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INTERAGENCY TASK FORCE

ON VETERANS SMALL BUSINESS DEVELOPMENT

PUBLIC MEETING

THURSDAY, SEPTEMBER 10, 2015

U.S. SMALL BUSINESS ADMINISTRATION

409 THIRD STREET, SW

WASHINGTON, DC 20416

P R O C E E D I N G S

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MR. KRAMER: Well, good morning, everybody.

Why don't we get started. Welcome everybody to this meeting of the interagency task force on Veterans and Small Business Development.

My name is Doug Kramer. I am the new deputy administrator here at the Small Business Administration. Before we get started, just a few reminders about today's meeting. We are creating a transcript. Our friend, Jen, who is down here at the end of the table, is taking care of that. So she has asked me to remind everybody of a couple of groundrules.

The first is if you're in the room and you're speaking, please make sure that the microphone in front of you is turned on. You can press the little symbol that has a face to it and the red light will come on. And for those that are participating by phone -- and we'll take sort of a roll call here in a minute -- we'd ask you if you could identify yourself and spell your name the first time, but even thereafter identify yourself as you speak so that we can make sure we're attributing the right comments to the right people, and I guess even the wrong comments to the right people.

So before we get started, why don't I ask

1 everybody who's here today to go around and just
2 introduce themselves, identify where they're from and
3 then we'll also do the same with the folks on the phone.
4 So why don't we start over here with GSA.

5 MS. JACKIEWICZ: Christie Jackiewicz, outreach
6 program manager for OSDDBU GSA.

7 MR. FERRARO: Good morning. I'm Eric Ferraro.
8 I'm at GSA. I'm the Veterans representative to GSA.

9 MR. CHARLIP: I'm Ralph Charlip. I'm the
10 deputy assistant secretary for Veterans Employment and
11 Training Service at the Department of Labor.

12 MR. BALZANO: Oh, I -- there we go. Good
13 morning. Captain Dick Balzano, Office of Small Business
14 Programs, DOD.

15 MR. GALVIN: Good morning. I'm Jim Galvin,
16 also with the Department of Defense Office of Small
17 Business Programs, the deputy director there.

18 MS. CARSON: And, good morning, I'm Barb
19 Carson, acting associate administrator for the Office of
20 Veterans Business Development here at SBA.

21 MR. KRAMER: Okay. Then could I ask any
22 members that are participating on the phone who would
23 like to introduce themselves?

24 Okay, very good. Just to make sure to check,
25 do we have anybody in attendance today from the Office of

1 Management and Budget?

2 (No response.)

3 MR. KRAMER: No one yet. And do we have
4 anybody from the Department of Veterans Affairs? Someone
5 from there had a conflict this morning and they were
6 trying to find a replacement that they had something come
7 up. So we'll see if someone is able to make it from that
8 office.

9 And then do we have someone who is in
10 attendance from the Department of Treasury?

11 (No response.)

12 MR. KRAMER: Well, what I'd like to do here at
13 the beginning is just make some general introductory
14 remarks before we move on with today's agenda. If you'll
15 indulge me for a few minutes to just do a little bit of a
16 review.

17 So as I noted before, I'm new to the agency,
18 but I've made an effort to get up to speed with the work
19 of this task force, which is something that under the
20 statute and the President's Executive Order has been
21 tasked to the Small Business Administration to
22 administer.

23 From the day I got here at SBA, I have been
24 impressed with the work that the administrator and the
25 agency has done on behalf of assisting veterans and

1 veterans who are trying to get into the entrepreneurial
2 and small business space. And I will say I didn't know
3 you were going to be sitting right here, Barb, so it's
4 difficult for me to be as effusive as I'd like to be.

5 But one of the most encouraging things in that
6 process is to have worked with Barb Carson, who is just
7 one of the best people that I've worked with at the
8 agency, or really at any agency I've been at. She's got
9 good common sense, hard working, very smart, and
10 understands the issues and the needs of veterans.

11 So I say that not just to make her happy,
12 although that's a nice benefit, but to have all of you
13 know that if you do have questions or you do need a
14 resource, Barb is not only available but very, very good.
15 And so we want to encourage all of you to reach out and
16 work with her as you need to.

17 What I've also seen is that as we look across
18 the Federal Government, there are a number of very good
19 initiatives going on in order to support veterans who are
20 interested in or trying to open their own small business.
21 And I've been impressed by the performance of those in a
22 number of different areas. What is needed and what this
23 task force really exists to do is to make sure that all
24 those various activities are happening in harmony, in
25 coordination so that we achieve efficiencies.

1 We often like to talk around here about the
2 benefits of small businesses to the economy in general,
3 the extent to which small businesses as opposed to larger
4 businesses create more new jobs, the way that they create
5 innovation, the way that they really become the backbone
6 and the texture of a community.

7 But we exist because small businesses may not
8 always happen on their own. They're sort of less able to
9 weather some of the obstacles that come up. They can't
10 afford to delay income for a couple of months while they
11 go and deal with some obstacle that's arisen in their
12 path or some challenge or some sort of requirement.

13 And I think that is doubly true when it comes
14 to our veterans who are often returning home with any
15 number of challenges just in their lives and their
16 readjustment to living a civilian life. And so when you
17 combine that with the challenges of being an entrepreneur
18 and the very narrow margin for error, that's why this
19 challenge is one that we understand very well and one
20 that we take very seriously and we consider very
21 important.

22 So coordination among different federal
23 agencies becomes essential, because the last thing those
24 veterans need to be doing is shopping around from
25 different agencies or going one place then the other

1 because they can't figure out exactly the right point of
2 entry that they need to use to access government services
3 or the right government opportunities, which puts the
4 obligation on all of us to make sure that we come
5 together and have an understanding of what each other is
6 doing that we've harmonized our programs, that we've
7 maximized what they can do so that we can be there
8 providing the best services the first time to folks that
9 need our help coming back from service and trying to
10 transition into being an entrepreneur.

11 So what I'd like to do as we start on that
12 journey is reset a little bit on where this group has
13 been. And I will admit because my seat as deputy
14 administrator sat vacant for a little while, although I
15 think the programs at the different agencies have gone
16 forward in most cases quite successfully, I think the
17 work of this group needs a little bit of a kickstart.
18 And that's something I intend to do over the next couple
19 of months. So I appreciate all of your efforts to help
20 in that and maybe appreciate in advance. I appreciate
21 you being here this morning and then look forward to your
22 efforts to do that.

23 But as we reset and sort of introducing today,
24 I'd like us to go back to, I think, the last best
25 statement I've seen of sort of the joint understanding of

1 what we're going to try and do. And that is the list of
2 18 recommendations that were found in the 2011 report
3 that was put out from the IATF.

4 And so you'll see them here on the board in the
5 room, but just to run over them. And so I'm not going to
6 comment too much on them today other than just sort of
7 reset them, because I think part of what I'd like to do
8 in the discussion today and in the work we do in the next
9 couple of months coming out of this is to reevaluated
10 these a bit. I think they provide a very good starting
11 point.

12 But I think, you know, it is time for us to
13 think about are these the right goals to set out there,
14 are we making the progress we should be making on these
15 goals, and are there new goals that we've now identified
16 in the interim that we should put on a par with these.
17 Because I would look in one of the upcoming fiscal
18 reports -- or fiscal year reports that we hope to be
19 wrapping up soon, that we might be able to restate some
20 of these.

21 So the first bucket of these, as you'll see,
22 are ones that address increasing opportunities for
23 growth. And this is really ones that fall a little bit
24 more in the bailiwick of the sort of things that SBA
25 does, but as well as other agencies. But it really is

1 about providing the resources to veterans to make sure
2 that they can open small businesses.

3 So the first one is to leverage new and
4 existing lending commitment as a vehicle to increase
5 access to capital for veteran and service disabled
6 veteran-owned businesses.

7 As some of you may know, SBA provides a lot of
8 our access to capital efforts through loan guarantees
9 that banks make. But that means that banks need to be
10 out there making loans to veterans and be encouraged to
11 do that. And so that's something that we're looking at
12 doing and we invite all of you to do as well, is to work
13 with those lending partners to make sure that they are
14 focused on this effort as well.

15 Recommendation two is to increase contracting
16 opportunities for veteran-owned businesses, specifically
17 through SBA's Office of Surety Guarantees, to make sure
18 that for the complicated and at times what is viewed as
19 risky ventures that if there is a bond that is needed or
20 something to guarantee that effort, that our Office of
21 Surety Guarantee does what it can to help veterans.

22 Recommendation three, increase awareness,
23 access and utilization of microlines in the veteran-owned
24 small business community.

25 Four, develop government-wide tools and

1 information to support buying activities based on market
2 research sources, industry statistics, supplier-based
3 requirements and success stories. And that's really just
4 making sure that when we look at the procurement side of
5 the Federal Government working with small businesses that
6 there is a specific focus on making sure that we're
7 hitting exactly where veterans provide the best
8 opportunity.

9 And recommendation five, maximize the impact of
10 recent funding to increase small business lending by
11 strengthening coordination between the Department of
12 Treasury and our SBA offices out in the field, which are
13 usually the face of our programs to veterans who are back
14 in their communities. We have 68 different district and
15 regional offices throughout the country that really
16 provide the point of entry for a lot of folks who want to
17 use programs.

18 So the second group, then, recommendations six
19 through eight, deal with counseling and training
20 programs. Recommendation six is to increase and augment
21 entrepreneurship and technical assistance programs
22 offered to veterans. These are a group of
23 recommendations that I think impact a number of different
24 agencies, all of whom do different sort of interfacing
25 with veterans.

1 Recommendation seven is to improve information
2 to existing service members and their spouses by revising
3 the TAP program, the Transition Assistance Program,
4 including information specifically on entrepreneurship
5 and business ownership.

6 Recommendation eight is to ease navigation or
7 create and leverage existing web portals to allow
8 veterans to access entrepreneurship resources from across
9 the government. The administration has been engaged in
10 sort of creating a Business USA portal that brings
11 together for all business purposes a number of different
12 government resources, and specifically within that that
13 seems to provide an opportunity for a veteran-specific
14 outreach.

15 The next bucket gets specifically to the
16 coordination and efficiency efforts that I talked about
17 before. Recommendation nine being that we should find
18 and reduce barriers that impede service disabled veteran-
19 owned small businesses from contracting with the U.S.
20 Government. If there was sort of a double need to remove
21 obstacles for people trying to start a small business and
22 veterans who are transitioning back to civilian life from
23 doing that, it's the triple need if you're also service
24 disabled because, again, you just don't have the ability
25 to wait to overcome those obstacles. And so we need to

1 make sure that we're thinking ahead to remove those
2 barriers.

3 Recommendation 10, reduce regulatory burdens by
4 offering comment to agencies as they conduct their
5 regulatory look back analysis under EEO 13-563. Again,
6 obstacles are sort of the name of the game for me when it
7 comes to people trying to start a small business. And
8 when we as the government are the ones sort of putting
9 the obstacle up there, an unnecessary regulation, that's
10 a -- that of all things is something we should avoid.

11 Recommendation 11, coordinate and centralize
12 information on veteran and service disabled veteran owned
13 small business contracting opportunities across the
14 Federal Government.

15 Twelve, produce an agency-led assessment of
16 veteran-owned and small business achievements and
17 contracting goals to increase veteran-owned small
18 business utilization and prime contracting.

19 To comment on that one briefly, one of the
20 things I've found since I've been at SBA is that
21 storytelling is a surprisingly powerful thing in this
22 environment for all entrepreneurs. They all go through
23 challenges. They all go through that dark night where
24 they might have maxed out their credit card or had that
25 come-to-sanity discussion with their spouse or children

1 or something. And so when they can hear stories of
2 people who made it through that challenge and made it to
3 the other side, those are very powerful

4 When we can tell those stories to government
5 agencies that are going to be dealing with those small
6 businesses and say there will be some unique challenges
7 of dealing with small businesses, but you have to wade
8 through and see what you'll get on the other side because
9 that's where some real great opportunities happen. But
10 that's a surprisingly powerful thing.

11 Thirteen, increased collaboration on Federal
12 contracting opportunities between the National Veterans
13 Advocacy Groups and SBA's Office of Veterans Business
14 Development.

15 Fourteen, develop a streamlined, efficient and
16 clear certification process to be used by veteran and
17 serviced disabled veteran-owned businesses in federal
18 procurement.

19 Fifteen, vest the GI Bill benefits as a
20 property right, allowing veterans to use funds both for
21 education and for small business creation, activities
22 such as counseling and business financing. I know that
23 that recommendation has been subject of some movement on
24 The Hill and some discussion. We might talk about that a
25 little bit today and see where people think that sits.

1 Recommendation 16, research and direct policy
2 efforts around current veteran macroeconomic issues by
3 conducting a more in-depth analysis of veteran
4 unemployment and self-employment.

5 Recommendation 17, explore revisions to
6 unemployment compensation for ex-service members to
7 support small business creation.

8 And, finally, recommendation 18, examine the
9 establishment of a new small business procurement
10 initiative for firms whose total work force is comprised
11 of at least 35 percent or more by veterans.

12 So that sets the scene as far as what some of
13 the goals and objectives of this group were the last time
14 that we came to some sort of agreement on that. I think
15 we're now in a position where, like I said, I will admit
16 that because of this position being open, I think we've
17 fallen back on some of the organizational benchmarks we
18 should have hit. And that's going to be a priority, I
19 think, over the next couple of months. And I sort of
20 welcome all your engagement on that.

21 I'll talk more specifically about that at the
22 end of the meeting when we talk about next steps and the
23 do-outs. But the fact is that we need to work hard over
24 the next couple of months to catch up with our reporting
25 obligations. We have one report that is fairly close to

1 final and we'll be pushing forward in the next week or
2 two. We have a couple of other reports that we will
3 start work on immediately thereafter and try to push
4 through soon so that we can catch up and make sure that
5 not only are we reporting on our progress, but we're
6 setting the way forward on all of that.

7 I'd also note that sort of membership in this
8 group, specifically with regard to VSOs, which is not
9 where it should be, is something that I'm going to
10 specifically work on and invite you all to help make sure
11 that we're doing that outreach and getting that
12 membership involved in this group, as well as making sure
13 that the organizations that aren't here today are
14 sufficiently engaged the way we need to have them
15 engaged, and that all of you are getting the support that
16 you need at your agencies to make sure that we're getting
17 the attention we need for this important interagency
18 effort.

19 So with that, why don't I pause for a moment.
20 I know we've had, I think, at least one person join on
21 the phone and at least one additional person come in.
22 And so for purposes of the roll we took before, if we can
23 just sort of have you both identify yourselves.

24 MS. CRAVEN: On the phone, this is Darcella
25 Craven out of St. Louis with the Veterans Business

1 Regional Center, the VBOC in St. Louis.

2 MR. BLUM: And I'm Matthew Blum, associate
3 administrator at the Office of Federal Procurement Policy
4 and OMB.

5 MR. KRAMER: Great. Well, thanks to both of
6 you. Most of the agenda today is going to be comprised
7 of different reports out from the various subcommittees
8 off of this organization, which, again, as I sort of
9 mentioned at the top, hopefully feed into the canopy
10 recommendations that we've made so we can talk a little
11 bit about our progress, a little bit about whether or not
12 we think we're on the right path and what we might want
13 to do with that.

14 So with that, why don't I turn it over to the
15 Training Counseling and Outreach to Capital -- I'm sorry,
16 Outreach for Access to Capital Subcommittee for their
17 report. And I think Barb's going to be taking the lead
18 on that.

19 MS. CARSON: Thank you. Yes, good morning.
20 And I'm really glad that you have joined us. Thank you
21 for your leadership, Deputy Administrator Kramer. Very
22 grateful that you are here to help us get back to the
23 business that is at hand.

24 And I wanted to recognize that with us in the
25 audience we have members of our advisory committee on

1 Veteran Business Affairs, who held their meeting -- a
2 really robust, meaningful meeting yesterday. And I would
3 love to introduce all of you here to this body who makes
4 recommendations to the administrator, Congress and the
5 President on what we can be doing as an agency here for
6 Veterans small business. I'd like you to meet these
7 leaders and their communities, please, afterward.

8 And I also have members of our office and Amy
9 Sanchez from the Senate Small Business Committee for
10 Ranking Member Shaheen, as well as veteran business
11 owners and our Office of Advocacy are here. Thank you
12 very much for joining us.

13 I am going to cover some of the updates in
14 training and counseling programs for veterans small
15 business owners and military spouse owners, as well as
16 access to capital, which as Mr. Kramer said is very
17 important and it's absolutely within our bailiwick to do.
18 And Treasury has reported in the past on what they've
19 done in this area, but I'll cover it for us today, as
20 well as contracting, disaster and some special events we
21 have coming up.

22 One of the recommendations was specifically
23 about transition for military members and what they could
24 learn about entrepreneurship. As many of you know, we've
25 been doing a more robust program since January of 2013,

1 Boots to Business. So far, 30,000 service members and
2 spouses have completed the two-day program. About 10 to
3 20 percent of them choose to take the follow-on eight-
4 week course, which can, if motivated, get them all the
5 way to a business plan. It's not a guarantee that
6 they'll get them done. Many find that they have more
7 work to do on how feasible their idea is in the time
8 frame that they will do that. We're proud of that
9 program and we're at 165 military installations around
10 the world, and with SBA employees as well as grantees
11 from the Institute for Veterans and Military Families.

12 For Boots to Business Reboot, we have a great
13 public partnership that I'm announcing today. It's just
14 been signed. And that is taking the curriculum that we
15 have developed for Boots to Business, which is on
16 installations available to anyone eligible for transition
17 assistance. This brings it out into the community for
18 those especially Reserve and Guard who may have missed an
19 opportunity to get transition program that they are
20 entitled to, or perhaps they're from a different era
21 veteran where this wasn't even available at the time that
22 they were in service. It's also available to military
23 spouses as well.

24 This partnership is with the Marcus Foundation,
25 which is Bernie Marcus of Home Depot, First Data

1 Corporation and the Institute for Veterans and Military
2 Families, along with SBA.

3 We will run it through our infrastructure
4 that's been really successful using the resource partners
5 who are grantees of SBA in communities all across the
6 United States. We're doing a soft launch now to work out
7 our process and procedure, but this is a one to two-day
8 program. And the next two that will happen, we will
9 announce this partnership, are in Boston and Washington,
10 D.C. the week of November 2nd. So I'll keep this group
11 informed of that, and would appreciate it if through the
12 right channels that you let people know this is available
13 to them.

14 And under counseling and training for
15 procurement and addressing some of the obstacles, some of
16 them are just -- it's complex. Getting to get into
17 federal procurement and be successful at obtaining a
18 contract is tough work. The program that we have granted
19 to -- we're in our second program here, is the Veterans
20 Institute for Procurement at Montgomery County Chamber of
21 Commerce Foundation. It sounds really local, but it's
22 not. This is where procurement decisions are made. This
23 is the bubble, right here. And so that's why this
24 program is perfectly placed. We get great input from
25 industry, fellow business owners, and we will have our

1 500th graduate in October.

2 Eight-five percent of the veteran business
3 owners who finish this course say that they make
4 significant changes to their business practices that help
5 them increase their revenue or growth in number of
6 employees. We're very pleased with this and hope to
7 continue it.

8 For access to capital, I'm going to run through
9 a few slides. You've heard me over a few quarters be
10 concerned, perhaps, about how lending was looking for
11 veterans. This is the one demographic among all veteran
12 -- among all borrowers that SBA has served that did not
13 go up from 2009 to '14. They were hit harder and '15 has
14 been a completely different story. So that's what we're
15 going to look at today.

16 Before we do the deep dive on the great
17 numbers, I'm going to tell you that veterans are just as
18 diverse a population in the types of size loan they need,
19 and also the sectors. So there is not a stereotypical
20 veteran-owned business that just does one or two things.
21 They are near or exactly just about within a few
22 percentage points of what the rest of the lender --
23 excuse me, borrowers look like in the SBA portfolio.

24 Here's the visual depiction of veterans who are
25 losing their share of SBA guaranteed loans until we hit

1 2015. And we're almost back to post -- or pre-recession
2 time frame. But we're going to hear from advocacy that
3 perhaps we're going to be a strong population that's
4 going to bear watching and we're going to do even better
5 than this year. We'll hear more shortly on that.

6 And, finally, the amounts in dollars and units
7 of how veterans did. The veteran lending or borrowers
8 are on the bottom right chart. You can see as all
9 borrowers above on the right, we're going up, veterans
10 were coming down.

11 Obviously we're paying close attention to
12 whether 2015 is an anomaly or hopefully it's a trend.
13 Too early to say. But we feel that the policies that
14 we've got in place that I'll go into a moment are going
15 to keep us on the right track.

16 Finally, here's a great -- this makes me very
17 happy, this chart. It shows that the lending amounts are
18 up 110 percent. We did a billion dollars in guaranteed
19 loans just through quarter three this year. If we looked
20 at the same time last year, it was at 537 million, an
21 increase of 110 percent. That's amazing.

22 When we look at how many units, we've gone up
23 48 percent. So that tells us that you can see the
24 diversity alone there, we're getting bigger dollar loans
25 out to veteran-owned businesses, too.

1 What is coming for lending in fiscal '16? We
2 will talk a little bit about that. We hope to continue
3 some of the work that we've done in '15. It will, of
4 course, depend on the budget and what comes forward. But
5 we feel fairly strong and positive that we'll be able to
6 continue the policies. And those are fee relief for
7 veterans and military spouses. And that's an important
8 thing to let you know so that you can pass on that
9 information as well where appropriate, that military
10 spouses are eligible to apply for the Veteran Advantage
11 loan product with SBA.

12 What does that mean? It's completely no up-
13 front guarantee fee on all loans under the SBA Express
14 Program under \$350,000. And you can see up there that
15 that would -- that serves a decent amount of veterans who
16 sought loans with SBA support.

17 And above \$350,000, up to \$5.5 million, it's
18 half a fee. That is substantial. If you were a civilian
19 and came to get an SBA-backed loan in a 7A program at \$5
20 million, your fee would be \$138,000. So it is almost
21 \$70,000 in savings for a veteran or military spouse who
22 gets an SBA-backed loan at that dollar amount. It's
23 substantial.

24 And it also -- we think that fiscal '15, when
25 we showed this much value across the entire 7A portfolio

1 above \$350,000, that people found a reason to identify
2 themselves or military spouse. There's -- this is honest
3 -- a significant savings.

4 So I do want to note that veterans helped make
5 a really important thing for SBA happen. On July 28th,
6 Public Law 11438 was signed into law. That made the fee
7 waiver for under \$350,000 permanent. And that is big
8 news. So it is to the administrator's discretion beyond
9 that to continue the \$350,000 and above. And as I said,
10 we'll see how budgets look in fiscal '16.

11 We're going back to contracting. I know it's
12 outside of my -- okay. I do -- I did touch on -- there
13 were a couple other bullets that were in the front. And
14 one was about disaster. That is one of the four pillars
15 of SBA, and veterans do have a role there.

16 The Military Reservists Economy Injury Disaster
17 Loan is available, and it doesn't get used much at all.
18 And as we look at the forced mixed changing from active
19 duty to more Reserve and Guard and deployments, although
20 they may not be well known among the public, are still
21 going to occur. I do want business owners to know that
22 if they have an essential employee that is mobilized,
23 they can get this loan. It's a long-term, low-interest
24 loan to help with working capital up to -- immediately
25 upon notice of the deployment to 18 months after the

1 return, they're available.

2 This can also be for the business owner who
3 happens to be a sole proprietor dentist, for example,
4 who's a veteran guardsman and gets deployed. These are
5 loans that can be life-saving for a business. And I do
6 want to get that out.

7 Would you, sir, like me to talk about a few of
8 the legislative items that are in play right now, or just
9 wait?

10 MR. KRAMER: Well, is Joe going to do his
11 presentation?

12 MS. CARSON: He is.

13 MR. KRAMER: Why don't we get through all of
14 this and then we can have -- does that make sense?

15 MS. CARSON: Absolutely.

16 MR. KRAMER: Why don't we do that.

17 MR. SOBOTA: There we go. I had to learn how
18 to do that trick yesterday. I didn't have my glasses on.
19 Okay. I guess everybody has the handouts. My name is
20 Joe Sobota. I'm an assistant chief counsel with SBA's
21 Office of Advocacy. And I also have my colleague, Major
22 Clark, is in the room as well, who handles procurement
23 issues for us.

24 But today I have a short presentation, three
25 slides only -- everybody will be happy to hear that --

1 that deals with data, not with procurement. And we're
2 very excited to announce that just a few weeks ago,
3 August 18th, the U.S. Census Bureau released the first
4 new data that we have had on veteran-owned small business
5 in over four years. And this comes from what's called
6 the Survey of Business Owners. It's a major survey that
7 is our primary source of information about businesses,
8 and in particular veteran-owned businesses or businesses
9 owned by women and minorities as well.

10 It is a very, very important survey. And, of
11 course, it is done to the Census' very high standards.
12 It went to 1.75 million business owners as evidenced by
13 their filing of Federal Business tax returns. So we know
14 that they're all businesses. And the survey is based on
15 data year 2012.

16 And some people, I'm sure, when the word gets
17 out about this data will say, my goodness, isn't that
18 awfully old? It's already three years old. But that's
19 factory fresh for Census. It's as close -- this is done
20 every five years -- once every five years. And we --
21 this is the newest data that we're ever going to have.
22 The data that comes out in this iteration of the SBO will
23 not be replaced, at least the full form of this survey,
24 for another five years. So, in fact, until three weeks
25 ago, we were working with 2007 data. So this is -- this

1 is very interesting, new stuff.

2 Now, I have a caveat here. This is preliminary
3 data. And they basically have kind of deviated from
4 their original plan in order to give us this preliminary
5 data. In the 2007 iteration, there was a preliminary
6 report, a whole year in front of the other report, but
7 that fell victim to sequestration. And there was going
8 to be no preliminary report this time and at the last
9 minute they added one in. So this is very welcome.

10 The full report will come out in December. And
11 that will have a huge amount of data that is not
12 available to us now, including data on owners. This data
13 is exclusively on businesses, the firms. Because the
14 data is preliminary, there will be minor adjustments
15 based on last time around adjustments, and the numbers
16 were relatively small. We don't really expect that to be
17 a major factor. This is a pretty good indication of
18 where we're going.

19 The other caveat is that the question on
20 veterans has changed a little bit. And this raises a
21 data comparability issue if we want to do comparisons
22 between 2007 and 2012 data. The actual language of the
23 survey instrument is in that rather too long footnote
24 that one of our attorneys wrote in order to keep us out
25 of trouble. And it basically was done with great care.

1 I might add Advocacy, my office, had something
2 to do with this because we had a series of roundtables in
3 which we helped Census gather opinions from the
4 community. We had VSOs, we had people from The Hill, we
5 had other agencies there. We had a lot of folks that had
6 a lot to say about this. And as a matter of fact, we had
7 one whole roundtable devoted exclusively to the veterans
8 question and how to reframe it in such a way as to be
9 most useful to all the stakeholders.

10 And the change in the question was largely in
11 order to give us information on members of Reserve
12 components in the National Guard. And it was unclear
13 whether we were getting any of those folks in the prior
14 question, although I think probably we got most of them,
15 but we just don't know because they weren't mentioned by
16 name in the prior question.

17 For those of you that don't know the definition
18 of a veteran, the underlying statutory definition of a
19 veteran is very simple. But it gets interpreted in
20 different ways when we look at eligibility for programs
21 and benefits in which there are a myriad of different
22 requirements.

23 But basically a veteran according to the
24 statute at 38 USC 101, the veteran is one who has had
25 active duty service and has an other than dishonorable

1 discharge. And then after that, more bells and whistles
2 get added on depending on what benefit we're talking
3 about.

4 So when a census simply asks, did you have -- were
5 you a veteran, then folks self-identified to that in
6 2007. In 2012, it asked, did you ever have service in
7 any or all of these, including specifically mentioned
8 National Guard and Reserve. Now, we know that many of
9 our Reservists and National Guard members have had active
10 duty service, especially in the deployments after Gulf
11 War II. And so we expect most of those are veterans
12 within the traditional meaning.

13 However, we don't know that right now for sure.
14 And that's our second caveat. There will be a question,
15 we will have data on that very question in the December
16 release. There's a secondary veteran question that
17 actually asks people to identify whether they had active
18 duty service. And so when we match that up with the
19 first question, we will know who are official veterans
20 and who might have been Guard members who never were
21 activated.

22 So with those caveats, let me just briefly go
23 through some of the more interesting parts of these three
24 slides. The data -- the three slides basically cut the
25 data by three different ways, one by industry group, by

1 two digit NAICS code, one by demographics and one by
2 location -- by State location. And in back of these
3 charts, there are data tables that have the actual data
4 on all of these. And, again, with the understanding of
5 the data that's comparison data is still subject to
6 review and revision.

7 Now, there are really two storylines. Doug is
8 absolutely right, the story is -- really can be very
9 compelling if we come up with, you know, why is this
10 important to people instead of just dealing with a lot of
11 numbers. And one of the things that we were struck by
12 when we looked at this data from the big picture is that
13 veterans have held their own -- appear to have held their
14 own over this five-year period despite some very imposing
15 headwinds. And one of those headwinds is that the number
16 of veterans has continued to its 40-year or so long-term
17 decline. And that's a demographic phenomenon. It's well
18 understood. And just to put a number on it, the number
19 of veterans in that period went down 7.3 percent at the
20 same time that the U.S. population age 18 and over went
21 up 5.5 percent.

22 So for veterans to have actually increased the
23 number of small businesses facing that headwind is an
24 encouraging sign. Now, again, I raise that specter of
25 the definitional change and I don't think that that's

1 what's at play here. But we don't know this for certain
2 until December.

3 Now, that's one headwind. The other headwind,
4 of course, is the great recession. And we just had the
5 worst recession since the Great Depression, and that was
6 smack dab in the middle of this reporting period. So
7 that was a headwind for everybody, and certainly for
8 veterans.

9 We see that play out, by the way, in one of the
10 major industry groups. The two largest industry groups
11 for veterans have remained the same from 2007 to '12, and
12 that's the professional services group and the
13 construction group. Add those two together and they're
14 about 30 percent of all veteran-owned businesses in 2012.

15 In construction, that number went down from
16 15.5 percent in 2007 to only 13.2 percent, and we lost
17 about 2.5 percent there. And that undoubtedly is due to
18 the great recession.

19 Somebody yesterday when I made this
20 presentation for the Advisory Committee pointed out that
21 looking at the data table of the companies, the chart,
22 that the drop in construction VOBs was actually 12
23 percent, about 45,000 businesses. And that's true. So
24 that's a better way of putting the losses, perhaps, in
25 that group. But as a percentage of the total pie, that

1 went down about 2.5 percent.

2 So that's point one. Then if we move to the
3 second slide, this is where it really gets interesting, I
4 think. This depicts the percentage of all VOBs by
5 various demographic groups. And there's a bar there for
6 both 2007 and for 2012. The -- there's tremendous growth
7 in virtually all of these groups, all of them. And the
8 women-owned veteran businesses showed extraordinary
9 growth from 5.0 percent to 15.1 percent.

10 Now, I personally just don't believe that any
11 of our caveats or any of the unanswered questions that we
12 still have are going to move the needle very much on that
13 particular number. So there's something happening here
14 and I'll leave it to the program people to decide how to
15 make that data work for them. But basically the veteran-
16 owned business population is changing, and it's changing
17 fast. And at least in demographic terms, five years is
18 fast.

19 And so this is really interesting information.
20 And I think that's the second part of this storyline.
21 The first part really is that veterans have held their
22 own against the headwinds, and the second part is the
23 composition is changing and all of these groups are
24 growing and they're growing quickly.

25 Now, the third chart is a depiction by the

1 concentration of veteran-owned businesses by state. And
2 the darker colors are where the veteran-owned businesses
3 have larger percentages. And this is simply a way to
4 control for state populations. I used to -- one of the
5 first times that I testified on The Hill on this kind of
6 stuff, we always had the same five states go to the top
7 of the list in terms of veteran-owned businesses, just
8 because they were larger. California was always at the
9 top of the list because it's the biggest state.

10 But this is kind of a more interesting way to
11 find out where your concentrations really are at. As I
12 -- by the way, as color indicates here, but if you look
13 at the data underlying here and go to the chart, you'll
14 find California is right at the very bottom of the list
15 in terms of concentration. So you wouldn't pick that up
16 if you were just looking at the raw numbers of
17 businesses.

18 The range -- the State -- in the United States,
19 the veterans comprise 9.2 percent of all businesses. But
20 the range from state to state varies from a high of 13.9
21 all the way down to 6.9. So there is a lot of variation
22 there. And that's another data point that could be of
23 use to our program people to know where those
24 concentrations are.

25 MR. BLUM: Quick question. On this chart, do

1 you compare it to the percentage of veterans by state to
2 see if, like, California may be low overall but in
3 general they have less veterans than, you know, the other
4 states?

5 MR. SOBOTA: This chart does not do that, but
6 that would be easy to do. We have a lot of data on --

7 MR. BLUM: That would be helpful because there
8 may be a state that you're -- you know, that you want to
9 focus on because there's a high percentage of veterans.

10 MR. SOBOTA: That's an excellent idea. And
11 I'll make sure that that gets done in our upcoming -- a
12 great segue to a commercial.

13 MR. KRAMER: Actually, if I can throw something
14 in, too, real quick, Joe.

15 MR. SOBOTA: Sure.

16 Mr. KRAMER: Because that -- getting to one of
17 our recommendations, I could see that being very valuable
18 to our district offices. Because then we could go out
19 state by state and give them a sense of what their
20 performance has been. Because that's incredibly valuable
21 data, to make sure that we're delivering on those sorts
22 of efforts.

23 MR. SOBOTA: We have three tables here in the
24 package that have detailed State data, although there's
25 going to be much, much more data and we'll be able to

1 break down State data by industry, by demographics, by --
2 you could do that now. But we -- we're going to put out
3 a major new product when the final data comes out. And
4 this is what it looked like last time around, 2007. This
5 is about 100 pages long and it has a lot of different
6 stuff. We basically put a lot of tables in there based
7 on the number and type of inquiries. So your inquiry
8 just put a table in our next edition here, and we thank
9 you for that.

10 MR. BLUM: Can I get a by line?

11 MR. SOBOTA: Thank you for the input, because
12 that really helps. A friend of mine that does small
13 business programs at EX-IM Bank, our veteran programs
14 there, asked a similar question in a meeting before we
15 did this and we put a table in his based on his question.
16 So it's -- we're always open to input from our
17 stakeholders.

18 And we will be putting out this new product
19 when we get the final data in, and the final data is
20 scheduled for December. So it will be early next year
21 when we'll have it. There is a data quality review
22 process, a peer review process, that we have to go
23 through in order to publish our data. And what I've just
24 handed out has not gone through that process. And that's
25 why that very cautious footnote says it's an internal

1 document that basically it's meant for a couple meetings,
2 the meeting that we're having here today and the meeting
3 we had yesterday, so that you folks would have the
4 benefit of this data before we go through the long,
5 drawn-out procedure of making a larger project.

6 But with that, I'm happy to try to answer any
7 questions anybody has.

8 MR. CARSON: May I give you not a question but
9 gratitude? This came out and it took a lot of work for
10 you to do this, Joe. And I'm very grateful for all the
11 time and attention you've given to this community, not
12 just for this study but in the past as well. Thank you,
13 first.

14 And, second, can I be preliminarily excited as
15 we talked about yesterday that women veterans group, 300
16 percent in number of businesses. And although it's still
17 a small number, under 400,000, it shows us that we do --
18 we are doing the right things by partnering my office
19 with women's business opportunity to grow those training
20 programs, our resources. We're going to keep doing that.

21 Also, to put a fine point on what the numbers
22 say so far on growth, even with the declining population,
23 veteran business grew 3.8 percent. Small business
24 overall grew about 2 percent. That is substantial. So
25 it tells me a few things and the program manager that,

1 yes, veterans continue to be more entrepreneurial than
2 the civilian demographic if they were exactly the same
3 side by side, military service, they're more likely to
4 start a business, and it looks like stay in business and
5 be good at it because their revenues are up, too.

6 So almost 1.5 trillion is what we show right
7 now. We were at 1.2 trillion last look in 2007. And
8 remember what he said about the great recession. This is
9 -- that's amazing work. So thanks again, Joe.

10 And, oh, one more thing. I wanted to say that
11 this reinforces what we're finding with Boots to
12 Business, that women who are service members overindex in
13 selecting that program to participate in it. So women
14 that tend to be even more entrepreneurial at this point,
15 I know it's too soon to say, but it's interesting data
16 that we're following up on.

17 MR. SOBOTA: And let me add one other data
18 point, which actually is close to the point you brought
19 up that we -- I just happen to have off the top of my
20 head the number, percentage, of women-owned -- excuse me,
21 of female veterans, and then you can compare that to the
22 growth of businesses. But in 2007, women comprised 6.8
23 percent of all veterans, in 2007, according to a
24 different Census Bureau source.

25 In 2012, that had gone up to 7.6 percent. So

1 there was growth there, but not the kind of growth that
2 we had in the businesses.

3 May I also say one other thing? I almost
4 forgot to mention this because we're dealing here with
5 data that's only collected once every five years.
6 There's a new project underway, also by Census, but with
7 the support of the Kaufman Foundation that will have the
8 same questionnaire with some additional questions, the
9 same SBO survey instrument, that will go to employer
10 firms only.

11 Now, they comprise a little less than 20
12 percent of all firms. And it will go to 200,000 employer
13 firms, which is about half the sample that we get for
14 here. But this -- the agreement that Kaufman and Census
15 now have is to do this annually for data years 2014, '15
16 and '16, and then we'll have the '17 big census again.

17 Now, that's really exciting because for this
18 important group, the employers are about 20 percent or so
19 of the total number of businesses. But they account for
20 more than 90 percent of sales, and by definition all of
21 the employment. So really important information. And
22 we'll be getting annual updates.

23 The original schedule called for data year 2014
24 data to become available in '16, and I'm not quite sure
25 whether they're on schedule yet on that. But this -- it

1 is happening. It is -- the funding stream has been
2 agreed upon. And so we will be able to update on a more
3 regular basis the employer data, which is the first time
4 we've ever been able to do that. So some of our data
5 won't be quite as old as it will get. The non-employer
6 data will still be a once-every-five-year thing.

7 MR. KRAMER: Great. Well, let me -- let me --
8 I'm going to open this up here in a second. But let me
9 just give a -- I sort of failed at the top to sort of
10 frame the discussion a little bit just for everybody's
11 awareness. I think a lot of you have the agenda, but
12 just to be clear. You're up to now the Task Force's
13 Efforts Have Been Put Into Three Different Sub-
14 Committees. The first one we just talked about was his
15 training, counseling and access to capital one. We'll
16 talk in a little bit about government contracting
17 programs. And then at the end a little bit of
18 coordination of federal support.

19 So as we have this conversation about this
20 first part, the training, counseling and access to
21 capital, I want to sort of open it up to the floor to
22 sort of get a sense of either in response to anything
23 that Barb or Joe talked about, if you have questions or
24 comments on that, or more generally if you would like to
25 talk about anything that your agency is doing, anything

1 that your agency is considering just for awareness of
2 everyone else, or to sort of put anything else on the
3 table on these subjects so that we can have a bit of a
4 record of that and an idea of where we may be going with
5 our recommendations and efforts coming out of this
6 meeting in that area.

7 So with that, did you want to raise questions?

8 MR. GALVIN: Yes, thank you. Jim Galvin with
9 the Department of Defense. Joe, is your data -- does it
10 reflect service disabled veterans? Are you able to find
11 that population as well?

12 MR. SOBOTA: Yes. There is a question in the
13 survey instrument that directly asks that question. We
14 have no data in the preliminary data on that. But there
15 will be data in the final data. For Census Bureau
16 purposes, service-connected disability is a
17 characteristic of an owner, of an individual, not of the
18 business. So they have to go through an extra step to
19 once they identify those owners and their percentage of
20 business ownership, then we can identify the number of
21 firms that have more than 50 percent ownership by such
22 individuals.

23 That -- we have numbers for 2007, but I don't
24 have numbers for 2012. Basically in 2007, about 8.3
25 percent of all the respondent veterans identified

1 themselves as having a service-connected disability.

2 Again, could I also -- since we have Defense
3 representation here. One of the main reasons that we
4 changed -- the Census changed the question in 2012 was to
5 make it explicit to National Guard and Reserve members.
6 We wanted to count -- we wanted to have a way to count
7 them. And this -- this -- these discussions were all
8 held right when the deployments and activations were
9 pretty heavy.

10 And it was our friends at DOD, and the Office
11 of the Assistant Secretary for Reserve Affairs in
12 particular. In fact, Deputy Assistant Secretary John
13 Winkler was a regular attendee at our meetings. The --
14 and he's responsible for another question, a different
15 question, that's in the survey instrument.

16 It's because of the efforts of folks in DOD, I
17 think, largely that we will have this new information in
18 the current iteration on Reserve and Guard members,
19 whether or not they have had active duty service. We
20 will have information on them.

21 We will also for the first time have a breakout
22 on post-9/11 veterans. So we will be able to look at
23 that very important group.

24 So there's a lot of new stuff coming down here,
25 and service disabled veteran data is coming in December,

1 too.

2 MR. KRAMER: Also, as a public service
3 announcement, I forgot to raise at the beginning, I don't
4 know if you noticed when you drove in or walked under the
5 awning outside, but there's a building being torn down
6 and rebuilt next door. So we'll have some interruptions
7 from time to time with construction noise and there's not
8 much we can do about it. So far the pile driving that's
9 been going on the last couple days seems to not be going
10 on. But being here on the ground floor, you may see or
11 feel that. But don't be -- don't be concerned. That's
12 to be expected and something we've had to live with here
13 for the past few weeks.

14 So any other comments generally about training,
15 counseling or access to capital outreach that anyone
16 wanted to raise at this point?

17 (No response.)

18 MR. KRAMER: In the absence, I will just sort
19 of throw out looking forward from here, I think the
20 numbers that we've talked about this morning are quite
21 promising. I think that with the efforts that this group
22 has talked about in the past with regard to the fee
23 waivers that exist, and as Barb mentioned we expect will
24 continue as long as budgetary provisions allow, that that
25 has provided a very good opportunity. But the counseling

1 programs continue to go well.

2 In addition to the reboot, I know that next
3 month as well we're hosting a women's veterans -- it is
4 mixed? No, it's in November, I think, in Kansas City,
5 doing a week-long session there, which I think has proved
6 very helpful before and might deserve some of the credit
7 for the numbers that we're seeing. So that is something
8 I think that we'll continue to talk about as we go into
9 the new year.

10 And then also as I alluded to at the top, one
11 of the recommendations that this group had identified as
12 early as 2011 with regard to using GI Bill benefits
13 potentially for entrepreneurship and small business
14 activities is now a proposal that is being discussed on
15 The Hill. So that is something that I think this group
16 could have some conversations about and talk about that
17 as a potential option to take the opportunities for
18 veterans and small businesses and see if that's something
19 that provides an advantage or a benefit to veterans that
20 is something that we want to advocate for and work on.

21 So those are some of the things that I expect
22 as we move forward in this area that we'll do. We see
23 good numbers, I think, is what we're talking about today.
24 But that's by no means any reason to sort of rest on our
25 laurels. I think we need to continue to challenge

1 ourselves to think about what the opportunities are, what
2 the needs are. And I think with what we've already done
3 and some of the additional opportunities that we're
4 looking at in this training area and in the access to
5 capital, I think we will continue to show good promise
6 and hopefully continue to see these results.

7 So, anything else? Yeah?

8 MR. GALVIN: Again, Jim Galvin with DOD. Just
9 to -- on the subject of training and counseling, we're
10 talking about outreach to veterans. Another population
11 that we want to train is our internal workforce. And we
12 have got together with SBA this summer. We had an off-
13 site training session for about 350 small business
14 professionals in both SBA and the Department of Defense.

15 And so by training our internal workforce and
16 helping them to be more aware of various programs and
17 outreach practices, we're able to influence the veterans
18 that way indirectly.

19 MR. KRAMER: That's great. Very good. Any
20 other comments that anybody wanted to share?

21 MS. CARSON: I did miss one, I apologize. On
22 outreach in general, National Veterans Small Business
23 Week, I did mention it in our last meeting in June, is
24 November 2nd through 6th. So, for example, yesterday I
25 met with OSD P&R to work with military spouses who are

1 interested in entrepreneurship and ensure that -- because
2 they have a direct installation connection, that the
3 invitation to attend VY is for veteran women and also
4 military spouses will be in Kansas City, Kansas, in
5 November. We still have spots in that.

6 And in January it will be in Charlotte, North
7 Carolina. And that one is nearly booked. It's very
8 popular. But as we said, women veterans are -- they want
9 this training. It's free. All the person has to do is
10 show up. They do have to pay their travel to get there,
11 but then lodging and the entire curriculum is covered, as
12 well as followup from people like DLA Piper providing
13 legal guidance, and there's marketing assistance and
14 more.

15 Also, that week American Supplier Initiative,
16 we will talk about Federal procurement in just a moment,
17 but looking at supply chain on the corporate side where
18 there's even more opportunity than there is in the
19 Federal Government, there are corporations that want to
20 do business with veteran and military spouse-owned firms.

21 So you will hear from me in between our next
22 two meetings on the Coalition for Veteran-Owned Business
23 as other opportunities that we will be reaching out
24 mostly through DOD to your current force. But if there
25 is anyone else who is interested in hearing about that,

1 we've got a bunch of companies that -- the things that
2 we're training them to do, they transfer really well to
3 the private sector. That was all. Thank you very much.

4 MR. KRAMER: And Barb raises a good point about
5 National Veterans Small Business Week in November. And
6 that is the exact sort of thing I think this group, we
7 can use this as a channel to sort of make sure that we
8 amplify that and its communication that's going on across
9 the administration and in all the different places that
10 we reach.

11 So I think I'll commit a little bit right now
12 to making sure that we're using this as a communication
13 tool that when we set up the programs for that and what
14 we want to do, and if other agencies have efforts that
15 they'll be undertaking that we can sort of combine all of
16 those and blast those out to make sure that we're getting
17 as much amplification and focus on that week as we can.
18 So ...

19 Okay. Anything else on training, counseling or
20 access to capital?

21 (No response.)

22 MR. KRAMER: Thanks to Joe and to Barb for
23 their contributions on that. Let's move on to the second
24 subcommittee here, and that is on Federal procurement and
25 contracting programs. And I think Ken Dodds from our

1 Office of General Counsel is going to do --

2 UNIDENTIFIED FEMALE: He's on his way.

3 MR. KRAMER: He's on his way. Okay. Well, why
4 don't we -- why don't we do that. All the various
5 agencies who -- obviously the people at this table play a
6 big role in making sure that we hit our procurement and
7 contracting goals with regard to veterans. So anyone who
8 wants to talk about experiences you've had or challenges
9 you've had, or just issues to raise for the group, maybe
10 we'll open the floor to that right now.

11 MR. BALZANO: Good morning, sir. I'll go first
12 for DOD. My only job today is to introduce my
13 replacement, sadly. And I will do that in a second. But
14 first I'd like to add to your comments earlier. It has
15 been a pleasure working with Ms. Carson and Ms. Wood.
16 They are true professionals. You both made me feel very
17 welcome, and on a personal note thank you very much.

18 With that said, I'd like to introduce my
19 replacement for this task force, which is an important
20 issue, but you're being put in good hands. He's not only
21 a veteran, he's a West Point grad, he's an Army retired
22 colonel, he's a former helicopter pilot and he's a Ph.D.
23 We are very lucky to have him. And I think you will find
24 the same.

25 So with that, I'd like to introduce Dr. James

1 Galvin from our office. He's just started about a month
2 and a half ago.

3 MR. GALVIN: A little more.

4 MR. BALZANO: A little more than that. So he
5 is going to give the update for DOD today.

6 MR. GALVIN: Thank you, Dick. And we're going
7 to miss Captain Dick Balzano, who is a reservist, has
8 been on active duty, and has small business experience.
9 So he represents this broad community that we've been
10 talking about.

11 I think some of the comments I can share with
12 the group now and then fill in as we go. One of the
13 things, I just want to express appreciation for SBA
14 Director Maria Contreras Sweet, came over to the Pentagon
15 in mid-June to announce that the Federal Government had
16 met its small business goals, achieving -- it was 24.99
17 percent, I think. And that the Department of Defense got
18 an A for the first time ever.

19 So, for me, it's a challenge because I've got
20 this high bar to walk into. So folks like Dick and Andre
21 Gudger, who was our former director, really are to be
22 commended for achieving that. And my colleague/boss,
23 Kenyata Wesley, he couldn't make it today. He's actually
24 out working with some folks in Atlanta to discuss some of
25 the Corps of Engineers small business challenges. He and

1 I want to continue to move things forward.

2 So just to note the -- I mentioned about doing
3 the training. Another area that we're focusing on to
4 develop our work force is just to professionalize them.
5 Moreso they've been out there scattered. We've been able
6 to establish a separate defense group, a career field for
7 small business professionals.

8 In the past it had been tucked under the
9 contracting career field, and there is about 34,000 folks
10 in that career field in the Department of Defense as
11 civilians. And so we're breaking out several hundred to
12 be a smaller but more focused career field. And so that
13 way we can bring in people not only from contracting but
14 with other backgrounds like science and technology type
15 folks. I was a program manager in a research development
16 program earlier, and so it will help to diversify our
17 work force and then also give them career opportunities
18 as well.

19 So that's why we've initiated some more
20 training and focusing on areas of challenges like
21 subcontracting. So I'll pause there and then interject
22 more. And has arrived as well.

23 MR. KRAMER: Why don't we continue if we've got
24 a couple more and then we'll come to Ken if folks want to
25 make some other comments.

1 MR. FERRARO: Thanks. I'm Eric Ferraro. I'm
2 at GSA. And I've been at GSA less than two months as
3 well. And I'm not in the small business office. My
4 primary role at GSA is in the integrated award
5 environment as the assistant commissioner, which is --
6 does dovetail nicely with this group because for those
7 that are familiar with it, SAM and all the systems of
8 doing business with the Federal Government, that's my
9 realm. And so when I volunteered and was selected at GSA
10 to be the veteran rep at GSA, it kind of overlaps nicely.

11 A couple of things. Jerome, of course, isn't
12 here today, the head of our small business office. But
13 Christy is also from that office. But in general we met
14 our goals last year, of course, at GSA, which was great.
15 And, of course, I can't take any credit for it because
16 I've only been there two months and it's really outside
17 my area of expertise.

18 But as a spokesman today, we're -- a couple of
19 things that we're doing that we've been very successful
20 with at GSA in this area is a couple of our GWAC
21 contracts and our OASIS contract, which is a new
22 professional services contract, has been very successful
23 in getting small business and veterans, in particular,
24 through that contract vehicle.

25 We are also revamping our website for veterans

1 effective 1 October. So that will be good. And we also
2 implemented what's called a mapping tool to help identify
3 opportunities for veteran-owned small business.

4 And tied to that is my primary role with the
5 integrated award environment. We're in the process of --
6 which is probably not news. It may or may not be known
7 to this group. We're taking our current system, SAM and
8 FedBizOps in particular, and revamping those entirely and
9 putting them into a new modernized infrastructure in the
10 cloud. And what that's going to do to help veterans,
11 we'll have the -- right now there are 10 different
12 websites basically and you have different passwords and
13 it's a mess. And it really is a barrier to entry in my
14 view for everybody doing business with the government.

15 We'll have the capability in a new environment
16 basically all the data will be in one giant pool, and I
17 call it a data factory. But we'll have the ability if
18 you sign on as a business looking for opportunities,
19 we'll know based on your registration that you're a
20 veteran-owned business. And so we can then say, oh, if
21 you want, we can just show you what we call FedBizOps
22 today, the opportunities that are for veterans only, or
23 set-asides for small business, or, oh, by the way, you
24 also do business in these NAICS codes, we can narrow it
25 down even further. And, oh, you're in Virginia, we can

1 even narrow it down even further.

2 So instead of the 100,000 opportunities that
3 they may have to sort through right now, 10 will come up
4 that are most relevant to them. And so that's something
5 that's a bigger GSA effort on behalf of the Federal
6 Government, which I think will help veterans as well.

7 And I guess, Christy, did you have anything
8 else you wanted to add? I'll turn it over to you.

9 MS. JACKIEWICZ: I would say the only other
10 thing that might be encouraging for you guys to know is
11 that the administrator is initiating with OSDBU a
12 wraparound program. And the program is designed to
13 basically give the businesses a virtual coach. And that
14 coach will be a one-year commitment by our OSDBU staff to
15 help them walk through the contracting process,
16 understand where the opportunities are, how to market
17 themselves, and then any followup that they need through
18 that. So that's one of the things that I'm actually
19 working on right now. And we hope to have that in place
20 soon.

21 MR. KRAMER: Very good. Thanks. Ken, do you
22 want to go ahead?

23 MR. DODDS: Sure. Thank you. Many of you
24 already know this because we live goaling every day. And
25 some of you have heard it before because you've been at

1 these meetings this week. But I'm just going to go over
2 the basics of goaling, you know, just in a very high
3 level way so that we can all, you know, be better
4 educated on how that works.

5 Right now we're in the middle of trying to get
6 the FY '16 goals set. And we're using the same
7 methodology that we've used the last several years. We
8 take basically how your agency did in FY '14, because
9 that's the best data -- that's certified data. That's
10 the data we used to announce the scorecard back in June,
11 the results for '14.

12 In addition to how you did in '14, we also look
13 at small business opportunity that you may have. And the
14 way we do that is we analyze each NAICS code. And we
15 look where the government averages in that NAICS code for
16 small business. And, you know, let's say a particular
17 NAICS code the government averages 50 percent. We
18 compare that to how you do in that NAICS code as an
19 agency, and let's say you're at 25 percent, we -- at that
20 point we see -- there's a 25 percent opportunity there
21 because, you know, generally speaking you're below the
22 average and, you know, there should be some opportunity
23 for you there. We don't add onto your goals the whole 25
24 percent jump. We do an incremental -- we expect you to
25 do a quarter jump up, you know, basically of that 25

1 percent gap.

2 When it's all said and done, we add that to
3 your FY '14 numbers. So let's say as an agency you were
4 at 22 percent, after we've analyzed all of the NAICS
5 codes, all the 1,100 NAICS codes and compared you against
6 those, we may add 1 percent, 2 percent, 3 percent or so
7 to your overall number for FY '14. And then we take --
8 we ask you for your projections of '15, because we're in
9 the middle of '15. We're not in the middle, we're
10 towards the end. But the data isn't all entered yet.
11 There's still a lot of contracts to be awarded. So we
12 ask agencies to give your projections. And then we take
13 those two numbers and divide them by two, and that's
14 basically your proposed goal that we send you.

15 Obviously the goal every year by statute is 23
16 percent of the total dollars should go to small business.
17 Agencies are different because they spend differently,
18 they buy different things. Some are more small business
19 friendly and some are less small business friendly.

20 You know, SBA traditionally does around 70
21 percent of their spend with small business. Department
22 of Energy does about 5 percent, 6 percent. DOD is
23 usually around 21, 22 percent. You know, Interior is
24 around 50 percent.

25 So each agency has their different levels that

1 we've used to calculate their goal that we propose them,
2 and then at the end we want that to add up to 23 percent.
3 So then each agency also has -- we give them the same
4 statutory goal for all the subgroups. You know, women-
5 owned is 5 percent, SDB is 5 percent, HUBZone is 3
6 percent, service disabled veteran is 3 percent.

7 And that gets us to the scorecard. And I've
8 given you all -- there's like 10 slides. But basically
9 the way we've been doing this for the last five or six
10 years is on a school grading system, A, B, C, D, F.
11 During the Bush Administration, it was a stoplight type
12 system where it was red, green, yellow. When, you know,
13 the Obama Administration came in, they changed that, they
14 changed it to this new methodology and we've consistently
15 used this throughout.

16 It basically -- I'll break it down. We're
17 going to get to 100 percent. And the way we do that is
18 60 percent of your grade is based on your small business
19 goal performance. Five percent is for HUBZone, 5 percent
20 is for women owned, 5 percent for SDBO and 5 percent for
21 SDB.

22 That gets us to 80 percent of your grade. Ten
23 more -- 10 percent is based on subcontracting, because we
24 also -- while we propose a goal for prime, we also
25 propose a subcontracting goal for small business. That's

1 10 percent of your grade. That gets us to 90.

2 The last 10 percent is what we call success
3 factors. And that's a series of initiatives, you know,
4 basically rating how your agency does in terms of
5 outreach, senior leadership, OSDBU organization, things
6 like that. We do that in a peer review process where
7 other OSDBUs rate -- are on a team and they rate how the
8 other OSDBU has done, or the other agency has done in
9 terms of these success factors that we have. And that's
10 the final 10 percent.

11 And we add that up and we come up with, you
12 know, certain levels come up to A, B, C, D, you know, F.
13 When we -- we do allow some extra credit. So if you
14 exceed your goal, you do get some extra credit, but we
15 don't want you to only meet one goal and then get an A,
16 because we do want you to focus on all the categories.
17 So we give you up to 150 percent, I believe, for each
18 category to get to your grade.

19 In FY '14, we had -- for the second year in a
20 row, we did very well in terms of small business. We --
21 24.99, almost 25 percent. And we met SDB -- the goal. I
22 think we met SDBO goal. Women-owned, we did not meet the
23 5 percent goal, but the last three years I think we've
24 done better each year. So that's trending upward.

25 The most difficult one that we've had trouble

1 meeting is HUBZone. HUBZone is a very difficult program.
2 You can be eligible one day and if someone quits you're
3 not eligible any more. The locations are based on
4 statute and economic data. And so one year you may be in
5 the HUBZone and the next year you may not based on things
6 that are outside of your control.

7 So those are some of the challenges that we
8 have in the HUBZone program. We're doing -- you know,
9 we're doing things to try to reach out to try to educate
10 people about the HUBZone program, try to get people that
11 -- companies that are ready and actually, you know,
12 contract-ready, into the program so we can meet some of
13 the needs, you know, of the agencies.

14 I've given you -- this is very detailed on how
15 we calculate it. But I gave you the high level way we do
16 it. And then I've also provided all the score cards for
17 all the agencies as well as the government for FY '14.

18 So that in a nutshell is goaling. This year,
19 there's been -- there's a big challenge because we
20 included overseas contracts in the goals. Up until now,
21 they have been excluded. It's generally speaking around
22 -- it's around a 2 percent hit government-wide in terms
23 of lowering our performance. It's around 45 to 50
24 billion dollars overseas, and I think small business
25 right now does around 4.5, 5 percent.

1 Now, we hope that by including them in the
2 goals agencies will start doing more small business
3 overseas, because right now the FAR excludes overseas
4 from the coverage of part 19. So there's no mandatory
5 type set-asides overseas. There may be some changes that
6 have to come from the FAR to help implement this overseas
7 inclusion. But by including the goals, I think agencies
8 already have the discretion to use small business
9 programs overseas. Hopefully, the number will -- the
10 performance will go up, you know, as we go forward.

11 But it puts -- it puts pressure on us all, not
12 just the agencies that spend overseas, but the agencies
13 that are domestic spenders also have to do very well
14 because we, again, collectively have to get to that 23
15 percent goal.

16 So that's what I have. I don't know if there
17 are any questions about what I've said or any comments.
18 Sorry. I'm technologically challenged, unlike my
19 neighbor here.

20 MR. DODDS: Because I got the briefing.
21 Isn't it worth mentioning, Ken, just very briefly, that
22 in the NDAA there is some language that does potentially
23 address how the scorecard process would work?

24 MR. DODDS: Yes. Is the NDAA -- is that passed
25 and signed?

1 MR. BLUM: No.

2 MR. DODDS: Okay. But we think it's going to
3 be like what it's --

4 MR. BLUM: I don't know specifically, but it
5 just might be worth -- for people just to be aware that
6 there's some concern or interest in providing some
7 greater --

8 MR. DODDS: Right. And you probably know --
9 I've seen various versions and you probably know better
10 than I. I think there's a couple things that caught my
11 attention. I mean, first of all, I think the executive
12 branch should be able to do the scorecard the way they
13 want to do it. It shouldn't be in legislation. I mean,
14 I think you should have that discretion to execute as the
15 agency.

16 But obviously no one cares about my opinion.
17 So they're going to -- it looks like that's going to
18 happen. I think their concern -- one, I think they were
19 -- some that I've seen increased subcontracting in
20 importance as part of the scorecard. Right now we have
21 it at 10 percent. You could argue it should be higher
22 because, you know, there's a lot of opportunity for small
23 business. We usually do 30 to 40 percent small business
24 subcontracting, you know, in terms of our reporting. And
25 it is a good way for businesses to break in and do work

1 with the government.

2 The other thing is I think they were focused on
3 is something called participation. There is a concern
4 that, yes, you know, it's like, great, you're doing 25
5 percent, you're exceeding the goal, that's not good
6 enough, now let's change the goal to something called
7 participation. So it's not just that you're spending a
8 lot with small business. We want you to spread it around
9 to more small businesses.

10 I think there's maybe a concern about, you
11 know, it's indirect addressing strategic sourcing where a
12 lot of these vehicles do meet the small business goals,
13 the numbers don't drop maybe for small business and they
14 pledge for these strategic sourcing vehicle that they
15 won't go down in terms of numbers. But by definition,
16 you're going from many vendors maybe to just a handful of
17 small businesses. So in the long run, that could be bad
18 because those vendors who don't get on that vehicle won't
19 be around, you know?

20 So we -- the scorecard may be changing based on
21 this legislation, and we may have to figure out how we
22 measure participation. You know, is it unique awards, is
23 it number of offers. You know, we've talked about how
24 we're going to address it if we have to, but we haven't
25 made any kind of decisions on how that should be.

1 Is there anything I missed?

2 MR. BLUM: No, no. And I think just the
3 important point, this is not in any way critical of
4 Congress, but I think from your presentation you can see
5 the scorecard has been a very important tool in SBA
6 working effectively with agencies and helping us meet
7 goals. And some people might arguably say like we said
8 earlier with the headwinds, you might think that it would
9 be the hardest time in the last couple years to meet
10 goals where, in fact, we've met them. And that certainly
11 is in part to some of the focus that the scorecard
12 provides.

13 But as you also explained from years past, you
14 have evolved in working with the agencies and the small
15 business directors and OSDBUs and how you apply some of
16 these percentages. And I think the importance of having
17 the flexibility to be able to make adjustments based on,
18 you know, what the environment is and what the agency's
19 experiences are is important. And I think that was the
20 primary concern that the administration voiced in its
21 communications back to the HASC and SASC.

22 MR. DODDS: Yeah. And we talked about this a
23 little bit yesterday. I mean, there's a million factors
24 that go into us doing well, meeting these goals. It's
25 hard work while all the OSDBUs and the PCRs and SBA.

1 It's also -- I think the White House Procurement Group,
2 those things were very effective at the beginning.

3 MR. BLUM: Yes.

4 MR. DODDS: Those are always good when, you
5 know, the political heads are actually talking about
6 small business. And then I think the -- having small
7 business goaling and SCS performance plans, that I think
8 has been a good factor, not just procurement people but
9 also the program people, the people with the money,
10 having them even know that they have goals I think has
11 been helpful as well.

12 MR. BLUM: Agreed.

13 MR. KRAMER: I just want to make one comment on
14 this, too. And that is that, I mean, coming to SBA from
15 some other Federal agencies where I worked with OSDBUs
16 and saw the way that SBA works through that system to
17 communicate those sorts of goals to managers across the
18 administration is a powerful tool.

19 What I didn't fully realize until I got here
20 and started to interface to a greater extent with this
21 system is the way that a lot of the largest -- even if
22 they're not small businesses -- government contractors
23 have really taken on this understanding and can speak the
24 language of goaling almost as well as government
25 officials can. And especially when it comes to

1 subcontracting the way that they have taken on in a very
2 formal way the attempts to sort of identify small
3 businesses and incorporate them, because they know that
4 that is what is going to be expected of them.

5 So, A, it's encouraging to see that that is
6 something that we're not just sort of, you know, punching
7 into air, but that it is something that the contractors
8 were working with both large and small are taking as a
9 part of what they need to be doing. It's sort of built
10 into the culture of all of that. But it also then speaks
11 to the power of the way that through the FAR or otherwise
12 we organized those goals and communicate the really
13 compounded impact that can have in the way that
14 contracting happens.

15 So as we see some changes in this area, as we
16 sort of accept the new challenge of including overseas
17 contracts into that and having been at USAID immediately
18 before this, that's a conversation we were having with
19 SBA, you know, back then as part of that transition.

20 Seeing that, seeing other changes that are
21 being talked about, that might be a very rich subject for
22 this group to talk about and specifically to focus on,
23 you know, we're always at SBA interested in all small
24 businesses, you know, increasing their opportunities, but
25 specifically with regard to veterans are there

1 opportunities that we could continue to exercise to make
2 sure that we're hitting the goals that are out there and
3 identifying other data or goals as well that we might
4 want to talk about.

5 So that I see as an opportunity that we might
6 have over the next year as we go forward to have a
7 conversation about that. Because it's an incredibly
8 powerful tool that the government uses in order to help
9 in this area.

10 MR. GALVIN: Eric, it's good to hear that GSA
11 is moving to that cloud environment. I'd be interested
12 in learning more about where the databases are going, you
13 know, when the terms of subcontracting it's challenging
14 to look down below the first tier of subcontracting. And
15 as Captain Balzano mentioned, many of the veterans types
16 of organizations that want to work with DOD would prefer
17 to be a subcontractor, maybe perpetually, as opposed to
18 being a prime because of the challenges of compliance and
19 a lot of overhead. If they want to stay small in a nice,
20 they can subcontract to a prime or they want to be
21 acquired at some point if that's in their business plan.

22 So the databases, though, for being able to
23 monitor and understand the subcontracting environment,
24 that's something we're very interested in. Looking
25 forward to seeing how that pans out.

1 MR. FERRARO: The -- it's -- I don't want to
2 say foreign to this group, but I work closely with our
3 government structure, the ACE, Awards Committee for E-
4 Government, and we -- and DPAP and from OSD's office, are
5 familiar with it. But I can certainly -- we do -- I'm
6 actually, as I said, we're just starting down this path
7 and I'm new to GSA. I actually spent the last 30 years
8 in DOD or supporting DOD or on active duty. So I'm very
9 familiar with DOD.

10 But I can, yeah, certainly set something up for
11 this group or -- and I plan to. And that's one of the
12 reasons why GSA selected me to have this role as a GSA
13 veteran, because it overlaps nicely with my primary role
14 of getting the word out on rated award environments.

15 MR. GALVIN: And another area of
16 subcontracting, DOD does about -- in FY '14 \$133 billion
17 went through -- was subcontracted. And with several of
18 the large prime contractors we have comprehensive
19 subcontracting plans. That's been a test program for a
20 number of years and was re-established and through 2017.
21 What we've found is that it was intended to enhance
22 opportunities for small businesses. But as we looked at
23 the data recently over the year, it has served the other
24 purpose of making the corporate subcontracting management
25 more efficient. And they have fewer people, it's less

1 costly. So it can save money that way on contracts.

2 However, what we found is that over time the
3 number or the percent of dollars that are subcontracted
4 to small business in general has actually declined. So,
5 you know, obviously a large corporation would be like a
6 Lockheed Martin and subcontract to thousands of firms,
7 and what we found is that in general fewer small
8 businesses are finding those subcontracting
9 opportunities. And partly that's -- the Government has a
10 role in that as well because we approve their
11 subcontracting goals. But that's another area where, you
12 know, if we can figure out a better way to do
13 comprehensive subcontracting plans, it should raise the
14 opportunity level for small businesses. And, of course,
15 that would extend to veterans as well.

16 I have one other topic. I don't want to steal
17 -- and with Ken, when you mentioned the overseas. So
18 we're addressing that by looking at actually bringing on
19 at least a person or two to help us manage the overseas
20 spend. Because, as you said, it's -- in the FAR, it's
21 not required. So we have buying commands overseas that
22 don't have to go through some of the small business-
23 related activities that normally would occur here for
24 domestic spending.

25 And so what we're seeing is there's about \$23

1 billion in that overseas spend area right now if you go
2 into FPDS. Of that, though, about \$10 billion is
3 foreign-owned and foreign-located firms. So our concern
4 is that we would be having to be graded on expending
5 funds that we may not have any choice as to how they're
6 utilized because they have to go to an overseas firm.
7 And we're -- we're looking into that some more, whether
8 it's based on a status of forces agreement, that sort of
9 thing.

10 But the other \$13 billion that goes into the
11 overseas spend, we would see as a legitimate part of the
12 denominator, so to speak. And of that, about 10 percent
13 goes to small business. So we are achieving some small
14 business overseas, but it's not at the higher level that
15 we'd like to be at.

16 MR. DODDS: I think we, you know, agreed that
17 we would work with you on continued exclusions for some
18 things overseas based on, you know, the mission of DOD.
19 And so we're going to continue to work with you on that.

20 And I just think that by including it, that 10
21 percent will go up. I don't know how much, but I think
22 eventually we will start doing, you know -- that's how it
23 usually works. You know, one thing comes first and then
24 the other follows.

25 And I think so far, so good, I mean, in terms

1 of the way we've been able to get the proposed goals out
2 at least in September. We're still trying -- hoping to
3 get these things set. The goal is always to get them
4 done by October. That's obviously always a challenge and
5 we don't always meet that. But so far I think we've been
6 working pretty well with DOD and the other agencies to
7 try to implement this.

8 MAJOR CLARK: Good morning.

9 MR. KRAMER: Major, can you make sure that you
10 identify yourself just for the transcript so she knows.

11 MAJOR CLARK: I am. I know. Major Clark, SBA
12 Office of Advocacy. A couple questions. The tests,
13 comprehensive study that's been going on for about 10
14 years now, is that study available now for the public?
15 I've been attempting to try to get a copy of that study
16 to see exactly what has been happening with DOD in terms
17 of the comprehensive subcontracting plan.

18 MR. GALVIN: The General Accountability Office
19 is -- has a study that they're doing. And so they've
20 received a lot of information from DOD. Their goal is to
21 have that published in November.

22 MAJOR CLARK: That's the GAO study. But is
23 your study -- is your -- the study that you -- that
24 Congress asked you to -- that you asked Congress to do,
25 oh, I guess 10 years ago, is that study available to

1 understand better how small businesses can participate in
2 the subcontracting program?

3 MR. GALVIN: That study was never released
4 publicly. It wasn't cleared for public release. But it
5 did go to the GAO as part of the input for their study.
6 So I think that's where that information --

7 MAJOR CLARK: Will that study be available for
8 agencies to receive it, even though it's not for public
9 release?

10 MR. GALVIN: At the moment, I don't see it
11 being released outside of DOD. I'll have to go back and
12 check to see if that's a possibility.

13 MAJOR CLARK: So we have no way of really
14 gauging the positive or negative aspects of this
15 comprehensive process.

16 MR. GALVIN: One, probably I need to make sure
17 I know exactly which study you're referring to. What I
18 understand that there was a DOD study that was never
19 released, and then another NDAA directed the GAO to do
20 the study. And so DOD provided GAO information. That's
21 the extent of my knowledge on that.

22 Now, I was referring when I mentioned to
23 another study about the decline, that was something we
24 did internally in our office with DOD. Frankly, we had
25 an intern in over the summer and she did a great job of

1 looking at available data. And so we were able to
2 distill that down to essentially find that over the years
3 the percentage of dollars going to small -- or not
4 dollars, the percentage of dollars for all
5 subcontracting, the percentage going to small businesses
6 had been declined. And we -- what we see is that was
7 counter to the original and to enhance opportunities. So
8 that's where we were looking at. CSP is a sort of
9 revision in order to bring that --

10 MAJOR CLARK: Was there analysis as to why the
11 decline occurred? I mean, we have talked with a lot of
12 large businesses, Lockheed -- you mentioned Lockheed --

13 MR. GALVIN: Mm-hmm.

14 MAJOR CLARK: They are actually doing a very
15 streamlining of their supply chain because of the various
16 regulations that are out there. And streamlining has
17 actually resulted in the exclusion of a lot of businesses
18 simply because they cannot meet the rigorous tests that's
19 being -- some being imposed by regulatory framework, but
20 also some being imposed by the companies themselves.

21 And that's why that other comprehensive plan
22 that we're talking about becomes very critical in
23 understanding this mix that we're doing. And part of a -
24 - you know, Congress asked us two years ago to do a study
25 on the procurement process, and our office actually did

1 that study, published that study. And part of the
2 shortcomings of that study was our inability to really
3 look at contracting data from a subcontracting
4 standpoint.

5 So that was primarily the reason for that type of
6 inquiry.

7 MR. GALVIN: In terms of the why, I've heard
8 some anecdotal reasons. I can't say that there's been a
9 study that's shown why. What we're looking at over this
10 past summer was just to see what the trends were. And it
11 didn't necessarily correlate with anything in the data
12 specifically that we could look at. So it's really --
13 like your discussions with the companies, we've heard
14 anecdotally that small businesses have challenges
15 complying with their cyber security requirements that the
16 company itself may impose.

17 MAJOR CLARK: And kind of for the electronic
18 requirements and other types of requirements.

19 MR. GALVIN: Right.

20 MAJOR CLARK: And that becomes really much --
21 that becomes very critical as we talk about training for
22 service disabled vets and vets in terms of what types of
23 training becomes necessary so that they can actually
24 participate to a larger extent in the Federal procurement
25 process. So, Chairman, that's one point that has to be

1 looked at in terms of the recommendation that you talked
2 about earlier in terms of training and so forth.

3 Mr. KRAMER: Okay. Thanks, Major. Any other
4 questions or comments generally on this procurement and
5 contracting subcommittee?

6 MS. CARSON: I have one for my colleague from
7 VA. Tom Leney is not able to join us this morning. But
8 if you were here in June, you do recall that we did ask
9 for you to consider your agency's participation in the
10 National Veterans Small Business Engagement that will be
11 cohosted with VA and SBA. It's November 17 to 19 in
12 Pittsburgh. It's one of those things that could be
13 helpful in your success factors, perhaps. It's a
14 matchmaking event for agencies. We feel it's appropriate
15 for members of this task force to be there with
16 opportunities.

17 And SBA provides the infrastructure -- well,
18 it's not SBA this time. We have our own -- the same
19 contract, though, that does a great job of building
20 complex profiles for business owners and helps agencies
21 make their opportunities very clear so that there's a
22 more meaningful match that happens. SBA will also be
23 providing training sessions at that. And if you have --
24 if one of your agencies wishes to have a breakout
25 specifically on something that will be helpful to veteran

1 business owners and how they could be more competitive,
2 things you wish they knew, please get in touch with Tom's
3 staff or mine and let us know how we can be helpful in
4 getting you more engaged there.

5 MR. KRAMER: Thanks, Barb. Other comments?
6 Yeah, how do we want to do that, Barb? We've got a
7 specific agenda item for public comments at the end, but
8 also -- I mean, I think it does make sense that if it's
9 on a specific subject, it probably makes more sense to do
10 it now. Do we have -- is the microphone --

11 MS. MARSHALL: Hello? Can you hear me? Okay.
12 Thank you all for taking the time for coming today. My
13 name is Maggie Bullard Marshall, and I work for a service
14 disabled veteran owned small business called Aldevra.

15 I just wanted to bring up two items as it
16 relates to the task force work. Number one is that the
17 task force has as one of its goals to reduce barriers to
18 service disabled veteran-owned small businesses. And so
19 one of those barriers is with the VA and their failure to
20 consider veteran-owned small businesses per statute.

21 And so I think it's important that this
22 committee knows that that issue is going before the
23 Supreme Court. The Supreme Court has indeed agreed to
24 hear the case on that this winter.

25 COURT REPORTER: Hold on, I need to get --

1 MR. KRAMER: Apologies for that. We just want
2 to make sure we get a good record of all of this.

3 MS. MARSHALL: Oh, no problem. So the first
4 issue was related to the issue of VA considering veteran
5 businesses first, going to the Supreme Court this next
6 session.

7 The second item is related to a protest that is
8 in front of GAO right now where the Army is failing to
9 consider small business set-asides for simplified
10 acquisition purchases in favor of FSS to large business.
11 I had a meeting yesterday and the SBA has been extremely
12 supportive and general counsel suggested that I make sure
13 others are aware of this protest and process because it's
14 troubling not just as a service-disabled veteran-owned
15 small business company, but for all small businesses and
16 the impact that the outcome of the protest might have.

17 Related to Mr. Blum's comment on the NDAA for
18 2016, one of the items in there is to change the
19 simplified acquisition purchase amounts to -- I believe
20 it's \$5,500 -- or \$5,000 --

21 MR. BLUM: Five hundred thousand.

22 MS. MARSHALL: Five -- well, the low end is
23 going up to \$5,500, I think, and then on the high end
24 \$500,000. So I think it's very important that this group
25 understand the SBA goaling would not include those micro-

1 purchases up to the new goal of \$5,500. And that
2 secondly if we're already not considering small
3 businesses for simplified acquisition purchases, raising
4 the threshold to \$500,000, it's going to get interesting.

5 So I just wanted to make sure that this task
6 force was aware of those important issues that are facing
7 veteran business owners and the barriers that we have
8 right now. Thank you.

9 MR. KRAMER: Very good. Thank you very much
10 for those. Those sort of practical experiences that very
11 much need to influence and inform what we all do.

12 Other comments, responses, questions? Matthew?

13 MR. BLUM: Yeah, if I can just clarify and,
14 Ken, also jump in if I'm stating this wrong. But I think
15 there are -- there were two different legislative
16 proposals that were submitted by the administration. One
17 was proposing to increase the simplified acquisition
18 threshold from the current \$150,000 to \$500,000. I think
19 that proposal actually included language that would have
20 raised the statutory set-aside requirements as well.

21 So I don't think that was the proposal that you
22 were making reference to in terms of impact on small
23 business. There was a second proposal that would have
24 raised the micro-purchase threshold from \$3,000 to
25 \$10,000, which is -- that is very much focused on

1 recognizing that there are a lot of purchase card
2 transactions that are occurring today, or that were not
3 considered 20 years ago when this micro-purchase
4 threshold was originally established, largely in the
5 technology space where you have a lot of, like, web-type
6 needs that could actually be acquired through a purchase
7 card by the IT person in the agency that has the
8 expertise up to \$10,000 without going through the more
9 complicated processes even for a simplified acquisition.

10 To your point with respect to small business
11 participation, it would be very important that we make
12 sure that those that have the cards are properly trained,
13 hopefully using many of our existing vehicles, including
14 the schedules that have many numbers of small business.

15 So you're right that the way the law is
16 written, there is an exemption from the Small Business
17 Act, which was largely created in light of the fact that
18 when you're doing a purchase card you really want to
19 minimize the number of the unique requirements for legal
20 reasons. But we do have policies in place to encourage
21 strong small business participation. So that's a good
22 point. We want to make sure that people aren't confused
23 about that, while at the same time, you know, being able
24 to take advantage potentially of the opportunities that
25 can be achieved in efficiency means through the purchase

1 card.

2 MR. KRAMER: But I think it is a good point, if
3 I understand this correctly, that getting the purchase
4 card -- you now, setting that aside, but if we are doing
5 the simplified acquisition ceiling from \$125,000 up to
6 \$500,000 and we need to make sure that we're taking all
7 proper steps to make sure in goaling and otherwise that
8 we'd be taking all of that into account, because that
9 significantly increases the amount of activity you might
10 see at that level and might lead us to sort of end up
11 with distorted information about what we're doing on our
12 scorecard if we're not accounting for that when that
13 change happens. So we need to be -- keep an eye on that.
14 And if that makes it through, make sure that we're
15 adapting to accommodate that.

16 MR. BLUM: Mm-hmm.

17 MR. KRAMER: I think we had another comment.

18 MR. WEIDMAN: Yeah, Rick Weidman, Vietnam
19 Veterans of America and VET-Force.

20 Welcome to the fray, and I hope you've girded
21 your loins because it's going to be that. The life of
22 this task force went out the door with Marie Johns. And
23 basically it was -- and some of us have come to believe
24 deliberately de-emphasized and dwindled. I mean, it was
25 -- this is the way the world ends, this is the way the

1 world ends, not with a bang but a whimper.

2 And that's also true of DOD. Under the former
3 administration, veteran -- service-disabled veterans and
4 veteran-owned businesses were pulled front and center
5 during the last three years of the administration with
6 strong support from the deputy and particularly from the
7 deputy undersecretary for acquisition and technology.
8 And they had an awards program to reward both those
9 within the bureaucracy and large primes for work with
10 seeking out and developing business with small and small-
11 small disabled veteran business owners.

12 That has atrophied. It's disappeared. And if
13 you look across the government, you will see essentially
14 -- and Major Clark would have the best perspective on
15 this. It's like a repeat of the second Clinton
16 administration that moved towards bundling and putting
17 the blocks to and freezing out virtually all small
18 business, not just SDVOSBs and minority businesses.

19 There is no emphasis on it anymore at DOD.
20 It's just not there. Andre tries, but he doesn't have
21 any line authority whatsoever. And without being --
22 having that visible backup of those who have line
23 authority, the DOD, it's not going to happen.

24 Secondly, at VA, the trend is going in the
25 other direction. Strategic sourcing sounds great, right?

1 Must be in the national interest, national defense.
2 Strategic sourcing at the VA means that they're forcing
3 the contract officers to buy off of their delegated
4 authority schedule, which -- and they don't care that it
5 costs more. It does cost more. And the Aldevra case is
6 an example. They paid 50 percent more for the cookware
7 at the Michigan VA Medical Centers than they did before
8 by buying it directly from a locally owned service
9 disabled owned business.

10 But what did they get out of that? What does
11 Jan Frye get out of that, the new whistleblower, which
12 frankly we think is amusing, let's put it that way, given
13 the history of the last decade.

14 Forcing people onto that, they get the
15 industrial finder's fee, which ranges from a quarter of a
16 percent to 1.8 percent. And basically what it does is
17 take appropriated monies primarily for medical care, run
18 it through the schedule, and then the appropriated money
19 becomes the finder's fee, or what they call the supply
20 fund and we call the slush fund. They don't report back
21 to the appropriations committee what they do with that
22 money. They're not bound by any stretches what they do
23 with that money. They can't obviously -- but we believe
24 they've done things such as pay bonuses, et cetera.

25 And -- but the key point is this: It

1 diminishes opportunity for service disabled veteran-owned
2 businesses, particularly the smaller businesses. Should
3 be buying locally when needed. And it's -- we're not
4 going to have the explosive acquisition that we had
5 during trying to wage two wars at once. But it will come
6 back again because the enemy is not going anywhere. And
7 it will become a crisis again. And DOD is likely to
8 continue to be the largest contractor and subcontractor
9 entity within the Federal Government.

10 August 17th, 1999, 106-50 was signed by the
11 then president. And it took effect and became law. That
12 is 16 years ago, plus. And in 16 years plus, it was very
13 clear, it's 3 percent. It doesn't say goal. It says 3
14 percent of all contracts shall go to service-disabled
15 veterans, and 3 percent of all subcontracts goes to
16 service-disabled vets.

17 And we don't have -- in 16 and a half years,
18 despite all of our technology, we still don't have a
19 system to accurately measure small business subcontracts
20 and sub-subcontracts. That is not a failure of
21 technology. That is a total failure of will. It's
22 wilful failure. And it's something that bothers us a
23 great deal.

24 DOD is -- the reason why we're concerned is
25 that, we're not picking on you, but you did make us

1 disabled vets. And so you have a vested interest, but
2 you're also -- we believe it's closer to two-thirds of
3 Federal acquisition is DOD or DOD-related. And when
4 y'all aren't doing it, it ain't happening in the main.

5 So we need a special emphasis back in DOD. We
6 need this task force to get active again and start to
7 have an impact and back up what Matt and OFPP office is
8 doing and translate that. And if we need to get to the
9 chief of staff and get him to do what Mr. Daley did when
10 he was chief of staff at the White House, because he went
11 around at Cabinet meetings and said, I want to know your
12 percentage, I want to know your percentage. And if it's
13 wrong, he would check. So we need to do something to
14 restore integrity to the system.

15 Last but not least is at the request of Senator
16 Sanders, the undersecretary for acquisition and
17 technology four years ago, did a study of how much that
18 ostensibly was going to small business actually went to
19 small business over the previous five years, and found
20 that it was almost -- I think it was \$1.2 trillion that
21 ostensibly went to SDVOBs or small business in general
22 did not. And it went through various guises of one of
23 the 16 major corporation defense contractors, contracting
24 with another or a subsidiary of one of the others.

25 And so the truthfulness and the integrity of

1 the reporting system is something that should concern us
2 all, and particularly if I may suggest, Mr. Kramer, you
3 at SBA. If people don't trust the data that is coming in
4 and you can't trust the data that's coming in, then all
5 of your scoring systems and all your advocacy becomes
6 naught because you can't trust the results as being
7 accurate.

8 So it's really three of those things. One is
9 include the veteran service organizations like the
10 Legion, BBA, VFW, in ongoing planning. And the business
11 organizations like VET-Force and a number of others and
12 ask for our help. We actually can help you if you're
13 serious about wanting to get the goals. But without
14 contact, that ain't going to happen.

15 And it's not going to happen, with all due
16 respect to Barbara, she doesn't have any line authority
17 within the SBA once you get outside of her office. She's
18 in much the same position as the OSDBUs are in the
19 agencies. We've got to get to the deputy commissioners,
20 the deputy secretaries, and to the undersecretary for
21 acquisition and technology to put the emphasis publicly
22 -- and that's the reason why the award sessions,
23 ceremonies, once annually was useful because it focused
24 people on what the priorities were.

25 And if you don't have priority that's visible

1 from the top over there, nothing is going to happen. If
2 the CNO doesn't want you to do something and there's not
3 an emphasis with him, it's probably not going to happen
4 in the Navy, simple as that, no matter what the secretary
5 says.

6 So it's got to get into the line authority.
7 And we stand ready to help you in any way we can, Mr.
8 Kramer. I would also urge that since apparently all of
9 the folks who were representing the VSOs on this task
10 force have expired, I would like to encourage you to call
11 all of them because apparently they -- at least one of
12 them wasn't notified. And a personal call in addition to
13 a letter and a certificate thanking them for their
14 service, one and two, if you'd please let us know what
15 are you going to be doing about refilling those posts
16 with other individuals who have knowledge of business and
17 also have a constituency behind them from either veterans
18 business organizations or major veteran service
19 organizations.

20 I thank you very much for indulging me.

21 MR. KRAMER: No problem. Thank you, Rick. And
22 thanks for those comments. I'm going to at the end of
23 our discussion of subcommittees talk a little bit about
24 our next steps, at which time I'll address most of your
25 concerns about where we go from here and what we're doing

1 and the commitment we're making to that.

2 I will also say, I'm aware that at least one
3 organization that wasn't properly notified of the
4 expiration of their term on the task force, I do
5 apologize for that and will follow up accordingly because
6 I was made aware of that yesterday. So that was a
7 mistake on our part and we'll do our best to make sure
8 that we sort of honor that mistake and do best by them.
9 But I'll get to the rest in a little bit.

10 But elsewhere on this, other response or
11 comments on that?

12 MR. GALVIN: Yes. Mr. Weidman, thank you, sir,
13 for your service. And my father-in-law is a Vietnam
14 veteran and we talk quite often about his experiences.
15 I'm also a service-disabled veteran classified by the VA.
16 I appreciate the perspective that there's a perception
17 that the awards are not happening. And so that's
18 something I'm going to take back and look into.

19 I do know that they weren't publicly announced.
20 I mentioned we had a training -- internal training
21 conference for many of our small business professionals
22 this past summer. And we did recognize a number of
23 people at that level coming from the director of the
24 small business program to recognize those who contributed
25 substantially to small business in general.

1 And I know our undersecretary Kendall is also
2 committed to small business at large. He was with SBA
3 Director Sweet when she came over to the Pentagon. They
4 both gave remarks about the importance of small business
5 to the Department of Defense. The -- you know, aspects
6 of innovation, frankly cost-competitiveness, as you
7 mentioned, that you can get by working with small
8 businesses, their ability to be agile and adapt to the
9 needs of the department and bring in those solutions that
10 we don't necessarily get from the big businesses.

11 So I'm with you on all of those sorts of
12 things. In terms of de-emphasizing, again, Ken mentioned
13 earlier the SCS evaluations. So at the executive level
14 of the Department, all of the executives in the
15 professional side -- I'm one myself -- in our
16 evaluations, we have to address small businesses. And
17 that's proliferated throughout the Department, and I
18 think the Federal Government as well.

19 So it will take a little while for some of
20 those things. But the ripple effect, like you said, when
21 a senior person emphasizes those, it gets through.

22 I do know that we're also working on adjusting
23 some of our awards. We had a discussion recently with
24 Mr. Kendall's deputy about -- we call them vanguard
25 awards to have a formalized awards program to revamp that

1 as you suggested.

2 And those are some of the main points I wanted
3 to make. Dick, is there anything else that --

4 MR. BALZANO: Yes.

5 MR. GALVIN: He has more history on this.

6 MR. BALZANO: I've been in the office for three
7 years as the chief of staff. And every single month I
8 prep a read ahead package for our boss, Mr. Wesley, and
9 then Mr. Gudger. And Mr. Kendall, who runs a meeting
10 every single month with the senior executives from all
11 the services, focuses solely on small businesses. They
12 have to come in to him and report to him directly where
13 they stand on their goals, what they have done and what
14 their plan is to accomplish those goals.

15 Not that I would know this, but what I was told
16 is that has never been done in the history of DOD. And
17 that is still going on today because I still prepare that
18 each month with the staff for our boss.

19 We have still -- we're still recognizing mentor
20 protégé awards. We hosted a very large ceremony for
21 that. And, thirdly, we -- we, the Small Business Office,
22 have to participate in strategic acquisition reviews. I
23 don't know what the threshold is. I think it's over \$10
24 million. Anything we buy, they -- in order to purchase
25 that, whether it's a weapon system or supplies or

1 whatever, they have to -- DPAP has to team with us,
2 review the package for how that is going to be done, and
3 Small Business has to sign off on it because the strategy
4 that they put forward has to include small business.

5 Again, that was never done by our office before
6 this. And those things are all still going on, sir.

7 MR. WEIDMAN: That had never been communicated.
8 Just verbally, it's never been communicated to the
9 veteran service organizations. And many of us are pretty
10 active. We get involved in this. My guess is -- I'm
11 curious whether the advocacy office was informed?
12 No/yes?

13 MAJOR CLARK: No. But more -- more importantly
14 -- Major Clark again. More importantly, the information
15 would actually flow to Ken and his office as opposed to
16 our office. So -- so, you know, even though we didn't
17 hear it, I'm sure that Ken's office had been involved in
18 that whole process.

19 MR. WEIDMAN: I appreciate the fact that your
20 father-in-law is a Vietnam vet. You're killing me,
21 you're killing me. But actually what bothers me these
22 days is when I run into two-stars and three-stars who are
23 younger than my oldest boy. That's what kills me. And
24 the fact that young women Ami's age come up to me all the
25 time and say, oh, my grandfather is a Vietnam vet. And

1 that one's a real killer -- or great grandfather, and
2 that has happened to me as well. So I --

3 MR. BALZANO: But you don't look the age, sir.
4 So don't --

5 MR. WEIDMAN: I'm sorry?

6 MR. BALZANO: You don't look that age. So
7 you're doing well.

8 MR. WEIDMAN: The process you're talking about
9 needs to be opened up. As we all know in this town,
10 perception is reality. And if you're doing good things,
11 work with us to make them even more effective and
12 communicating to The Hill and to the committee. Did the
13 Committee know about -- where did she go? Ami, did the
14 committees know about this activity at DOD?

15 MS. SANCHEZ: I can't say, I mean, specifically
16 whether staff was informed. I don't know. Maybe. But I
17 would like to say that this is exactly why this task
18 force is so important. Senator Shaheen sent a letter to
19 the President saying, you know, you executed this great
20 executive order that, you know, fulfills our mandate that
21 there be this task force with VSO. It has been an
22 ongoing battle since 2008 to get this task force to this
23 point where we can have this conversation.

24 I think the fact that you're here and you're
25 saying this and we're pointing this out and we're having

1 this dialogue, I think it's a real testament to the work
2 that you've done to get this task force to this point,
3 the work that Barb and the SBA has done, and to the work
4 of, you know, the federal agencies who've, you know,
5 showed up. You know, we had Department of Labor come in
6 and tell us all the things that they're doing in their
7 various efforts.

8 So, you know, in some form or fashion we
9 probably were, you know, apprised of the ongoing efforts.
10 But in the last three years, I will say that we've seen
11 more activity than we've ever seen in the previous -- you
12 know, the previous 10 years. And so -- so, you know,
13 we're -- I think we're keen on seeing more of these
14 developments. We don't want this to just be a flash in
15 the pan. You know, we want to see this actually move
16 into codified results, if you will, in terms of actual
17 procurement policy.

18 MR. WEIDMAN: Incidentally, just non-
19 participation of VA has been a problem in the last couple
20 of years in this task force, and I can assure you that
21 before the sun goes down tonight Sloane Gibson and Bob
22 McDonald will know that VA was AWOL. So any other backup
23 you need, we're not short on temerity, sir.

24 MR. BALZANO: I appreciate that. Thank you.

25 MR. KRAMER: I want to make sure we move onto

1 the third subcommittee as well. I have one more issue in
2 this government contracting that I want to raise really
3 quickly just to flag the issue because I think it will be
4 the source of some dialogue over the coming months. And
5 that is with regard to one of the recommendations that we
6 have from 2011 with regard to certification, because it's
7 the sort of thing that I've been here and looked at quite
8 often. It's a balance that we have to do with small
9 businesses and specifically with regard to veteran-owned
10 or service-disabled veteran businesses.

11 Because on the one hand obviously we want to
12 make sure that when we are tracking the amount of
13 contracts that are going to veterans and their small
14 businesses that we get that right and we don't end up
15 with the subject of fraud or other people who improperly
16 sort of step in and take advantage of those programs.

17 At the same time, a lot of these good
18 intentions can get us in trouble. And I see a lot of our
19 programs across SBA that in the attempt to prevent those
20 sorts of problems create those unending obstacles on the
21 front end and create those barriers to entry.

22 So I sort of welcome the conversation over the
23 next several months and maybe up to a year for us to
24 really think about what exactly is the problem and the
25 risk in this area? What are all the various ways that we

1 could potentially look at the fraud that does exist and
2 prevent it? And then to the extent that we do need to
3 put on some sort of mandatory certification or want to
4 put on some sort of mandatory certification on the front
5 end, is that something that we can do effectively and
6 efficiently so that there is not significant burden to
7 someone who's trying to get off the ground?

8 So I just flag that as an issue that I think is
9 starting come more to the fore from the list of
10 recommendations that I anticipate would be a very good
11 opportunity across agencies to come up with a harmonized
12 way for dealing with that.

13 Other questions or comments on the contracting
14 space?

15 (No response.)

16 MR. KRAMER: Well, then let's move on to the
17 third subcommittee, which is the coordination of Federal
18 support. And I'll turn it over to OMB and let them sort
19 of talk about anything they want to in this area and
20 raise any issues that they see.

21 MR. BLUM: Thanks very much. And you had
22 mentioned earlier Business USA, and Barb kindly shared in
23 the draft report that will be coming out shortly some of
24 the stats. And if I can just take a minute, I think it's
25 actually worth mentioning. I think as everybody knows,

1 Bus USA was launched in early 2012 to make it easier for
2 all small businesses and exporters to access to Federal
3 Government resource and to make it a one-stop shop rather
4 than having to go to the many resources and websites that
5 agencies are individually managing, including all of the
6 members of the task force.

7 And just in the rearer -- I know the report
8 that has been put together only goes through, I think
9 progress in 2013. There had been 1.4 million visitors
10 and over 70,000 individuals that subscribed to receive
11 content and information. There was access to over 4,000
12 Federal, State and local resources. There were hundreds
13 of success stories. And I just want to reinforce like
14 Deputy Administrator Kramer said about the power of a
15 success story. It is not only one probably one of our
16 most powerful educational tools for the contracting
17 community, but it also helps with program people that,
18 you know, have a big influence in making decisions about
19 which direction to go in to help contractor officers
20 persuade program people about the good work that small
21 businesses are doing.

22 So that's very important. There were over
23 25,000 events that were advertised as well through this
24 program. I think what's very important in each of these
25 initiatives that are identified in the report, we talk

1 about which agencies are participating as lead agencies.
2 And on this one, Business USA, all of the participants
3 are listed as a lead agency. Because I can tell you if
4 it was just OMB, we wouldn't have made anywhere near this
5 progress. It's really the work of all -- everybody
6 working together, which is precisely the goal of this
7 tool.

8 So, again, it's only one of many initiatives,
9 but I just want to put a plug in for that because I think
10 it's a very important component of how we bring resources
11 together.

12 And I think as I've said in the past about
13 this, especially to those that are here today, if you are
14 using this tool and do have any sort of recommendations
15 for things that you don't see or ways in which it can be
16 improved, by all means please make sure that you're
17 providing that sort of feedback.

18 I know that there is a specific engine in there
19 that was designed specifically for veterans so that if
20 you are a startup versus you want to grow your business
21 or you want financial assistance or technical assistance,
22 this tool is designed specifically to help get you to
23 those resources, small businesses resources, that are
24 available for vets. And when we've gone and played with
25 it, it certainly seems very impressive.

1 The second area that we have -- were working on
2 in this space, and it was mentioned a few moments ago, is
3 on burden reduction. And there really are kind of two
4 prongs to that. One is in making sure that the
5 authorities that agencies have in the contracting space
6 in particular are effective. The Jobs Act obviously gave
7 us a very important roadmap in moving forward. And there
8 are still a couple of important pieces that the FAR
9 counsel is working on to finalize in the subcontracting
10 space. And we've had, I think, a robust discussion this
11 morning about the criticality of making sure that we
12 strengthen authorities there, as well as the ability to
13 use -- order set-asides on our large IDIQ contracts.

14 On the second piece, just as one observation,
15 but I think it's a good one. We've had a lot of
16 discussion and deliberation about how to apply the
17 reserve authority and, frankly, what does it mean. SBA
18 helped rather substantially in that conversation when it
19 finalized its implementation by explaining essentially
20 that the Reserve gives agencies the ability to, if you
21 will, limit what a small business has to -- just explain
22 it can do in order to be qualified to get onto the
23 contract. So if you have, you know, 10 functional areas,
24 you can actually identify one for small businesses so
25 that they can get onto the vehicle without being able to

1 -- without having to demonstrate working on all 10 areas.

2 And equally important at the back end, being
3 able to limit and do a set-aside for one or more of the
4 small businesses depending upon how they were selected.
5 So if you have a functional area where there were two or
6 three service-disabled veteran-owned small businesses,
7 all of them would compete in a set-aside. But if there
8 was only one that was able to do that work, the agency
9 could select it and then at the back end an order could
10 be made to just that one -- that one business.

11 I think this is an important point because we
12 now -- I think with the women-owned small business
13 authority, have the ability -- or agencies have the
14 ability to enter into contracts that would only have one
15 business in a set-aside. If you can't find two or more.
16 But this authority hasn't existed at the back end. And
17 so we don't want people not, for example, using an IDIQ
18 contract that's otherwise appropriate, or if they are
19 using that for other reasons not being able to take
20 advantage of, say, you know, the service-disabled
21 veteran-owned small business just because there was only
22 one.

23 So I think that when this authority is
24 finalized and we still have some public comment to obtain
25 on that, I think this will be a good example of an

1 important tool that will be available to agencies that
2 wasn't in years past.

3 And then secondly, barrier reduction is very
4 important to us. Deputy Administrator Kramer mentioned
5 the President's Executive Order 13-563 that requires all
6 agencies to continually be doing retrospective reviews.
7 We did a national dialogue on procurement a year ago that
8 generated many ideas for how to reduce reporting burdens
9 and also equally important to increase ways to get new
10 entrants into the marketplace.

11 And there are several steps that we've taken on
12 both of those fronts. One was mentioned a little while
13 ago with increasing the SAT. Just to come back to the
14 benefits of doing that, there's a lot of small business
15 activity between \$150,000 and \$500,000 that occurs. But
16 those acquisitions are treated like much larger
17 acquisitions, multi-million-dollar size.

18 So -- and, Jim, I think you had pointed out
19 well that the compliance requirements can be really hard,
20 especially on small businesses. So we thought that, you
21 know, given that basis if we can increase the SAT to the
22 \$500,000 level, you can capture a significantly larger
23 portion of activity that's suitable that small businesses
24 are actually already performing successfully and lower
25 their transaction costs.

1 So that proposal, I don't think, will be
2 adopted this year, but we're very much looking forward to
3 re-engaging with our Congressional partners to explore
4 ways and to see if we can get that one over the finish
5 line. We really had waited a number of years because
6 agencies always propose these types of increases in
7 thresholds and we didn't think we were ready. But we
8 think there was a very strong case now to do that. So we
9 will be continuing to advocate for that.

10 Another that came out was in the commercial
11 items space. There's always been a preference for buying
12 commercial as opposed to noncommercial. And for small
13 businesses that is especially important because the
14 transaction costs go up when the government wants a
15 customized solution that requires businesses to create
16 separate production lines or, you know, prepare much more
17 tailored proposals rather than relying upon a lot of
18 their already suitable materials.

19 And one of the steps that we're taking on the
20 regulatory side is similar to what we do now for the
21 Paperwork Reduction Act or for the -- explaining
22 alternatives that were considered to reduce burden for
23 small businesses. We're going to have something in the
24 preamble of our FAR rules that explains if something is
25 applicable to acquisitions of commercial items, what the

1 specific rationale was that was made by the FAR counsel
2 or the OFPP administrator for doing that.

3 And that will also be put out in proposed rules
4 as well so that the public can have an opportunity to
5 comment, and in particular explain if there are burdens
6 that we're not taking into consideration in balancing
7 that against, you know, the rationale otherwise used for
8 applying the particular requirement to commercial item
9 acquisitions.

10 And, also, out of the dialogue came a
11 recommendation that many small businesses made to revisit
12 agency's use of minimum corporate experience
13 requirements, in particular with respect to the schedules
14 that as we mentioned is a very critical gateway for small
15 business activity. And we are working with our
16 colleagues at GSA.

17 This doesn't mean that there aren't very
18 legitimate reasons why you might have minimum
19 requirements for your contractors, large or small, but
20 just simply to make sure that it isn't an automatic
21 assumption that you need, you know, two years of
22 experience when there may be many instances where it --
23 you may actually have the right to have good experience
24 even if you haven't operated as an entity together.

25 But if it's, for example, for professional

1 services and it's a small number of very highly skilled
2 small business entrepreneurs, veteran-owned small
3 businesses and whatnot, you may not -- the two years may
4 not be all that critical. It's really getting the access
5 to the expertise that you need.

6 So we are working with them to figure out how
7 that -- some of those requirements can be made more
8 flexible and make sure that they're not barriers.

9 And, lastly, we've been working with GSA on
10 some of their compliance requirements related to pricing.
11 As you know, the schedules program uses, if you will, a
12 horizontal pricing model where each individual
13 contractor's pricing is evaluated based on what they
14 provide to their most favored customer pricing. There's
15 a commercial sales disclosure that's made and then the
16 contractors are required to identify when they give price
17 reductions through the life of the contract.

18 And through GSA's own analysis under the
19 paperwork reduction act, that has -- it's a very
20 significant area of burden for all businesses. So they
21 issued a proposed rule last year with some alternative
22 ways to track pricing that would focus more on reporting
23 prices paid to the government, by the government, rather
24 than having to track every single price reduction
25 provided to corporate customers.

1 A number of comments came in and concerns with
2 respect to the burden associated with the alternative and
3 how we, as the government, analyze that, which we are
4 working through with GSA. But just another example of
5 our look at existing burden and how it can be reduced.

6 And, lastly, I think I mentioned this at the
7 last meeting, a particular interest area to our
8 administrator -- OFPP administrator Rung, and that is on
9 innovation. Every administrator always speaks to the
10 importance of making sure that we're driving innovation,
11 we're using innovative practices and we're considering
12 solutions from innovative companies.

13 The reason why I mention that for obvious
14 reasons here is that in many, if not most instances,
15 those companies are small businesses and too often there
16 are entrants that are reluctant to enter into the Federal
17 marketplace because of the complexity that you mentioned
18 earlier. It just -- even if they have the whereas, they
19 may not have the number of people or the resources to be
20 able to understand how to navigate through the
21 complexities of the Federal Market System.

22 And there are two steps that we are proposing
23 in this space, and probably others to come. One is we
24 propose to Congress an innovation set-aside pilot program
25 that would essentially use the set-aside mechanism, but

1 instead of having to be a specific type of small
2 business, it would essentially be for small businesses
3 that have had -- that have not done business with the
4 government within the last five years.

5 I think there are multiple ways you can look at
6 a new entrant. But the idea is for those that
7 essentially have not been doing business with the
8 government and want to do work as a prime contractor, we
9 understand many want to come in as subcontractors, and
10 that's great. But there are many that want to be a prime
11 contractor, get paid, have that direct relationship,
12 build business, and they may not be, for example,
13 qualified for the 8(a) program or they may not fit to a
14 mentor-protégé. So this would be -- we'd like to pilot
15 this as an additional new tool, an avenue, into the
16 Federal marketplace.

17 And I think we are -- the proposal that we
18 submitted with the NDAA through the Department of Defense
19 would have authorized about 25 pilots up to about 2
20 million -- is it 2 million or 5? I think it was \$2
21 million. And we had done a fair amount of outreach to
22 small businesses in Silicon Valley that were giving us
23 examples of the sorts of activities that could be done in
24 that space.

25 And I've also been reaching out to the U.S.

1 Digital Strategy Team that was stood up to improve IT
2 acquisitions that's doing a lot of work with agencies and
3 is very familiar with the sort of needs. So we think
4 that if this authority were provided, it could be a great
5 new way to get small businesses -- new small businesses
6 into the Federal marketplace.

7 And, lastly, also in the innovation space,
8 buyers clubs, or also referred to as innovation labs by
9 -- I guess this is a catchier title. but this was
10 recognizing that although we talked about innovation, we
11 don't generally provide clear pathways within agencies
12 for how contracting officers and others that want to be
13 innovative can actually do this.

14 So we know there's a lot of flexibility in the
15 FAR. And I think I'll get smacked if one more
16 contracting officers hears me remind them that they have
17 the ability to take advantage of flexibilities that, you
18 know, something isn't written in the FAR, you can still
19 do it as long as it's not inconsistent with law or
20 policy.

21 The problem is that having a blank slate, how
22 do you teach to that; how do you get people to be, you
23 know, innovative, and especially if they want to try and
24 everybody else is very risk averse, you know, the
25 environment that we often find ourselves in isn't really

1 conducive to innovation.

2 So HHS, after some of its work and lessons
3 learned from healthcare.gov, stood up a buyers club for
4 this very reason and said, look, we need to be able to be
5 much more agile in the way that we think about new
6 strategies, and we need to send a message of being
7 encouraging.

8 I believe if I'm -- USAID actually even has in
9 their counsel's office a deputy counsel for renovation,
10 not just for acquisition, but I think also a great way to
11 bring in our legal colleagues that have responsibilities
12 obviously for, you know, making sure that we're following
13 the law and what not.

14 So in short, we will be issuing guidance coming
15 up very shortly that's going to ask each agency to make
16 sure that they have some sort of buyers club innovation
17 lab. It's really not focused on telling agencies how to
18 set this up because, really, to make it work you have to
19 leave it to the agency and its own mission and its own --
20 its own culture. But it is saying that we think it's
21 very important that this avenue be there, that there be
22 high-level endorsement of recognizing and encouraging
23 those that want to be innovative to have ways in which
24 they can share those ideas; they can share it with other
25 agencies. We want to bring, you know, those good success

1 stories that come out of this together. As I mentioned
2 at HHS, one of the first examples was -- and it's not a
3 new authority, but using kind of a two-phase down select
4 where you don't ask people for detailed proposals up
5 front, but you get quickly down to the competitive range.
6 And this was for some type of web development, if I
7 remember correctly, and it was a set-aside, and there
8 were small businesses.

9 But the challenge was that they wanted the
10 small businesses -- or any of the competitors -- to
11 demonstrate their ability to do this web development.
12 It's kind of an agile software development technique that
13 they wanted to test. But they also recognized these
14 small businesses needed some type of stipend in order to
15 be able to, you know, do the prototyping. So they worked
16 with their counsel's office and provided this -- you
17 know, this stipend. So the small businesses loved it
18 because they didn't have to write thousands of pages to,
19 you know, kind of justify why they think they're best.
20 They were able to demonstrate it, and the end-users liked
21 it because they could actually see real-time that whoever
22 they were going to select as the awardee would actually
23 have the ability to get the work done.

24 So a win-win, you know, for small businesses
25 and the agencies. And these are the types of examples

1 that we think we can multiply exponentially if we get all
2 agencies working on that.

3 So I know it's not specifically identified in
4 our plan, but it's one of the things moving forward I
5 think our office would love to put more emphasis in this
6 space.

7 MR. KRAMER: Very good. Thank you very much
8 for that. And since this subcommittee is really about
9 the coordination of Federal support, this is probably the
10 best time for me to start to hand out some homework and
11 talk about where we go from here. I mean, I think some
12 of the comments before that Rick made and others, about
13 the status of this task force are accurate. And then the
14 enforcement circumstances, as I mentioned, even though I
15 think a lot of our programs in support of veteran small
16 businesses have gone forward and shown some good success,
17 in the absence of a deputy administrator here, our
18 ability to push these things through has languished.

19 And I was talking to Jim at the beginning of
20 the meeting. Part of that is just the way that the
21 government works, and for those of you in the military,
22 the military works. If you don't have someone sitting in
23 this seat, and, you know, line of command as the deputy
24 administrator, it had to run an interagency process. But
25 I'm here now working with Barb. This has my attention.

1 So we're going to push through -- make up of a little bit
2 of lost time over the next couple weeks.

3 So I'll be very specific about what the
4 expectations are. I appreciate you all going back
5 getting working on this. If I can be of assistance
6 pushing your organizations, making sure that you're
7 living up to that, I will communicate just independently
8 to folks that we're taking this on, and you all may need
9 some help doing this, or some attention to these tests.
10 But if you run into specific sort of needs, please let me
11 know because that's what I'm here to try and do.

12 So as far as the homework goes, I hate to use
13 that too much with all the kids going back to school
14 right now. It's a topic of conversation at my house and
15 seems to make the most sense to all of us. Within the
16 next week, as I think all of you know, we have the FY 13
17 report that has been in circulation. We've received
18 comments from some of you but not all of you. We intend
19 to get that out by the end of this month. So your
20 deadline to get any comments in that you have on, that is
21 about a week from now. So let us know if you have any
22 comments or thoughts about that.

23 All right. By two weeks from now, it is an
24 obvious and significant program that the VSO seats on
25 this task force are not currently occupied. So I would

1 like all of you -- I'd like everybody here in attendance
2 whether you're a member of the task force or not, and we
3 will also put out publicly a call to get nominations to
4 fill those seats. And we will move as quickly as we can
5 to get them involved, because if we are going to over the
6 next couple of months kickstart the operations here and
7 push through a lot of things, we need to make sure that
8 we have both informally and formally that VSO
9 involvement.

10 Think creatively about this and then give us
11 all the good ideas that you have. We want to make sure
12 that we have, both in membership from government agencies
13 and the VSOs, people who are engaged in this,
14 knowledgeable about this and all of this, the people who
15 will show up, will make good comments, will hold us to
16 task and do all of that. So please -- in your own
17 experiences working with VSOs, let us know. And those of
18 you obviously who are here in the room and are interested
19 in that, either yourselves or other people that you have
20 run into in the community that are good for us to know,
21 please submit those names to us, and we will move
22 expeditiously to try to clear and get those organizations
23 involved.

24 UNIDENTIFIED FEMALE: (Inaudible).

25 MR. KRAMER: How do we want to do that, Barb?

1 Who do we want to make the collector of that?

2 MS. CARSON: Our office will take that, if you
3 do veterans@sba.gov, is the e-mail address. And, please,
4 if you have signed in today, that would be helpful; if
5 your e-mail address is here, we can be proactive in
6 communicating with you as well.

7 MR. KRAMER: Okay. So that's the one week and
8 two week. Week three is FY '14. We're working on the FY
9 '14 report. We're starting the draft of that. There
10 have been calls for content that have gone out to
11 agencies for you all to come back with information. If
12 you have not yet responded to those, please start to
13 compile that information and get that sent over to us.

14 Around the same times, we will have hit the end
15 of FY '15. We will not move recklessly, but we will move
16 deliberately but swiftly in trying to get these -- get
17 caught up on these reports. And so once FY '15 is done,
18 you might use that as an opportunity as well, as you are
19 sort of collecting that '14 data to make sure that you're
20 ready in pretty short order to collect the '15 data;
21 because we expect those data calls for the FY '15 report
22 will go out shortly after the end of fiscal year. So
23 sometime in October you'll be seeing that as well.

24 And then, finally, over the next month or two,
25 because I think this will be integrated into the

1 reporting that we do, but is also a good tether for our
2 work generally, is that I'd like all of you to take some
3 time with the original recommendations from the 2011
4 report that I talked about at the beginning. And I think
5 a number of those have been either driven by events
6 between now and then, by results, by what we've done,
7 what we haven't done. So I would expect that in one of
8 those reports either for the '14 or '15, I would very
9 much like to have a very deep discussion, talk with a lot
10 of not only the members but also folks who have an
11 interest in this area to make sure that we get those
12 right and republish an updated list of those
13 recommendations. So that will be a big task that we'll
14 be coming to you all with.

15 We meet quarterly, which means we'll be trying
16 to meet again sometime the first week of December. I
17 would hope that by that time we are able to have a really
18 robust discussion about those recommendations, consider
19 anything new that people have proposed and then talk
20 about our progress on the existing ones.

21 So by my count, that's about five different
22 things we'll be working on between now and the next
23 meeting at a minimum, and there will be other things that
24 come out. But a couple of those we'd like your help with
25 right away, because if we're going to get the momentum we

1 need to have to get us back on track, we'll need that.

2 So I appreciate those of you that are here.
3 We'll be following up with those that aren't here on
4 that.

5 So let me also then just open the floor on this
6 coordination of Federal support. I think most of our
7 structure is to do the coordination of Federal support
8 through this task force. But if there are other issues
9 that any of you are working on in interagency ways that
10 you want to bring to the table, I'd appreciate people
11 raising those at this point. Yeah, go ahead.

12 MR. CHARLIP: I have a question about the
13 organization task force. I'd like to suggest that we
14 look at the subcommittee structure and align it with the
15 work that's been broken down. Because trying to match
16 these committees, subcommittees, to the recommendation
17 groups is a little bit difficult, and they're not very
18 well aligned. And it might change our structure a little
19 bit, but we might find ourselves a little more productive
20 as a result.

21 MR. KRAMER: That point is very well taken. I
22 think that's absolutely worth doing.

23 MR. CHARLIP: Secondly, since we're a little
24 bit crunched for time, I didn't have a chance to explain
25 what Labor has been doing in this space. And so if you

1 would be kind enough, I'll send something to you in
2 writing, and you can just include it in the record.

3 MR. KRAMER: Absolutely. But if there is
4 anything you do want to highlight, we'd be happy to --

5 MR. CHARLIP: Well, we turned in our '13 and
6 our '14 and we've given you VSO names, and we'll start
7 our '15 questions tomorrow.

8 MR. KRAMER: I wasn't going to call out model
9 students -- no, no, no.

10 MR. CHARLIP: Yeah. But our leadership -- but
11 our audience is here, and I want them to know that we are
12 very committed to this, and despite the stumbling through
13 the summer while we were trying to get our act together,
14 we've sort of -- I think we've put ourselves in a good
15 position.

16 And we do have a number of good things that
17 have been going on in the Department of Labor that really
18 are related to the small business space, particularly in
19 our employment and training service who really does some
20 really good things. So I think we'll have a good report
21 for you. And that's it.

22 MR. KRAMER: And we also do have some time on
23 the agenda, and I was trying to keep us on track so that
24 we could preserve as much of that as possible for public
25 comments. I knew that a few folks made comments when we

1 were in the middle of conversations. But for anybody
2 else who has comments and wants to make them, we're
3 available for that as you've all discovered by now. It's
4 a little bit awkward. I do note that there are the two
5 open seats over here; if folks want to move in that
6 direction, you're welcome to do that.

7 MR. CHARLIP: Can I just ask one more question?
8 Minutes, how are minutes of this meeting going to be
9 distributed, and when can we expect them?

10 MS. CARSON: You will have a transcript
11 available online, and I can send the link to each member
12 here. It will be available as soon as Jenn has had a
13 chance to collect and revalidate that that was what was
14 said. So it's usually about two to three weeks before we
15 have it posted on the site.

16 MS. SANCHEZ: This is Ami Sanchez, general
17 counsel, Senate Small Business Committee Minority. I
18 just have a couple of things. First of all, that
19 subcommittee structure idea I think is fantastic. I know
20 DSB has a lot of flexibility in how they organize and,
21 you know, run the task force. So I think that's a great
22 recommendation.

23 On the VSO participation, I don't know that the
24 Advisory Committee for Veterans Business has a beneficial
25 seat at the table, and I don't -- I don't know that that

1 was part of the statutory requirement that we, you know,
2 sent to the President in the Small Business Act, or if it
3 was in the executive order. But I think, you know, we've
4 got such great depth of knowledge, I think having a
5 formal seat at the table for somebody from the Advisory
6 Committee would be fantastic. I know Barb's done a great
7 job of making sure we're meeting at the same time. So I
8 think that would be helpful, so they're not, you know,
9 hearing it during the meetings but in the planning
10 stages.

11 I have just another question related to -- and
12 this may be more appropriate for OMB, and I probably
13 should have asked it during counseling, education, and
14 training. But this goes to, you know, PTAC and, you
15 know, the larger education-employment-career efforts that
16 are happening, you know, across the Federal government;
17 how are DOD and DOL specifically communicating about the
18 SBAs? All the programs that are available, V-WISE, EBV,
19 not just Boots to Business in that transition period, but
20 the Veterans Business Outreach Centers, you know, SBA's
21 Office of Entrepreneurial Development Programs, Small
22 Business Development Centers which work with PTAC, you
23 know, the laundry list of resources available, you know,
24 through the SBA to veterans that are coming through your
25 doors and at the policy level what is kind of the plan

1 for how to get -- how to, you know, make sure that
2 there's a coordinated strategy for when -- you know,
3 during National Veterans Small Business Week, there's a
4 plan for how everyone receives and disseminates that
5 information? I don't know if anyone can speak to that.

6 MS. CARSON: I can speak to some. Not all
7 members here, but we have had engagement across multiple
8 portfolios, and I think -- Ami, thank you for your
9 leadership and being here to address this, that it's not
10 just procurement that we address here. And so we are
11 absolutely aware of the different portfolios that each of
12 you has.

13 So specifically the most deep coordination of
14 Federal support has been with DOD and Labor. We have
15 attended every different place where we've been welcomed,
16 and we've reached out to some where we still will
17 maintain -- we'll keep trying. So in transition, for
18 example, in military spouses, also with working with the
19 Wounded Warriors and to make sure that Caregivers and
20 also those who are transitioning, who are awaiting for
21 the Medical Board, results know about entrepreneurship in
22 the program.

23 MS. SANCHEZ: Is that through the Office of
24 Warrior Care Policy?

25 MS. CARSON: Yes.

1 MS. SANCHEZ: Okay, okay.

2 MS. CARSON: Thank you. So we've just
3 committed yesterday, for example, to do monthly webinars
4 with MSEP, the Military Spouse Employment Program, and
5 Labor came to that meeting yesterday as well.

6 MS. SANCHEZ: Okay.

7 MS. CARSON: So that's one -- I think that's
8 our strongest right now, most robust exchange of
9 information, where I am more aware now than I was six
10 months ago about what Labor is doing, where we intersect,
11 how we get it to the local level, informing our people
12 and then acting on it. That is really happening with our
13 three. I'm open to learning more about each of the other
14 member agencies here, and how we can do the same thing.

15 MR. KRAMER: Thanks. Anything else, Ami?

16 MS. SANCHEZ: No.

17 MR. ZACCHEA: Yes. Mr. Kramer, my name is Mike
18 Zacchea. By way of introduction, I'm a combat-wounded
19 medically retired Marine lieutenant colonel. I am new to
20 the Advisory Committee on Veterans Business Affairs. I
21 run the Yukon Entrepreneurial Boot Camp for Veterans with
22 Disabilities. I also started the Connecticut Veterans
23 Chamber of Commerce. And I started another program in
24 Connecticut that represents about half of the veterans in
25 the workforce in Connecticut. So I'm very deeply -- and

1 I have my own business interests as well. So I'm very
2 deeply involved in veterans business affairs in
3 Connecticut.

4 I have three comments I'd like to offer. The
5 first comment is that I want to express my concern about
6 the Veteran Business Outreach Center that was shut down
7 in Boston. In January, the SBA put out a request for
8 proposal for Veteran Business Outreach Centers. The
9 award was made in March. And the New England Veteran
10 Business Resource Center that was run for a long time in
11 Boston by a guy named Walter Weiss had its charter pulled
12 and it was closed, I think, at the end of April.

13 So as of right now, the only program in New
14 England that is doing anything to train veterans is my
15 program. And there are no Federal monies at all for any
16 physical presence for training veterans in starting
17 businesses or as a resource. So I'm very, very concerned
18 about that.

19 And I'm particularly concerned about what
20 effect that's going to have on veterans who are trying to
21 get into contracting with Federal agencies in New
22 England. There are more than one million Gulf War I and
23 Gulf War II veterans who have now been cut off -- who
24 have now had their access to those resources cut off.

25 The second thing that I want to talk about is

1 the announcement of the joint initiative called the
2 Veterans Community Economic Initiative. Twenty-five
3 cities have been designated for this roll out to help
4 veterans get jobs or reintegrate into the economy. The
5 first 25 cities, none of those cities are in New England.
6 And I understand about having to prioritize resources,
7 but, again, we are -- people who are making these
8 decisions, who are allocating resources for veterans,
9 have basically disenfranchised economically more than a
10 million veterans living in New England.

11 And, you know, I don't think that we can make
12 an argument for not serving those veterans. Three of the
13 six New England -- three of the six New England states
14 have -- are among the worst unemployment rates for
15 veterans in the country, in a region that has, you know,
16 some of the best industrial and corporate presence in the
17 country. So I think that we can do better by our
18 veterans in the region.

19 And the third thing that I'd like to mention is
20 I want to thank Mr. Weidman for mentioning or observing
21 that the VA is not here. And I, too, will be mentioning
22 to Undersecretary Linda Schwartz and to Undersecretary
23 Mark Sullivan that they were conspicuous for their
24 absence. Thank you.

25 MR. KRAMER: Thank you for those comments. And

1 as you know, we work hard to prioritize the resources
2 when we're talking about the VBOCs and the other programs
3 that we run. I mean, you make a good case that when you
4 combine those two across each other, if there's a concern
5 that the New England region is being underserved because
6 there clearly is a need there, it's something we'll look
7 at and make sure that we're doing that the right way
8 across different programs.

9 MS. CARSON: May I say something?

10 MR. KRAMER: Yeah, go ahead.

11 MS. CARSON: If I may, I can speak to the
12 Veteran Business Outreach Center awards that were made.
13 And it was extremely competitive and, you're right, there
14 are only 15. And that's not enough to serve 22 --
15 slightly smaller, but 21 million veterans across the
16 United States. So I am -- we are doing a lot more to
17 improve the program as a whole. But let me address just
18 New England.

19 You are right that the previous Veteran
20 Business Outreach Center did not win a grant this time.
21 It was not awarded. It went to the Falcone Center for
22 Entrepreneurship at Syracuse University. This is not the
23 Institute for Veterans and Military Families. This is
24 the Women's School of Management.

25 So they are in the process -- and they just

1 finished their first quarter. I am -- have your
2 concerns. I've been in touch with both Congressional
3 members as well as our SBA senior leaders in that region
4 to ensure that we don't lose any service to veterans.

5 I have a couple of examples that I do want to
6 let you know about where things are happening. For
7 example, I just finished a Veteran Women Igniting Spirit
8 of Entrepreneurship Program which was in Boston --

9 MR. ZACCHEA: Right.

10 MS. CARSON: Significant attendance and
11 reinvigorating the ecosystem that is in New England. And
12 I want to build on that energy.

13 Second, there's the Veteran Business Owners
14 Initiative, which is also in the New England region.
15 It's an excellent model that Secretary McDonald knows
16 about Veterans Affairs, to show that peer-to-peer
17 counseling for veteran business owners can really make
18 significant success possible. And that is a model that
19 I'm looking at replicating in two different cities to see
20 if it's something that we scale. It's born in New
21 England; it's something that we want to build on. And,
22 finally, New England doesn't have as many active duty
23 installations. So you do see that there's not as much
24 Boots to Business there. That's why the opportunity to
25 provide Reboot to business, that same program but out in

1 communities that don't have the same access, is something
2 that's really important to me. And I'm again working
3 with our SBA senior leaders in New England to make sure
4 that that is happening.

5 MR. ZACCHEA: Can I address a couple of things
6 there?

7 MS. CARSON: Sure.

8 MR. ZACCHEA: So the first thing is -- and, you
9 know, obviously Syracuse University and IVMF are -- Yukon
10 EBV is a franchise of that. So where I live, I live in
11 Northwest rural Connecticut. Syracuse is as far as from
12 where I live as Washington, D.C. is as far from where I
13 live. So having a VBOC at Syracuse University is
14 essentially that somebody who lives in New England would
15 have to go to Washington, D.C. in order to access those
16 resources. So I don't think that physically that's a
17 good answer, and with all due respect.

18 So the second thing is, I did speak to
19 Secretary McDonald last week. He was at Central
20 Connecticut State University, and I surfaced this issue
21 with him, and he didn't mention that. So I'm glad that
22 that is part of -- and he was aware of that, and he did
23 bring that to the -- bring that up as a response. You
24 know, but I'm still concerned that that is not a
25 sufficient initiative to serve, you know, all the

1 veterans in the region.

2 The second thing is, my response to that is I
3 do work with all the SBA offices and all the veterans
4 business outreach officers in the region. I do teach, in
5 fact, at the Boots to Business initiatives on a quarterly
6 basis at the Department of Defense installations. In
7 fact, our -- we did the initial pilot program for Boots
8 to Business in 2013. So I'm intimately familiar with how
9 it works and what we do with that. And we do get quite a
10 few referrals from the Boots to Business.

11 And, you're right, we don't have a lot of
12 installations where we do that. We don't have a lot of
13 -- compared to the other regions. But nonetheless -- and
14 I understand about having to allocate resources. But
15 nonetheless, I don't think that we can say that we are
16 not going to serve any of the veterans in New England.
17 So, you know, perhaps the right answer is to figure out a
18 way to right size or right serve, you know, the region's
19 veterans. And, you know, I'm eager to see how that will
20 affect the contracting goals in the region for the
21 Federal agencies. Thank you.

22 MR. WYNN: Yes, good morning. Mr. Kramer and
23 other members of the task force, I'd like to just make a
24 few comments with regard back to this interagency task
25 force.

1 I appreciate the fact that -- first of all, my
2 name is Joe Wynn. Let me get that -- Air Force veteran,
3 Vietnam era, member of the Veterans Entrepreneurship Task
4 Force, also legislative director for the National
5 Association for Black Veterans, and work very closely
6 with Vietnam Veterans of America.

7 I am one of those persons who have been
8 participating in this interagency task force as an
9 observe, as a veterans advocate, since it began.
10 Actually, even prior to that time to advocate for such a
11 task force. And, you know, I'm just, you know, kind of
12 skipped through all of the back history and just say I
13 really have been very disappointed in where -- how this
14 task force has evolved up to this point.

15 I know you're just stepping in, just coming in.
16 And I was coming here today for one thing, to find out
17 whether this task force was even going to continue to
18 exist or whether our organization was going to continue
19 to advocate for it to exist. Because one of the things
20 I'm hoping that as it sounds like, you know, you're going
21 to be trying to, you know, kind of reorganize things,
22 focus on what is the true purpose and intent of this
23 interagency task force. I think we've kind of jerked it
24 astray and just giving a -- you know, ramblings of
25 reports of what's happening at different, you know,

1 agencies without the real intent and purpose, which from
2 our view was to increase contract opportunities for
3 service-disabled vets and veterans, particularly within
4 the Federal Marketplace.

5 So -- and we have not seen -- you know, as you
6 know now, those reports from the last couple of years, we
7 would still like to have an answer as to why none of
8 those reports were either completed or released after all
9 this time. Because, I mean, if the task force has been
10 being productive in some way, why wouldn't these agencies
11 want to present a report and, you know, put together a
12 summary of what had been done in each year so that we,
13 the public, could, you know, have something to measure
14 against?

15 Matter of fact, the first report that was
16 submitted, there was some very fine recommendations made.
17 I think it was very productive in their first year. But
18 we never even heard of what actions were taken by the
19 White House or anybody else of those recommendations.

20 So we would not like to continue to see this
21 task force, which was to be very important to the
22 Veterans Business community, to just be relegated to a --
23 you know, a quarterly forum of a discussion of things
24 that are not taking us to higher levels for veteran
25 business owners.

1 One of the things in particular that had come
2 up in the first -- first session with this agency -- and
3 I just want to hit on this right quick. The VA
4 verification process. And, again, as some people have
5 pointed out, the VA is not here. They have been
6 conspicuously or obviously, I should say, absent from
7 this -- participation in these discussions quite
8 frequently.

9 But that was a very important process. And one
10 of the discussions that came out early on was whether or
11 not to take VA or Veterans Business Certification agency-
12 wide, through the Federal Marketplace. That discussion
13 has almost died. We're still wrestling with just the VA
14 verification. And seemingly they have made, you know,
15 decisions to change policy without regarding to, you
16 know, the Board of Federal Marketplace. So that's
17 something that I would hope will come back on the table
18 for discussion.

19 The other thing, too, the task force
20 participants, as Rick pointed out and some of the others,
21 the VSOs, I mean, for us to now talk about submitting
22 recommendations for VSO representatives on this task
23 force, which could be a time-consuming process to vet
24 people to have them to come and participate, we could
25 lose who knows how much time of important veteran service

1 input into this agency task force. So hope maybe the
2 process could be expedited once you get some
3 recommendations.

4 And on one last other thing, I would just like
5 to say, too, because I notice even some of the
6 representatives here, when this task force first started,
7 some of the highest level persons, representatives from
8 the agencies, were assigned to be here. And I'm not
9 taking anything away from those of you who are here. I
10 know you're all distinguished persons in your own right.
11 But the idea behind that was so that the level -- the
12 agencies at the highest levels would be focused and aware
13 of what's going on, and the public would know it, too.
14 And a lot of what's been going on with this task force,
15 the public is not even aware.

16 Let me just mention this last thing. This room
17 used to be full of veteran business owners. Am I right?
18 It used to be full because there was such an interest in
19 what was going on with this task force. There was a lot
20 of hope that this was going to bring about a lot of
21 positive change in the Federal Marketplace. And now, I
22 mean, you see who's here. And we're some of the same
23 folks who are always here.

24 So, anyway, I just wanted to share some of that
25 with you and look forward to perhaps an opportunity to

1 you meeting with our organization so we can talk with
2 you, too. Thank you.

3 MR. KRAMER: I appreciate that. Thank you.

4 MS. BULLARD-MARSHALL: Maggie Bullard-Marshall
5 from Aldevra. Just a question for Captain Balzano. I
6 know you thought you were off the hook after this
7 meeting, but not quite.

8 And, Mr. Blum, I may need your help with this
9 one, too. So I -- I'm seeming to recall -- I think it
10 was NDAA 15 or 14 that required the DOD to do a study on
11 the feasibility of a Vet First program at DOD. Am I
12 correct?

13 MR. BALZANO: I don't remember the Vet First
14 section. I don't think that was -- maybe it wasn't, but
15 I'm just going by memory. But this question has come up
16 a number of times. And, in fact, Dr. Galvin had a
17 discussion with Mr. Gudger just prior to coming to this
18 because I tried to warn you that this may be an issue to
19 discuss. And if -- you are correct when you say DOD does
20 not have a Vet First-type program, and people ask why and
21 why not.

22 And that is far above my pay grade, ma'am, and
23 I -- I don't know. So I wish I had a better answer for
24 you, but I simply don't know.

25 MS. BULLARD-MARSHALL: Thank you for trying.

1 Perhaps that's a topic of a future agenda.

2 MR. WEIDMAN: I'm always amazed when people say
3 I can't hear you, Rick. And I'm more than half deaf. So
4 I really can't hear often, but I can hear me.

5 I wanted to repeat and let you all know what I
6 mentioned at the VET-Force meeting on Tuesday and the
7 Advisory Committee yesterday is Laurie Artis and Joe Wynn
8 and I are working to put together essentially a snapshot
9 about where we are, what's working, what's not, what's
10 really good, what is a disaster. And we'll vet that
11 sending it directly to you, Mr. Kramer, as well -- as
12 well as to other interested persons and plan to make this
13 just that, a very simple snapshot. Not a tome, but a
14 snapshot. And to get around to and bounce it off both
15 the Small Business Committees as well as the Veterans
16 Committees as well as the VSOs and others.

17 Not that this be the be-all, end-all, but we
18 have -- this administration has 16 months left.
19 Effectively you have 10 to 12 months. So anything that's
20 going to work and be implemented has got to start this
21 September/October. That doesn't count statute changes.
22 That just counts things that can be done within the
23 existing legal framework. And some of us that don't want
24 to wait and are unwilling to wait until the summer/fall
25 of 2017 to get anything underway to fix things.

1 And so we're particularly delighted that you're
2 here to not only breathe life back into the task force
3 but hopefully to kick tail and take names where people
4 aren't quite doing it.

5 The subcommittees, by the way, under -- you're
6 allowed to have subcommittees, but it's -- I don't
7 believe the subcommittees have met. I know that the
8 Veteran Service Organization folks who are on
9 subcommittees tell us they haven't had a meeting --
10 subcommittee meeting in over a year, year and a half.

11 So -- and then the agenda at the meetings
12 consisted of committee reports. And that -- that --
13 that's -- let's not say we did kind of thing is -- nobody
14 has time for that. And that's why instead of 150 people
15 showing up at these meetings, you have those of us who
16 are diehards who just are refusing to let it go.

17 And this is a real opportunity. You've got
18 folks coming out of the military, a lot of folks coming
19 out of the military, particularly ground forces. Some of
20 us aren't happy with that because we believe our ground
21 forces are too damn small, and the Navy is about to be
22 too small to keep up the commitments we're making
23 overseas. But despite that, you've got dislocated
24 workers coming out. And they should qualify and that's
25 one of the things that I would urge this task force is

1 there's no reason why the secretary can't declare those
2 who are rift as dislocated workers and making them
3 eligible for dislocated worker funds, which is the
4 biggest pool of money around. And other things, ideas,
5 such as in the early '90s there was -- during that big
6 rift, it came out that a pilot program, which I think
7 only two states took advantage of, where you could get
8 all of your UCX in a lump sum if you had a viable
9 business plan or credit-worthy, et cetera, to get a
10 business going. And not just UCX, but also regular
11 unemployment insurance.

12 So there's a lot of creative uses out there of
13 taking programs that are on the books and making them
14 into something that is going to be useful not just for
15 service-disabled vets but for ethnic minorities, for
16 women, et cetera.

17 Our perspective is from VET-Force, from the
18 very beginning, is we aim to get anybody. We're men.
19 We're women. We're every ethnic group. I mean, veterans
20 truly are the Rainbow Coalition. And the only thing we
21 have in common is taking that step forward, pledging life
22 and limb in defense of the Constitution and a love of
23 country.

24 So we do believe that all boats can rise. The
25 only thing we've ever wanted is a level playing field.

1 And the action taken last year to give sole-source
2 authority for contracting with women on businesses, in
3 discussions with WHIP, they recommended that they add
4 service-disabled veteran-owned small business in there
5 and asked us, don't protest, and we'll hang with you guys
6 and make sure you're in there.

7 Well, it wasn't them, but it was the committees
8 that threw that overboard. And we're going to fight for
9 that in the future. Had we had the business census that
10 advocacy has now produced in 1999, the House Bill that
11 passed was a 5 percent -- minimum of 5 percent. It was
12 Senate staff arguing that there aren't that many service-
13 disabled veteran businesses. And we argued there was.
14 But we didn't have anything to go on. And that's why it
15 got dropped down to 3. They wanted, by the way, 1
16 percent. And we said, no, not a chance.

17 And so all my point is, is that we're going to
18 continue to press on the legislative front. I wanted to
19 give you fair warning. We will come back and talk to you
20 about that. And we're going to continue to press on the
21 other agencies because there's a whole heck of a lot that
22 can be done.

23 One other example, and I'll send you the link
24 for it, Jim Wilfong, who was tossed off this task force,
25 wrote a couple of white papers for VET-Force. And one of

1 them zeroed in on the cuts post the Berlin Wall coming
2 down. And the Navy at that point had a strategy where
3 basically they forced the big contractors to subcontract
4 up to a third of major contracts. And it worked because
5 the innovation came about to keep the fleet, particularly
6 the Submariner fleet, ahead of the Russians. Because you
7 had that spark of getting small businesses who aren't
8 caught up in bureaucratic tracks. If you go to Lockheed,
9 Lockheed mirrors the worst of the Federal bureaucracy
10 inside. And they're smiling because it's true. You need
11 people who will be risk takers inside, and that then will
12 get us where we need to get.

13 So it's not just a matter of a nice thing to
14 do. From our point of view, it's a matter of national
15 defense. Thank you, sir.

16 MR. KRAMER: Thank you. And I think Barb can
17 relay, because everybody across the Administration knows
18 this. I mean, I'm sort of well aware of the calendar and
19 when I'm coming in and the limitations and, therefore,
20 the urgency in getting things done. Because, as you
21 point out very astutely, and I say all the time, it's not
22 only a limited amount of time that we have, but the
23 transition time and then what the initial focus might be
24 of a new administration. And so we really do have that
25 obligation. And that's why I also appreciate the

1 historical memory that you all bring and very much look
2 forward to seeing the snapshot that you all will put
3 together.

4 So I think that's most everybody, unless
5 there's anybody else who is looking for an opportunity.
6 I think we -- you know, we're here for a good while, but
7 I think crammed a lot of information in. And most
8 importantly, I think at least from my point of view, have
9 a pretty good path forward. We have the tasks we know we
10 need to sort of hit on, but then we also have some, I
11 think, new ways to look at how we're going to organize
12 ourselves and what we're going to try and do.

13 And therefore, like I said, between now and the
14 next time that we all get together formally like this, I
15 think you can all expect that there will be a number of
16 interim communications from us and requests for ongoing
17 assistance.

18 So thank you, everybody, for your participation
19 today. Thanks.

20 (Whereupon, the meeting was
21 concluded at 12:01 p.m.)

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3 I, Jennifer Razzino, do hereby certify that the
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