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U.S. SMALL BUSINESS ADMINISTRATION

ADVISORY COMMITTEE ON  
VETERANS BUSINESS AFFAIRS

PUBLIC MEETING

THURSDAY, JUNE 7, 2018

9:00 A.M.

Recorded by: Jennifer Metcalf Razzino

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

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3 (Meeting called to order, 9:07 a.m.)

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

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

20 MR. ZACCHEA: Happy birthday.

21 MR. STUBBLEFIELD: Yeah.

22 MS. GARCIA: Oh.

23 MR. STUBBLEFIELD: Oh, I'm sorry, it's -- it's  
24 -- I'm sorry, it's Amy's birthday. So, it's Amy's  
25 birthday.

1 MS. GARCIA: Thank you.

2 MR. STUBBLEFIELD: My -- it was my mistake,  
3 it's Amy's birthday. Okay. So as the DFO for this  
4 meeting, I serve as the liaison between the committee  
5 and the agency. I'm also responsible for assuring all  
6 provisions of the Federal Advisory Committee Act are  
7 met regarding the operations of this committee meeting.

8 So we have a full agenda today. We also have  
9 a period for public comments, so we're going to ask  
10 presenters -- and I think Mike just mentioned it to  
11 you, but please turn on your mic each time you speak,  
12 since this meeting is being recorded and broadcast on  
13 the webinar, and be sure to turn your mic off after you  
14 finish. And because we're recording, if you would  
15 state your name, you know, that would be very much  
16 appreciated as well.

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

24 Hopefully everyone has had a chance to look at  
25 the minutes from the last meeting and as per the FACA

1 rules, minutes of this meeting are being transcribed.  
2 Copies of the minutes will be available on the SBA's  
3 website within 90 calendar days of this meeting and  
4 that will be available at [www.sba.gov/ovbd](http://www.sba.gov/ovbd).

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

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

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

24 And then I want to welcome back all of our new  
25 members, Brandon Shelton, Brandon Webb, Elijah Crane,

1 Alex Fender, and Sean Gwinner. Welcome aboard, thank  
2 you for your service and thank you for stepping up to  
3 serve the veteran business community.

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

9 So the first person I'd like to call is former  
10 chairman, Jim O'Farrell, and his presentation on the  
11 2017 annual report.

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

17 MR. FENDER: Alex Fender, Funnel Science.

18 MR. LOWDER: Lynn Lowder, One Vet at a Time.

19 MR. O'FARRELL: Jim O'Farrell, AMSG, a  
20 service-disabled veteran small business.

21 MR. STUBBLEFIELD: Larry Stubblefield, Office  
22 of Veteran Business Development.

23 MR. ZACCHEA: Mike Zacchea, Director of the  
24 University of Connecticut Entrepreneur Bootcamp for  
25 Veterans and the Chairman of the Advisory Committee for

1 Veterans Business Affairs.

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

4 MR. GWINNER: Sean Gwinner, Bunker Labs.

5 MS. PEREZ-WILHITE: Fran Perez-Wilhite from  
6 the North Carolina Military Business Center.

7 MR. CRANE: Eli Crane, Bottle Breacher.

8 MR. PHIPPS: Michael Phipps, The Millennium  
9 Group International.

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

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

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

23 MR. STUBBLEFIELD: Okay. Anyone on the -- on  
24 the phone?

25 (No response.)

1 MR. O'FARRELL: Okay. Back to my comedy skit,  
2 I was trying to get us off to a little -- a little  
3 levity there. So I've -- I've been given 15 minutes to  
4 -- to brief the annual report, I'm going to try to do  
5 it in 10. I have asked our -- our --

6 MR. BANTON: I --

7 MR. O'FARRELL: -- one of our --

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

10 MR. O'FARRELL: Okay. Are you -- you hearing  
11 me speak right now?

12 (No response.)

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

15 MR. O'FARRELL: Oh.

16 MS. SIMMS: Does he have a visual?

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

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

21 MR. O'FARRELL: -- can he --

22 MR. CRANE: They can't hear us.

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

25 (No response.)



1           MR. O'FARRELL: I know that's not going to be  
2 ideal, but --

3           MS. SIMMS: Just hold on for one second.

4           MR. O'FARRELL: -- sure.

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

7           MR. CRANE: They can see the screen.

8           MS. SIMMS: He can see the screen?

9           MR. CRANE: Yeah.

10          MS. SIMMS: Okay. But he can't -- he can't  
11 hear us?

12          MR. CRANE: Yeah, he can't hear us.

13          MS. SIMMS: Okay.

14          MR. O'FARRELL: Cheryl, is there a separate  
15 dialing number --

16          MR. CRANE: They usually --

17          MR. O'FARRELL: -- or are --

18          MR. CRANE: -- call in --

19          MR. O'FARRELL: -- they going --

20          MR. CRANE: -- when that happens.

21          MR. O'FARRELL: -- exclusively through --

22          MR. CRANE: End of the screen.

23          MR. O'FARRELL: -- their machine?

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

1 the telephone dial-in.

2 MR. CRANE: Yeah, there's --

3 MS. SIMMS: And that's --

4 MR. CRANE: -- a separate.

5 MS. SIMMS: -- right there, dial-in.

6 MR. CRANE: This is --

7 MR. O'FARRELL: Um-hum.

8 MR. CRANE: -- you -- you dial it in.

9 MS. SIMMS: So let's -- let's go through there

10 and he can just --

11 MR. O'FARRELL: No. No, that's --

12 MS. SIMMS: -- right there.

13 MR. O'FARRELL: -- separate, I'm sure that's

14 what he dialed in to.

15 MR. STUBBLEFIELD: You all got 10 minutes

16 left.

17 MR. CRANE: Do you want me to ask him?

18 MR. O'FARRELL: Right. Exactly. Murphy's

19 law.

20 MS. SIMMS: It worked yesterday.

21 MR. O'FARRELL: He's texting him a picture.

22 He's -- he's sending him a picture.

23 MR. LOWDER: I'm -- he's sending him a dial-

24 in.

25 MR. O'FARRELL: I figure -- you army guys, you

1 can figure this out, come on.

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

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

5 MR. LOWDER: Okay.

6 MR. O'FARRELL: Can you hear us now?

7 MR. CRANE: Can you hear us now?

8 (No response.)

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

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

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

16 MS. SIMMS: Um-hum.

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

19 MS. SIMMS: Okay.

20 MR. O'FARRELL: -- see the --

21 MR. CRANE: Okay.

22 MS. SIMMS: And I can troubleshoot this.

23 MR. O'FARRELL: -- and there's some  
24 troubleshooters on the way.

25 MS. SIMMS: Okay.

1 MR. O'FARRELL: Okay. Back on the record.  
2 Okay. So, welcome everyone to our June meeting of the  
3 ACVBA, I will quickly go through the annual report.

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

6 MR. O'FARRELL: Ready?

7 MS. SIMMS: Um-hum.

8 MR. O'FARRELL: Okay. Yeah, the -- the  
9 clicker's not working now.

10 MS. SIMMS: Oh.

11 MR. O'FARRELL: Do you have the -- do you have  
12 the USB plugged in?

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

15 MR. O'FARRELL: Good.

16 MR. ZACCHEA: I was going to say yesterday.

17 MR. O'FARRELL: Next slide.

18 MS. SIMMS: Okay.

19 MR. O'FARRELL: Okay. So real quickly, the  
20 ACVBA's mission, I just wanted to reiterate that for  
21 those especially new members of the committee. We are  
22 an independent source of advice and policy  
23 recommendations, so I ask everybody on the -- on the  
24 committee to put the independent in all caps as you  
25 serve on the committee, that is our mission.

1           We -- we don't always agree with everything  
2 the SBA is doing, everything the hill is doing,  
3 everything the White House does, but our vision and our  
4 mission is to be independent and provide advice and  
5 policy recommendations.

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

15           We hold these hearings, as you're sitting in  
16 here today, and we can request information. You see at  
17 the bottom there, "Request of the chairman from the  
18 head of any department or agency of the U.S.  
19 government."

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

23           Next slide. Okay. So for the last several  
24 years, it was back in about 2014, Eddie Fielder,  
25 retired Marine/chairman, was our chairman for that year

1 and we sat down, Mike Phipps, myself, Eddie, and we --  
2 we all kind of came to an agreement that we would take  
3 a baker's dozen of recommendations and just drill them  
4 home for the next several years, so what you see here  
5 is the accumulated work in progress of guys like Mike  
6 Phipps, Eddie Fielder, Jim O'Farrell, Mike Zacchea,  
7 Fran, all the rest of us that have been on this  
8 committee for several years now.

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

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

23 So I'm just going to hit a couple slides -- a  
24 couple bullet points on each slide. The first one  
25 regarding finance access to capital, the first bullet

1 -- sub-bullet there, "SBA should identify and publicize  
2 those nontraditional sources of capital being used by  
3 post-911 veterans," for example, StreetShares, and --  
4 and understand more what they're doing, understand how  
5 viable they are in support of a -- of a mass-scale  
6 nationwide effort to help veterans become business  
7 owners and grow their businesses. Okay. Next slide.

8 MS. SIMMS: This one?

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

12 MS. SIMMS: Okay.

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

25 So in a nutshell we -- we were looking at

1 examining as an independent committee the idea that --  
2 that funds from the GI bill could be used to support  
3 veterans in starting businesses and growing their  
4 businesses. We -- we have had some support there from  
5 some of the larger VSOs, we've also seen some pushback  
6 from a couple of specific ones, and I wanted to have  
7 Lynn Lowder, a fellow committee member, give a quick  
8 update on where we are with some recent progress in  
9 that area. And, Lynn, as a reminder, you have  
10 literally 30 seconds to do this.

11 MR. LOWDER: Oh.

12 MR. O'FARRELL: It's a test.

13 MR. LOWDER: Thanks. Lynn Lowder, One Vet at  
14 a Time. I met yesterday with Caroline Ross of Senator  
15 Moran's office. Back in 2015, Caroline is the first  
16 place that our organization went to, we're a nonprofit,  
17 to try and get the GI bill back to the original intent  
18 and -- and veterans could have access to that, that  
19 capital. College isn't for everybody, in other words.

20 So we met with Caroline yesterday, Barb had  
21 run into her, said our committee, last time we met it  
22 was, I think, our number two agenda, was to get the --  
23 the Vet Act of 2015 done. So I met with Caroline and  
24 basically here's where we're at on this.

25 What they have done under the -- the NDAA, the



1 National Defense Authorization Act, a program will be  
2 authorized for the SBA to initiate veteran  
3 entrepreneurship funding program. The original pilot  
4 was going to be under the Vet Act of 2015, was a pilot  
5 study for three years of 250 veterans. We're down to  
6 100 veterans and \$1.5 million will be allocated. The  
7 SBA's budget will be plussed up and -- and then we go  
8 forward.

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

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

25 Next slide, legal. So what we wanted to do

1 there on the first bullet is -- is advocate for and  
2 recommend the creation of a two-to-three day extensive  
3 training program as a follow-on to Boots to Business,  
4 currently provided through the SBA, it would be focused  
5 on exclusively legal-specific training classes.

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

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

18 The first bullet there, "Create a government-  
19 wide veteran business development program for service-  
20 disabled, veteran-owned small businesses in federal  
21 contracting." So if you're in the government-  
22 contracting space, you know that you're -- you're  
23 always well aware of the 8(a) -- at the 8(a) minority  
24 set-aside program which allows the government to award  
25 sole-source contracts to minority-owned businesses.

1 We'd like to see something akin to an 8(v) program, the  
2 8 being -- the V standing for veterans.

3 Next slide. We'll skip that one and go to  
4 next slide. So with the -- the first bullet there  
5 where you see in quotes, "Veterans First," with the  
6 idea that -- that the Department of Defense creates  
7 veterans and yet the Department of Veterans Affairs is  
8 the organization that -- in the Federal Government that  
9 does the most percentage-wise work with veterans  
10 promoting their businesses and awarding them contracts.  
11 We'd like to see the Defense Department take on the  
12 same Veterans First type of program and have the same  
13 type of an -- an increased quota, so to speak, of  
14 contracts that would be awarded through the Defense  
15 Department, it being the largest federal agency.

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

25 Next slide. We believe on this committee that

1 the farmer -- the farming industry is ripe for  
2 veterans. We see a lot of post-9/11 veterans that are  
3 moving into the farming --

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

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

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

13 MS. SIMMS: Thank you.

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

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

23 Farming as a post -- post-combat PTSD  
24 therapeutic, you're working seven days a week, you're  
25 in the dirt, you're getting things done, you have a

1 mission, we think that farming is a -- is a way for  
2 veterans to basically start their next phase of their  
3 journey. Next slide.

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

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

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

21 With less than 1 percent of our country  
22 actively serving in the military since the Vietnam era,  
23 only 3.5 percent of them in the workforce are in the  
24 workforce. Why are -- why are 9 percent of today's  
25 businesses veteran owned and led? Specifically data in

1 the -- date from the U.S. Census Bureau, as depicted by  
2 the Institute for Veterans and Military Families at  
3 Syracuse University, shows 2.5 million veteran-owned  
4 businesses in the U.S. with payrolls of nearly \$200  
5 billion, with 5.5 million employees, and cash receipts  
6 of \$1.1 trillion. So when you think of that as a  
7 percentage of our GDP, it is not insignificant.

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

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

22           For those of us who have been in the D.C. area  
23 for a while, for a couple of decades, \$1.5 million, we  
24 used to call that budget dust back in the -- in the day  
25 and it's -- so if it was budget dust then, I don't know

1 what it is now, but it's even smaller. So we'd like to  
2 see that number go up in areas that support veterans in  
3 becoming business owners.

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

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

21 So with that in mind, I just want to read a  
22 couple of these bullet points into the record. The  
23 committee recommends that the ACVBA meet quarterly and  
24 these meetings continue to be held in person at SBA  
25 headquarters.

1           We had heard some rumors that they were  
2   looking to cut back on the number of meetings and  
3   possibly make them via teleconference. I would offer  
4   that this morning's issue with the IT and the  
5   teleconference are a perfect example of why we should  
6   be meeting face-to-face and secondly I would offer that  
7   a lot of the great work that happens in the committee  
8   like this happens both on the record and off the record  
9   during the meetings that --

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

11           MR. O'FARRELL: -- that go on.

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

14           MR. O'FARRELL: Sure.

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

24           MR. O'FARRELL: And that was Fran Perez-  
25   Wilhite, who joins us from North Carolina here today in



1 person. Thanks, Fran.

2 MS. PEREZ-WILHITE: Um-hum.

3 MR. O'FARRELL: Number two, "The committee  
4 recommends that funding for the ACVA should continue to  
5 be provided to reimburse travel expenses for those  
6 committee members who reside outside the D.C. area to  
7 travel to quarterly meetings." The next one, it  
8 actually puts dollar amounts into that.

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

21 And finally, "The committee recommends that  
22 the SBA create a pool of applicants for membership on  
23 the ACVBA to ensure the committee is staffed to the  
24 maximum levels permitted by law. ACVBA members serve  
25 on an all-volunteer basis and when the committee is not

1 at full strength it loses effectiveness and continuity,  
2 this was made clear when the committee was unable to  
3 meet in December 2016 due to a shortage of committee  
4 members. The SBA should not let the committee  
5 membership fall below the public law numbers for  
6 veteran small businesses and veteran service  
7 organizations."

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

19 So what we'd like to say is not rest on our  
20 laurels and say, well, congratulations, we have a full-  
21 up committee. We -- we are -- those of us who have  
22 been here are kind of shell-shocked by how low the --  
23 the membership can become and so we're -- I'm -- I'm  
24 sitting here looking over my shoulder and going, okay,  
25 well, who's not going to be here next time, who's

1 dropping off, you know, why wouldn't they show up, that  
2 kind of thing.

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

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

12 MR. ZACCHEA: Mike, would you identify  
13 yourself, please?

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

24 MR. O'FARRELL: Thanks, Mike. Any other  
25 comments on the report?

1 MR. SHELTON: It's -- it's Brandon Shelton  
2 from Task Force X. Mike, where do you have that data?

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

5 MR. SHELTON: Right.

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

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

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

25 MR. PHIPPS: And this is Mike Phipps and your

1 input is -- is actually more up to date. We're dealing  
2 with census data.

3 MR. SHELTON: Right.

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

11 MR. SHELTON: Uh-huh.

12 MR. PHIPPS: -- answer somewhere in there.

13 MR. SHELTON: Yes, I'd agree.

14 MR. PHIPPS: Thanks.

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

20 MR. WEBB: Hi, this is Brandon Webb, I just  
21 wanted to comment. Grant program, I understand it's a  
22 pilot program, but \$1.5 million divided by 100 veterans  
23 is \$15,000. It just doesn't seem like an effective  
24 program if it is a pilot program, because -- I mean, to  
25 your point on the budget dust, I mean, \$15,000 for a

1 startup.

2 MR. LOWDER: I -- we understand right where  
3 you're coming from and that -- that looks to be the  
4 initial approach, but I would just tell you that the  
5 old thing about Rome wasn't built in a day. We're not  
6 going to get there overnight, we've got to get some  
7 incremental wins. It's grant money, it's better than  
8 nothing.

9 MR. WEBB: Um-hum.

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

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

25 MR. ZACCHEA: Oh, Brandon, I don't -- this is

1 Mike Zacchea. I don't mean to cut you off, but we were  
2 planning on talking about this in the executive  
3 session.

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

5 MR. ZACCHEA: Okay.

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

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

11 MS. SIMMS: Um-hum.

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

14 MS. SIMMS: Seven. Okay. Bear with me. Bear  
15 with me, I apologize.

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

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

21 MR. HOLLEMAN: There we go.

22 MS. SIMMS: There we are.

23 MR. HOLLEMAN: All right. Hi, I'm Christopher  
24 Holleman, I'm an Administrative Judge at SBA's Office  
25 of Hearings and Appeals and the -- boy. I'm here

1 because the National Defense Authorization Act for  
2 fiscal year 2017 authorized us, the Small Business  
3 Administration Office of Hearings and Appeals, to  
4 determine protests and appeals related to inclusion in  
5 the CVE database. Okay. We're back at the next-to-  
6 last slide now.

7 MS. SIMMS: That is the last one.

8 MR. HOLLEMAN: That's -- yeah, that's --

9 MS. SIMMS: Okay. I'm sorry, I don't  
10 understand what's --

11 MR. HOLLEMAN: Okay.

12 MS. SIMMS: -- going on.

13 MR. HOLLEMAN: That's the first one.

14 MS. SIMMS: Yeah, I don't know what's going  
15 on. Okay.

16 MR. HOLLEMAN: Okay.

17 MS. SIMMS: Here we go.

18 MR. HOLLEMAN: That's the --

19 MS. SIMMS: That's the one.

20 MR. HOLLEMAN: That's the second one.

21 MS. SIMMS: That's it.

22 MR. HOLLEMAN: We're going to be handling the  
23 protests, and appeals, and inclusion of the CVE  
24 database. We -- we published rules on March 30,  
25 procedural rules, as to how we're going to handle these



1 appeals. These are effective 1 October and what I'm  
2 doing -- going to do now is walk you through what the  
3 process will be starting 1 October for us to adjudicate  
4 the CVE protests and appeals.

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

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

18 Next slide, please. What can you protest?  
19 You can make a challenge to claim the award, you cannot  
20 provide evidence that it meets the definition of a  
21 veteran, service-disabled veteran, or veteran with a  
22 permanent and severe disability, or you can protest --  
23 slow down, or you can protest the ownership, you can  
24 protest that the concern is not at least 51 percent  
25 owned and controlled by a veteran.

1           When can you file that protest? If -- if it  
2 relates to the procurement, the CO can file a CV -- a  
3 CV protest at any time during the life of the contract,  
4 that's a privilege reserved to the CO or the VA  
5 secretary. Those unsuccessful offerors, the  
6 competitors, they can only file a protest within five  
7 business days after being notified of the awardee's  
8 identity. We don't count Saturdays, Sundays, and  
9 federal holidays, but if it's not -- the protest is not  
10 received within five business days, we'll dismiss it,  
11 late is late.

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

20           Next slide. Where do you file the protest?  
21 You must file it with the CVE with the contracting  
22 officer either in person, U.S. mail, or by email, but  
23 it's got to arrive within those five business days.  
24 The contracting officer has to then forward that  
25 protest to us at SBA's Office of Hearings and Appeals.

1 It must be in writing, it has to contain the  
2 solicitation of contract number, and your specific  
3 allegation together with credible evidence that the  
4 protested concern does not meet the eligibility  
5 requirements. This is the protester's chance to put in  
6 their case as to why this company isn't eligible, all  
7 your evidence on the eligibility.

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

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

23 Next slide. We don't issue the protective  
24 orders to non-attorneys, it's -- it would be a counsel  
25 in private practice independent of the firm who would

1 get the opportunity to examine information under the  
2 protective order.

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

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

19           Next slide. Where do you file with us? You  
20 can file via our hearings and appeals' submission  
21 upload e-filing system at [www.sba.gov/oha](http://www.sba.gov/oha) or e-mail at  
22 [OHAFilings@sba.gov](mailto:OHAFilings@sba.gov), and we have an example of the  
23 certificate of service on our website. Thanks. What  
24 happens next, we issue a notice and order notifying all  
25 parties that we've received the protest and we

1 establish a due date for response, it's usually 15  
2 days.

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

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

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

25           Next slide, please. Have to file it by those

1 dates specified by the administrative judge, that 15  
2 days after we issue the notice and order. And if a  
3 party wishes to reply to a response the judge must  
4 approve it first, we're trying to avoid endless streams  
5 of pleading back and forth. I've noticed lawyers never  
6 want to let the other lawyer have the last word, but at  
7 some point I've got to cut things off.

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

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

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

23 What happens if it's found to be ineligible?  
24 The director of CVE must immediately remove the concern  
25 from the database; the contract, if awarded, is deemed

1 void ab initio, invalid from the outset; and the  
2 business can't submit any offers and any future VA  
3 procurements until they get themselves readmitted.

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

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

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

25 Next slide. What must you include? A copy of

1 the denial or cancellation, the date you received it,  
2 and an explanation including pertinent information we  
3 should consider on why the cancellation or denial was  
4 made in error. This is your chance to make your case,  
5 put all your evidence forward here, and, of course,  
6 include your contact information for yourself or your  
7 attorney.

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

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

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

23 Who can respond? The director of CVE or a  
24 designee may file a response. If they want to file a  
25 response, they have to serve it upon the appellant and



1 any other individuals named in that certificate of  
2 service.

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

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

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

20 We will also be able to consider issues that  
21 weren't raised in the pleading and the denial-of-  
22 cancellation letter. What are the effects? That  
23 decision is final. If we dismiss or deny the appeal,  
24 the director of CV's determination remains in effect.  
25 However, if we reverse the denial or cancellation, the

1 director must reinstate or include the appellant in the  
2 database.

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

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

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

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

25 You'll also have the opportunity to submit

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

11 MR. FENDER: Um-hum.

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

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

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

1 a specific protest --

2 MR. FENDER: Um-hum.

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

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

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

19 MR. HOLLEMAN: -- um-hum.

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

23 MR. HOLLEMAN: Yeah, you can -- you can -- you  
24 can make the allegation and you have -- you have to  
25 back it up with something, you have to be specific, you

1 have to -- here's what's the reason. You can't just  
2 say, no, he's not owned and controlled, but if you've  
3 got -- if you've got some reason to believe and some  
4 evidence to show that, that you collected, it could be  
5 public sources. Often they'll find -- you can find  
6 stuff on the company's own website that betrays -- that  
7 betrays them, but -- and you'll have the opportunity to  
8 -- to supplement within the 15 days, but you pretty  
9 much have to make, you know, your main case within  
10 those five days and get that protest into us.

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

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

16 MR. FENDER: All right. Thank you.

17 MR. O'FARRELL: Jim O'Farrell. I would agree  
18 with the -- the comment about the complexity, the  
19 difference between -- say I'm protesting the three  
20 years trailing revenue around the -- you know, about  
21 \$15 million NAICS code versus I'm trying to tell you  
22 that it's not actually owned and controlled by a -- a  
23 veteran, so I just wanted to echo that comment.

24 MR. HOLLEMAN: Um-hum.

25 MR. O'FARRELL: And then secondly a question,

1 I think beyond actually following the process is going  
2 to be getting the veteran business owners in the  
3 community to actually know that this new -- this  
4 process change is occurring, and you said October 1st,  
5 so I ask you, are you -- what -- what are you doing in  
6 terms of getting the word out, are you going to be  
7 attending the VA small business conference in November  
8 in New Orleans, for example?

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

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

24 MS. PEREZ-WILHITE: This is Fran Perez-Wilhite  
25 from the North Carolina Military Business Center. I

1 would be willing to assist you to get the word out and  
2 outreach to veterans not only in my state, but some  
3 other states as well.

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

14 MR. HOLLEMAN: Well, okay.

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

17 MR. HOLLEMAN: Um-hum.

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

1 grateful to Mr. Leney for being there with us.

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

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

20 MS. ASHE: I -- I don't know if -- if we're  
21 allowed to.

22 MS. SIMMS: Oh, I need a minute.

23 MR. STUBBLEFIELD: Yeah, come to the mic.

24 MS. ASHE: Oh. Okay. Can I just -- yeah.  
25 Hi, I'm Barbara Ashe.



1 MR. HOLLEMAN: Hi.

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

3 MR. HOLLEMAN: This afternoon, yes.

4 MS. ASHE: Veteran Institute --

5 MR. STUBBLEFIELD: You have to --

6 MS. ASHE: -- for Procurement.

7 MR. STUBBLEFIELD: -- turn it on first.

8 MR. O'FARRELL: Turn it on.

9 MS. ASHE: Is it on, no?

10 MR. O'FARRELL: You're probably better off  
11 sitting at the last seat.

12 MR. STUBBLEFIELD: It's on now.

13 MR. O'FARRELL: That one is right there.

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

21 So it's -- just wanted to respond to the  
22 chairman's request, how are we getting the word out  
23 that that is -- we're really fortunate that you'll be  
24 doing this live webinar, but it will also be taped and  
25 it will be housed on the website for anyone to come

1 visit in case today wasn't a convenient day to -- to  
2 log in for the webinar.

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

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

22 The size and scale that we're talking about  
23 here is really small, right? So she mentioned 1,000.  
24 We're going to do websites, and webinars, and all of  
25 our organizations, and word of mouth, I mean, is there

1 a central way either at Tom's group or here at the SBA  
2 that -- do we have all -- excuse me, do we have e-mail  
3 addresses, do we have a -- a -- a more deliberate or  
4 intentional way to tell non-government contractors who  
5 maybe don't always watch this type of stuff and inform  
6 other business owners that these type of rules are  
7 improving to their favor or there's more programs  
8 emerging, I guess more like higher levels of, like,  
9 communications plan, but just responding to your  
10 question and your challenge, is there a centralized way  
11 that the SBA does that -- this type of stuff?

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

17 MR. SHELTON: Okay. Okay.

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

22 MR. STUBBLEFIELD: Go ahead, Amy.

23 MS. GARCIA: Sorry. Thanks for the question.  
24 I can't actually speak for the VA, other than their CVE  
25 database. SBA does have its dynamic small business --

1 DSBS, dynamic small business search database, which  
2 houses about 20,000 veteran-owned business, SDVO, SBs,  
3 so that would certainly be a way that we could  
4 communicate that out on our own.

5 MR. ZACCHEA: Any more questions?

6 (No response.)

7 MR. ZACCHEA: No? Okay. Great. Thank you,  
8 Judge.

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

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

18 MR. O'FARRELL: Yes.

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

21 (Whereupon, a break was taken.)

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

1 Administrator Stubblefield.

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

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

19 Now, the treasury told us that would probably  
20 be a high hurdle, because we'd have to make the case  
21 that veterans are an underserved population, but they  
22 didn't shut the door 100 percent because we -- we have  
23 an intern onboard now from Yale who's going to work in  
24 our office about the next month or so to do the deep-  
25 dive on data. Whereas we may not be able to say

1 veterans as a whole are -- are underserved, but there's  
2 particular segments, you know, in the -- in the veteran  
3 population that may fall in line with -- you know,  
4 under those rules governing CD -- CDFIs.

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

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

20 National Veterans Small Business Week is  
21 coming up in November, you can see the theme there.  
22 We're -- we're in the process right now of distributing  
23 the outreach kits. I think we've done -- within our  
24 program offices, you know, in SBA, I -- and I -- I  
25 guess the outreach kits we will distribute outside of

1 SBA, I guess during August/September time frame.

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

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

14 I had a good sit-down session with Barbara a  
15 few weeks ago and it's -- you know, it's -- I call it  
16 -- I classified it as maybe the intermediate stage.  
17 It's not -- you're past the startup and now it's kind  
18 of, like, business 301, as opposed to -- to business  
19 101 and so there's that -- a -- a -- a high success  
20 rate there in terms of -- of graduates and folks who  
21 are moving on to get -- to be able to get government  
22 contracts, and growing, and expanding their business.  
23 So congratulations to you, Barbara, and all the work  
24 you're doing.

25 Okay. Next slide. Boots to Business. Okay.

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

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

15 So a little history, the program started as a  
16 pilot in 2013, became permanent in 2015. Like I said,  
17 hit that milestone. The one thing I want to say is  
18 that I think that's a testament to a really great  
19 working relationship between the SBA, the military  
20 installations that we serve, as well as our resource  
21 partners at the VBOCs, the small business development  
22 centers, SCORE, and the women's business centers. All  
23 of those components are really import to it, they all  
24 work together and, you know, we've -- we've strived  
25 really hard to provide equality entrepreneurial



1 education to our transitioning service members, so  
2 really happy that -- to be part of that team.

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

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

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

23           Another big one we tried to make sure and do  
24 is that, you know, we have some options. It's like the  
25 -- the -- the -- the -- the two-day Boots to Business

1 classes is your -- is your entree, is your -- it's  
2 your, you know, introductory piece, but the real  
3 strength is our resource partner network and we also  
4 have follow on. So we've spent a lot of time making  
5 sure that we -- we strengthen that connection.

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

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

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

24 MS. MOGLIA: Good morning, everybody. I am  
25 Dena Moglia with SBA's Office of Veterans Business

1 Development. Just picking up where Mark left off, the  
2 -- on this slide, the fourth bullet, there's an OIG  
3 report pending, I don't know if you'd heard about it  
4 previously.

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

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

23 So about a year after they complete that  
24 course, we do reach out to them via e-mail to complete  
25 a survey to ask about their experience with Boots to

1 Business and a number of other questions that we've  
2 gotten cleared through OMB. That tool actually is set  
3 to expire in December, we are on track to renew that.

4 We're also anticipating we'll be making some  
5 changes to it in the future, but we're not ready to  
6 launch those quite yet, so we're going to be moving  
7 ahead with the current tool. Again, that's going to be  
8 expiring in December, but renewing that for continued  
9 use.

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

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

24 If we're helping them make an informed  
25 decision, one aspect of that is whether or not they are

1 connecting with an SBA resource partner, do they even  
2 know about our resource partner network. We are --  
3 that's something that we do gauge with the survey tool,  
4 but another improvement that we have made within the --  
5 the program and here at SBA is our 641 form, which you  
6 may or may not have heard about, that's the form that  
7 our entrepreneur development programs use to intake  
8 customers and get their -- their basic data on who they  
9 are and what kind of help they're looking for from the  
10 SBA with their business development aspirations.

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

19 The last bullet here is a -- an evaluation of  
20 the reboot program, that was conducted by the Carnegie  
21 Mellon University. That report was finalized, what are  
22 we in, June, last month and we had some graduate  
23 students with the Heinz College at CMU provide about  
24 2,000 hours of their analytical expertise looking at  
25 all kinds of data that we threw at them. The -- they

1 had a few recommendations for us, we plan to use that  
2 report for internal purposes.

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

11 (Phone interruption.)

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

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

23 MS. MOGLIA: Yeah. So of the 80,000, we have  
24 about 1,100 usable unique responses. If we don't  
25 factor in the folks that we've gone to repeatedly over

1 the years, that would increase the responses to about  
2 1,300, but, regardless, we'd like to look at the unique  
3 responses, so that's around 1,100.

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

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

21 Going back to that comment then, so -- well,  
22 quick tangent. So you mentioned CRM during the  
23 presentations, several members of the committee, we  
24 went out to VBOCs during 2017 and a recurring theme was  
25 the lack of integration among the CRM tools that are

1 being used at VBOCs, versus the women's business  
2 center, versus, you know, you name it, where we have a  
3 veteran who comes in, just got back from Afghanistan,  
4 went to the overseas training, let's say, from Boots to  
5 Business, and say I want to start a business.

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

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

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

21 MR. O'FARRELL: And I guess the follow on to  
22 that is if you have that level of fidelity in grabbing  
23 them right from the jump and getting -- and tracking  
24 them as they go, then I think that 1,100 number out of  
25 80,000 should hopefully go up, am -- am I -- I don't



1 know, I --

2 MR. WILLIAMS: That's not important.

3 MR. O'FARRELL: -- I've -- I've -- I've got to  
4 believe that there's a way to stay in touch with them  
5 and -- and get that data, because 1,100 seems low.

6 MR. WILLIAMS: Yeah, I do think one of the  
7 reasons why we're incorporating the CRM system we're  
8 using is exactly for that reason, which is to try to  
9 grab those people a little earlier and be able to -- to  
10 keep in contact with them. I mean, that's a big reason  
11 why -- why we went to a pretty-large expense with the  
12 CRM system and we -- we hope to be able to integrate  
13 those systems together. So that's -- that's one of the  
14 main reasons why we wanted to do that, so we can track  
15 those outcomes.

16 MS. MOGLIA: And just to build on what Mark  
17 has said, the -- the agency, Writ Large, is looking at  
18 an enterprise solution for customer relationship  
19 management, they recognize that this is an area that we  
20 would like to strengthen across the enterprise.

21 OVBD was given the authority to operate the  
22 customer relationship management system that we're  
23 using now on a pilot basis and then we've gotten pretty  
24 much the permission to operate it indefinitely, which  
25 is great for us, because it's been very helpful in

1 modernizing and streamlining our operations.

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

10 MR. STUBBLEFIELD: No, I'll --

11 MS. MOGLIA: Okay.

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

20 Now, I -- I will say I -- in my opinion I  
21 think she's doing a good job laying out the case,  
22 especially when she talks to the administrator. The  
23 administrator needs information and we've got to go to  
24 several different places, so it's still in -- in  
25 discussion.

1           One thing, and I'm -- I'm asking -- I'm just  
2    throwing this out here, really kind of like it's a new  
3    person at the table, but whatever we come up with in  
4    SBA, if -- if this is a true statement or not, I -- I  
5    don't know how that's going to affect our resource  
6    partners, because, like the example you gave, if -- you  
7    were talking -- talking about Iowa.

8           MS. MOGLIA: Um-hum.

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

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

1 and that includes data sharing.

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

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

20 MS. MOGLIA: Want me to take this?

21 MR. KURTZ: Sure.

22 MS. MOGLIA: Yeah, off the top of my head I  
23 don't have the numbers and it's certainly something we  
24 can report, if you'd like, at the September meeting,  
25 but I do know the numbers have been, frankly, pretty

1 low if we're looking at the follow-on from somebody  
2 completing Boots to Business or a reboot and then  
3 picking up with a follow-on course, meaning one of the  
4 courses that we offer through either MSU, Mississippi  
5 State University, or IBMF at Syracuse University, but  
6 what the agency -- what we've tried to do is expand how  
7 we define follow-on support and we are including the  
8 resource partners now, that's the -- the -- the catch,  
9 right, that's where SBA, as an agency, we've got to get  
10 tighter on how we do that and how we're tracking that  
11 and that's something that we are definitely talking to  
12 our sister office, OED, the Office of Entrepreneurial  
13 Development, about regularly.

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

20 MR. PHIPPS: And so --

21 MS. MOGLIA: Um-hum.

22 MR. PHIPPS: -- during the -- the Boots to  
23 Business course there's a -- it's a -- it starts off as  
24 a two-day in-person course. Do you guys have the  
25 metrics on who attend the first day versus who doesn't

1 attend the second day? And maybe some reasoning for  
2 that, that's some of the things that we had discussed  
3 also on the panel.

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

8 MR. PHIPPS: Sure.

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

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

21 Okay. I'm just -- maybe I'm interested in the  
22 small business idea, but maybe I'm not, and I -- I  
23 always remember what one of our resource partners said  
24 to me, which is someone who really didn't know or  
25 really shouldn't have been a business owner, if we were

1 able to educate them that that's not the path for them,  
2 that's a -- that's -- that's a good thing.

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

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

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

1 by installation.

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

6 MR. WILLIAMS: Right.

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

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

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



1 marry some of that up.

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

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

11 MR. CRANE: Yes.

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

14 MR. ZACCHEA: Yes.

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

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

1 was curious.

2 One question I have today, if you have it, is  
3 you said about 36 percent of the respondents -- 1,100  
4 respondents, 36 percent, so what's that? It's, like,  
5 350, make it easy. Actually, that were still in  
6 business. That responded, they're still in business a  
7 year after they went through the course. At some point  
8 between 2013 and 20 now, does that -- or last year?

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

10 MR. SHELTON: Last couple years?

11 MS. MOGLIA: Yeah.

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

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

18 MR. SHELTON: Okay.

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

23 MR. SHELTON: And just -- just a personal  
24 opinion, because it would -- we run -- we invest in  
25 technology businesses and a lot of these veterans don't

1 necessarily want to have their veteran-owned status.

2 It gets in the weird dynamic, right?

3 MS. MOGLIA: Um-hum.

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

10 MS. MOGLIA: Um-hum.

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

14 MS. MOGLIA: I do.

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

18 MS. MOGLIA: Yeah.

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

21 MS. MOGLIA: We do.

22 MR. WILLIAMS: We do that.

23 MR. SHELTON: Okay. You do that already?

24 MS. MOGLIA: Um-hum.

25 MR. SHELTON: But obviously there's an implied

1 education level or experience level, you know, those  
2 type of things, so I think that would feed the data.  
3 You may have a slightly different curriculum that can  
4 be tailored down the road.

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

10 MR. SHELTON: Okay.

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

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

21 MS. MOGLIA: Yes.

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

1 MS. MOGLIA: Yeah.

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

4 MS. MOGLIA: Um-hum.

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

8 MR. WILLIAMS: Um-hum.

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

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

19 MR. FENDER: Um-hum.

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

25 What we are starting to look at is refining

1 that existing survey, because we know it's as you've  
2 described and it's -- when I started with the office  
3 and I started looking at that thing and seeing the  
4 estimated time it takes to complete it, I -- I just  
5 thought it was ridiculous.

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

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

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

25 MR. O'FARRELL: Just a quick second thought.

1 So another thing that emerged from us visiting some of  
2 the VBOCs was feedback from VBOC personnel that they  
3 are spending a significant portion of their workday  
4 doing Boots to Business and -- and some of the feedback  
5 was that the -- they felt that veterans in their local  
6 operating areas were more -- were as interested, if not  
7 more, in counseling services.

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

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

24 But one of the things I was going to talk  
25 about is one of the requirements or the requirement for

1 VBOCs is to participate in 100 percent of the Boots to  
2 Business classes going on. So we have 22 VBOCs right  
3 now, and I'm going to discuss that, but if you think 22  
4 across the country they have several states. And with  
5 that requirement of 100 percent, going back to what  
6 Mark had said, really our job is to introduce them to  
7 the resources available.

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

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

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

23 MR. KURTZ: Um-hum.

24 MR. O'FARRELL: -- like I've said. So if you  
25 have a recommendation on how you would -- you could see



1 that in being improved, it -- I'm not sure exactly what  
2 the analogy is, but I -- it seems like we got a bunch  
3 of salespeople in a car lot that are helping people  
4 kick tires, and yet the people that are back inside the  
5 service bay need -- need help and they -- there's  
6 nobody there, because they're out in front, is that --  
7 that was a really bad analogy, but you see what I mean.  
8 We're -- we're spending --

9 MR. ZACCHEA: Work on that.

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

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

1 they are stretched pretty thin.

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

12 MR. KURTZ: Right.

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

18 MR. KURTZ: Right. Now, I will say even with  
19 requirement I have -- I constantly look at the data, so  
20 we thought with 100-percent requirement that the  
21 counseling would go down. It's actually gone up, so we  
22 do track monthly and quarterly on the number of  
23 counseling sessions that are happening, along with  
24 outreach and the number of Boots to Business classes  
25 that they're -- they're involved with.

1           So those numbers for counseling continues to  
2 go up, so there is some counseling going down. I -- I  
3 wanted to make that clear that we're -- I didn't want  
4 it to sound like we're not doing any counseling at all,  
5 we are doing some counseling.

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

13           MR. PHIPPS: Um-hum.

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

25           MR. ZACCHEA: Okay. Any -- any more comments

1 on that?

2 (No response.)

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

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

9 MR. KURTZ: So that's a great -- that's a  
10 great question, because, you know, I was like kind of  
11 doing some -- some math here, 9,600 hours about is  
12 what's required to deliver this around the world with  
13 600 classes, 16-hour -- you know, two 16-hour days.

14 MR. SHELTON: Um-hum.

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

22 MR. SHELTON: So this -- when this started a  
23 few years ago -- it's Brandon again, sorry. Brandon,  
24 sorry again. The -- you guys never added a single  
25 full-time employee to support getting up to 80,000?

1 MS. MOGLIA: Hi.

2 MR. SHELTON: You just use existing SBA  
3 resources?

4 MS. MOGLIA: No, that's not correct.

5 MR. SHELTON: Okay.

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

11 MR. SHELTON: Okay.

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

15 MR. SHELTON: Okay.

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

25 Our field personnel are the individuals who

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

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

22           MR. GWINNER: This is Sheldon Gwinner. With  
23 the mission, just looking at the numbers, 80,000, and  
24 kind of jump off of Jim's analogy, I -- I kind of view  
25 the Boots to Business as almost like a director of

1 first impressions. So what it looks like you guys are  
2 doing is qualifying tire kickers to people that  
3 actually want to take the next step, was that the  
4 original goal of that or what was the -- what is the  
5 vision of the goal if it -- people are coming through  
6 once they either see their way into being an  
7 entrepreneur or see their way out, what's the next  
8 steps being provided by you guys?

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

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

23 And if our resource partner network isn't  
24 active, and engaging, and alive, that's only going to  
25 hurt folks, our customers in the field who are looking

1 for help in whether or not they want to get into  
2 business or not. And if they do want to get into  
3 business, what are the next steps to doing that. It  
4 could be developing a business plan, it could be trying  
5 to get loans ready. There's a number of different --  
6 it could be just doing market research, there's a  
7 number of different steps they could take.

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

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

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

24 MS. MOGLIA: Right.

25 MR. GWINNER: If 300 are only in business,



1 where did the other 79,000 go?

2 MS. MOGLIA: Yeah.

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

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

20 (No response.)

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

1 veterans employment representatives that work with  
2 employers.

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

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

17 So a couple other things I'm going to cover  
18 about our program, our VBOC program that's been  
19 happening. So last November we released a funding  
20 announcement for the re-compete, when that was complete  
21 we went through, we finally selected who those VBOCs  
22 are. We had 20 and now we have 22 with additional  
23 funding. Five of those are brand new VBOCs, two of  
24 those are brand new states that -- that have taken on,  
25 because we're growing, so we went from 20 to 22.

1           So we added one in North Dakota, which is  
2 going to cover South Dakota and -- and North Dakota.  
3 The other one is Tennessee and it's going to cover  
4 Kentucky as well. So I'm going to -- since we have  
5 five brand new ones and we have some VBOC directors  
6 that have changed down as well, so I have relatively  
7 new staff. So we're going to bring them here in  
8 August, it's from the 7th to the 9th in this room.  
9 We're going to do VBOC training, so we'll bring in all  
10 of our resource partners.

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

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

23           We just did a pilot program, finished that up,  
24 where we looked at IBIS World, LivePlan, and  
25 GrowthWheel, and we selected IBIS World and LivePlan,

1 and those are business planning and feasibility  
2 analysis tools, so they'll actually be in here and  
3 training our VBOCs on those programs as well.

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

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

13 MR. KURTZ: Mark.

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

16 MS. O'BRIEN: Okay.

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

25 MS. O'BRIEN: Um-hum.

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

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

18           MS. MOGLIA: Yeah, it is overwhelming and  
19 frankly that's where a lot of the -- Dena Moglia again  
20 with OVBD, that's where a lot of the manpower is at is  
21 taking the sign-in sheets we're getting from the field  
22 and then entering them into our system, because we want  
23 to make sure that we have that granularity at an  
24 individual level so we can reach out to people and give  
25 them information, you know, individually, if you will.

1           In the past the data that we've collected has  
2    been in the aggregate and that's what we've been  
3    allowed to collect because of privacy concerns, and,  
4    you know, clearance processes, and all of that, and  
5    that takes time to maneuver. But the plan is that we  
6    would love to have people registering maybe in a  
7    tablet, or I should say checking in that they've  
8    attended the class, attendance on a tablet or something  
9    that's digitized.

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

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

25           The great thing is that everybody who's at the

1 table for interagency, we're all in lockstep on the  
2 data sharing and trying to get to smoother operations  
3 around that. It's challenging maneuvering all of the  
4 federal regulations and requirements governing the  
5 information.

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

9 MS. MOGLIA: We're using Sales Force.

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

12 MS. MOGLIA: Yes.

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

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

24 MR. WILLIAMS: Yeah, I was going to say that  
25 -- the -- the question was, do the people in the field

1 -- so Dena was talking about what the -- the users, the  
2 actual --

3 MR. FENDER: Today.

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

7 MS. MOGLIA: Thanks.

8 MR. WILLIAMS: Sorry.

9 MS. MOGLIA: No, thanks.

10 MR. WILLIAMS: A scheduled class.

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

13 MS. MOGLIA: Pardon?

14 MR. FENDER: Pardot?

15 MS. MOGLIA: (Shakes head.)

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

18 MS. MOGLIA: We're not.

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

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

24 MR. FENDER: Sweet.

25 MS. MOGLIA: Yeah, but I'm -- we're all about



1 trying to streamline. So happy to take those  
2 recommendations and push them, because it's killing us,  
3 frankly, the administrative burden, and it's really  
4 hurting the field.

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

10 MS. MOGLIA: Um-hum.

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

13 MS. MOGLIA: Right.

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

15 MS. MOGLIA: Yeah.

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

21 MS. MOGLIA: We've got our users.

22 MR. FENDER: Yeah.

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

25 MR. FENDER: Yeah.

1 MS. MOGLIA: -- and the resource partners, but  
2 I wouldn't consider them a customer.

3 MR. FENDER: Gotcha.

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

7 MR. KURTZ: Thanks.

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

14 MR. FENDER: Thank you.

15 MR. ZACCHEA: So, Mr. Ken Dodds.

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

24 We met the small disadvantaged business goal  
25 as -- as well, had the highest dollars going to small

1   disadvantaged business at \$40 billion. We met the  
2   service-disabled, veteran-owned small business goal for  
3   the sixth year in a row and, in fact, for the first  
4   time broke 4 percent, the goal is 3 percent.

5           The Federal Government did over 4 percent and  
6   the highest dollars ever at \$17.9, almost \$18 billion  
7   dollars under that, and then for the -- the women-owned  
8   program we had the highest dollars at -- at \$20 -- \$20  
9   billion. Now --

10           MR. O'FARRELL: Ken?

11           MR. DODDS: -- yes, sir.

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

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

25           I think for SDVO it went up, but I can get you

1 that information, it's -- it's on our -- I'll -- I'll  
2 point it out to you. So it -- but it varies, there's  
3 -- there's -- the law requires us to look at it by  
4 NAICS code for each agency per category. So it's a  
5 very complex calculation, but that is something we --  
6 it's -- it's 10 percent of an agency's grade.

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

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

22 MR. DODDS: Yeah, that is something we have to  
23 consider. We did look at unique -- you know, unique  
24 awards to a business in a particular fiscal year. We  
25 have a whole methodology that's kind of complex, but we

1 can certainly -- it's public, so you can take a look at  
2 that, and, like I said, some categories didn't -- did  
3 go down, but I think some went up. And I think SDVO  
4 may have been one that actually increased, you know, by  
5 the way we calculated it, but we'll take a look at  
6 that.

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

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

21 MS. PEREZ-WILHITE: Mr. Dodds?

22 MR. DODDS: Yes, sir?

23 MS. PEREZ-WILHITE: This is Fran Perez-Wilhite  
24 with the North Carolina Military Business Center.  
25 Because of the VetsFirst program, will the actual goal

1 then change for SDV, so the VA will have changed to  
2 more than 3 percent of the goal at some point or will  
3 it just stay the same?

4 MR. DODDS: I think that the they under that  
5 law give themselves their own goal, so they -- they set  
6 up their goal for that. This is based on the -- the  
7 Small-Business Act --

8 MS. PEREZ-WILHITE: Um-hum.

9 MR. DODDS: -- which gives the whole  
10 government the same 3 percent goal. So one of the  
11 complaints, you know, understandably from the VA, is  
12 because they have to go VetsFirst. They have a hard  
13 time meeting HUBZone and the other goals, because they  
14 have to go VetsFirst.

15 MS. PEREZ-WILHITE: Um-hum.

16 MR. DODDS: And then, of course, we say the  
17 law says you also have a HUBZone goal, so you have to  
18 try to find veteran-owned HUBZones for -- you know, so  
19 that's kind of the -- you know, there is always a  
20 tension there when you have a special law that requires  
21 them to do that, but for our purposes we -- we're glad  
22 that they're doing 19 percent, that's --

23 MS. PEREZ-WILHITE: Right.

24 MR. DODDS: -- that's --

25 MS. PEREZ-WILHITE: Right.

1 MR. DODDS: -- that's very high.

2 MS. PEREZ-WILHITE: Um-hum.

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

9 MS. PEREZ-WILHITE: Well, then --

10 MR. DODDS: -- for each category.

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

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

22 MS. PEREZ-WILHITE: Thank you.

23 MR. O'FARRELL: Jim O'Farrell again. So if  
24 you take a look at that -- for those on the committee,  
25 if you take a look at the VA numbers, now you see this

1 19.7 percent is \$5.1 billion for 2017. If you go back  
2 one slide and show the DOD number again, so you see  
3 \$8.8 billion was 3 percent. If we had that number at  
4 15 percent, I was never good at math, but I think  
5 that's around -- eight times five is \$40 billion for --  
6 for SDVO's piece.

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

11 MR. DODDS: Right.

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

19 MR. DODDS: (No response.)

20 MR. O'FARRELL: I asked Tom Leney at a public  
21 forum back in -- I want to say it was December 2017, he  
22 said he really had -- he had not heard anything about  
23 this. So even just starting from that level is -- you  
24 know, if -- if it's good for the VA, why wouldn't it be  
25 good for the DOD, realizing that Tom is the VA's small-



1 business -- business advocate, but how can we get this  
2 on the radar from your perspective?

3 MR. DODDS: Well, I -- as you know, I'm -- you  
4 know, I've been at SBA a long time and we kind of feel  
5 like we have five children. You know, we don't want to  
6 play favorites, you know, because when you -- when you  
7 do that, you know, everybody from the other group feels  
8 that they have a similar situation, they want similar  
9 things.

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

21 MR. O'FARRELL: I guess my counter to that  
22 would be that veteran -- the -- the veteran is the  
23 individual who did the service and is now a veteran.  
24 They did that service in the Defense Department, they  
25 may be a woman, they may be a HUBZone, they may be a

1 Renardy. You're going to -- you can check multiple  
2 boxes with a veteran, so --

3 MR. DODDS: Oh, I --

4 MR. O'FARRELL: -- I put that --

5 MR. DODDS: -- I agree.

6 MR. O'FARRELL: -- on the record.

7 MR. DODDS: I agree.

8 MR. O'FARRELL: Okay.

9 MR. DODDS: And that's --

10 MR. O'FARRELL: Thanks.

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

21 It -- you know, something like what you're  
22 talking about would take a -- you know, a law and, you  
23 know, I can't really comment on -- on how that would  
24 look, it depends on the language and -- and we -- we  
25 have to do those things kind of like officially through

1 OMB, so I can't really endorse or not endorse any of  
2 those ideas.

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

15 MR. SHELTON: Can I ask a question?

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

25 MR. O'FARRELL: Mike, Jim O'Farrell. I think

1 we should request the -- the presence and the briefing  
2 by the DODs, I'm sure that -- that person's on the  
3 IATF, aren't --

4 MR. PHIPPS: Shannon.

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

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

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

24 There's a very big flag that I saw just  
25 reading the -- reading -- spot reading the report and

1 that is that DOD is -- or that this panel is  
2 recommending to DOD, right, they're not going to  
3 absolutely take these recommends, as Shannon briefed in  
4 the IATF, that DOD have their own legislation for small  
5 business, right, which would inherently separate their  
6 reporting requirements and possibly separate them  
7 entirely from even having anything to do with reporting  
8 requirements that they do now have to do with the SBA.

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

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

23 I'm going to bring up one other subject,  
24 because this has to do with government contracting, and  
25 Ken's here, and he has some very good input on this.

1 There is -- has anybody heard of the Thornberry  
2 Amendment or the Amazon Bill?

3 (No response.)

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

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

21 What's really funny about this, not so funny,  
22 they say, well, we're going to do an impact study on  
23 veteran-owned business and small businesses three years  
24 after the portal's done, right, kind of like drilling  
25 for oil, and then doing the environmental impact.

1           There -- there are a number of very concerning  
2 questions, already this is impacting not just  
3 commercial veteran-owned businesses that have nothing  
4 to do with government contracting. Why? Because now  
5 what we're seeing, what's coming to light, is as a  
6 veteran-owned business puts their products on Amazon,  
7 Amazon, what they do is force the margins of the  
8 supplier down, right, so now you have Amazon making --  
9 or who -- whatever business this is, right, making  
10 margin on the product itself.

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

22           MR. STRAIN: My name is Bryon Strain with  
23 Federal Management Solutions, independent, one-person  
24 consulting firm. I just want to comment on this issue  
25 that Mike has brought up and thank you very much, Mike,

1 that's the reason why I'm here.

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

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

20           These 18,000 people, companies are vetted,  
21 they've been assured a reasonable pricing, they've been  
22 assured of compliance with all the trade agreement,  
23 they've been assured about all the compliances before  
24 they even get their contract, and all that's going to  
25 go away to the portal. And right now you have FedMall



1 over at DOD and you have GSA Advantage, those are two  
2 functional portals that are similar to Amazon.

3 And they did a study, a naval post-graduate  
4 study, a very small study against some items on  
5 Advantage and the same item on Amazon, the pricing --  
6 over 80 percent of the pricing was anywhere from 20  
7 percent to 60 percent lower on Advantage. The delivery  
8 time was about half of that from Advantage.

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

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

25 What I'm saying to you is this is a bigger

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

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

23 MR. DODDS: The only thing I'll add is --

24 MR. PHIPPS: Go ahead.

25 MR. DODDS: -- oh, sorry.

1 MR. PHIPPS: Go ahead, Ken.

2 MR. DODDS: I was just going to add, I did --  
3 I think I briefed this a couple -- six months ago or  
4 whatever. You know, it actually could go up to the  
5 simplified acquisition threshold, which is now  
6 \$250,000, so it's -- it can go much higher than \$25,000  
7 in my estimation or -- or my interpretation of the law  
8 that I read, unless it's been amended. It -- it only  
9 applies to commercial items, so it's not services or  
10 anything like that.

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

20 MR. PHIPPS: Public hearing.

21 MR. DODDS: -- public hearing --

22 MR. PHIPPS: Yeah.

23 MR. DODDS: -- something like that. So if  
24 you're interested in that, I would definitely try to  
25 just go to that.

1 MS. FRAN PEREZ-WILHITE: Where is that?

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

3 MR. STRAIN: It's GSA headquarters.

4 MR. DODDS: I see it was the --

5 MR. STRAIN: GSA.

6 MR. DODDS: -- GSA.

7 MR. STRAIN: Eighteenth and F Northwest.

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

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

22 COTS, commercial off-the-shelf, the -- the  
23 product, but it's going to be commercial product and  
24 commercial service. Those are the two terms that are  
25 going to go in to CFR and they're the two terms that

1 will go into the FAR, so there's a definite plan to  
2 expand on this.

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

10 The 21st of -- of June over at Eighteen and F  
11 starting at 8:30 in the morning to, I think, 4:00 --  
12 1:00 is very important, it's an industry day and this  
13 time around GSA will answer questions.

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

19 MR. STRAIN: Well, the portal is going to be  
20 separate. The -- the things that we're talking about  
21 here, like the \$250,000 or whatever the number ends up  
22 being, because there has been a recommendation for  
23 \$50,000 for a micro version, those terminologies, to my  
24 knowledge and understanding, are going to apply to the  
25 portal.

1           Like, anything outside of the portal the micro  
2 threshold is going to stay at \$10,000 and -- and the  
3 DOD is going to stay -- now, there is language to  
4 change DOD to \$10,000, it's in the 2019 NDAA. The  
5 difficulty here is when you talk to people about the  
6 average order for COTS-type products, there's very  
7 little that's over \$1,000 or even \$3,500. There's very  
8 little, so you're talking about an effect of a large  
9 portion of that \$50 billion that was in the original  
10 language.

11           MR. PHIPPS: Some of -- this is Michael Phipps  
12 again. Some of you -- this is reminiscent of the VA  
13 using -- having a -- several billions, over \$5 billion  
14 that's circumvented any setasides by using the micro  
15 threshold purchase, we heard that and we've addressed  
16 that here in this committee. And this seems like way  
17 beyond that, because now why even have a federal  
18 acquisition regulation if you're not going to -- if  
19 you're just going to be able to circumvent it and, as  
20 Ken said, up to \$250,000?

21           I mean, that's -- that seems like this is  
22 beyond just this committee, it seems like this should  
23 be being addressed at a number of other places, but  
24 definitely it's going to have the biggest impact on  
25 small businesses.

1           MR. STRAIN: Bryon Strain. One last question  
2 -- or one last comment. At the Coalition for  
3 Government Procurement, the GSA official said that the  
4 \$25,000 would be used to encourage the federal  
5 community to use the portal and laughed about it.

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

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

23           The only requirement to be certified right now  
24 is for VA procurements, so this includes the VA  
25 dollars. So those are the ones that were -- have a

1 certification, the rest of the government is a self-  
2 certification program with the protest function that  
3 SBA does.

4 MR. SHELTON: Um-hum.

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

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

12 MR. DODDS: It's 3.3 --

13 MR. SHELTON: It's 3.3?

14 MR. DODDS: -- percent.

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

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

20 MR. SHELTON: Okay.

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

24 MR. SHELTON: So personal opinion is any time  
25 that happens, hearing what you guys just talked about



1 here, if DOD further detaches itself and creates its  
2 own ecosystem, maybe for speed and all the right  
3 reasons, but just -- if you're able to self-certify, I  
4 give you a report so you leave me alone, I will -- you  
5 know what I'm saying?

6 MR. DODDS: (No response.)

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

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

17 MR. SHELTON: Okay.

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

21 MR. SHELTON: Sure.

22 MR. DODDS: -- to certify and so what ends up  
23 happening is in the community we kind of know and there  
24 -- and people protest at the drop of a hat, so that's  
25 -- the protest is kind of our resolution, but it's -- I

1 think it's mainly an SBA issue with funding and being  
2 able to do certification themselves.

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

7 MR. DODDS: Yes.

8 MR. SHELTON: -- right?

9 MR. DODDS: Yeah.

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

14 MR. DODDS: (No response.)

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

19 MR. DODDS: No.

20 MR. SHELTON: -- that, right?

21 MR. DODDS: Absolutely, that's a huge point.

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

25 MR. SHELTON: Offline later?

1 MR. ZACCHEA: -- yeah.

2 MR. SHELTON: Okay.

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

5 MR. SHELTON: Ken?

6 MR. ZACCHEA: Oh, can Ken get through?

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

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

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

25 MR. ZACCHEA: Thank you, Ken. Mr. Upham, are

1 you prepared?

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

4 MR. ZACCHEA: Yeah.

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

7 MR. ZACCHEA: Let's do mentor protégé.

8 MR. UPHAM: All right.

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

18 I want to talk a -- just a tad real quick  
19 about our annual evaluations. When we -- when I was  
20 here the last time we were just getting the information  
21 back on our annual evaluations, and all firms who are  
22 approved under our All Small Mentor Protégé program  
23 have to go through a yearly annual evaluation, and we  
24 ask that they have their annual evaluations done 30  
25 days prior to the MPA approval date.

1           Both the protégé and the mentor must submit a  
2 report, and we started with a report, but we couldn't  
3 get the information to drop down into a particular  
4 spreadsheet. So we had to put a moratorium in place  
5 and that moratorium ended May 31st, it went from April  
6 15th to May 31st, and we went to Survey Monkey so that  
7 we could get the information back. We could -- we  
8 could extract the information a lot -- a lot better  
9 for the Survey Monkey, so it's now -- people are now  
10 starting to put their information into Survey Monkey  
11 and we're starting to get some feedback from the annual  
12 reports.

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

20           I'm going to go through here. Now, updates.  
21 Annual updates, that should be 538, but we have 538  
22 approved mentor protégé agreements in our portfolio.  
23 Our average turnaround day -- days, it's -- it -- it is  
24 -- well, the days have gone up a little bit. We were  
25 right at eight, nine, now it's about 11-to-eight --

1 11.8 days turnaround time, because of -- we have -- we  
2 have one analyst that we are going to fill that  
3 position. So the applications have increased as well  
4 coming into the program, we have 118 applications  
5 declined.

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

20 We're currently working on annual evaluation  
21 reports to determine the impact benefits of using the  
22 All Small Mentor Protégé program. I did say I would  
23 have some numbers or you, but that -- by not being able  
24 to drop the information into the spreadsheet we  
25 designed, we'll -- I will have some information for

1 you, but I -- I think you all will be impressed  
2 thoroughly about some of the benefits of the program  
3 and people who are getting several contracts from that.

4 MR. O'FARRELL: Jim O'Farrell. Mr. Brown?

5 MR. BROWN: Yes, sir.

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

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

20 Of course, if they are applying under the  
21 secondary NAICS code we have to ask for additional  
22 information, a lot of times -- showing proof of work  
23 under that secondary NAICS code. A lot of times firms  
24 do not upload that information, so we have to go back  
25 to them, we give them 10 calendar days. After 10

1 calendar days, if they haven't turned that information  
2 in, we send them a soft decline.

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

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

16 MR. BROWN: (No response.)

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

23 MR. BROWN: That's a good -- yeah, that's a --  
24 well, that's a good -- that's a -- to be honest with  
25 you, yeah, we -- we are going to -- we have started



1 reaching out to other agencies and resource partners  
2 and things of that nature to educate people who are  
3 applying for what they need to upload.

4 A lot of times our system -- you know,  
5 certified system we are tweaking certain things so it  
6 can stop them in the process and say, hold on, you  
7 didn't upload this particular information. So once we  
8 get that there, I think -- once we get that corrected,  
9 I think we can -- it will cut down on the declines,  
10 which on that -- that leads to this -- this here, our  
11 declines -- you know, it -- when I say a decline, it --  
12 it may sound like it's -- it's hard, but it's really  
13 not a hard decline.

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

20 MR. O'FARRELL: Yeah and then the only  
21 followup to that would be that's -- I -- I -- I very  
22 much appreciate the soft decline rather than to put  
23 them on the spot. The VA for years have their -- they  
24 have their CVE process and a hard decline was a hard  
25 decline. You got back in line at the end of the line

1 and started over, basically, so appreciate that you're  
2 doing that for our veteran community.

3 MR. BROWN: Yes, sir.

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

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

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

25 Like, someone may say the first six months of

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

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

11 MR. BROWN: Right.

12 MS. O'BRIEN: So --

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

25 MS. O'BRIEN: So is Survey Monkey going to be

1 the method you're going to stay with moving forward or  
2 -- or --

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

9 MS. O'BRIEN: Okay.

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

12 MS. O'BRIEN: Okay.

13 MR. BROWN: All right. Here is a quick  
14 update, the -- this is -- this is a bar graph of our  
15 number of firms since October 17th. We've been in the  
16 -- in existence since October 1st, 2016, and from  
17 October the 1st, 2016 to March 31st we have 117  
18 approved firms, and out of those 117 approved firms 37  
19 percent of them are SDVOSBs. And then the next one is  
20 8(a), of course, but then one higher than that would be  
21 -- well, SDVOSBs are the largest part of our portfolio.

22 I don't particularly know why there is a  
23 decrease, but last time we took the -- the numbers it  
24 was 39 percent, so it dropped about 2 percent, but I'm  
25 -- I'm not particularly sure to why I think the

1 applications may have gone down, I'm not sure as far as  
2 that's concerned.

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

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

18 So that -- that -- I guess what I -- and this,  
19 the next one, our research partners, what I was saying,  
20 we reach out and educate a lot of our firms through our  
21 resource partners, small-business development centers,  
22 SCORE, women's business centers, the SBA district  
23 offices, PTACS, and the SBA learning center, which is  
24 online training, and that's -- that's it. If you have  
25 any questions, you can e-mail us at our All Small

1 mailbox, which is allsmallmpp@sba.gov.

2 MR. ZACCHEA: Thank you, Mr. Brown. Good job.

3 MR. BROWN: Thank you.

4 MR. ZACCHEA: Mr. Upham, you're up.

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

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

24 Let's see. Skip that, there we go. Sorry  
25 about that, I had to figure out how to use the clicker.

1 The next slide showing some of our -- our lending  
2 activity on the smaller loan sizes. I thought that  
3 this slide would -- would be applicable to show, simply  
4 because this is where a lot of our lending to veteran-  
5 owned businesses, veteran entrepreneurs are made.

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

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

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

1 down to a slight degree.

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

13 Second thing is over the last two years, while  
14 we do still offer some fee relief on our small loans to  
15 veterans, some of those fees have been reduced over the  
16 last couple of years. I believe it's under the SBA  
17 veterans advantage program we were offering reduced  
18 fees on -- on larger loans, not just the loans up to  
19 \$350,000, and I believe that's no longer the case.

20 We are offering fee relief up to \$350,000, but  
21 no longer on those larger loans that are above  
22 \$350,000, so that again might be another reason that  
23 overall our lending dollars to veterans has -- has  
24 dropped off to -- to this degree. Okay. What am I  
25 doing wrong?



1 MS. SIMMS: I don't know.

2 MR. UPHAM: Oh.

3 MS. SIMMS: Go ahead.

4 MR. UPHAM: I'll let you do it.

5 MS. SIMMS: Okay.

6 MR. UPHAM: Thank you. So this slide is  
7 showing our lending again through April 30th of each  
8 fiscal year in our mission-lending programs and these  
9 programs are run through nonprofit community-  
10 development organizations.

11 Microloan program allows loans to small  
12 business up to \$50,000, so very small loans, but it  
13 also combines, as a requirement of the program,  
14 training and technical assistance to the small  
15 businesses. And that training and technical assistance  
16 has to be provided not just before the loan is made,  
17 but through the currency of the loan on a -- on a post-  
18 loan basis. So the intermediary lender develops a  
19 relationship, and maintains that relationship, and  
20 continues to train and mentor that small business  
21 throughout the life of -- of the loan.

22 Community advantage is also run through  
23 mission-based, nonprofit lenders. A lot of our  
24 community-advantage lenders are also microlenders, but  
25 this is -- is their entree into the 7(a) loan guarantee

1 world. It allows them to participate in 7(a), but only  
2 to the extent of making loans up to \$250,000.

3 But while the community-advantage program is  
4 still in pilot status starting in 2011 and actually the  
5 majority of loans that we put on the books under that  
6 program have occurred in 2015, '16, '17, we have  
7 noticed that through the mission lending and in this  
8 program that -- that we are seeing slightly higher  
9 percentages of the loan capital and number of loans  
10 going out to veteran-owned small businesses. In 2017  
11 it was nearly 10 percent, whereas in 7(a) overall that  
12 percentage has been around 5 percent or slightly below  
13 5 percent, you know, so we know that -- that this  
14 program is making an impact in veteran lending.

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

22 We do collect data on loans made to service-  
23 disabled, 50 percent or more owned -- veteran-owned  
24 businesses and in terms of dollars, year over year,  
25 2017, 2018, the Microloan program is doing slightly

1 more. So sort of bucking the trend that we saw in --  
2 in 7(a) small loans, although it is reasonably flat, so  
3 all is -- all is room to do even more.

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

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

23 I know that we've had hundreds of thousands of  
24 matches so far, we don't track how many of those  
25 matches turn into approved loans. There's also no

1 requirement that a lender using our lender-match system  
2 has to do an SBA guaranty or Microloan. They're --  
3 they are certainly welcome to take that match and --  
4 and close that loan conventionally if it's one of our  
5 bank lenders or -- or under another federal program  
6 other than SBAs, but the tool has been very successful  
7 at -- at putting those matches together, getting the  
8 small-business borrower that's looking for capital in  
9 touch with one of our participating lenders.

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

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

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

22 MR. FENDER: I'm Alex Fender at Funnel  
23 Science. On the slide you had all of the approvals,  
24 but you didn't have the number of applications that  
25 were denied, is that information collected and can that

1 be shared?

2 MR. UPHAM: Yeah, I -- I don't believe that we  
3 collect and -- on the ones that aren't approved. The  
4 only ones that are entered and stay in our system are  
5 the ones that -- that we approve and then we have a  
6 continuing reporting requirement on them.

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

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

22 MR. UPHAM: Yeah.

23 MR. FENDER: -- and then there's no recourse.

24 MR. UPHAM: Right. In -- in a scenario like  
25 that I think it is usually by the time a lender is

1 entering a loan into our system, the application, the  
2 SBA application for the guaranty, it's already an  
3 approved loan and in 75 percent of the cases the  
4 lenders themselves have their own authority of where  
5 they enter it into the system and based on the  
6 authority that we've given them the guaranty is good.

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

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

20 MR. UPHAM: -- yeah. You know, unfortunately  
21 I don't think that we require that that's a requirement  
22 under law, regs in our program. I think the banks --  
23 you know, while we give them underwriting criteria,  
24 things that need to be provided in an application for a  
25 loan or a loan guaranty, I don't think we require that

1 every single time a borrower comes into the bank and  
2 requests the SBA loan that they have to report that to  
3 us.

4 I think it's -- it's really at the  
5 determination of that particular lender whether or not  
6 they want to put it through SBA and that underwriting  
7 criteria, get the guaranty, or whether they want to  
8 finance it outside of SBA, or with another federal  
9 program, or without any federal assistance, so it's --  
10 it's -- it's really something that's determined at the  
11 -- you know, at the participating lender's, you know,  
12 will.

13 MR. FENDER: How many participating lenders  
14 were kicked out of the SBA's program last year?

15 MR. UPHAM: That's a great question for our  
16 office of credit risk and I -- I don't know that exact  
17 number. I don't know. I mean, I know that -- when you  
18 say, "Kicked out," do you mean were -- were not renewed  
19 for their authority to lend?

20 MR. FENDER: (Nods head.)

21 MR. UPHAM: I know that the office of credit  
22 risk management does renew lenders for compliance and  
23 also for performance in terms of actually using our  
24 products to complete loan transactions and if those --  
25 you know, if -- if the standards for performance are

1 not met, that they are not renewed. I don't know the  
2 exact number in terms of how many were not renewed last  
3 year.

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

8 MR. FENDER: That's correct.

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

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

22 MR. UPHAM: Yeah.

23 MS. O'BRIEN: -- also like to understand --

24 MR. UPHAM: Yeah, unfortunately --

25 MS. O'BRIEN: -- how we could --



1 MR. UPHAM: -- I mean --

2 MS. O'BRIEN: -- change that.

3 MR. UPHAM: -- the -- the reporting  
4 requirements start at the point where the government  
5 has actually granted something or awarded something, so  
6 either a loan guaranty or before that there is no  
7 reporting or filing, and this goes back to OMB, it goes  
8 back to Paperwork Reduction Act laws on what it is that  
9 SBA is allowed to require its participating lenders to  
10 report -- report back to us.

11 MR. SHELTON: How -- how does the VA loan  
12 handle this?

13 MR. UPHAM: I -- I --

14 MR. SHELTON: Is that a proxy, are we doing --  
15 or, sorry, I have to do this. It's Brandon, TFX.  
16 Okay. So when -- I don't -- I have a VA loan for my  
17 home.

18 MR. UPHAM: -- um-hum.

19 MR. SHELTON: So I was just curious, like, do  
20 we -- do we have any handle as a government and other  
21 agencies around those who apply for the VA loan, they  
22 ask for it, and they are denied due to underwriting.

23 MR. UPHAM: Right.

24 MR. SHELTON: It may not be because they're  
25 faking being a veteran or something like that.

1 MR. UPHAM: Right.

2 MR. SHELTON: But is there any useful --

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

4 MR. SHELTON: -- ways?

5 MR. UPHAM: -- may -- that's a good question.

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

8 MR. SHELTON: Okay.

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

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

1 some of these types of questions.

2 MR. FENDER: Alex Fender at Funnel Science.  
3 It says, "Office of -- of Capital Access," so the --  
4 the opposite of it is not having capital access. So it  
5 would be very interesting to know the reasons why  
6 you're not getting the offer of capital access, so the  
7 recommendation would be to know that.

8 MR. PHIPPS: This is -- this is Mike Phipps.  
9 This is something -- I'm -- we're just going to give a  
10 little background here, because it took us almost two  
11 or three meetings to understand how this whole process  
12 works and that -- that this is more of a commercial  
13 kind of setup that the SBA does not have.

14 It cannot force banks to do any reporting and  
15 so one of the things that we have kind of struggled  
16 with, and -- and -- and maybe Dan can start giving  
17 some recommendations on how to change or how to force  
18 to get more data from the banks and maybe some things  
19 that could come out of this committee, we've -- we've  
20 gone through this whole process asking questions to  
21 capital access, demanding more statistics, when I think  
22 it's a little bit of an education on what can we --  
23 what can we ask from the SBA, right, and what can't we  
24 ask, what's not within your purview, and what can we  
25 change from this committee's perspective to try to get

1 more data to answer some of these questions to get  
2 better -- to get better recommendations for all these  
3 lending practices.

4 MR. UPHAM: Yeah.

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

13 MR. STUBBLEFIELD: Well, let's stop.

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

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

25 There's a GAO report last December that came

1 out that said that -- that career track programs were  
2 not being fully utilized and so as a result of that the  
3 House of Veterans Affairs Committee has -- has  
4 sponsored legislation which has the hearing to -- to  
5 make the TAP program a -- a one-day resume writing and  
6 then a two-day career or -- or education-tracks program  
7 and DOD has said that they will only take five days for  
8 the TAP program.

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

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

19 MR. PHIPPS: Michael Phipps. I just want to  
20 bring up a quick comment, maybe the SBA can look into  
21 it, because I've had a number of veteran-owned  
22 businesses contact me, it has to do with the -- the SAM  
23 breach of all contractor database information.  
24 Everybody's banking information was compromised and  
25 it's timely that you're here.

1           Now SAM is requiring notarized letters from  
2     some 700,000 registered contractors, it's creating a  
3     huge delay. I had Frank call me, he said he was on the  
4     phone for two hours with sam.gov just to try to get  
5     some information. We're hearing wait times as much as  
6     four months just to change something in your SAM  
7     record.

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

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

25           And the new requirement for the -- for the

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

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

19 There are hundreds of thousands of SAM account  
20 holders, and GSA got over-flooded with these  
21 organizational-letter requirements, and as a result now  
22 somebody that had an active SAM account now is showing  
23 an account that is in submitted status instead of  
24 active status. Well, until it's in active status,  
25 they're not going to get their grant application into

1 grants.gov, it won't accept it.

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

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

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

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



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

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

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

21 So the -- the only good news they could give  
22 me is, "If you have an active register -- you are an  
23 active registered entity, it will stay in active status  
24 until you trip --" in our case, December 13th, so if  
25 anyone logs in -- and here's where that's important,

1 and everything you said on the grant side is true for  
2 the -- those that are competing for, you know,  
3 competitive awards for contracts.

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

12 MR. PHIPPS: Huge problem.

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

21 MR. PHIPPS: I mean, I think just right off --  
22 this is Michael Phipps, right off the bat we could ask  
23 for immediate followup with the SBA themselves in what  
24 that -- I -- Ken had just left the room, but he is  
25 aware of it, and maybe this is a followup, and we can

1 even do this afterwards and talk to Larry about what is  
2 it that the SBA can do or assist. I mean, maybe they  
3 just need assistance, what is being done to -- to --

4 MR. O'FARRELL: Oh, and --

5 MR. PHIPPS: -- process all of this.

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

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

19 MR. PHIPPS: So as part of this committee  
20 we're able to request information and make  
21 recommendations. We might be able to -- it doesn't  
22 necessarily have to go with our annual report, maybe we  
23 can get input from this committee and maybe make some  
24 immediate recommendations that might assist us,  
25 especially for veteran-owned companies that are just

1 waiting to get a grant that can't get a grant, because  
2 GSA can't process their paperwork. Is that who  
3 administers all this, is this all being done by GSA?

4 MR. UPHAM: That's right. Right.

5 MR. O'FARRELL: Can we do a motion?

6 MR. PHIPPS: Yeah.

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

10 MR. O'FARRELL: Federal Service desk is the  
11 overarching --

12 MR. UPHAM: Right. Federal service, you're  
13 correct.

14 MR. O'FARRELL: Okay.

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

18 MR. ZACCHEA: No.

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

24 MS. PEREZ-WILHITE: Have businesses actually  
25 not won some contracts? This is Fran Perez-Wilhite.

1 MR. O'FARRELL: I -- I can't speak to that,  
2 except to say that I'm fairly certain -- I -- I believe  
3 the requirement went into effect on April 26th or 27th.

4 MS. PEREZ-WILHITE: Right.

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

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

13 It's not the -- the GSA overseeing it, but  
14 it's in the GSA's program, but GSA is bringing together  
15 10 programs under SAM and so this is the third breach.  
16 This is not the first breach and they're putting it on  
17 the vendors, the registrants to do this, rather than  
18 fix the real problem.

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

25 And as they're merging that, they need to

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

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

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

1 MR. WYNN: Hey, Mike, hello?

2 MR. ZACCHEA: Oh, yes. Yes.

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

6 MR. ZACCHEA: No.

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

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

11 MS. SIMMS: I'm sorry?

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

15 MS. SIMMS: Yeah.

16 MR. WYNN: Hello?

17 MR. O'FARRELL: Just say no.

18 MR. ZACCHEA: Yeah, Joe, no.

19 MR. O'FARRELL: We're off.

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

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

25 MR. WYNN: Oh. Okay.

1 MS. SIMMS: Administrative.

2 MR. ZACCHEA: Yeah, we're in executive session  
3 then.

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

6 MR. ZACCHEA: Yeah, I'll make sure that  
7 happens.

8 MR. WYNN: Oh. Okay. Thanks.

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

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

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