 entrepreneur, you're thinking that way. So, to
16 know that you can add both would be excellent.
17 Thank you.

18 MR. FIELDER: Please identify yourself
19 for the recorder.

20 MS. ARTIS: Yes, Laurie Artis, I'm a
21 small business owner, as well as a member of
22 VET-Force. Yes, and I testified at the hearing.
23 I'm glad you remembered, thank you.

24 MS. ROTH-DOUQUET: This is Kathy
25 Roth-Douquet with Blue Star Families. I'm -- a

1 lot of folks, veterans and military spouses, are
2 interested in entrepreneurship jobs, but I would
3 like to echo what the VFW said about decoupling
4 this from GI Bill. The GI Bill is an enormously
5 important benefit to our service members. This
6 data about the last Census data that's from
7 2010, so it's quite old, and we do have 15 years
8 to use it. Education is a particular thing, and
9 using that money that's been set aside for
10 education is something that we would be very
11 loathe to see done. There are folks who want to
12 use it to allow people to do further national
13 service and volunteerism. There's lots of
14 proposals on the table to get at that money for
15 other things.

16 We would be more in favor of expanding
17 the educational uses so that there is deeper
18 kinds of entrepreneurial education, more things
19 like general assembly. I am not against giving
20 grants to these people, I don't want to see it
21 coming from the GI Bill or having it linked to
22 the GI Bill, and then I'm curious about the
23 costs to administer to prevent the fraud and to
24 prevent the kind of preying that there's going
25 to be on people that always comes with a program

1 like this. What do you see as the incremental
2 costs of administering this over the GI bill,
3 and what failure rate would lead you to decide
4 that this isn't worth continuing? Thanks.

5 MR. WYNN: My name is Joe Wynn, I'm
6 with the Veterans Entrepreneurship Task Force
7 and also a member of NABVETS. I just want to
8 make a couple of comments, also, with regard to
9 this proposed bill. One thing I want to
10 mention, first of all, is that in -- I think it
11 was 2012, Veterans Entrepreneurship Task Force
12 had this very discussion in proposing the use of
13 the portions of the GI bill for small business.
14 As a matter of fact, Jim Wilfong, a member of
15 our interagency task force actually submitted it
16 in his report recommendations in 2012.

17 So, I'm glad to hear that we've gotten
18 to this point to have some discussion on it, and
19 it's getting to a point where it's actually, you
20 know, drafting some language. I was following
21 along in the discussion you were providing, up
22 until the point where it sounds like you said a
23 person or the veteran could opt not to use the
24 GI Bill for this pilot program, but I thought
25 that was the whole purpose of it to use your GI

1 Bill if you're not going to use it for
2 education.

3 So, I'm kind of confused on that. Why
4 would -- why would I opt not to and be in this
5 program unless we're talking about some other
6 type of grant-funded program, which that's a
7 totally other thing to me. If we're talking
8 about using your GI Bill instead of for
9 education, I could use it to start my business,
10 then let's give the veteran that option to do
11 that.

12 I think you also, though, pointed out a
13 couple of things, you know, statistics are
14 showing that probably 50 percent of the veterans
15 eligible to use the GI Bill for education are
16 not using it. And, as also many of us probably
17 know, many veterans who go to college using
18 their GI Bill don't finish. And we're finding a
19 lot of veterans that go to school and finish
20 still aren't getting good jobs. Okay?

21 So, why shouldn't a veteran, if that's
22 their benefit, have the option to use it to try
23 to explore entrepreneurship as a goal? So,
24 that's kind of where I am.

25 MR. HUBBARD: Hi, this is Will, I just

1 wanted to correct a couple of things real quick,
2 first off about the 50 percent number on usage,
3 as Caroline pointed out, it's kind of impossible
4 to determine at this point. And also, as far as
5 the graduation rates, you know, we've found with
6 the Million Records Project last year, that
7 veterans are actually graduating at comparable
8 rates to their civilian peers, and actually at
9 greater rates than nontraditional students. I
10 think it's important to remember a couple of
11 those things.

12 MR. O'FARRELL: This is Jim O'Farrell,
13 what number does the caller think is a number
14 that could be used and not be laughed at? Is it
15 75 percent are using the benefit, or is it 85
16 percent? What number do you think is being
17 used?

18 MR. HUBBARD: Well, so I've heard a
19 couple of different numbers. I've heard
20 anywhere from 50 percent to lower on the
21 discussion of this proposal, but, you know, as
22 we pointed out, until 2015, it's really
23 impossible to determine that -- or I'm sorry,
24 2022, it's really impossible to determine that
25 since a veteran has 15 years to use the benefit,

1 and being passed in 2008, that would be the
2 soonest that it would be possible to determine
3 those usage rates. So, you know, until that
4 point, I think discussing it from that angle is
5 really, frankly, impossible.

6 CHAIRMAN FIELDER: Okay, we're going to
7 go to wrapup. Caroline, you have the last word.

8 MS. PROSCH: Okay. What's that?

9 MS. WOOD: Can you answer those
10 questions?

11 MS. PROSCH: Yeah, I am. Because you
12 raised some of the fundamental things that I
13 think it's been discussed. On the statistics,
14 just as a clarification, to say that it is old
15 data, the Census, most recent Census, it's
16 supposed to be coming out, maybe it's been
17 released in July, is more relevant information
18 that we would like to use. You're correct.

19 Generally speaking about the
20 statistics, that is less important to us, to the
21 Senator, and to the effort, than the fundamental
22 desire of veterans wanting to use their benefit
23 to start a small business.

24 I understand your concerns about use of
25 the GI Bill, and then the opposite wanting to

1 use the GI Bill. This is what we run into and
2 have run into for the last several years. From
3 the Senator's perspective, we want to allow
4 veterans to use their GI Bill because it's a
5 benefit that they've already earned. That's
6 earned, unused capital or unused funds,
7 unrealized funds that they have earned and could
8 implement and use and utilize in a way not only
9 for educational training in this mini MBA
10 scenario of creating a business plan and
11 learning how to create a business, but also
12 taking them from talk into implementation.

13 And, so, that's the fundamental idea is
14 to, yes, use the GI Bill. While at the same
15 time, we are cognizant of your concerns and
16 understand what you are saying that we're
17 leaving it in a way that allows the SBA and the
18 VA to work on the funding mechanism. In an
19 ideal world, maybe this is a grant supplement to
20 the GI Bill. It's within the GI Bill, but it's
21 an additional grant. I don't know. I'm not
22 sure what it looks like, and those specifics
23 haven't been worked out, and that's intentional
24 and by design.

25 And it addresses a lot of what the VFW

1 and Student Veterans of America have outlined a
2 few times, and it's not that we disagree. We
3 want it to be right. And we've worked with the
4 committee and will continue to work on fine
5 tuning this to make it right, and you all have a
6 role in that, too, setting parameters and
7 criteria.

8 I've said this before, I'll just
9 reiterate again as sort of a final thought that
10 this is based on veterans like yourself who have
11 come forward and said, I wish I had this
12 opportunity. And we've heard it enough that we
13 decided to take action. So that's really what
14 it's about.

15 (Inaudible comment.)

16 MS. PROSCH: So, the cost to
17 administer. Again, we didn't want to recreate
18 the wheel, so some of this is internal to SBA
19 within their -- within Barb's shop to handle the
20 day-to-day administration of the pilot in
21 concert with the rest of the chain of command --

22 (Inaudible comment.)

23 MS. PROSCH: That's to be determined.

24 CHAIRMAN FIELDER: Caroline?

25 MS. PROSCH: We're also working on a

1 CBO score.

2 CHAIRMAN FIELDER: Caroline, thank you
3 very much for presenting to us today.

4 MS. PROSCH: Thanks.

5 CHAIRMAN FIELDER: Our next speaker and
6 our last speaker for today is Joseph Sobota.
7 He's going to talk on the 2012 Census Bureau
8 survey of business owners veterans, and he's
9 from the SBA Office of Advocacy. It will take
10 just a second for him to get keyed up. This is
11 our ongoing conversation about Census data and
12 how properly to use that data and whether or not
13 it's usable or not.

14 (Brief pause in the proceedings.)

15 CHAIRMAN FIELDER: Okay, we're ready to
16 get back. Joseph, when you're ready.

17 MR. SOBOTA: Thank you very much for
18 inviting me to come back. I've been coming to
19 advisory committee meetings, as some of you may
20 know, since the very beginning, and as a matter
21 of fact, I think the very first one I went to we
22 were talking about Census Bureau data back in
23 2002. My name is Joe Sobota, I'm an assistant
24 chief counsel for advocacy, and I only have
25 three slides here, I'm standing between you and

1 lunch, and I don't want to delay progress, and
2 my presentation here is mostly in the handout
3 that I just gave you, and this is by way of
4 giving you a preview of brand new data that the
5 Census Bureau just released on August 18th, and
6 this comes from the Census Bureau's Survey of
7 Business Owners, our most important source of
8 information about veterans and business, and
9 about women and business and minorities in
10 business and in business in general, for that
11 matter.

12 It's only done every -- once every five
13 years in its full form, and this time around,
14 1.75 million businesses were surveyed in
15 sampling frames that are constructed or were
16 constructed based on tax returns for the
17 business year 2012. And, you know, the data
18 is -- the data year is 2012, and folks say,
19 golly, that's kind of old data. That's factory
20 fresh, by Census standards. You're not going to
21 do any better, and our friends in the Census
22 Bureau, I'm not trying to beat up them in there,
23 they're our good friends and we financially help
24 underwrite this project, but if you think about
25 it, people don't file their tax returns for 2012

1 until well into '13, and some in October of '13.
2 So, you can't really construct sampling frames
3 that are needed until late into the following
4 year. And then they must go out to all these
5 people and almost two million folks, and they
6 have to chase folks around that don't return the
7 data and although they're getting more --
8 they're doing a lot of it online now, so that's
9 actually improving efficiency and lowering cost,
10 but then it has to be matched with
11 administrative data from other agencies. It's
12 anonymized. None of the data that's used can
13 ever be linked to specific individual
14 businesses, so it's aggregated in a statistical
15 way that people's identity is always protected.

16 So, anyhow, this data is preliminary,
17 and that's one of the reasons our lawyers have
18 insisted on these big copious footnotes that you
19 see on the -- even on the slides, and it's
20 basically to say that we expect some revisions
21 to this, the final data will be released in
22 December. Our experience in the past has been
23 the numeric revisions are usually quite small.
24 They were in the order of 1/1000th the last time
25 around in 2007, so this should give you a pretty

1 good idea of where we're going. But this is one
2 other looming question here that has to be
3 resolved when the December data comes out, and
4 that is a minor change in the wording of the
5 question about veterans, and we worked with
6 Census and many of the VSOs and other agencies
7 and our friends on the Hill. We had a series of
8 roundtables about how to improve the veteran
9 question, and specifically wanting to capture
10 information about Guard and Reserve members.

11 When this was being done, of course, we
12 had large-scale activations for the -- for Gulf
13 War II, but that had also happened back in Gulf
14 War I, Operation Desert Storm, and it just
15 wasn't certain that we were capturing them, and
16 there were a lot of stakeholders that wanted to
17 capture them and we worked through all kinds of
18 options. Census Bureau was extremely
19 cooperative in trying to develop a question in
20 which these could both be captured and yet we
21 would still have equivalent data from prior
22 efforts so that we could have some comparative
23 basis.

24 So, what's happened now is we just have
25 a top-level -- we have the results from a

1 top-level question that kind of includes
2 everybody, and the new question specifically
3 includes national have you ever served in the
4 national -- any service branch or the National
5 Guard or Reserve components.

6 There's a secondary question that was
7 also asked, do you have any active duty service.
8 So, unfortunately, we don't have the data on
9 that until December, and so we'll be able to
10 match that up with this other question and then
11 hopefully the equivalence will be there.

12 Now, frankly, my personal opinion is
13 that we're not going to see a huge amount of
14 difference, because so many reservists and even
15 National Guard members have had active duty and
16 are certainly veterans, and yet there will be a
17 few folks out there that perhaps answered in the
18 affirmative for the question, the veteran
19 question, top-level question who may not meet
20 the legal definition of a veteran and wouldn't
21 be equivalent to the prior question.

22 So, there may be an adjustment that we
23 need to make. Okay, with that caveat, we're
24 just going to proceed with the three slides and
25 the data that you have is what it is, it's what

1 Census has given us so far. There might be a
2 few adjustments, but this is the preview of it.

3 Basically, one of the -- there's really
4 two story points that I think you can boil this
5 down to, and even though there's a lot of data
6 in there, one of the things that is very
7 interesting is it appears that over this
8 five-year period that veterans have maintained
9 and even grown in numbers by about 3.8 percent,
10 now remember that might have to be adjusted a
11 little bit because of the change in the
12 question, but it's in the ballpark, it actually
13 grew a little bit and actually grew more than
14 businesses for the overall economy.

15 And that is despite two big headwinds,
16 and one of those headwinds is purely
17 demographic, the total number of veterans has
18 continued to go down, and that's a long-term
19 demographic trend that's been in place for 40
20 years or more, and so we basically during that
21 five-year period from 2007 to '12 saw a decline
22 in the veteran population of about 7.3 percent.

23 At the same time, the total U.S.
24 population aged 18 and over, so that we're
25 comparing apples to apples, went up about 5.5

1 percent.

2 So, the veterans percentage of the
3 total population went from about 10 percent down
4 to about 8.8 or 9. Now, that's a headwind. You
5 would expect maybe that might have an effect on
6 the total number of businesses, yet it appears
7 that the whole number of businesses actually
8 went up. And, so, that's a good thing. That's
9 a good sign.

10 And those businesses, as you can see on
11 the slide that's up there right now, are
12 distributed across a wide variety of industries.
13 Those sectors are based on the two-digit NAICS
14 codes, and the two largest ones, again, this
15 time around, are professional services and
16 construction. And the two of those together
17 comprise about 30 percent, together that's a big
18 chunk of everybody, but the rest of them are
19 just all over the map, and they broadly mirror
20 the business population as a whole. So,
21 veterans are very representative of other
22 groups. There aren't really big differences in
23 this department.

24 We did see a slight decline in
25 construction there, it went down by about 2

1 percent or so, and that, by the way, is
2 undoubtedly due to the other big headwind, I
3 mentioned one headwind, the other headwind was
4 the great recession, and the great recession
5 happened smack dab in the middle of this period,
6 the reporting period, 2007 to 2012. So, you
7 would expect that would have a negative effect
8 as well, as it did. And it probably turns up in
9 the construction sector more than any other one
10 place.

11 But that's -- this is pretty
12 interesting so far, but what I think is even
13 more interesting is in the next slide, figure 2.

14 CHAIRMAN FIELDER: Joseph, could we
15 stay with the first slide just for a second?

16 MR. SOBOTA: Oh, sure, yeah.

17 CHAIRMAN FIELDER: And I assume that
18 when you did the construction comparison, that
19 was thinking the number was actually higher than
20 15 percent, but you're referring to 2007 data?

21 MR. SOBOTA: No, 13.2 percent is the
22 2012 data.

23 CHAIRMAN FIELDER: Right, and when you
24 made the comparison to the fact that what
25 previously was at 15 percent.

1 MR. SOBOTA: About that, yeah.

2 CHAIRMAN FIELDER: You were comparing
3 that to 2007 data?

4 MR. SOBOTA: Yeah.

5 CHAIRMAN FIELDER: That's the next data
6 point, correct?

7 MR. SOBOTA: That's correct.

8 CHAIRMAN FIELDER: Okay. And then my
9 second question is, where does information
10 technology fall into these miscellaneous
11 categories?

12 MR. SOBOTA: Yeah, there is actually,
13 they just shortened that title, the full title
14 includes professional, technical and scientific
15 services, but there's also an other services
16 category. Services are big, you know, and so if
17 they were just to add up all the services, that
18 would be by far the biggest category.

19 CHAIRMAN FIELDER: So, last question,
20 based on 2012/2007 data, if construction dropped
21 2 percent, are there any other significant
22 adjustments in the pie chart?

23 MR. SOBOTA: Yeah, I would have to
24 actually go -- it's all right in these tables in
25 the back, and I'm sure that there is probably,

1 you know, there are other sectors that would
2 have changed a lot. I didn't really focus on
3 that, though. They're going to be in that data,
4 though.

5 We didn't really get down to -- we
6 didn't want to get too granular on this during
7 this preview stage because we know the data is
8 going to change. I don't think it's going to
9 change very much, but we wanted to just do this
10 one down and dirty, and actually this is not
11 meant for distribution or publication, this is
12 just being used for your benefit and for the
13 meeting tomorrow.

14 But certainly we'll look at that much
15 more closely. In fact, this would be the time
16 to get a commercial in for our bigger product,
17 in 2007, we put together this almost 100-page
18 book of data on the SBO then and we will be
19 doing that again as soon as the final data comes
20 out. Actually, we may even have more data this
21 time -- well, we will have more data because we
22 expect to have Guard and Reserve data, we expect
23 to know more about businesses that are owned by
24 members of the Guard and Reserve and we will
25 also have a breakout for post-9/11 trends, which

1 we have never had before. And that's important.

2 We're also trying to get veteran data
3 on service-disabled veterans, but this will come
4 out as soon as we have the final data in
5 December.

6 But if we could go to the second slide.
7 Now, here's some interesting stuff. As it turns
8 out, every single one of the demographic groups
9 that are in figure 2 has experienced significant
10 increases in the period, and particularly if you
11 look at veteran-owned businesses that are owned
12 by women. They were only 4 percent of all
13 veteran-owned businesses in 2007, and that
14 number has jumped to more than 15 percent.

15 And, see, I don't think any anomalies
16 in the question, that what the question asked
17 would account for that kind of growth. So, I
18 mean, something is really happening there. And
19 each one of those other groups reflected a very
20 large increase. So, when we look at those who
21 identified themselves as minorities, there's
22 large growth there, Hispanic, African American,
23 whatever, you can look at them all, they have
24 all grown.

25 So, that's another part of the story

1 here is when we get the final data, we will be
2 looking at that more carefully, but I don't
3 expect that growth to change. We're going to
4 have significant growth in all of those
5 categories.

6 Now, somebody asked me, well, didn't
7 the women grow because there are more women in
8 the military now and that percentage has gone
9 up? And it has. But I looked at the actual
10 numbers on that, and during the reporting
11 period, women veterans in 2007 comprised 6.8
12 percent of all veterans, in 2007, and in 2012,
13 that went up to 7.6 percent. So, there was some
14 growth there, yeah, but not from 4 percent to 15
15 percent.

16 MR. McADAMS: Is that working age, Joe?

17 MR. SOBOTA: Yeah, that --

18 MR. McADAMS: I'm sorry, Rich McAdams.

19 Is that of working age?

20 MR. SOBOTA: No, that would be all
21 female veterans. Now, almost all of those, of
22 course, would be younger because the further
23 back you go the older you get and the percentage
24 of female veterans would be small.

25 MR. McADAMS: That's what I was

1 thinking, some of the older would be
2 predominantly male.

3 MR. SOBOTA: Oh, yes, for sure. The
4 further back you go, they're almost all male,
5 but what that means is the landscape here is
6 changing, and it's changing rapidly. And if you
7 can say the five-year period is rapidly in the
8 world of the Census, it is. So, policymakers
9 need to be aware of that. We believe that a
10 good policy requires good legislation and our
11 friend, a few of you may have heard the name
12 John K. Lopez before, who was one of the
13 founding co-chairman of VET-Force, and chairman
14 of the Association for Service-Disabled
15 Veterans, and a remarkable man in so many other
16 ways, and he is no longer with us, but Korean
17 war veteran, survivor of the Chosin Reservoir
18 campaign. We wouldn't have any veterans data
19 right now but for John.

20 In 2002, the Census had already
21 finalized its survey instruments with OMB and
22 they were posted on the web and they were ready
23 to go, and John got wind of the fact there
24 wasn't any anything in there about veterans, and
25 in his shy kind of way he picked up the phone

1 and called the Secretary of Commerce and said,
2 hey, we need to have information about veterans.

3 So, at any rate, he convinced -- I
4 almost said he convinced Census, but he was
5 really way above that when he was talking to the
6 secretary, and they had to pull down that survey
7 instrument and redesign it and they decided,
8 yes, we do need information about veterans, and
9 ever since we've had information about veterans.

10 Now, we've improved the forms and we've
11 worked with Census to improve the forms and get
12 more data. The 2007 was an awful lot better
13 than the 2002, and we haven't seen the final
14 results from '12, but I'm almost certain that
15 we're going to have even better and more
16 interesting data in '12.

17 So, one more slide there, if we just --

18 CHAIRMAN FIELDER: A question related
19 to that slide.

20 MR. SOBOTA: Yeah?

21 CHAIRMAN FIELDER: My experience with
22 this kind of data in particular, which is the
23 disabled vet data, and specifically my
24 experience with goaling and attempting to find
25 service-disabled veterans, there's a dilemma in

1 the sense of underreporting or self-reporting,
2 and I wonder if the difference in the 2007 and
3 2012 numbers are skewed as a result of
4 underreporting in 2007 and now gotten to a point
5 where the word is out.

6 Obviously that was the active thing
7 that we were campaigning to do starting in the
8 previous administration was to get people to
9 report themselves, we are a service-disabled
10 vet, we're a woman-owned business, and we're
11 also a service-disabled vet or we're a minority
12 or woman-owned business and a service-disabled
13 vet. Finding those companies and getting them
14 to self-report who they were was probably the
15 most giant step in getting good data, and I
16 suspect there might be some of this.

17 And I know you said you're going to
18 take a deeper dive as you get the better data at
19 the end of the year, but I would just caution
20 you to kind of take that into mind. Is this --
21 is this a big scene change in the sense of there
22 are all these new companies, or is this
23 underreported data from 2007 and the numbers are
24 relatively closer together?

25 MR. SOBOTA: Well, let me just say

1 this, you're quite right, whenever you have
2 self-reported data, there's really it's very
3 difficult to ultimately determine whether the
4 person is telling the truth. I mean, you don't
5 go to a lot of trouble to investigate individual
6 respondents' answers, but we know these are all
7 businesses, there's no question about that,
8 because they're based on actual -- the sampling
9 frames are based on actual tax returns, and I
10 can feel pretty confident, nobody files a
11 business tax return unless they actually had
12 business income. Nobody is going to -- so, we
13 know that they're real businesses.

14 Then when we -- when those who are
15 selected in those samples, based on their
16 business tax returns, get a questionnaire and
17 they see that veterans question, I don't know
18 why they would fail to answer correctly, whether
19 if they are a veteran, why would they not
20 identify themselves as veteran? But it is
21 possible, and, you know, I don't know that
22 there's a solution to that problem, but we're
23 assuming that people that answer that they are
24 veterans are veterans. I don't think we have --

25 CHAIRMAN FIELDER: Yeah, the reason I'm

1 drinking this up, Joseph, is that in the early
2 2000s when the service-disabled vet category
3 first existed --

4 MR. SOBOTA: I remember that.

5 CHAIRMAN FIELDER: -- we were having
6 trouble funding companies to self-identify
7 and --

8 MR. SOBOTA: Absolutely.

9 CHAIRMAN FIELDER: And we literally
10 campaigned to find those companies.

11 MR. SOBOTA: I remember that.

12 CHAIRMAN FIELDER: And I don't know why
13 they don't answer, frankly.

14 MR. SOBOTA: I do remember the problem
15 with service-disabled vets, and by the way, we
16 don't have any data in this early release on
17 service-disabled vet, we will in December. The
18 Census Bureau regards service-connected
19 disability as a characteristic of the owner, not
20 the business. So, it's in the ownership
21 questions, and then they aggregate the
22 percentage ownership to figure out who SDVOSBs
23 are. So, it's kind of a two-step process, but
24 at any rate, we will have a lot more data, and
25 by the way, I hope to come back when we have the

1 final data and I can give you that.

2 CHAIRMAN FIELDER: Consider yourself
3 invited.

4 Michael?

5 MR. ZACCHEA: Yeah, Mr. Chairman, one
6 of the issues about identifying veteran-owned
7 business is about a larger issue of a definition
8 of a veteran. There are many people who
9 actually don't self-identify as veterans, even
10 though they are, and there are some conflicting
11 definitions of what a veteran is, even at the
12 federal level. And I've actually worked with
13 Representative Elizabeth Esty about trying to
14 identify and define exactly who a veteran is.

15 So, I'll give you an example. Somebody
16 who served in the Reserves for 20 years, but was
17 never on active duty, never activated for a
18 certain period of time, is not considered a
19 veteran for benefit purposes, and may not define
20 themselves or self-identify as a veteran, even
21 if they're a business owner, and that's a big
22 problem in the Reserve community.

23 The other thing is that many women
24 veterans don't self-identify as veterans. They
25 don't think of themselves as veterans, and

1 that's another bigger outreach issue. And the
2 third thing is that there are a lot of veterans
3 who even if they served in active duty, are
4 either reluctant or don't self-identify as a
5 veteran because they were not in combat and they
6 think, well, that's a combat veteran, I was not,
7 I don't fall into that category.

8 So, that's one of the problems with
9 this self-identification issue and something
10 that we're struggling with actually at our state
11 and trying to identify veterans and outreach to
12 them in a larger sense for benefit purposes and
13 when we do standdowns and things like that, but
14 I think that dynamic is probably at work as well
15 in this.

16 MR. SOBOTA: Let me just quote exactly
17 what the question is. This is when they sought
18 this survey instrument, they were asked for up
19 to four different owners, each owner answered
20 the question whether they had "ever served in
21 any branch of the U.S. Armed Forces, including
22 the Coast Guard, the National Guard or a Reserve
23 component of any service branch." And that's
24 kind of broad. That basically covers most
25 everybody.

1 Now, if they failed to answer that
2 question for whatever reason, they wouldn't be
3 counted.

4 CHAIRMAN FIELDER: Well, and again, I
5 don't think that's Michael or my question. My
6 question is how was the question phrased in
7 2007.

8 MR. SOBOTA: In 2007, it went like
9 this, they were asked whether they were "a
10 veteran of any branch of the U.S. Military
11 Service, including the Coast Guard." And that
12 left the determination to the --

13 CHAIRMAN FIELDER: And I think that's
14 where Michael's analysis is.

15 MR. SOBOTA: And there are -- the
16 underlying statutory definition is very simple,
17 and if you were in active duty service and had
18 less than -- and had a discharge other than
19 dishonorable, you're a veteran. That's the
20 broad statutory.

21 The other, all the other definitions
22 are really for purposes of eligibility for
23 programs. So, you know, this program requires A
24 or B and you have to have so many months or you
25 have to have a disability at 30 percent or

1 whatever it is.

2 Basically, the overall definition is
3 not hard to meet. There are actually
4 exceptions, of course, if you're injured, even
5 though you never had active duty service at all,
6 if you're injured on National Guard training,
7 you could be regarded as a veteran. Or there's
8 actually exceptions where the Secretary of
9 Defense can make civilians veterans under
10 unusual circumstances, that happened and was
11 used since World War II, but covered some of our
12 Merchant Marine veterans.

13 And, so, yeah, it's a complicated
14 question, but I don't think it's going to affect
15 this too much, but we're going to have that
16 deeper dive.

17 MR. ZACCHEA: Chairman, just one last
18 thing. Actually, it is, even if the definition,
19 the statutory definition is simple, it is a
20 problem because it's fractured across different
21 agencies for different purposes. So,
22 veterans -- it creates confusion not, you know,
23 at individual agencies, but within the market
24 within people who are trying to access these
25 services and benefits. So, that's where the

1 confusion comes in and that's where there may be
2 a self-identification problem.

3 MR. SOBOTA: Yeah, can we go to slide 3
4 there? Now, this is pretty simple. One of our
5 graphics people put this together, and it
6 basically shows the concentrations within
7 states. Now, your data has three different
8 state tables in there, and the state with the
9 largest number of veterans is California, and
10 one of the reasons for that is it's the biggest
11 state, and it's not surprising California would
12 have more veteran-owned businesses than anybody.

13 California also happens to be dead last
14 in the percentage of total number of businesses
15 that are veteran-owned. So, one of the ways in
16 which you can control for population and get an
17 idea of states that have high percentages of
18 veteran ownership is just by -- well, I guess I
19 just said it, those states that have the highest
20 percentages are in the darker shades of blue.

21 And I can tell you that when I had to
22 testify on the Hill a few years ago, that was of
23 great interest and everybody asked, well, I had
24 a couple of members ask, well, why is California
25 and Texas, they're always on top, what about my

1 state? And that's when we decided to start
2 doing it that way because we had more interest
3 when the members behind the table knew about
4 their own state instead of hearing about the
5 very largest states every time.

6 And you can see where the
7 concentrations tend to be, but as far as the
8 preliminary data go, the states with the largest
9 concentrations are South Carolina, New
10 Hampshire, Virginia, Alaska and Mississippi.
11 These concentrations, nationally, the number is
12 9.2 percent, 9.2 percent of all firms are owned
13 by veterans, but it varies a lot by state from
14 13.9 all the way down to 6.9. So, there is a
15 lot of variation.

16 So, last slide, please. Anybody that
17 wants to delve into this data in greater detail
18 that's available right now can go to the Census
19 Bureau's website at the URL that's posted right
20 up there. Census does not have any summary data
21 posted for this right here, you basically go
22 into their American FactFinder and build your
23 own queries, and if you're not intimidated by
24 using the American FactFinder, and some people
25 are, but once you use it, it really isn't very

1 hard to figure out. And all the data that I've
2 been talking about is available to you, or the
3 public, right now.

4 There will be an awful lot more data in
5 December, and we'll be able to nail down some of
6 the questions that I brought up here today with
7 greater certainty, and also we'll be publishing
8 our own product that we'll be able to post.

9 And that's all I have for you today.
10 I'm happy to answer any other questions.

11 MR. ZACCHEA: Mr. Sobota, Mike Zacchea
12 again.

13 MR. SOBOTA: Yeah?

14 MR. ZACCHEA: One final question. Did
15 you say that -- you said this information is not
16 for general distribution, but is it embargoed?

17 MR. SOBOTA: No, it's not embargoed,
18 it's just an internal document right now for us.
19 I guess what that refers to is that the -- we
20 have a process required by law under the Data
21 Quality Act in which we have to go through a
22 pretty rigorous peer review process and for data
23 that is going to be published, we have to -- we
24 would have to go through a long process that we
25 wouldn't have had time to have this ready for

1 you here today.

2 This data has not gone through that
3 peer review process, and hence we cannot publish
4 it or we would be in violation of the Data
5 Quality Act. So --

6 MR. ZACCHEA: Well, very specifically,
7 so if I was to share this data with the state
8 secretary of state, would that be allowed or not
9 allowed?

10 MR. SOBOTA: Well, you can do what you
11 want with it, I couldn't put it on the Internet,
12 but you can share it with whoever you would
13 like.

14 MR. ZACCHEA: Okay, thank you.

15 MR. SOBOTA: Yeah, and I would suggest
16 that you tell him it's preliminary and subject
17 to change.

18 MR. PHIPPS: Michael Phipps. Hi,
19 Joseph. Just looking at table 1. So, just for
20 clarification, kind of going back to Ed's
21 question, when we're looking at construction
22 companies and we're seeing the negative 12
23 percent, we're seeing a loss of 45,505
24 veteran-owned construction companies.

25 MR. SOBOTA: Yeah.

1 MR. PHIPPS: And that's a 12 percent
2 loss from 2007 to 2012.

3 MR. SOBOTA: Yes.

4 MR. O'FARRELL: Jim O'Farrell. Along
5 those lines, is there any way to trace, then,
6 through Census data, whether those companies
7 went out of business and the owner started
8 another company in a different sector so that
9 that accounted for growth?

10 MR. SOBOTA: I'm going to say no. The
11 Census is very particular about keeping its data
12 on individuals. It's very confidential and I
13 don't know of any public product that does what
14 you described. Now, the survey does have a
15 question about firms going out of business, in
16 fact, it has a whole series of questions about
17 if you went out of operation, why was that. We
18 actually got a question included in there
19 because of military deployment, because of
20 activation and military deployment. I wish we
21 had had that question at the heart of the
22 deployments of Guard and Reserve members, now
23 that that's down, we probably won't capture as
24 much as it would have been useful. The
25 Pentagon, especially, was very interested in

1 that number and we had absolutely no data on it.
2 And that's one reason that we were able to add
3 that question in here.

4 So, but I don't think we would be able
5 to figure out what happened to specific
6 businesses. We'll be able to look at macro data
7 and we'll be able to say that industry shrunk,
8 this industry grew, but I can't tell you whether
9 it's a specific business that did that.

10 CHAIRMAN FIELDER: So, that data point,
11 Joseph, firm went out of business, that's a 2012
12 data point, when is the next time we get to
13 calibrate that against real data?

14 MR. SOBOTA: The full version of the
15 SBO is done once every five years for data years
16 ending in two and seven. So, the 2017 SBO, the
17 data, if they don't have problems, the 2012 was
18 delayed. There were budget problems during the
19 period of sequestration that delayed everything
20 for a year, and as long as they don't encounter
21 those kind of headwinds, then hopefully we would
22 have the full data available some time in 2020.

23 However, there is a new project afoot.
24 There is a new project afoot that's kind of
25 interesting, and I don't know precisely where

1 they stand, but the Kauffman Foundation, a
2 really great outfit, has worked an arrangement
3 with the Census Bureau to do a version of the
4 SBO annually for three years for data years '14,
5 '15 and '16, and this will be for employers
6 only, and it will be a smaller sample size, it
7 will be about half the employers that are
8 sampled for this, but that's still a lot, and it
9 will be a lot of good information.

10 Now, employers are very important
11 because they make up more than 90 percent of all
12 the sales, and all of the employment, by
13 definition, and so, you know, that's really
14 going to be very useful information.

15 Now, the first one of these, they had
16 planned to have data available in '16. Now, I
17 don't know whether they're on schedule or not.
18 So, that would be coming up this next year for
19 data that would be for data year 2014, and
20 because of the smaller scope of the project,
21 they should be able to turn that around more
22 quickly, and I hope it's on schedule.

23 CHAIRMAN FIELDER: Will the questions
24 be similar to the Census questions so that there
25 will be an apples to apples?

1 MR. SOBOTA: Yes.

2 CHAIRMAN FIELDER: Even though the
3 sampling size might be different?

4 MR. SOBOTA: They will start with the
5 exact Census SBO questionnaire. All the
6 questions that were in the SBO questionnaire
7 will be asked in this project, at least that's
8 what they've announced, and then they will add
9 some new questions relating to innovation and so
10 on on top of that, but all of the SBO questions
11 will be there, and my understanding is they will
12 be identical to the questions that have been
13 asked. So, there would be apples-to-apples
14 comparison.

15 This will be very interesting, too,
16 because it will be annual, we'll have three
17 consecutive years right in a row to look and see
18 what's happening. So, I'm happy to keep you
19 advised on that. I'll check and see where they
20 stand on that right now. It was --

21 CHAIRMAN FIELDER: Please do. Please
22 do. Because I can remember my first committee
23 meeting in 2012, and talking about Census data,
24 and I walked away very much discouraged because
25 we were talking about using Census data to make

1 decisions about service-disabled vet, doesn't
2 matter what the topic is, any of the various
3 topics, and we were talking always about
4 seven-year-old data. And this is -- this is a
5 huge change in that conversation where we're now
6 going to be able to, if you will, migrate from
7 seven-year-old data to potentially annual data,
8 and maybe it's not a larger sample size, but it
9 certainly can help with course corrections using
10 the earlier data.

11 MR. SOBOTA: Yeah, we --

12 CHAIRMAN FIELDER: If you could report
13 back to us.

14 MR. SOBOTA: I will, yeah.

15 CHAIRMAN FIELDER: Next time how that's
16 going.

17 MR. SOBOTA: I will. It's -- everybody
18 is very pleased that the Kauffman Foundation
19 stepped up and provided the support that was
20 needed to help Census do this.

21 CHAIRMAN FIELDER: And that's -- and
22 this is probably the 20th time we've actually
23 heard in this committee meeting Kauffman,
24 Kauffman, Kauffman, we may actually think about
25 having Kauffman come and talk to us next year.

1 MS. CARSON: Can I thank you for
2 spending time on this, too? This came out
3 August 12th, if I recall correctly.

4 MR. SOBOTA: August 18.

5 MS. CARSON: So, even shorter time.
6 The amount of work that he did and time you put
7 into this to turn it around and present to this
8 committee is very timely. As you know, we don't
9 get to convene again until December. Thank you
10 so much for doing that, first, and second, I
11 wanted to say, I'm only preliminarily excited,
12 because I realized that I may have to adjust my
13 excitement level in December when this is final,
14 but I did want to reflect with you, this is
15 pretty incredible. I was excited about access
16 to capital, this is even bigger news here.
17 When, Joe, you didn't say the amount of growth
18 in small business overall, it was 2 percent,
19 veterans as reported preliminarily are at 3.8
20 percent growth. It's amazing.

21 So, it's showing, yes, veterans are, as
22 we have been saying, more entrepreneurial. If
23 this is where they want to do business, as we
24 often quote, 45 percent more likely to start a
25 small business than a civilian that looks just

1 like them in every other demographic, military
2 service, they want to be here in owning their
3 own business. An almost 300 percent growth in
4 women-owned veteran-owned business is also
5 amazing and it validates what we're seeing in
6 Boots to Business, for example. Women,
7 veterans, and service members overindex in their
8 pursuit of entrepreneurial small business
9 ownership.

10 So, I'm thrilled to see that, and we
11 are encouraging that. And we're actually, we're
12 compelled to report on how we're doing with
13 women veterans in a report in January, it was
14 part of the bill that made the fee relief for
15 vets and military spouses permanent. We also
16 are accountable with how we're doing with women
17 veterans, and I think it shows here that we've
18 got a great big community to address.

19 And finally, here on resources, for all
20 of us who are going back out to our communities
21 and our organizations, this chart on where there
22 are more vet businesses is helpful. It helps us
23 show where there are gaps in the resources we
24 are providing and where there's more opportunity
25 where we could be doing better. I hope that you

1 will take a look at it with that lens as well.

2 For some states that have been very
3 proactive in what they're doing for veteran
4 businesses, whether it be tax benefits or trying
5 to set aside some work for veteran businesses,
6 some of them are having trouble. Illinois, for
7 example. I can see why. Their density of
8 veteran business is not as large as it can be,
9 what can we be doing to help grow veteran
10 businesses and let states know about where that
11 opportunity exists for them.

12 So, thank you so much. You have given
13 me and this entire body a lot of work that we
14 can do. Appreciate it, Joe.

15 MR. SOBOTA: We have a lot more coming.
16 We have a lot more coming, Barb, and so when I'm
17 here next time, I hope to be able to talk about
18 size of businesses, we'll talk about age of the
19 owners, we'll talk about a lot of things. I
20 haven't been able to talk much about sales.
21 Sales is a big part of the portion, but some of
22 our sales data is still missing. The
23 preliminary data seemed to -- well, they tell us
24 sales went up, VOB sales went up 20.5 percent,
25 even despite this tough time.

1 So, there's still a lot of exciting
2 information to come. December is going to be
3 interesting. And all of this stuff will be
4 posted online for everybody to look at. So,
5 right now, there isn't a lot online except the
6 American FactFinder where you get the queries,
7 but after December, we hope to have an awful lot
8 of information online.

9 MR. O'FARRELL: Just one quick
10 question, Jim O'Farrell again. Education data,
11 given our previous speaker, and the GI Bill, do
12 you have -- will you be getting --

13 MR. SOBOTA: GI Bill, no; education
14 yes, for sure. That's one of the owner
15 contributions data and we've got that for 2007,
16 and we will definitely have it for 2012. We
17 have it for 2007 right now.

18 CHAIRMAN FIELDER: Okay, with that
19 said, we're going to formally adjourn. Oh, I'm
20 sorry.

21 MR. WEIDMAN: Just a moment, if you'll
22 indulge me, Mr. Chairman.

23 CHAIRMAN FIELDER: I certainly will.

24 MR. WEIDMAN: I'm Rick Weidman with
25 Vietnam Veterans of America and VET-Force.

1 Somebody said you don't have to introduce
2 yourself, Rick, you're a notorious son of a gun.
3 I don't know about that, but we've come to a
4 point where we have 16 months left in this
5 administration. Effectively we probably have
6 12. And there are things going right and there
7 are things going wrong for veterans
8 entrepreneurs, and this is really extended to
9 each of you as individuals, not as a committee.

10 If you have thoughts, both the good and
11 what needs to be improved and what needs to be
12 thrown out with the dishwater, whether it be at
13 VA or it be at SBA or anywhere else, if you
14 would be so kind as to shoot an email to Joe
15 Wynn or to me or to Laurie Artis, who you met
16 earlier today, with that analysis, and we will
17 not quote you unless we contact you first, and
18 so essentially it's an anonymous thing. We
19 would like if you identify yourself in a message
20 so we can -- if it's unclear, we can get back to
21 you.

22 And we certainly will share this with
23 each and every member of this committee when
24 it's ready to go, but we need something that for
25 an effect, a scorecard, about where are we and

1 what's possible in the next 16 months. And it
2 really, as I said before, it's 12 months. No
3 matter who's elected president, there ain't
4 nothing going to happen in terms of major
5 initiatives until at least the summer of 2017,
6 and I know it and you all know it. So, this is
7 really our last shot in the next few months to
8 get something going in areas that need shoring
9 up.

10 So, I'm asking for your help, and this
11 committee is comprised of very able individuals,
12 and I would be grateful, as will Laurie and Joe,
13 for any assistance you might be able to lend.

14 Mr. Chairman, I thank you for the
15 opportunity to share that.

16 CHAIRMAN FIELDER: We are formally
17 adjourned. Thank you.

18 (Whereupon, at 12:40 p.m., the meeting
19 was concluded.)
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1 CERTIFICATE OF REPORTER

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I, Jennifer Razzino, do hereby certify

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