

INTERAGENCY TASK FORCE ON
VETERANS SMALL BUSINESS DEVELOPMENT

PUBLIC MEETING

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1 that when we talk about government contracting, that
2 less than 10 percent of the veteran-owned small
3 business will actually participate in the program but
4 because we're in the D.C. area, it's a high
5 concentration here and so it's important that we have
6 things in this area that focus on government
7 contracting and so that's why we decided today to
8 really kind of focus down on where we're at on
9 government contracting, but we also wanted to give you
10 some important updates from the NEC and out of the
11 White House and some activities that are going on over
12 there, as well. So we're glad to have those folks
13 here.

14 What I'd like to do is, if we could, if I
15 could get the next slide, Cheryl? Next slide, please.

16 So, anyways, if anybody's got a copy of the --
17 I'd like to turn the time over real quick just to Tony
18 Eiland. As many of you know since the last time we
19 met, Master Chief Bob Hesser passed away and so we
20 thought it would be appropriate, just because he'd been
21 such an important member of the community, that we take
22 a few minutes and remember Bob. So we've asked Tony

1 just to kind of give us a little rundown on the Chief
2 and a little tribute to him.

3 II. REMEMBRANCE AND MOMENT OF SILENCE

4 FOR BOB HESSER

5 MR. EILAND: Thank you, Rhett. Robert, Bob,
6 Hesser, the Master Chief, God bless him. I had the
7 privilege of knowing Bob as a friend. He was a great
8 asset to the Veteran Small Business Community. His
9 tireless support and efforts of everything that we did
10 made us what we are today. Without him, we would not
11 have been as far as we have been.

12 He will always be remembered as a loyal
13 friend, as a supporter, and as a true shipmate, and,
14 Master Chief, you will never be forgotten. Fair winds
15 and following seas.

16 Can we have a Moment of Silence, please?

17 (Moment of Silence.)

18 MR. EILAND: Thank you.

19 MR. JEPPSON: Thanks, Tony. So next slide,
20 please.

21 So before we launch into today's program, I
22 just figure since we're a small group here right now,

1 why don't we just -- and some of us are new here. So
2 let's introduce ourselves around the table, if we
3 could. So if we could start with the gentleman at the
4 end there and we'll work our way around here.

5 MR. BODDIE: Hello. My name's David Boddie.
6 I'm with Federal Allies Institute and I started Federal
7 Allies maybe about six years ago and my claim to fame
8 here is that I created a job at the Montgomery County
9 Chamber of Commerce a long time ago and hired Barbara
10 Ashe. So I take full credit for all of her
11 accomplishments.

12 MR. JEPPSON: Well done.

13 MR. HEILMAN: Good morning, everybody. Happy
14 Spring! I'm Craig Heilman with the Office of Veterans
15 Business Development, responsibility for Boots to
16 Business Program, and I look forward to speaking with
17 you all later. Thanks.

18 MR. WYNN: Good morning, everyone. I'm Joe
19 Wynn with the Veterans Entrepreneurship Task Force and
20 I'll be providing a presentation in a few minutes, so
21 I'll share a little bit more with you then. Thank you.

22 MR. McFARLIN: Good morning. I'm Mac McFarlin

1 from the National Economic Council. Happy to be here
2 today.

3 MR. WILFONG: My name's Jim Wilfong. I'm a
4 member of VET-Force and representative of this task
5 force.

6 MR. EILAND: Tony Eiland, GSA.

7 MR. FERGUSON: Bill Ferguson, American Legion.

8 MR. FUJII: Stan Fujii, SBA.

9 MR. JEPPSON: And for those of you, I think
10 I've met most of you, but, first off, we'd like to
11 thank the good captain for being here for DoD.

12 I'm Rhett Jeppson. I'm the Associate
13 Administrator for Veterans Business Development at SBA.

14 MS. SAMARDICK: I'm Ruth Samardick. I'm from
15 the Department of Labor, Veterans Employment Training
16 Service.

17 CAPT. BALZANO: I'm Captain Dick Balzano. I'm
18 fro DoD. I'm Andre Gutter's Chief of Staff. I'm his
19 substitute, so you're getting the B Team today. I hope
20 I can answer your questions. I don't know this all
21 that well but I'm here to help.

22 MS. ASHE: Good morning. I'm Barbara Ashe and

1 I'll be speaking later. I'm with the Montgomery County
2 Chamber of Commerce and also President of our
3 Foundation.

4 MR. GOLDSCHMITT: Marc Goldschmitt. I'm with
5 VET-Force National Veterans Small Business Coalition
6 and chief kibitzer.

7 MR. JEPPSON: Okay. So good. So I think the
8 gist out, maybe a lesson learned on this is that
9 because we're -- you know, in the past we had the two
10 crazy mikes, you know, one for recording and one for
11 sound. We've got it all tied together. So if you'll
12 make sure that the red light's on when you're speaking
13 because it's going to be recorded and we put -- you
14 know, we capture them and it's public record and so if
15 you'll lean into the microphone and speak a little bit.

16 Now the one person who didn't introduce
17 herself was my deputy, Barb Carson, here, the person
18 that kind of keeps the shop sane and running together.

19 So we're glad that she's here with us for a little bit
20 but she'll be taking off to go to represent us on
21 another interagency task force with DoD, VA, and DOL.

22 So, anyways, with that, we do have a full day.

1 I looked at the briefing agendas here and the topics.
2 I think that they're really good. I'm just a little
3 disappointed that some of the normal people that we
4 have here aren't here to see this because it's
5 important things and not only is it the topics and the
6 work that are being done here from VET-Force and VIP
7 and others really important but what they're doing now
8 forms the foundation and what ought to be the way ahead
9 for Veterans Small Business as we look to leverage the
10 things that we have going on within the agency and the
11 Administration and make sure that we have that good
12 synergy of the private sector, the public sector
13 together to support our veterans community and so it's
14 not only that you've got great programs and that we're
15 in support of those but they're the foundation of how
16 we see the future of support to the veterans small
17 business owners.

18 So with that, let's turn it over to Joe Wynn.

19 Thanks.

20 III. VET-FORCE

21 MR. WYNN: Thank you and again good morning.

22 I would like to provide --

1 MR. JEPPSON: Joe, if you could pull it just a
2 little bit closer to you.

3 MR. WYNN: A little closer?

4 MR. JEPPSON: Yeah.

5 MR. WYNN: Okay. A little brief overview on
6 the VET-Force. Many of you, I know, are familiar with
7 the VET-Force but what I'm going to try to do in just a
8 few minutes is to just try to give you a little better
9 idea of what the VET-Force has been doing, how it
10 started, and what it continues to do now.

11 On that first slide there is just a little
12 brief little info on myself, as well.

13 Next slide, please. The Veterans
14 Entrepreneurship Task Force actually organized in 1998.

15 At that time, the Administrator here at SBA, Ada
16 Alvarez, and we actually had some meetings here prior
17 to the formation of the VET-Force Task Force and with
18 the upcoming Small Business Development Act, which
19 created Public Law 106-50, we kind of solidified the
20 formation of VET-Force at that time and we've continued
21 to meet ever since.

22 Next slide. Executive Committee. There are

1 the names there. I won't go through them. You can see
2 them for yourself. But just to mention that the -- not
3 my fault. The VET-Force continues -- is organized by
4 representatives from veteran service organizations
5 which is the way we started and then later on we
6 continue to have veteran small business owners to
7 participate as members, as well.

8 We have now in our database well over 7,000
9 veteran and service-disabled veteran-owned businesses
10 who are affiliated with us.

11 I would like to mention, though, of course, I
12 appreciate the tribute you made to Bob Hesser, who was
13 our first vice chair for many years. As many of you
14 know, too, he used to attend these meetings here quite
15 regularly, along with myself and Rick Weidman.

16 But, also, I wanted to mention John Lopez,
17 who's also no longer with us. He was the founder, we
18 consider, of the Veterans Small Business Federal
19 Procurement Program and I just wanted to mention about
20 John Lopez in bringing this program from California to
21 Washington, D.C., and he kind of pulled us together and
22 asked the veteran service organizations to come

1 together and see if we could get a federal program
2 started for veteran business owners and, of course,
3 through our advocacy, we continued to push and the
4 legislation, Public Law 106-50, came about.

5 Also during that time, I'll just mention, too,
6 in about the year 2000, John came to D.C. and set up
7 shop here to begin to continue to work together with us
8 through the VET-Force. We had an office right over
9 here at the United Methodist Church across the street
10 from the Supreme Court and we were actually -- I was
11 actually working there out of that office up until 2005
12 and, as a matter of fact, I was even there on 9/11 when
13 we had that tragic incident in New York.

14 We were actually starting a VET-Force meeting
15 that morning at the Russell Senate Office Building, who
16 was hosting our meeting that day. So, you know, it's
17 definitely a day that I will remember for quite some
18 time.

19 Next slide. I just kind of gave you the
20 overview. In addition, though, the VET-Force focuses on
21 legislative advocacy regarding veterans. We also work
22 with oversight and the implementation after the

1 legislation has passed. We try to push for to see that
2 what was supposed to be done is done or if it's not
3 done we take a look at seeing why, what are the
4 barriers, and we try to work with other federal
5 agencies and corporate to see how we can increase these
6 contract opportunities for veteran business owners.

7 Some of the major pieces of legislation which
8 I'm sure most of you are all aware of, there's a list
9 of them right there. Those are some of the ones that
10 we were primarily instrumental in having some influence
11 on bringing those pieces of legislation and Executive
12 Orders to the forefront.

13 Next slide. With 106-50, as I previously
14 mentioned, it laid the foundation for the Veterans
15 Federal Procurement Program. I also wanted to just
16 point out that it was there that it created this
17 particular office over here, SBA Office of Veterans
18 Business Development. It created what was the Center
19 for Veterans Enterprise because, as some of you know,
20 they're no longer using that name, and their mission
21 has changed, even though legislatively I'm not sure it
22 should have. It's one of the things we do.

1 The National Veterans Business Development
2 Corporation, referred to as TVC, was also created
3 during that time. It ran till about 2008, until we
4 began many of the VSOs and small business owners began
5 to feel that they were not doing what they were
6 mandated to do. We continued to advocate to make
7 corrections, changes, or deletions and it turned out
8 through a report, following a report from Senator Kerry
9 and Senator Snowe in 2008, shortly thereafter, TVC no
10 longer exists.

11 We're not happy about that because it was a
12 lot of money allocated through that program to help
13 veteran business owners and now we no longer have that.

14 Also, the advisory committee over here at SBA was
15 created initially on a temporary basis.

16 Next slide. 108-183, we always, you know,
17 recognized that major piece because it made mandatory
18 the three percent goal for service-disabled vets for
19 all federal agencies and primes and that still exists
20 today. We're still pushing on that. We're constantly
21 interacting with federal agencies, trying to find and
22 identify ways to increase the number of contract

1 opportunities for service-disabled vets.

2 Next slide, please. We also had some
3 conversations right after 108-183 was passed because
4 agencies were still complaining that they either
5 couldn't find enough service-disabled vets or they
6 couldn't find ways to still, you know, meet the goals.

7 Actually, some of our members, Bob Hesser
8 included, had some conversations with folks over at OMB
9 and the Office of Federal Procurement Policy. Shortly
10 thereafter, President Bush issued an Executive Order
11 13-360. Now that Executive Order has not expired, even
12 though it came out in 2004, and as you can see, there
13 are some of the items that it called for.

14 I just wanted to mention one other particular
15 thing. It's in the smaller print, is that a lot of the
16 responsibility out of that Executive Order fell back to
17 the SBA Administrator over here and they were
18 designated to assist federal agencies with developing
19 strategic plans and that kind of, you know, went astray
20 a couple of years later. It was going pretty good in
21 2004, 5, even 6.

22 Around the end of 2006, things got shifted to

1 a scorecard program through SBA and the emphasis on
2 this helping agencies with the strat plans kind of
3 changed somewhat.

4 MR. JEPPSON: Joe, can we just talk about that
5 for a second? Maybe we can get some feedback.

6 So this Office of Federal Contracting for
7 Veteran Business Owners, so we don't really measure --
8 to the best of my knowledge, we've never measured
9 veteran business ownership. It's always been SDO/SEB
10 and so if that's the case, and I'm assuming that it was
11 contracting for service-disabled veteran-owned small
12 business, is my assumption correct?

13 And then, two, where was that office at and
14 what was the function, because, you know, this is the
15 first I've heard of this office, of that office?

16 Let me keep talking then. Is there anybody on
17 the line that could identify themselves on the call-in
18 line? Did anybody call in because I'm wondering how
19 much of this feedback we're getting is caused by that
20 phone line.

21 (No response.)

22 MR. JEPPSON: So what I intend to do is just

1 leave that phone line open for about eight more minutes
2 and we'll check back and if nobody's on that line,
3 we'll close it down and see if that makes it a little
4 clearer in here, so.

5 MR. WYNN: Let me just respond. That Office
6 of Federal Contracting for Veteran Business Owners --

7 MR. JEPPSON: Of course it is. That's how I
8 roll.

9 MR. WYNN: I apologize. Okay. We'll try this
10 one. Yeah. Let me just quickly respond back about the
11 Office of Federal Contracting.

12 That was actually housed here. Theresa Lewis,
13 who's now over at HHS, the director over there, she
14 headed up that office. It was pretty much a one-man
15 shop and we pushed, continued to advocate for her to --
16 funding for her to get some staff so she could really
17 do more than what she had been doing and you note that
18 it was dismantled in May 2006, which we were not happy
19 about, but there was some changes that took place over
20 here during that time.

21 Hector Varado became the Administrator over
22 here. You know, I just have to say it. There wasn't a

1 lot of strong support for veteran businesses initially
2 over here.

3 MR. JEPPSON: Okay. So I think --

4 MR. WYNN: That office kind of just got kicked
5 to the wayside and --

6 MR. JEPPSON: So I think that there's
7 something, if it's still on the books, I'd like to go
8 back and at least look at it and see what the history
9 behind it is. So thank you for bringing that up.
10 That's a little bit of research project somebody in my
11 office is about to get.

12 Now the second thing is, yeah, you know, the
13 loss of Theresa Lewis out of the agency was huge, would
14 have been a huge loss, so she's a real champion of
15 veteran small business and a go-getter and we're real
16 big fans of hers. So I'll actually take that for
17 action to go back and look at that.

18 I mean, you know, the scorecard is a great
19 thing. I think it's an important tool in our arsenal
20 but I think that there's some other things that we can
21 do.

22 I would mention, though, that when you talk

1 about the three percent, I think that you've brought up
2 a big green checkmark by that because we met it for the
3 first time last year and the fact that we had -- you
4 know, leading up to that, there were five consecutive
5 years of incremental, you know, growth and so I think
6 that speaks to the work you've done and there were
7 three percent goal. We'll see how many years we can
8 make that running and then what adjustments ought to be
9 and I'd be interested to hear from the veterans
10 community where they think that goes from here. So
11 thanks.

12 MR. WYNN: Yeah. Let me just say, too. Next
13 slide, please. That Executive Order was very powerful
14 in that it really specifically directed agencies to
15 take some specific actions and you'll note that we
16 actually ended up having planning and strategy sessions
17 with very many of the key agencies, particularly those
18 that are part of this task force.

19 GSA was directed to create a government-wide
20 acquisition contract, GWAC. Remember that, Tony? And,
21 you know, that benefited a whole lot of veterans in
22 many years, veteran business owners.

1 DoD, we used to meet with them actually
2 regularly over at the DoD Office of Small Business
3 Programs. We actually sat at the table to help them
4 develop their strategic plan of how they were going to
5 increase contract opportunities and we began to work
6 with one of their chief acquisition officials over at
7 DoD and they actually started a special recognition
8 conference ceremony and award for service-disabled vet
9 -- for programs that had increased their contract
10 opportunities to service-disabled vets and that went on
11 for about two-three years.

12 Tony Martucci, I think it was, was the
13 director at that time of Office of Small Business
14 Programs.

15 Also, under the Executive Order, it directed
16 the VA, of course, we know about the regulation, 38 CFR
17 74, that create VETBIZ and the database, but, you know,
18 even though this came about in 2004, you'll note that
19 things really didn't happen till almost 2009 with the
20 regulations and the database and also the Secretary of
21 Labor, the SBA Administrator was supposed to create and
22 develop self-employment and entrepreneurship materials

1 to give to the Department of Labor for the TAP Program.

2 Now this was in 2004, this Executive Order, and, of
3 course, those of you here know when the new TAP Program
4 really started and when SBA really got involved. That
5 wasn't until what, 2011?

6 MR. JEPPSON: It was really 2012.

7 MR. WYNN: 2012, right. See. So I'm just
8 pointing that out, not that, you know, just to show you
9 how things get implemented and if organizations, like
10 ours, did not stay engaged and constantly providing,
11 you know, oversight and pushing for implementation,
12 some of these things would have never happened, quite
13 frankly. So, you know, that's kind of what we do and
14 it's definitely a collective effort.

15 Like I said, you saw the list of names of our
16 Executive Committee of who it is now and some past and
17 all of them are veteran or service-disabled veteran
18 business owners or veteran service organizational
19 representatives and it continues to be that way even
20 now.

21 Next slide. Of course, there's the 109-461
22 that came about in December 2006. Believe it or not,

1 we advocated for that. We pushed for that because, you
2 know, we had discussions here about wanting to see a
3 government-wide verification program. We were pushing
4 for a government-wide verification program after the
5 Executive Order came out and it called for the database
6 to be created. We wanted there to be some screening of
7 business owners who were declaring to be veteran or
8 service-disabled vets.

9 But what we ended up with was 109-461. At the
10 VA, we felt that we had a good relationship with the
11 House Veterans Affairs Committee. We had a good
12 relationship with then Deputy Secretary Gordon over at
13 the VA and things just came together. This particular
14 piece of legislation came out and it has evolved. It
15 started in the direction that we all wanted to set the
16 tone for all the federal marketplace but we've gotten
17 bogged down now in the verification process, which we
18 had a lot of conversations about that.

19 Next slide. Let me just hit this right quick
20 and I'll be wrapping up.

21 110-186 came out in February 2008. We were
22 still pushing for ways for agencies to increase their

1 goals. From 2004 to 2008, very few agencies, if any,
2 even passed the three percent, so we up until 2008.

3 Let me mention, too, from 2006 to 2008, Steve
4 Preston was the Administrator over here at the SBA and
5 we actually had several roundtable discussions with him
6 and VET-Force members and other veteran business owners
7 to talk about some things we could advocate for
8 legislatively that might create some difference.

9 What came about, this 110-186, actually called
10 for the creation of this very group right here, the
11 Interagency Task Force. It made a permanent extension
12 of the SBA Advisory Committee and that's why we're so,
13 you know, continue to want to be engaged with the SBA
14 Veterans Advisory Committee, Business Affairs
15 Committee, because we've been pushing for it for years.
16 It was getting ready to go away.

17 Under this law, we got it back in to continue
18 to be permanent. We even promoted increased funding
19 for SBA for the Office of Veterans Business
20 Development, for your office, Rhett. We called for to
21 increase the number of VBOCs, which you are now calling
22 for additional increase this year. We've been pushing

1 for increases since 2008, actually even before.

2 There was supposed to be a GAP Study and
3 Availability of Outreach Centers for Veterans. I don't
4 know whatever happened to that study

5 MR. JEPPSON: So, Joe, I've seen that GAP
6 Study but, I mean, I thought, well, what, was it a
7 finalized GAP Study, but I'd certainly be interested to
8 know if it was ever released or not. I mean, I read
9 it. I'll tell you honestly, there wasn't much there --

10 MR. WYNN: Right.

11 MR. JEPPSON: -- but I saw it. You know, you
12 mentioned the increase in the VBOCs. So I know that we
13 went from eight to about the current level of 15, 16
14 VBOCs. So is it VET-Force's position that we should
15 maintain that level or beyond that?

16 MR. WYNN: Well, it's been our position that
17 there should be far many more and they should be funded
18 even more because most of them, I think, was around
19 \$150,000 per year.

20 MR. JEPPSON: That's still the case.

21 MR. WYNN: Yeah. We wanted more but what
22 happened, too, around that time, with the new

1 Administrator came aboard, the one who's now passed,
2 Karen Mills, the emphasis seemed to move toward women
3 business centers and to not create additional veterans
4 centers but to direct veterans to utilize existing
5 centers and so, you know, now we're trying to bring --
6 still come back around hopefully more veteran-specific
7 centers will be created.

8 I'd just point out at the bottom there of the
9 slide, there were some reports that were published by
10 Senator John Kerry. There was also a Small Business
11 Contracting Revitalization Act in 2007 and a Small
12 Business Opportunity Act sponsored by Olympia Snowe.
13 It actually passed the Senate. We were pushing for
14 these things and they ended up getting rolled into what
15 became Public Law 110-186.

16 You see, that's kind of what we do. We'll
17 start talks, we'll start advocating, we'll move around
18 the Hill, talking to different congressional staff
19 members. One of the congressional persons may actually
20 drop a bill, somebody else on the House side may drop
21 something similar, and eventually it may find itself
22 into some piece of legislation.

1 Next slide. The task force here, I just want
2 to mention, I mean, you already know what your mission
3 is, but two things I wanted to point out because it has
4 come up in conversations here over the past couple of
5 years with regard to the discussions and the topic
6 agendas.

7 One of the things, to ensure achievement of
8 the service-disabled veteran contracting goals, is one
9 of the things that was a part of the actual mission of
10 this task force, to find ways to ensure that those
11 contracting goals are being met by each agency.

12 Another one is to improve support for VOBs by
13 the Federal Government and I'll just go on to say, too,
14 that when we were pushing for this legislation that
15 created this task force -- and another mention on it in
16 just a moment -- but the emphasis has always been on
17 federal procurement for veteran business owners because
18 it derived from the three percent from Public Law
19 106-50 and 108-183.

20 So when we get putting a heavier emphasis on
21 community-based businesses and how to start your
22 business, yes, that's well intended and, of course,

1 people need to learn how to do that at some point, but
2 this group really, our intent when we were pushing for
3 this was to how to help veteran business owners in the
4 federal marketplace and agencies surpass the three
5 percent.

6 MR. JEPPSON: So that's a great point and
7 we've got some more and we're going to talk some more
8 about that today because I think that when we look at
9 the language that it will be instructive anyway.

10 So we want to drill down on that a little bit
11 more but if I could ask you to kind of wrap up and I'm
12 going to --

13 MR. WYNN: Last comment. I just wanted to
14 point out, I don't know if you noticed, but what I'm
15 referring to now with the task force here is Executive
16 Order 13-540, but what I was talking about in the slide
17 before was Public Law 110-186. The exact thing was in
18 the law in 2008 for this task force that the Executive
19 Order had to push out in 2010. The exact language was
20 already in the law but it wasn't being done.

21 So, you know, now, you know, here we are, you
22 know, two-three years down the road. So there has been

1 some good discussions that have come out of this task
2 force.

3 In closing, last slide here, you know, we
4 continue, like I said, to work with congressional
5 staff, House, Senate. We work with -- we participate.
6 We participated, even some of our members, in every VA
7 conference since they started, I think we're up to
8 Number 9 coming up this year.

9 Agencies, we've worked with agencies. We even
10 worked with GSA when they came out. Remember, Tony,
11 with the 21-Gun Salute. We worked with -- actually, I
12 have here a copy of an MOU that VET-Force signed with
13 the Administrator of GSA to work together and out of it
14 evolved this 21-Gun Salute which we don't hear anything
15 about now.

16 But, anyway, so that's kind of it, you know,
17 pretty much. I hope you've kind of got the idea that
18 VET-Force collectively, like I said, veteran service
19 representatives, veteran business owners, and veterans
20 of the community are all collectively -- our meetings
21 are always open. They're able to provide feedback and
22 we always continue to work with agencies here in the

1 federal marketplace.

2 Thank you.

3 MR. JEPPSON: Okay. Thanks, Joe. You're
4 certainly one of the great partners we have in the
5 community here and appreciate the time and look forward
6 to talking a little bit more about the -- I think it's
7 a great point you brought up about the task force and
8 what our organization, our mission is, and we're going
9 to talk a little bit more about that, just prior to
10 going into the Subcommittee Reports.

11 So with that, we're going to make a small
12 change here. We always try to have somebody from GCBD
13 come down and give us an update on what's going on in
14 GCBD. So today, we've got Ken Dodd. So we'll turn it
15 over to him for a quick update from GCBD.

16 VI. GOVERNMENT CONTRACTING
17 & BUSINESS DEVELOPMENT UPDATE

18 MR. DODD: Okay. Thanks for having me,
19 appreciate it.

20 I'm Ken Dodd, Associate Administrator of
21 Government Contracting and Business Development.

22 So I guess the first one that I'll update you

1 on is the Men of Protégé because I think that's what
2 you primarily asked about.

3 By way of background, we had back in the Dobbs
4 Act of 2010, we were given, SBA was given authority to
5 create a Men of Protégé Program for SDBL, Women, and
6 Hub Zones, based on the Men of Protégé Program of the
7 8(a) Program.

8 All right. I think you can probably hear me
9 anyway but let me try that one. Okay.

10 So the Jobs Act of 2010 gave us authority to
11 create a program for the SDBO, Women-Owned, and Hub
12 Zone Program. So we had drafted a proposed rule to
13 implement that. We were ready to send it to OMB and
14 then along came the NDA of 2013 which extended or gave
15 us authority to create such a program for all small
16 businesses. So we basically had to start over and
17 rewrite the rule.

18 The rule is being worked on and will soon be
19 in internal clearance at SBA. That takes several
20 weeks. Then the process is we have to send it to the
21 Office of Management and Budget which provides all
22 agencies an opportunity to comment on the rule. That

1 process typically takes three months.

2 Once we get cleared from them, we issue it as
3 a proposed rule and we'll get usually 60 days to allow
4 people to comment on it and then we get comments from
5 the public and the process starts again with a final
6 rule where we do interagency clearance, send it to OMB,
7 and then come up with a final rule. So that's the
8 timeline we're talking about for the Men of Protégé
9 Program.

10 Best case scenario, best case, and, you know,
11 don't hold me to it, can't promise anything, it will be
12 a proposed rule some time this summer would be the best
13 case. As far as a final rule, you know, not till next
14 year probably, best case. So that's the Men of
15 Protégé.

16 Is there any questions on that or anything or
17 comments?

18 (No response.)

19 MR. DODD: The other things from NDA of 2013
20 we're working on right now, goalings is a big issue.
21 We're waiting for an advocacy report on goaling. One
22 of the big issues there is overseas contracting. Right

1 now, overseas contracting is excluded from the goaling
2 base and we'll see what advocacy reports and we'll take
3 that into account as we move forward for 2015.

4 MR. JEPPSON: You know, Ken, that's
5 interesting because when I go to some of the bigger
6 conferences where the SDOs are at, that's one of the
7 biggest complaints I hear on a regular basis, is
8 there's a huge amount of spend that happens overseas
9 and we're not in the goaling for that, in that three
10 percent. So that excluded a large chunk of what DoD
11 does, which is, you know, half the budget of the
12 Federal Government. You know, there's a quarter of it
13 or more that's outside the U.S.

14 MR. DODD: Right. We do hear that. I mean,
15 we also hear -- I mean, there's two sides to that.

16 MR. JEPPSON: There are some that think that
17 it's difficult for small businesses to compete overseas
18 because of local issues and, you know, generally
19 speaking, overall, the numbers for the government
20 probably would go down if we include it.

21 MR. DODD: No. If you include it and you give
22 agencies incentive to use it, then it should start

1 ramping back up. So it can go both ways.

2 MR. JEPPSON: I mean, I think that there's no
3 doubt that it would, you know, cause a hit and would
4 slide back as a percentage but overtime it would rise
5 again and I can tell you that I've seen small business
6 operate overseas and be pretty effective and so you're
7 right, because of the SOFAs that we have and the rule
8 sets that you have when you deal overseas, it's hard
9 enough to deal with the Federal Government. You go
10 overseas because then you throw a foreign host nation
11 in there, it squares the complication process, but,
12 then again, small business is more nimble sometimes, a
13 little bit quicker. There is a higher capital
14 threshold. So it would be in the bigger small
15 businesses that would be there. So it would be the
16 high end. You certainly wouldn't have start-ups in
17 that area, I don't think, but there are some
18 service-owned businesses that could get there.

19 MR. DODD: What we tell, you know, agencies,
20 one of the biggest problems is the FAR says that Part
21 19 doesn't apply overseas but we say that doesn't mean
22 you can't use our programs and agencies do set-asides

1 overseas. They can. They have that discretion and
2 that's one of our biggest complaints is what the FAR
3 says. It should say something different, like you can
4 use it, at least until we decide to include it in the
5 base and then, at that point, that has to change. We
6 have to have all the small business tools overseas if
7 we're including it in the base would be my opinion.

8 MR. JEPPSON: Right. Okay.

9 MS. CARSON: My last job, I was the NAVSEC
10 Liaison to the Country of Oman and I worked and
11 operated out of the U.S. Embassy. I was a naval
12 officer for the entire country and we were doing a lot
13 of things there but one of the things we were trying to
14 do is we were helping the Omanis arm themselves and
15 train them and what we found worked well was we could
16 take an American company and introduce them to the
17 Omani counterpart that would be doing the work in that
18 country and they would team up and it worked out very
19 well.

20 So I think there is opportunity for small
21 business, if we can help advocate for them to partner
22 with the local countries, because we do have SOFA

1 agreements and we're in that country because we're
2 doing something and we have an agreement with that
3 government. So that's an avenue to take. It worked
4 well.

5 MR. WILFONG: As I was saying, at one time I
6 was the Assistant Administrator here for International
7 Trade, and 97 percent of all businesses that trade
8 outside the United States and do cross-border trade are
9 small businesses and two-thirds of them employ fewer
10 than 20 people and they are very successful at it.

11 So the idea that small business can't do trade
12 for the U.S. Government outside the country is crazy
13 because they're doing much more difficult trade outside
14 the country than working for the U.S. Government. So
15 just a quick comment.

16 MR. DODD: The overseas part has been excluded
17 for awhile but that may change and so we're going to
18 wait for the advocacy report and make a good decision.

19 Sometimes you have to get into -- you know, we only
20 consider a small business to be, you know, a business
21 that does business here in the United States and so you
22 have affiliation potential issues when you're dealing

1 -- if you're teaming up with a foreign company. So
2 we'd have to work through that, as well, to make sure
3 that we don't catch these small businesses and find
4 them to be other than small or something like that but,
5 you know, that's something we'll work on, if that's the
6 decision that's made.

7 The other thing that we're working on for NDA
8 of 2013 is the ability -- basically the changes to the
9 limitation on subcontracting that apply to set-asides.
10 For the SDVO Program, we already allow subs to count
11 towards that prime requirement to perform certain
12 amount of the work but we're going to extend that to
13 all other programs and we're also going to change the
14 way that's calculated and we're working on that rule,
15 too, and that should hopefully go through the same
16 process as the Men of Protégé rule and be a proposed
17 rule some time this summer would be the best case
18 scenario for that.

19 We also are implementing a statute that
20 requires SBA to allow basically PTAPs or SBDCs, I
21 guess, to provide advisory size decisions and then once
22 they make a decision, they have to come to our Office

1 of General Counsel for us to agree or not agree with
2 it.

3 You know, right now at SBA, we only do size
4 determinations with respect to live procurements. We
5 don't have the resources to do size determinations for
6 the 300 some thousand small businesses out there that
7 try to do business with the Government. So we only do
8 them when there's an actual contract to be issued and
9 we're talking about the actual winner. You know,
10 that's when we get involved to do size determinations.

11 I guess this statute would require -- you
12 know, Congress thought we should -- they want to get
13 some other opinions in there and then set up a process
14 where we could review those and so we have to implement
15 that and that's what we're doing.

16 And then the last thing is the NDA of 2013,
17 anyway, eliminated the cap on women-owned small
18 business set-asides and so that's already been
19 implemented. That was implemented in May of 2013.

20 So that's what we're working on right now.
21 The Jobs Act Rules from 2010 that we finalized with
22 respect to subcontracting and the multiple award

1 contracting size and status integrity, all those are
2 final for our purposes. Now we send them to the
3 Federal Acquisition Regulation Council and they
4 implement them in the FAR. So that's yet another --
5 you know, that's more process coming down the line as
6 far as they're proposing a rule and actually putting it
7 into the FAR and getting it out to the contracting
8 officers and contracting activities.

9 So that's about all I have, I mean, unless you
10 have some other questions on any other activity.

11 MR. FERGUSON: Just one. What is the trend in
12 the percentage if we opened up the overseas contracting
13 to the Federal Acquisition Regulations and somehow made
14 that where they had to abide by the goal overseas? Why
15 do you feel that way?

16 MR. DODD: I don't think it would be
17 necessarily a trend. What I'm saying is if we added it
18 in right now, the numbers would go down.

19 MR. FERGUSON: That's what my question is,
20 sir. Why would the numbers go down?

21 MR. JEPPSON: It's just the denominator is
22 bigger. So small business hasn't been able to take

1 advantage of that. Now you have this amount being
2 calculated. It will take awhile for it to rise back up
3 because they haven't --

4 MR. DODD: Right. What I'm saying is we can
5 look at it right now but right now we don't include it.

6 Let's say we're doing near 23 percent government-wide,
7 which would be the goal, right? If we added in that
8 overseas in the base, let's say they're doing 19
9 percent overseas small business right now, so that's
10 going to be --

11 MR. FERGUSON: That's a huge issue and I agree
12 fervently with Rhett, you know, that this is -- we get
13 hammered with this all the time. I'm a personal victim
14 of this. So my personal opinion is we should get DoD,
15 USDA, Foreign Agricultural Service here, USAID, USTDA,
16 all these people that, you know, do this for the U.S.
17 Government and say, hey, you know, if a veteran comes
18 to you and, you know, to Tajikistan and says, hey, I'd
19 like to bid on a contract here, you know, he's a U.S.
20 citizen, he's a veteran of the United States, I think
21 he should have, in my view, priority over any foreign
22 national, despite what any status of forces agreement

1 says or host nation-type thing because when an American
2 company goes against a foreign company, you've got to
3 remember this is all derived from U.S. tax dollars and
4 they should have priority because they're paying back
5 into the system, that's all I'm saying, whereas once
6 you pay a foreign company that money is -- none of
7 that's coming back to the Treasury and you just erased
8 it.

9 So that's just my personal views and I really
10 really would like to harp on that overseas stuff
11 because you have a lot of young vets that are very
12 ingenuitive and they'll go wherever in the world the
13 money is, as you've seen with, you know, the Gold
14 Russias and things like that that are going on, that
15 people are, you know -- it's a small world. We're
16 globalized now, you know, and a lot of guys are trying
17 to get into the international development scene and,
18 you know, that type stuff and they have a lot to offer
19 the Government.

20 So I'll yield to that.

21 MR. DODD: And I appreciate that. I know
22 small businesses do contracts overseas. We've been

1 involved with them on all kinds of different areas.
2 It's just there's a lot of different moving parts with
3 respect to that, including it in the base, changing the
4 FAR to accommodate it, dealing with all the treaties
5 and all those things. So it's not something that can
6 happen overnight is, I guess, all I would say. It
7 would be a huge different change than what we've been
8 doing for the last 15-20 years in terms of goaling.

9 MR. JEPPSON: All right. Any more questions
10 for Ken?

11 (No response.)

12 MR. JEPPSON: All right. Hey, Ken, as always,
13 thank you. We appreciate it and we appreciate GCBD and
14 the good work they do up there. I tell you what. They
15 got a tough road to hoe. There's no doubt about that.
16 So thank you.

17 MS. SAMARDICK: Keep rulemaking fun.

18 MR. JEPPSON: So with that, we'll kind of
19 switch back to our regular-scheduled channel here.

20 So we're lucky to have Barbara Ashe here.
21 She's the Executive Vice President for VIP here. One
22 of the first people I met when I came on to the job.

1 So we're glad to have her here.

2 When I talked about programs that I think that
3 are great, that can help form the future of what we do
4 in the government contracting arena, this is certainly
5 one of the models. So that's why we've invited her.
6 So thank you.

7 IV. MONTGOMERY COUNTY CHAMBER OF COMMERCE

8 MS. ASHE: Thank you. Thank you for letting
9 me be here.

10 I'm Executive Director and National
11 Coordinator for the Veteran Institute for Procurement
12 and the Veteran Institute for Procurement or VIP for
13 short is a business training program for veteran-owned
14 business companies who sell to the Federal Government.

15 We train service-disabled and veteran-owned
16 businesses that are government contractors nationwide
17 to adapt to best business practices so they can be
18 successful as government contractors.

19 Next slide. The program takes place in a
20 classroom setting at the Bolger Center in Potomac,
21 Maryland. Fifty veterans come together for three days,
22 27 hours of instruction, with 28 different instructors.

1 The program is offered at no cost to veterans and
2 that's inclusive.

3 Veterans apply online nationwide to attend the
4 program. We have five minimum qualifiers to be
5 enrolled and you're accepted on a
6 first-come/first-served basis. You have to be in
7 business at least two years, have three full-time
8 employees, be less than 25 million in annual revenue,
9 be a veteran-owned business, and you have to have
10 experience as a government contractor, either as a sub
11 or a prime. We do not teach you how to be a government
12 contractor. That service is already provided, that
13 education is already out there in the public.

14 In essence, the curriculum focuses in on
15 operation and program controls, compliance. We arm our
16 vets with strategies, resources, tools to recognize the
17 business landmines that exist out there, so that they
18 can reduce the risk to themselves, to the customer, and
19 to their potential teaming partners.

20 VIP is unique. There is no other program like
21 it in the nation. It is market-based instruction.
22 Every VIP session curriculum is updated and is relevant

1 to real-time market conditions.

2 As you know, next slide, the majority of the
3 resources at the federal, state, and local level are
4 focused on early start-up entrepreneurship and to the
5 individual veteran. VIP picks up where they leave off.

6 We fill that gap. Basically, what we have now are a
7 lot of resources going in to planting those seeds but
8 we're -- just when those plants, you know, bust through
9 the ground and start to yield some fruit, employees, we
10 stop watering the plant, and that's where VIP comes in.

11 We take advantage of that capacity right now with the
12 veteran small businesses.

13 We have 348 VIP graduates from 29 different
14 states and the Washington, D.C., as well. Veterans
15 naturally are the most diverse business group out
16 there. They represent women-owned, Hub Zone, 8(a),
17 minority-owned, service-disabled, and, of course, once
18 again, 100 percent of our graduates are veteran-owned.

19 At the end of every session, we survey our
20 graduates to see how they did one year later. On
21 average, they grow 44 percent one year after
22 graduation. We also survey our graduates every year.

1 We heard back from a 146 last year and they grew over
2 1,500 jobs. Our graduates also change their business
3 to the tune of 82 percent of them change. What we have
4 a hard time measuring is how many we saved. So I look
5 at that 82 percent that changed as perhaps avoiding a
6 landmine. I just always like to point out that three
7 of the seven on the T4 were VIP graduates.

8 VIP was launched regionally in 2009. In 2011,
9 it expanded to a national program. Our last session
10 was five months ago and our next one will be in October
11 of this year. Of course, with additional resources, we
12 could certainly train more VIP veteran businesses how
13 to be successful and grow their business. We could
14 offer VIP industry sectors, VIP global construction,
15 VIP manufacturing. Instead of helping 50 veteran
16 businesses a year, we could help several hundred.
17 Instead of having 1,500 jobs, you could have 5,000 new
18 jobs and, quite frankly, there is -- the sky's really
19 the limit to our veterans turned business leaders.

20 So that concludes my report and I'm open for
21 questions.

22 MR. FERGUSON: How are you funded? Everybody

1 asks for more, so I'm just wondering where it came
2 from.

3 MS. ASHE: This has been funded through
4 donations from the Chamber of Commerce.

5 MR. FERGUSON: So it's not public funds or
6 anything?

7 MS. ASHE: Not public funds, correct, and so
8 just last year, though, we did get, for the first time,
9 this program -- the National Headquarters is in
10 Montgomery County, Maryland, in Potomac, and Montgomery
11 County Government offered to pay for all of their
12 veteran business owners that came through the program
13 and they had seven. So we did receive money for the
14 first time in October for just Montgomery County
15 veteran-owned businesses but it costs about a \$150,000
16 to run a program and we raised a 159,000 last year, so
17 just to kind of give you an idea.

18 MR. FERGUSON: I mean, you're doing a lot for
19 a little bit of money. So I really think what you're
20 doing is a great job. Thank you, ma'am.

21 MS. ASHE: Thank you very much. Any other
22 questions?

1 MR. McFARLIN: The question is have you
2 compared your results to the V-WISE?

3 MS. ASHE: I don't have their -- I don't know
4 if they have the same business model, you know, in
5 terms of what the problem they're solving for, you
6 know. Our goal and what we measure against, our
7 success is measured against the success of the veteran
8 business owner, and so I don't know if it's an apple to
9 apple, you know, comparison. I don't know.

10 MR. JEPPSON: That's what I would say. It's
11 probably not apples to oranges comparison. V-WISE is
12 very little -- the majority are start-ups or
13 newly-formed businesses, one year or less, usually
14 owner-operated at that point, and they focus on
15 something completely different. They focus on building
16 a business plan, doing the networking, getting yourself
17 set up to do business, where this is, you know, as you
18 mentioned, which is a great point, it's that capability
19 there for the small small that's already got a track
20 record, that's already doing business, and so there's
21 some -- there's a few in V-WISE that would be in that
22 but the numbers for V-WISE are pretty good. It's over

1 50 percent new starts in the first year and over 74 at
2 year three.

3 So I would put those up against any new start
4 program out there but, again, this is a completely
5 different -- I mean, your scale as you're going from
6 three to five people is going to go to a hundred
7 people. The focus of V-WISE is starting a business
8 that can actually make a profit in its first year.

9 MS. ASHE: And one example may be that out of
10 the 348 graduates, on average, they've been in business
11 six and a half years and have 10 employees. That's on
12 average. So it really is what comes next and, as I
13 mentioned, the analogy really of just continuing to
14 water the plant. You know, why plant the seeds if
15 you're not going to harvest?

16 MR. JEPPSON: Right. And, honestly, I think
17 the question that Joe's driving at is a great question
18 but the analogy, the thing that I'd like to see is I'd
19 like to see the comparison versus -- you know, we just
20 got funded to do emerging leaders here in the
21 Headquarters, which really focuses on that same thing.
22 It's that next step for those companies that are in

1 business awhile and it's been around for awhile,
2 there's some numbers there, and it would be interesting
3 to see how that details. I think you've met with the
4 folks from there previously.

5 MS. ASHE: I have. This is industry-specific,
6 as well, which is unique about the program. It's just
7 for veteran business owners that sell to the Federal
8 Government. They could, of course, have other
9 components. They could sell commercially but they at
10 least have to have a veteran -- they have to have a
11 component of federal procurement.

12 MR. EILAND: If I could jump in for a moment?
13 Probably I think I'm the only person here that's been
14 a presenter and an instructor for you, that the caliber
15 of questions that are asked are more of established
16 businesses that are taking it to the next level. I
17 never got questions of how do I do this. It's how do I
18 advance the following because I've done this, this, and
19 this, and it was people usually had been doing business
20 in the public sector and that they are trying to modify
21 their company, either to a different type of business
22 development or they already had something and were

1 trying to improve it to the next level.

2 MS. ASHE: Thank you, Tony, and just want to
3 mention that you have to be in the program. They have
4 to have some past performance. So, once again, we're
5 not going to teach them how to enter the market, how to
6 scale, and to build that foundation for growth, so that
7 they are compliant and can take the stress, quite
8 frankly, of growth and reduce the risk to all,
9 themselves first.

10 MR. WYNN: One last quick comment, you know,
11 and I've been to some of the sessions that you've held
12 in previous years and some of our VET-Force members
13 have attended those sessions, as well.

14 But your program is truly an example of what
15 is referenced in much of the legislation and the
16 mission, as I mentioned, even of this task force to
17 increase federal procurement opportunities for veteran
18 business owners, to help agencies increase their three
19 percent, and, like you said, there's no other program
20 like it, and I'm surprised that your program has not
21 been more supported by the federal agencies with regard
22 to funding and I'd like to see that happen.

1 MS. ASHE: So would I.

2 MR. JEPPSON: So we have a really long
3 discussion about that the rest of the time. I'm all in
4 favor of more money for my programs.

5 So if I could, just two questions real quick.

6 I know you started out doing about three a year and
7 you're down to one a year, is that correct?

8 MS. ASHE: That's right. We started
9 regionally and we offered it three times a year and we
10 did that through 2011, even at the national level. We
11 did it three times a year. It got to the scale that I
12 actually am a full-time employee and a volunteer in the
13 Foundation. So my employer said this is a great
14 program but we can't afford to have you work on this
15 full time. So that's why. We didn't lose any funding.
16 It was just not able to maintain that scale of a 150
17 veterans a year.

18 So in 2011, we were doing three programs a
19 year. We offered one in March, June, and October, and
20 then in 2012, with the intent that we would be able to,
21 once we were able to demonstrate that the program
22 worked, we had a track record that it would attract

1 federal funding, it did not, and so we could not
2 maintain that level with volunteer basis. So we had to
3 scale it back to once a year, so now we're at -- that's
4 all I can fund raise for and so that's why it went to
5 50 a year.

6 MR. JEPPSON: Okay. Thanks. So just one
7 comment. You know, when we see the trend with Boots to
8 Business from the transitioning, I'm excluding, you
9 know, -- and Max actually is going to talk about some
10 of these things that are going to be interesting here
11 but about the existing veteran but when we talk about
12 just the transitioning veteran and Boots to Business
13 and the throughput that we see right now, you know, we
14 did 6,000 veterans last year Boots to Business and
15 that's without any funding, just using our existing
16 capacity. We did 6,000.

17 So you start looking at what that pipeline
18 looks like that's coming down the road. Now that we're
19 funded for Boots to Business, you know, we anticipate
20 that in the program year we'll do 15,000 this year and
21 then it ratchets up. You know, in two years from now,
22 we're going to see these people in need of a program

1 very similar to this and that's why we think that we
2 need to get ahead of the byway and pay attention to
3 what's going on, see what's out there, best practices
4 and the people that are in that space, because, you
5 know, the goal isn't just to come out -- for us to have
6 a lot of people go through Boots to Business and then
7 maybe become owner-operators, although that's not a bad
8 thing, but there's going to be a cohort of those guys
9 and gals leaving the service who are going to need
10 exactly the type of services that VIP offers there to
11 help them scale their business not only with the
12 Federal Government but in -- you still issue -- there's
13 still a unique set of challenges when you scale even if
14 it's to the private sector.

15 You know, cash flow is hard enough when you're
16 an owner-operator but you start adding more than two
17 employees, you know, it's a whole new thing. So yeah.

18 So we're really supportive and that's why we thought
19 it was important that the community see this today and
20 we have it on the record.

21 So thank you.

22 MS. ASHE: Thank you.

1 MR. JEPPSON: So if no more questions for
2 Barbara, we'll go ahead and press on.

3 So just I think most folks and many who are
4 able to participate or were invited to participate in
5 the Veterans Entrepreneur Workshop that was held over
6 at the White House, it was sponsored by OSTP, the
7 Office of Science, Technology, and Policy, and
8 co-sponsored by NEC.

9 I will tell you that many people want to claim
10 credit for success but it was in large part, it was Mac
11 McFarlin over here, Naval Surface Warfare officer, one
12 type each, and his intern, Nick Lopez, that did much of
13 the heavy lift here.

14 So we've invited them to come and give us an
15 outbrief of what the goals were of that Entrepreneur
16 Workshop and where they see and how we can reinforce
17 that from within the Interagency Task Force and also
18 from the Veterans Small Business Advisory Committee as
19 we, you know, all focus to advance the Veteran
20 Entrepreneurship Agenda.

21 So, Mac, thanks for being here with us today.

22 //

1 V. NATIONAL ECONOMIC COUNCIL

2 MR. McFARLIN: Thank you for inviting us and I
3 assure you it was a team effort by many White House
4 departments to throw that workshop.

5 So we got a couple slides to explain our
6 concept and the outcome from the presentation. We're
7 happy to take your questions as we go and then again at
8 the end.

9 MR. LOPEZ: Thank you again for inviting us.
10 You can go ahead and go to the next slide, please.

11 So I'm just going to briefly talk about the
12 overall background and sort of the back story of how we
13 decided to put together this Veterans Entrepreneurship
14 event. It was very exciting on our part.

15 So, as you know, the President, he holds a lot
16 of emphasis in terms of veterans entrepreneurship and
17 so two of the main ideas that we had going forward were
18 obviously entrepreneurs and small businesses have a
19 huge impact on our national economy and they also
20 provide a lot of economic opportunity and the other
21 piece to that was we believe that veterans, as I'm sure
22 many of you or all of you do, veterans are uniquely

1 qualified to be entrepreneurs and so how do we
2 necessarily connect those two moving forward and so
3 that's what sort of led to the overall concept of the
4 event, which was an event that was co-hosted by Joining
5 Forces and the Office of Science and Technology Policy
6 and it was really a way to bring together entrepreneurs
7 and business leaders and really leaders from all
8 sectors, including education, nonprofit, small business
9 leaders, as well, and it was a way to bring these
10 people together to figure out how can we necessarily
11 connect veterans to the different training, mentorship,
12 and tools that they need to be successful.

13 And then, of course, so that was the overall
14 purpose of the event and then, besides just talking
15 about it, which we had a great time, a lot of great
16 energy, we wanted to make sure that there were solid
17 deliverables on the table and so we made sure that by
18 the end of it, we could come up with 10 sort of
19 concrete high-impact goals, things that we can
20 implement and execute through public/private
21 collaboration.

22 So next slide, please. And so now I'm just

1 going to go into a little bit about sort of the process
2 and how the brainstorming went at the event. Like I
3 mentioned before, there was a lot of energy and people
4 were very excited and we had a really good turnout,
5 close to a hundred people attended the event, and so at
6 the very beginning, we had a panel discussion with
7 different federal agencies and Mr. Jeppson was there,
8 as well, and he spoke on behalf of SBA and it was a
9 great opportunity for them to talk about the current
10 programs that they have that are serving veterans in
11 entrepreneurship space, and it was also great for the
12 audience members and for the participants to basically
13 give their feedback from on the ground from where they
14 are and to ask questions and engage in sort of a Q&A.

15 And then after that, we sort of had people
16 break out into different groups and they were
17 pre-assigned groups and I have the groups there listed
18 on the right and they were Access to Capital,
19 Education, Mentorship and Training, Tech
20 Entrepreneurship, Franchising, Boots to Business and
21 Beyond, and then, finally, Connecting with
22 Opportunities.

1 So basically the idea behind here was that we
2 had the groups -- we had participants go to their
3 groups and we had a silent brainstorming session where
4 they had stickie notes and they were able to write down
5 any sort of idea that came to mind that had to do with
6 their particular breakout group and at that point, we
7 had them go ahead and put the ideas on flip charts and
8 we had a moderator for each group and the moderator was
9 able to sort of organize these into sort of distinct
10 categories and different verticals and then at that
11 point, their group was able to discuss them, sort of
12 discuss their favorites, and then we had a voting
13 session where they sort of picked, okay, in terms of,
14 for example, Access to Capital, what areas do we want
15 to focus on?

16 So the group decided which areas they wanted
17 to focus on and then they presented that to the overall
18 workshop and then at that point, after that session, we
19 went into the more solid idea development stage in
20 which we asked each group to then sort of narrow down
21 their choices, pick a couple of ideas, maybe their top
22 two.

1 In that case, they were going to really start
2 to develop these, in which they're going to come up
3 with a tag line, sort of focus on what sort of
4 resources would be necessary, what are the key
5 components to making this, you know, achievable, how
6 can we sort of execute this, what are potential
7 partnerships that we can gain. So that was sort of the
8 thought process.

9 And at the end of that, we presented it again
10 to the whole group, this was the list of finalized
11 ideas, and then the whole workshop got to vote on the
12 10 solid concrete high-impact commitments to action and
13 those are the ones that Mac is going to go over right
14 now.

15 MR. McFARLIN: Okay. So we came out with 10
16 concrete ideas. Vet Tech, some type of a mentor
17 matching program, Reboot to Business, which I'll get
18 into in a second, Vet Tank, ways that we can improve
19 the G.I. Bill for the 21st Century, data dog tags,
20 something around veterans capital, access to capital,
21 one-stop shop, and a fast and ways that we can expand
22 the existing Transition Assistance Program.

1 All right. So if you're go to the next slide?

2 So we came out, we took these 10 ideas back into kind
3 of the White House Interagency Staffing process. We
4 had the opportunity to reach out with the participants
5 from the workgroup that we had. Everyone committed at
6 the workgroup to participate in at least one conference
7 call.

8 So we followed up with the people that came,
9 had our conference call, and they kind of broke out
10 into two groups. We think we have four of these ideas
11 that are short-term commitments that we can move
12 forward on in the very near future and then the other
13 six, which we think are kind of longer-term ideas.

14 So the first one is the Vet Tech. We're
15 looking at opportunities to partner with outside
16 entities, private sector business, nonprofits to
17 provide localized networks to really mentor and provide
18 additional training for our technical-focused
19 businesses from the veteran community.

20 The next one was a mentor match. This was an
21 interesting one. It was actually pitched in the room
22 as a mentormatch.com, kind of a knockoff on match.com,

1 and so we were looking at ways we could partner with
2 LinkedIn or some other partners and find out how we can
3 link up using the Internet to not just find mentors but
4 we had two things we really wanted to concentrate on:
5 mentors that were specifically in the industry and that
6 the protégé was looking for and mentors that had
7 undergone some type of a pre-screening to make sure
8 that they were qualified mentors.

9 The next one was Reboot to Business. As you
10 all know, Boots to Business is offered as part of the
11 Transition Assistance Program but we're missing a large
12 segment of the veteran population. So if you're
13 already a veteran and you're not a transition service
14 member, you don't have access to Boots to Business and
15 if you're a National Guard or Reservesman, you also
16 don't have access to Boots to Business, except under
17 some very specific criteria, and so we're looking for
18 ways to partner with outside entities to perhaps find
19 the funding to take it to the larger universe of
20 veterans.

21 And then the last one, I think, was very
22 interesting, was Vet Tank. If anyone watches Shark

1 Tank, I think it comes on CNBC, it's a very engaging
2 program.

3 MR. JEPPSON: It's my favorite show.

4 MR. McFARLIN: Your favorite show. That
5 doesn't surprise me.

6 So you have entrepreneurs pitching their
7 ideas. Sometimes it's young teenagers with a
8 house-made jewelry brand, sometimes it's much more
9 sophisticated investors who have national brands
10 already, but they pitch to these sharks who have the
11 pleasure of being very difficult at times and then they
12 try and get funding, and some of the outside groups
13 have relationships with that show and they said, hey,
14 wouldn't it be interesting if we did veteran-centric
15 kind of shark tank? We could draw a lot of attention
16 to some of our other ideas. We could perhaps roll it
17 into a Veteran Small Business Week and so we're looking
18 to some ways to do that.

19 So these are the ones that are most viable in
20 the short-term.

21 These other ideas -- and I won't go through
22 them all, although the screen's a bit far, I'll take

1 any questions that you have.

2 These other ideas, we think, are more
3 long-term initiatives. Some of them, in order to be
4 truly effective, would require legislation and we think
5 it's best for us to use our energy to focus on things
6 that wouldn't require legislation. Other ones, I
7 think, are very interesting but the market just isn't
8 there yet.

9 The last one, TAP 365, I think is good but
10 actually the military is already moving out into some
11 ideas that will incorporate transition planning into
12 the entire military life cycle from boot camp all the
13 way to separation. So I think that's already kind of
14 up and running.

15 MR. JEPPSON: Mac, so one of the goals out of
16 this was to have a broad sector, so it wasn't just the
17 normal cast of characters. It was we wanted the
18 traditional people we've had there. So we actually had
19 VET-Force invited and the Legion off the task force and
20 then we had the agencies around the table here, DOL and
21 DoD and VA were there, but we also incorporated large
22 corporations. There were several venture capital firms

1 that were there. There were several small
2 veteran-owned businesses, some really influential
3 veterans in the entrepreneurship community who, you
4 know, from Troop ID, I think it's called IDME now, and
5 some others who are really some sharp sharp people, but
6 then we had a group of people who worked in the
7 institutes and veteran support organizations, if you
8 will.

9 So we had VBOC there. We had IBMF there and
10 others. So it was a pretty eclectic group but the goal
11 was a little bit different than what we have here at
12 the interagency level. At the interagency level, we're
13 trying to take a look at the long-term, as well, but
14 this was things that the White House could action and
15 amplify now immediately. So there were a lot of good
16 things here that Mac brings up, five through 10, that
17 we want to focus on, and it's not that they're bad
18 things, but we're looking at what can we focus on and
19 put energy into accomplishing right now, although some
20 of the other things will have huge impact.

21 I tell you, you know, the 21st Century G.I.
22 Bill is very similar to -- the National Commander for

1 the Legion just wrote an article on use of the G.I.
2 Bill for entrepreneurship. Those two things dovetail
3 very nicely together but those are things that not just
4 the Executive Branch can action or implement or we at
5 the agency level. Those require legislative changes
6 there and so, hence, a little more further to the right
7 on the difficulty scale.

8 So it was a great event and really well done
9 but, anyway, so I'll step back and let you guys ask
10 questions now.

11 Thanks.

12 MR. McFARLIN: I'll just close with a couple
13 of top-line statistics that we found very encouraging.

14 Everybody understands the importance of small
15 business in our economy overall and our driver of jobs.

16 Some of the studies are showing that veterans are
17 twice as likely to start their own business and twice
18 as likely to succeed and last year, veteran-owned
19 businesses accounted for over a trillion dollars in
20 revenue.

21 So if we can capture that type of energy and
22 that type of success and spread it out for our economy

1 overall, it can have very large benefits to the entire
2 national economy.

3 I'll take any questions.

4 MR. FERGUSON: So many interesting things
5 going on. The President has indicated several times
6 that his grandfather received certain benefits after
7 World War II and he indicated that he would like
8 today's service members to receive the same or if not
9 more benefits than his grandfather did and we would
10 encourage, you know, the American Legion would
11 encourage you as strongly as possible to make this a
12 priority within the Administration because the original
13 G.I. Bill actually provided loans for 200,000
14 businesses and the post-9/11 G.I. Bill, we hear a lot
15 about how much it costs and things like that, but it
16 doesn't even -- we're still getting less than what our
17 grandfather got and I'm not trying to sound whatever
18 but, you know, that's just his promise he's committed
19 to us, even as a Senator. So if you could take that
20 back, we'd appreciate it.

21 MR. McFARLIN: Okay. Thank you.

22 MR. JEPPSON: Joe?

1 MR. WYNN: Question. Okay. Yeah. My
2 question, one, the Access to Capital, Veterans Access
3 to Capital, but comparatively speaking, because, you
4 know, access to capital had been one of the Number 1
5 issues among veteran business owners for the past few
6 years.

7 How's that compare with other small
8 businesses? Is that also the Number 1 issue with other
9 small businesses access to capital?

10 MR. McFARLIN: I don't have research to give
11 you that answer but I can tell you anecdotally that
12 that is the case. Actually, the people in this
13 building, at the SBA, may be able to give you a better
14 sense of that but in our experience, there's not a
15 unique set of circumstances that are challenging our
16 veteran-owned small businesses with that regard.
17 They're kind of common all the way across. So I would
18 say that access to capital is kind of common.

19 MR. JEPPSON: Yeah. So Jim had a comment and
20 then --

21 MR. WILFONG: One of the things that we
22 learned up in Maine when we were asking this exact

1 question was whether or not there was a problem with
2 accessing capital and was it just the amount of capital
3 that was available in the state and when Senator King
4 was governor, he asked me to put together a small
5 business legislative program for him, which I did, and
6 when I brought together non-bank lenders and loan
7 guarantee folks, commercial lenders, etcetera, venture
8 capital people, the Number 1 issue, far exceeding
9 everything else, was whether or not the lender or the
10 investor had confidence that the business owner
11 actually knew all parts of how to manage a business
12 plan. It was the Number 1.

13 It wasn't even close with the rest and so if
14 you want to help veterans access more money to either
15 start a business or to grow a business, that's why you
16 really need to have this type of educational program
17 because many small business owners, vets included, may
18 have a great idea about how to manage production or
19 maybe they're great finance people or marketing people
20 but they don't have all the pieces together and that's
21 the Number 1 issue for investors and lenders.

22 MR. McFARLIN: That's a great comment. I

1 think that's one of the things that we want to do with
2 kind of Reboot to Business. I know that Boots to
3 Business walks you through business plan development
4 and those types of things and so if we can expand that
5 to a larger population of veterans, we can kind of pick
6 up on that. So that's an excellent point.

7 MR. JEPPSON: So just to build on that,
8 there's a couple of things I would say because we see
9 this as the Number 1 problem when you consider that all
10 veterans -- and I won't say problem but it's an issue
11 that all the veterans face innately.

12 We come out of the service, you know.
13 Obviously there's some officers that will come out
14 with, you know, 20 years of service and they'll have
15 some equity positions that come in and out but even
16 then, it's not strong. It's not like they've been on
17 the street or had other -- you know, you usually don't
18 stay in the military because it's for financial
19 considerations. It's for other reasons and so your
20 position's a little bit different when you come out --
21 when it comes to -- so you said 20 years and I think
22 that you've earned something and we've shown that

1 special consideration and we'll talk more about this
2 when we talk about the capital piece.

3 So there's the position of where are they at
4 now? It's not hard for a veteran to come out and take
5 a ding on the credit score while he's down range, you
6 know, wife doesn't make a payment. I said wife.
7 Spouse doesn't make a payment, partner doesn't make a
8 payment. You know, you're deployed down range. You
9 know, you've got other things on your mind, besides
10 just -- so it's not hard.

11 But then we also have our younger enlisted
12 guys and even our senior enlisted folks. They're not
13 making all -- you know, they're not making a load of
14 money but they really do have the skill set to come --
15 so they've got the right things and we think that with
16 Boots to Business, it's a big step in the right
17 direction. That coupled with then seeing and working
18 with the resource partners.

19 So with Veterans Advantage that we've
20 implemented, which reduces the fees, that's one thing
21 that helps. You know, no institution's going to lend
22 you money if you're not making money. So, you know,

1 there's a part about you've got to have a plan, you've
2 got to be generating some revenue. Even VC's not going
3 to come to you unless you've got revenue and customer
4 base.

5 So, you know, there's some education and
6 information we've got to have with the community but,
7 in general, with SBA, since the recovery that we've
8 seen, it's the small dollar loans that are the hardest
9 to make and it doesn't matter which segment of the
10 society.

11 I'll use this one because it was in the Wall
12 Street Journal just recently and we've had a lot of
13 conversation about this. So if we look at the loans
14 below a 150,000 to African American males post-rate
15 recession, we're at a fraction of what we were prior to
16 the Great Recession.

17 If we even go and we look at the traditionally
18 mission-based lenders, their percentage is even smaller
19 -- if you look at some of the, you know, African
20 American-owned banks, their percentage is even lower
21 than it was pre-recession.

22 There's an issue there, there's a gap there in

1 the small dollar loans and it's exacerbated when we
2 look at even the different cohorts within that, whether
3 it's women, African American, and I would daresay if we
4 go back to, which I think is the same thing in
5 veterans, the one thing is we don't have all the
6 analytics that we probably need there.

7 But it's a problem in all across the board
8 with small dollar loans post-recession. It's easy for
9 a bank to take a company that's already profitable and
10 make that loan. It's the start-up that's hard to get
11 there.

12 So there is an education piece but there's
13 also some benefit that, you know, fee reductions and
14 things, that we've looked at at SBA but there's also a
15 wide awareness that we need to have in the veterans
16 community beyond the traditional lending institutions.

17 So much of when you come to SBA, you look at
18 the indirect lenders, that's how SBA does most of its
19 lending, but the micro-lending and the CDC-based and
20 the CDIF-type of based lending, we really have not done
21 a great job of spreading the word and it's not
22 something that most people look at when they're

1 considering a business.

2 They're still going to want to see the same
3 things a bank does but they're willing to work with the
4 veteran a lot more and, you know, that's one of the
5 focuses when we say our focus is on access to capital
6 here. Those are the areas that we really think that
7 there's the most room for growth in.

8 MR. GOLDSCHMITT: If I can get this to work?
9 I'd like to change the context a little bit from
10 capital to the context of resources. Jim kind of
11 touched on it.

12 When really as a small business, as a
13 start-up, you need resources. The capital gets you
14 some of the resources that can get you knowledge, can
15 get you experience, but going through that growth curve
16 is very important.

17 There are different ways that I can get
18 resources, either through partnerships or Men of
19 Protégé or many other mechanisms, and I think if you
20 focus more on the resources. I may need a resource --
21 I think when Jim was talking about, he said you can't
22 be the cook, bottle washer, and everything to

1 everybody.

2 So I may be a great cook. I'm a terrible
3 bottle washer. Jim may be a great bottle washer. So
4 finding a way to bring us together for partnership may
5 mean, in essence, by forming that bond, we can
6 accelerate our time to market, which makes a
7 significant difference in terms of the capital
8 requirements that I don't really need as much of
9 anymore because I can now generate my own and I can be
10 self-sustaining, but it's significant for my growth,
11 profitability, capitalization, etcetera, and it can
12 make a big difference.

13 So rather than just loans, which can be hard,
14 I think we should talk in terms of resources and how do
15 we resource companies and look at the alternatives
16 there and loans is just one piece of that.

17 MR. JEPPSON: That's a great point. Thanks.

18 MR. GOLDSCHMITT: One other thing to tie some
19 of the other conversations together.

20 We've talked about start-ups. We've talked
21 about those guys in the middle that Barbara addresses
22 and then the large small businesses, but I think you

1 can also look in terms of things like small large
2 businesses. There's a continuum in there and as you
3 look at things like capitalization, resources,
4 resourcing, but also a term that's becoming prevalent
5 now, procurement ready.

6 They mean different things at different levels
7 and one size fits all, I'm seeing a lot of, at least my
8 perception is a lot of one size fits all as opposed to
9 breaking it down into a guy going through Boots to
10 Business needs different skills from an HR perspective,
11 from a capitalization perspective, from a marketing
12 perspective, with the guy that's going to be going
13 through Barbara's program and I've been there. I'm a
14 graduate of VIP.

15 When I looked at the agenda and I think
16 Barbara can tell you this, I looked at that and said I
17 can teach that and in the first half hour, I'm like,
18 holy mackerel, and it was 27 hours of holy mackerel,
19 look at all of this stuff and look at the experience
20 and look at what I can do.

21 It was a mind-blowing and direction-changing
22 type of environment. So that I think if you can bring

1 that back and look at that in the context of the Boots
2 to Business, the continuum, and move further, I think
3 you can get a better -- I might even use three percent.

4 I want to comment on that, too.

5 It should be building an industrial base of
6 which three percent is a measure. So when you start
7 looking at the distribution among the start-ups,
8 etcetera, the three percent can skew some of those
9 results but you want to be able to balance that
10 portfolio of companies so you actually do build and
11 build a strong industrial base, not just a number
12 that's a three percent number.

13 MR. JEPSON: Yeah, please.

14 MR. WILFONG: A couple of remarks because I
15 think Marc's point's really really well taken.

16 It's a very simple formula, I think. If you
17 can tie education, no matter if it's for the start-up
18 or for people who want to be involved in federal
19 procurement, no matter what stage they are in their
20 business, tie an education piece to technical
21 assistance. When you tie those pieces together, you
22 really develop a risk mitigation strategy that will be

1 of interest to a lender or an investor and that helps
2 to open up the access to capital and then, of course,
3 when you have that, you can really get access to
4 markets and doing other things.

5 But I really think it's not a terribly
6 complicated thing. I think it's that question of
7 finding the right technical assistance that's
8 appropriate to tie to whatever level the business is at
9 along with an educational piece. That will make a real
10 difference.

11 Kaufman Foundation, I was a fellow there for
12 three years, and the Kaufman Foundation found out that
13 when they tied technical assistance to education, just
14 in a start-up phase, as well as the next phase up from
15 that, that 88 percent of the businesses who took that
16 course six years later were still in business, 72 or 73
17 percent were still profitable.

18 So it really makes a huge difference and
19 whether it's a veteran-owned business or one that the
20 person didn't serve.

21 MR. JEPPSON: Okay. Thank you. So I think
22 we're pretty much running on time right now.

1 So with that, we'll go to Craig Heiland, who
2 is the Program Manager for Boots to Business here at
3 SBA for an update -- oh, I'm sorry. Okay. Yep.

4 So, anyways, we want to -- Mac and those guys
5 got to take off. We want to thank them again for
6 showing up today, appreciate it very much, and so,
7 Craig, over to you.

8 VII. BOOTS TO BUSINESS UPDATE

9 MR. HEILMAN: Great. Thank you, Rhett.
10 Again, my name's Craig Heilman. I'm the Director of
11 Veterans Programs for Office of Veterans Business
12 Development and I'm fairly new to the Federal
13 Government. I joined Rhett's team in September and my
14 background is a Navy veteran and business and marketing
15 management and I did that in a large company, Fortune
16 100, and also as an entrepreneur, and so there's a lot
17 of theme that I've heard on scale-up as it related to
18 what we do for start-ups and what Barbara's program
19 does and that's the theme for Boots to Business, as
20 well, because we've got one full year of operations
21 under our belt and really what we're trying to do is
22 get it to scale as quickly as we can and then see what

1 comes next and that's kind of -- having seen both sides
2 of that in the private sector, a lot of what, you know,
3 our team is trying to do and so our mission is
4 certainly to develop veteran entrepreneurs and right
5 now, it is focused on that new veteran entrepreneur, if
6 you could say developing new veteran entrepreneurs,
7 because it is limited to transitioning service members,
8 but a lot of our strategy going forward longer term is
9 to understand how can we make that the incubator and
10 then build from it and expand, you know, whether it's
11 finding best practices with respect to curriculum,
12 tying it to other programs, you know, such as
13 Barbara's, etcetera, building the network that the
14 veterans can -- the new veterans can tap into beyond
15 and so we're thinking a lot about that and that's
16 really driving our activity and our plans this year.

17 And there's a timeline up there and just for
18 those that aren't as familiar with it, again, we've got
19 one full year of operations under our belt and it
20 started with some executive and some legislative action
21 both and we got the pilot in 2012 and in 2013 rolling
22 it out nationwide on over a 140 installations and now

1 we're in 2013, 2014, working to again scale that up.

2 So if I could have the next slide real quick
3 here? So in the interest of continuity, I had a chance
4 to brief this task force one time before and this is
5 what we talked about in terms of our strategies going
6 into 2014 and here's just a couple of high-level
7 milestones on there that I wanted to report back to you
8 on.

9 And at the time, funding was all we talked
10 about. I mean, it was funding, funding, funding, and
11 Mac left, but I wanted to thank him because a lot of
12 what he did, you know, and all the efforts the
13 Interagency and Rhett to go ahead and get us funding
14 and we're fully funded and that's been terrific and
15 that's created some great challenges because now we
16 have it and we're trying to put it to work as fast as
17 we can to do the most good that we can and, you know,
18 we didn't get a full year to do that and then we have
19 snow days every other day and so we lose days but we've
20 really spent a lot of time making sure that money gets
21 put to work and does what it needs to do.

22 MR. JEPPSON: Craig, I'm sorry, just real

1 quick. Craig's not selling us short either.

2 You've got a new program started and you've
3 got to get the money out the door and it's not like the
4 private sector. I will tell you spending money in the
5 Federal Government is pretty -- it can be a pretty
6 daunting process getting it out the door but we're
7 working hard at that.

8 MR. HEILMAN: Rhett and I have philosophical
9 discussions about that because the private sector in
10 terms of, you know, I'm about as lean as they come, not
11 that I'm trying to not be lean, but we do need to put
12 that money to work and spend time on it and so we had a
13 delivery model that we put in place and we touched on
14 that, that we were lucky as SBA to have an existing set
15 of partners that were out there that could delivery
16 Boots to Business right away that we call our value
17 chain but our resource partners that we know them by
18 formally and so we were able to get it out there and
19 deliver right away, which was great, and we proofed
20 that model.

21 We're going to keep that model but we're
22 looking to understand how far can we go with it, you

1 know, beyond Boots to Business, where there's places
2 that there's less throughput of transitioning service
3 members reaching out to Guard and Reserves and I'll get
4 to that with our goals in just another slide.

5 But if you go back for just one quick second?

6 Thank you. So funding was a milestone. We met it.
7 We wanted to get the budget and shore that up for '15,
8 which we've also done, and then that middle milestone
9 around curriculum refreshing model, which I'll kind of
10 talk to you in the integration because today's about
11 capital access and some of what we're trying to build
12 out is, right, how does Boots to Business, how does
13 that training or education become a link to capital
14 access in the different programs that are out there on
15 that?

16 Next slide. And just one segue on the
17 training versus education. That was an interesting
18 comment on Kaufman and what we learned about education
19 kind of versus technical training and we talk a lot
20 about that in Boots to Business. We get different
21 feedback around what is it and it really is both.

22 There's an education component in the

1 curriculum that's more about the overall general
2 management and does your leadership need to change a
3 little bit between what you're doing in the military
4 and what you might do in business and then there's the
5 training, the actual specific kind of checklist step by
6 step, you know. It's the payroll system. It's, you
7 know, defining operating leverage and what all that
8 looks like. So we go back and forth on that as we look
9 at the curriculum.

10 Our goals in '14 are pretty simple. One is to
11 get to what we call full operational capability and
12 we've defined that as being able to continue to deliver
13 the two-day and the eight-week component to this. The
14 two-day is the face-to-face classroom-based component,
15 to be able to deliver that everywhere that there's
16 somebody that wants it. You know, everywhere that
17 there's critical mass, every installation around the
18 country and, importantly, overseas, because we don't
19 want to shortchange the veterans that have to
20 transition overseas, that they want to have the same
21 benefits, and so that's a big focus, is to deliver the
22 two-week overseas.

1 And then to really increase the eight-week
2 online capacity. We were, you know, without funding,
3 had kind of a real constraint there and so the
4 follow-on that got you from the two-day goal being to
5 develop the concept, understand what a business concept
6 is, understand what a viable business concept is.

7 You'd be surprise how many folks really don't
8 get that you have to be profitable, you know, in terms
9 of what their business concept or model will look like
10 and, I mean, that sounds like basic but it's not, you
11 know. It really isn't, if that's not what you think
12 about every day when you get up as your mission, and so
13 that two-day is really to flesh out business concepts,
14 what a good one is versus a bad one, understand what
15 resources are available to you, whether they be SBA or
16 otherwise, and then the eight-week is for those that,
17 okay, I'm really ready to take the next step and that
18 means I've got to put together a comprehensive plan and
19 it's got to be a plan that's actionable that I can take
20 to a bank or take to an individual investor or just
21 take to friends and family that may be my source of
22 capital to show them what we're going to do.

1 And so the eight-week online was
2 capacity-constrained and we needed to get a grant out
3 the door to really ramp that quickly and we're about
4 ready to award that grant within the next week or two.

5 So that's a good big milestone for us. We're looking
6 forward to doing that and immediately ramping up on the
7 eight-week online.

8 Yes, sir?

9 MR. JEPPSON: Craig, can I just footstop two
10 things because there's two things that Craig said here
11 that are really important.

12 One is we see this a lot with the veterans,
13 especially the young guys. I want to do X because I
14 like it or I'm passionate about it and that's good.
15 You've got to have that. But the great thing about
16 this program is you've got to make money. If you don't
17 make money, you're not going to be in business very
18 long and, I mean, so obviously there's a statement that
19 says, hey, I'm here to make money and business
20 ownership is a pathway to it.

21 A lot of them, though, think the other way.
22 So we think that success out of this is not only the

1 starts we get out of it but sometimes we're going to
2 save the guys and gals, some of our service members
3 some -- making some mistakes. So there is -- we don't
4 want a hundred percent going from the two-day to the
5 eight-week. So it's important and I think that Craig
6 really said that.

7 The other part is, and this is a major change
8 for SBA right here, going overseas. We're actually
9 going to execute on this. For a lot of the Federal
10 Government, it's not DoD-specific, you know. The fact
11 that a quarter of our population transitions from the
12 service overseas and, you know, for those of us who
13 have been in DoD, we don't distinguish how you get
14 treated on a post here, whether it's here or whether
15 it's in Germany or whether it's in Korea. You should
16 have the same benefits.

17 So we've come up with the most cost-effective
18 way we think to get there and Craig will probably delve
19 into that a little bit but that's a major paradigm
20 shift for us. We're not going to just go say, well,
21 because you're overseas, take this online course and
22 here's a check and, you know, that voice that reads to

1 you, wah-wah-wah-wah. Well, you know, and you look at
2 a couple slides and glaze over. You deserve that same
3 interactive participation with an instructor on post
4 here as you do -- overseas just the same as you do on
5 the stateside. So we are fiercely working to get that
6 overseas and make sure that we have really quality
7 instructors there.

8 So sorry to interrupt you, Craig, but thanks.

9 MR. HEILMAN: Okay. So that's full
10 operational capability. That's kind of Goal Number 1.

11 The next is to build awareness. Again, we
12 weren't doing marketing and outreach and so we have to
13 catch up on. We've got 6,000 folks that came through
14 in 2013 and we know that's probably going to at least
15 double just on the word of mouth and we want to
16 understand what the true selection rate is going to be
17 for Boots to Business out of the whole universe of
18 transitioning service members.

19 That top line number is 250,000 that we're
20 transitioning every year and that's subject to the
21 downsizing that's ramping up across the river and so
22 what's the true selection rate going to be? You know,

1 we've got the guiding statistic from the Census that
2 veterans are 2.4 times more likely to be entrepreneurs.

3 So is it going to hold true with what we're seeing
4 with this new generation of veterans? And then how
5 many of those will select the eight-week and really get
6 to the new starts, the employing, you know, the
7 aggregate economic effects that we're looking for as it
8 being a federal program and federal money?

9 So we're going to do a lot of outreach and
10 marketing on it. Tomorrow, we've got two of our Boots
11 to Business success stories that are going to film
12 public service announcements with the Pentagon to be,
13 you know, on Armed Forces TV and the Pentagon channel.
14 We're really excited about that.

15 Yes, Rhett?

16 MR. JEPPSON: Could you just tell them about
17 those two stories?

18 MR. HEILMAN: I'm going to tell them right
19 now.

20 MR. JEPPSON: Sorry.

21 MR. HEILMAN: So Sandra Gonzalez is great.
22 She's an Army veteran, nurse, military spouse, a mother

1 of six children, and she went to Boots to Business at
2 Ft. Sill, Oklahoma, and then connected with the SBA,
3 Small Business Development Center in Oklahoma, to work
4 on her plan. She went through the eight-week and
5 developed a plan. She's up and running with an online
6 educational -- you know, she's focused on the home
7 schooling market. One of her children had autism.
8 She, in her military career, how hard it was to meet
9 the needs and a lot of the home schooling was what
10 helped and she realized that was a really good market
11 for developing educational software focused there and
12 she's been doing that. She's got a business. She's
13 got customers. She's got revenue and really a great
14 success story, of course.

15 The other -- Captain Dr. Tony Turin, who's an
16 ophthalmologist, and his dream is to go back to his
17 hometown and open up an optometry clinic in Oregon and
18 again went to Boots to Business, was able to get the
19 business plan together.

20 The other cool part of that was they were able
21 to participate in the business plan competition, so
22 back to the Vet Tank/shark tank thing, right? They

1 went and both were able to win money from a business
2 plan competition sponsored by Citibank and so I think
3 one got 25,000 and the other got 15,000 in seed cap and
4 that's the good kind of money.

5 I thought it was free money but it turns out
6 they have to check in to Citibank in Syracuse and some
7 others on how they're executing on that but they're
8 well qualified. So that's the marketing outreach.

9 Sustaining our value chain. So our research
10 partners really need help in terms to be able to get to
11 the scale because they were always serving veterans but
12 this is a whole other level and so we're working to
13 help them out with some of the funding.

14 Guard and Reserves we touched on a bit and
15 I'll touch on it again because that's the first place
16 we're expanding beyond the transitioning service
17 members because it's only a limited number of Guard and
18 Reservists that are eligible under the Transition
19 Assistance Program guidelines and we can do way more
20 and there's a natural need out there for that.

21 So we're doing that now and then continuous
22 improvement obviously on our processes and the

1 curriculum. There's a lot of different ways to look at
2 the curriculum. There's core components of it but then
3 there's different ways to go about it, a lot of folks
4 that are very experienced with our networks. We're
5 trying to integrate that and we're out around the
6 country now doing focus groups to get at that.

7 So that's 2014 in a nutshell. I'll show you
8 two more quick slides here.

9 The next one just in terms of what are we
10 doing with the \$7 million that was our funding this
11 year and we hope it will be next year, as well.

12 Number 1 is bringing in some support around
13 program management and all we need to do here at
14 Headquarters. The second piece is the core grant that
15 I mentioned. It's a really big component of it, which
16 is that eight-week online course as well as helping us
17 overseas with some instructors and all materials and
18 curriculum development is a piece of that.

19 The third part is the resource partners and
20 being able to reimburse them for what they're doing for
21 us so that they can do more. The next part is
22 marketing and outreach which I touched on and then

1 that's essentially how we're obligating the funds for
2 the public, you know, accountability there on what
3 we're doing.

4 And the next slide just kind of shows you --
5 and I believe I put this up last time, as well -- what
6 our stats were for the year and again it was 6,000
7 through the two-day, 600 through the eight-week. So
8 that's going to be a much larger number.

9 All services, the biggest customer being the
10 Army. The gender thing is very interesting because
11 we're seeing a lot more females than what the actual
12 rate of females is in the military services, 14
13 percent, I believe it is, and we had 23 percent in
14 Boots to Business. So we're thrilled by that.

15 All ranks, all ethnicities come through,
16 although it is a little bimodal in terms of your sort
17 of first tour enlisted and then your retiring, more
18 senior, you know, not your 04/05 kind of officers
19 coming out.

20 And for '14, again, we expected to do 12,000
21 here in the U.S., plus another two to three overseas,
22 to get to 15,000 total on the two-day and we should at

1 least triple the eight-week to 1,500 and maybe more and
2 that's our planning number. Again, we haven't quite
3 gotten to the place where we can accurately predict the
4 selection rate as we go out there and the word gets
5 out.

6 I think that was, you know, again, the
7 overview that I prepared and I'm happy to take any
8 questions or ideas that anyone might have for Boots to
9 Business. Appreciate the opportunity and appreciate
10 all of you for being part of this task force because it
11 really helps us with our vector and doing what we need
12 to do.

13 Thank you.

14 MR. JEPPSON: So questions for Craig? Okay.
15 So anybody -- this is one of the things that obviously
16 a lot like GCBD. We'll give you a Boots to Business
17 Update on it. It's the big initiative we've had. It's
18 the one that Congress funded us. They wanted us to
19 execute and so there's a reason why we're going to show
20 you these slides with the numbers and we're going to
21 tell you where the money's going. We want to be as
22 absolutely transparent with that as possible because we

1 want to be held accountable by -- our bottom line is we
2 want to help every veteran but the numbers tell the
3 story.

4 I will tell you that if you look at the number
5 right now that we have 6,000 go through and about 800
6 go through the eight-week online course. We did not
7 advertise in any of the -- and we were pretty laissez
8 faire about the eight-week online course because we
9 only have limited capacity. It's a little more
10 expensive. The textbook that they use in that, it's 80
11 bucks, and we fund that and then there's the instructor
12 cost because we don't just have a self-paced curriculum
13 online. There's a college professor, accredited
14 college professor who actually teaches that. It's a
15 150 hours of work and you actually write a business
16 plan. He holds office hours. They look at your
17 homework. It's, you know, college level work. I'm not
18 telling you it's Ph.D. level work but it's college
19 level work.

20 You're going to write a real business plan
21 that come through and get a certificate under their
22 say-so. So we do provide that educational foundation

1 with the technical component upfront and that's only
2 really the first step.

3 But now that we are funded and we are building
4 that capacity, we are going to push that. We're also
5 going to go from a more passive approach with Boots to
6 Business to where we're not going to have a huge
7 marketing campaign like we're Proctor and Gamble but
8 we're going to make sure that we have some PSAs on the
9 Pentagon channel and AFN, that we have in the base
10 newspapers, you know, a small -- something that the
11 resource partners can use. We're not going to, you
12 know, get crazy with it but we are going to give them
13 the tools to help let all the veterans know that if
14 this is something of interest, there's this pathway for
15 them, and I think you'll see those numbers come up.

16 Craig mentioned the 250,000 leave the service
17 every year. My guess is that we're somewhere around
18 12.5 percent will come through this, 10-12.5 percent.
19 So I think that when we're at FOC worldwide, that we're
20 somewhere around 25 to 32,000 will go through this
21 every year and so you start seeing how that pipeline
22 comes out, you know, not only the eight-week, but then

1 they do, we're two years out from, you know, that point
2 where the capital's going to become more important.

3 This next step of education's real important,
4 those resources more -- so I really think that we have,
5 you know, a year to really get our act together as a
6 veterans community to focus on making sure that we have
7 -- shape the environment as much as we can and a lot of
8 it's going to be reinforcing the good work that Joe and
9 his folks have been doing each year.

10 There's energy here now and we need to
11 capitalize on that right now to make sure that we have
12 the private sector and the public sector all kind of
13 working together to create that best environment. So
14 there's my kind of rant for the day but this is really
15 important to us and so if you've got good ideas or you
16 need more information on this or you can help us
17 amplify what's going on with Boots to Business, we'd
18 appreciate it.

19 So with that, I will add more thing, though.
20 Thanks to Craig. He does a great job with the program.

21 I will tell you that I'm going of a hand wave guy from
22 time to time and he's a detail guy and he's one of the

1 best detail guys I've ever met and he's done a
2 fantastic job with providing us the granularity that we
3 need for full execution.

4 So with that, I just want to see if there's
5 any questions or comments on anything we've done so far
6 before we move into the Subcommittee Reports.

7 Yes, sir?

8 MR. WYNN: I just wanted to make a quick
9 comment, which I did when I was doing my presentation,
10 that Jim Wilfong is also representing the VET-Force. I
11 know you know but I just wanted to mention that and
12 thank Jim for his service and participation with
13 VET-Force and also other members in the room are Paul.
14 I see Luis back there, as well.

15 You know, we've been participating in these
16 kinds of activities, like I say, since 1998. So I just
17 wanted to throw that in there.

18 Thanks.

19 MR. JEPPSON: Thanks, Joe. Paul?

20 MR. IGNOSH: All right. Thanks. Rhett, good
21 seeing you again.

22 Incidentally, you know, we are, many of us,

1 small business participants but one of the things that
2 I would like to suggest in context of not only veteran
3 enterprise but also in context of the small business
4 community is one of the things we've been fortunate
5 enough in terms of our growth is to establish a cadre
6 of industry, strong industry partners and trusted
7 relationships.

8 I'd like to see the integration or at least
9 mention or exploration of how we assimilate with one
10 another across the small business community as well as
11 the community at large. I mean, we're an integrated
12 economy. Just to give you an example. You know, we
13 went after a piece of business. We had to put together
14 a collaborative team and the composition of that team
15 was a very integral part of the strategy.

16 We, as veterans, have this procurement
17 initiative and advantage here called the -- you know,
18 we respond out of 106-50. We also have the
19 socioeconomic programs within 8(a) and the minority and
20 women-owned and there are different vehicles across
21 this particular market, in particular, where, when Marc
22 talks about resources and resource-sharing really

1 broadens the opportunity of these small businesses in
2 working with one another, either as primes or as subs,
3 and not to exclude the large business community.

4 We like to think we're good citizens of the
5 small business community at large but we also are
6 citizens of the business community at large. We enjoy
7 strong relationships with large and small companies.
8 They don't always have to be a mentor protégé
9 relationship because, getting to Craig's point, is if
10 you are a profitable business and you are competent in
11 your particular swim lane or skill set, you have those
12 opportunities to partner with other industry partners.

13 So, you know, that liaison and the building of
14 that particular network that becomes part of your
15 delivery model, I think, is a very important component
16 if you do want to be scalable and you want to support
17 and manage growth because you get a lot more out of
18 those relationships than just a competent subcontractor
19 that helps build your reputation. If it's a large
20 company, you know, you get business methodologies and
21 processes that, as a small business, you wouldn't even
22 imagine existed out there.

1 So it's just a comment, Rhett.

2 MR. JEPPSON: Well, thanks. I think it's a
3 great comment there and, you know, I'd be interested
4 maybe if we have a little time afterwards to discuss
5 that and where that's best because I think that's a
6 great point. Where is that best suited for?

7 We do have some government programs that try
8 to get after some of that, like the Men of Protégé and
9 things like that, but I think your comment is broader
10 than maybe that. Where is it best suited for that to
11 happen and, you know, how do we help enable that,
12 whether it's in the private sector or in the VSO or NGO
13 -- not NGO but institute, you know, educational sector,
14 to help provide that environment where that can happen?

15 MR. IGNOSH: Well, SBA's in a unique position,
16 I think, across the entire federal arena anyway because
17 you have a very intimate perspective, at least across
18 that small business component, and I think you have an
19 extraordinary reputation and reach into the large
20 business community in general.

21 MR. JEPPSON: Okay. Great. Okay. Perfect.
22 So I kind of mentioned a little bit ago that we're

1 going to kind of circle back around on the contracting
2 and where we're at.

3 So if I can get the next slide? I wanted to
4 put this up real quick.

5 So Joe alluded to this but this is out of the
6 charter that formed this task force and I thought it
7 might be good for us to just go back and take a few
8 minutes and just read this. So I'll give you a second
9 just to read this.

10 So this is what we were charged to do in the
11 task force that stood us up here. Pursuant to the Act,
12 the task force is charged with, Number 1, improve
13 capital, develop business opportunities, and then
14 federal contracting opportunities for the veteran small
15 business concern.

16 So as many of you know because you all predate
17 -- most of you predate me on the task force here, that
18 when Bill and the others and Marie first held the task
19 force meetings, you know, it was new, it was fresh,
20 and, you know, I wasn't here but I understand that
21 there used to be -- the room used to be packed and so
22 one of my frustrations, and I'll just throw this out,

1 is when we do have this meeting, it's really we're kind
2 of talking around the table to the same people, which
3 is not a bad thing because we're members of the
4 community. We have a vested interest here. We
5 represent larger groups.

6 But, you know, so I'm interested in are we
7 getting after the things that we were chartered to do,
8 Number 1, capital, Number 2, improving business
9 opportunities, and, 3, federal contracting?

10 I've got some comments on that and then I've
11 got -- my next slide is actually -- and I'll tell you
12 it's a draft. So don't, please don't anybody come say,
13 Rhett, you completely missed the mark. I disagree with
14 you.

15 So this is kind of, if you will, a homework
16 assignment that I'd like to talk with the agency --
17 with the task force about and come back and have maybe
18 a robust discussion.

19 One of the interim -- between our next task
20 force meeting and then actually talk about it with our
21 task force meeting and it's one that I'm going to --
22 once we have it to the right shape, I'm going to share

1 with our new Administrator, once she comes onboard.

2 As you know, in the original task force
3 report, there were 18 recommendations and I will tell
4 you that when I interviewed for the position, I came
5 back to the States, I interviewed for the position, one
6 of the things they gave me was the -- after I
7 interviewed anyways and they had offered me the job and
8 when they offer you the job, you've got to wait for
9 White House clearance. So I took everything I could to
10 start reading while I was waiting for White House
11 clearance and I took the Interagency Task Force report
12 back.

13 It was the best -- you know, I took back a lot
14 of documents from here but the one that was definitive
15 that really said, hey, what should we do, what's of
16 interest to the community, really kind of focusing, was
17 the first Interagency Task Force report and I know
18 there was a lot of work that went into that and I think
19 Jim Wilfong spawned a lot of the ideas that went into
20 that first task report.

21 And so I think that, you know, then last year
22 we wrote another report which was highlighting our

1 heroes and it kind of gave an update and we have a
2 subsequent one that's in staffing right now and I'm
3 happy to discuss that later, where we're at on that,
4 but I think that the conversation I'd like to have
5 between now and the next task force meeting -- and this
6 slide serves as a discussion point -- is here's the
7 original 18 recommendations that we had and they were
8 all good recommendations.

9 I don't think -- many of them didn't make it
10 to the report because they were bad recommendations but
11 some were obviously easier to implement than others and
12 others have a bigger impact than others.

13 For example, and this is kind of what I -- so
14 the circles are on here just because we out of random
15 -- and this is the bigger discussion that we'd like to
16 have over time -- is where do we put these in here?

17 So across the bottom is difficulty, from easy
18 to implement to hard to do. So if it requires
19 legislation to make the change, I put it over in the
20 hard category. So if you've told me G.I. Bill, example
21 G.I. Bill for use of start-up capital, I'd say that's
22 pretty hard for us to do, there's a lot of moving parts

1 here, but my impact would be high, really really high.

2 Okay?

3 If you come back and you say something along
4 government contracting, I'd probably put it, you know,
5 a third of the way up, halfway up, and I only do it
6 this way. I say that because contracting, if you look
7 at veteran small business out there, less than 10
8 percent of veteran-owned small business is going to
9 contract with the Federal Government. So your impact
10 is it's big and in the D.C. area, it's huge, but when
11 you look at the larger community of veterans, you're
12 impacting the larger veteran community here.

13 You know, there's another good one out there,
14 the use of the UCX, for example, you know, drawing that
15 unemployment compensation while you're there. The
16 impact, you're going to find a certain segment that's
17 -- you know, it's not going to be -- it's not every
18 veteran. There's, you know, maybe 10 or 15 percent who
19 are going to draw that and it's going to be hard to do.

20 So it's going to go into the -- so that's the
21 conversation I'd like to have around these 18 here to
22 really kind of recenter us on these 18.

1 Then along with that conversation is are we in
2 the right space so that we determine what's easiest --
3 we want to get after the high-impact stuff. That's
4 really where we need to be, the highest-impact stuff,
5 and then have a strategy around the highest and I'd
6 also like comment back, and we'll have this discussion
7 between now and next time and kind of brief back where
8 we think we're at around these things, is there some
9 things that maybe we should add to this list or
10 something we should take off? Refresh our thinking on
11 this.

12 And then in the subsequent meeting is take
13 those three or four that are the highest-impact and
14 let's have a roadmap that says we need to have these
15 things to get after those three or four that we say and
16 I don't want to exclude the hard ones and just say
17 we're only going to do upper -- we're only going to do
18 what's high-impact and easy. That ought to be a
19 no-brainer. We should do that. But the others who are
20 going to be harder, the harder long-term impact, we
21 really need to have a roadmap and plan in place and
22 from the interagency perspective -- from the task force

1 perspective, I will tell you that finally, after two
2 years here, I think that we're finally coming to where
3 we've got the bandwidth that we as a task force, with
4 my staff, where we can actually then engage not as my
5 office, because I'm kind of bounded a little bit by I'm
6 a member of SBA, but with the new Administrator coming
7 in, at the interagency level we can advocate at the
8 interagency level with that hat on versus at SBA.

9 So kind of a bit of a new day. So that's that
10 slide and that was the purpose behind it.

11 So, Marc, question?

12 MR. GOLDSCHMITT: On the slide, I think that
13 you've addressed some of the questions I had when I
14 first saw it in terms of how do you define difficulty,
15 how do you define impact, but I think also you started
16 to address some things in your comments that say you
17 may have multiple slides for this for difficulty and
18 impact.

19 One would be for those doing government work,
20 one might be for the 90 percent that are not doing
21 government work, but the other is you're taking this,
22 from what I heard, from a perspective of the

1 Government. What's easy or hard from the government
2 perspective? But also it's what's needed or what's
3 difficult or what's the impact from the small business
4 perspective and that may be very different.

5 MR. JEPPSON: Okay. Yeah. So I think that
6 the thing we have to do, though, is if we can look at
7 it from multiple angles and those are valid points but
8 we as an interagency, as the interagency task force,
9 can effect what, you know? It's what we can effect
10 here.

11 You know, the fact that the private sector can
12 do certain things, that's great, and we ought to
13 encourage them. We ought to have that dialogue with
14 them and we ought to see if there's ways to partner
15 with them, but if we think that -- and I'll just pick
16 my favorite one. I'll just be completely honest.

17 Use of the G.I. Bill for capital. I think
18 there's some really smart ways to do that. I think
19 there's -- I think the lift is hard on the legislative
20 side to do it but I think the impact is biggest and
21 when we can have a -- we have some sub working groups
22 that talk about government contracting and so if you

1 look at the red up there, those are things that I say
2 green would have been a better color and I'm sorry for
3 the eye chart. I'll get you a copy of this before this
4 -- I will send this and make sure you have this. So I
5 apologize for that. I probably should have printed
6 this out. They should have been green. They're things
7 that we're doing.

8 So, for example, if you look at federal
9 contracting right now, five years of growth, we met the
10 three percent statutory goal for next year. We'll get
11 the report here in about two more months where we're
12 at. We're tracking it. We're tracking on that goal,
13 in my opinion. We said the goal is three percent.

14 Now we can argue about -- we cannot argue but
15 we can have a robust discussion about what does that
16 mean, is there room for improvement, how should we do
17 this? Are all the agencies meeting it, you know? No.

18 Should all -- we can have that discussion but the goal
19 was three percent of prime contracting dollars by the
20 yardstick that we're using, yes, and we'll measure that
21 this year again. So we're tracking all that.

22 We said in the task force report that we

1 thought that transition assistance needed to have an
2 entrepreneurship track. We're in the process of
3 executing that. There are certain things, those three
4 things, I think, that we could say there's been an
5 impact.

6 Just going back to the government contracting,
7 I think that there are some outcomes from this task
8 force that led directly to that. I think the task
9 force itself in highlighting in its report helped. I
10 think that -- because it focuses our leadership. I
11 think that having procurement officials in their
12 performance evaluation have a subcontracting goal
13 component to their performance evaluation for SES
14 procurement officials and then the bimonthly
15 interagency meeting with the deputies over at the White
16 House where they're accountable and they get a brief on
17 their scorecard, those things drive to that, and so,
18 although it's not a perfect world, we can talk about
19 the front end. We've made good progress in those three
20 areas.

21 What are the next ones we take? So let me
22 just amplify and just give an example of where I think

1 this goes.

2 When we come back and we collectively say use
3 of G.I. Bill because no matter what business you're
4 coming into, if I can use the G.I. Bill for start-up,
5 we should look at COLAs and maybe roadmap of how we as
6 the interagency would advocate for that that would make
7 sense as the interagency.

8 For example, we know that one of the courses
9 of action for use of the G.I. Bill would be, some
10 people would say, a lump sum but we know there's some
11 issues there with that, a lot of issues. You know,
12 some people are saying, no, it's an educational benefit
13 only, you know. That's do nothing. Another option,
14 the one that we've talked a lot about and we mentioned
15 last time, was use of it similar to how it's
16 implemented with the G.I. Bill. If you go through
17 Boots to Business, you have a business plan, you're
18 meeting with the SBDC, you're authorized six months of
19 your BAH, you come back, there's a check-up, is my
20 business plan attacked, even if I have to call an
21 audible in it, can I show revenue, my tax returns,
22 yada-yada, and so it's an incremental pay-out that way.

1 Does that make sense?

2 And so we collectively as the interagency
3 could then focus on how we write the report and make
4 recommendations along that way.

5 Another area that I think that's -- this
6 doesn't go so much to veterans entrepreneurship but one
7 thing that I think has a big impact in our community,
8 which we all care about, is -- and it goes directly to
9 Ruth, is on the employment side, is over-contracting or
10 a contracting preference or set-aside if the number of
11 veterans in your contract is over 35 percent. So if
12 you employ more than 35 percent in your business, is
13 there some benefit or core preference to you as a
14 contractor if you employ veterans in your procurement?

15 I think that's one of the ones there that I
16 think has a higher lift but a big chance for impact in
17 a community that may not be strictly small business
18 owner but helps employ our veterans.

19 So I will e-mail this to each of you for you
20 to scratch on and then I'd like to have that
21 conversation with you as a group and then come back and
22 actually talk about, okay, there's 18 of these, we want

1 to get after all of them as soon as we can, but let's
2 get the three and build some roadmaps here to get to
3 it, so we're actually -- rather than continuing to hash
4 some of this, we're actionable and we can track where
5 we're going on this and that's what I'd really like to
6 do and that way, we can focus on holding SBA and the
7 rest of the interagency accountable and I think that --
8 I mean, that's what the VSO's part of your job is here,
9 is holding us accountable, making sure we're doing
10 that.

11 So that was my kind of spiel on where I'd like
12 to go next week or next time we meet and so I'll get
13 this out and I'll schedule a call between then where we
14 can actually hash through this a little bit and then we
15 can have that robust discussion in public before we
16 finalize on this.

17 So, okay, with that, we'll -- rather than --
18 I've got the list here and you'll -- well, let me see.

19 I think I may actually have put in there. So we'll
20 just kind of go around the table here.

21 So Federal Procurement and Contracting
22 Programs, so I think that starts there with DoD, so

1 we'll go to the Captain, I think VA is absent, and then
2 to Tony, so.

3 VIII. SUBCOMMITTEE REPORTS

4 FEDERAL PROCUREMENT & CONTRACTING PROGRAMS

5 CAPT. BALZANO: Well, thank you, Rhett, and I
6 wish 24 years ago I'd talk to you about that whole
7 financial thing, joining the military. That would have
8 been helpful. I got free haircuts and Oceanside living
9 is what they promised me.

10 MR. JEPPSON: You're a winner all the way
11 around.

12 CAPT. BALZANO: Yes. No, listen, folks. On a
13 personal note, as a vet myself, thank you for what
14 you're doing. This is important to our people, our
15 folks coming home, and more so to the disabled folks.
16 What you're doing is important. So when you go home at
17 night, if you shave or take your makeup off, smile in
18 that mirror because you should be proud of what you're
19 doing. So thank you.

20 Secondly, I have a script because it's DoD and
21 I have to read from this, but before I do that, it's
22 approved, Mr. Gudger couldn't be here, so I'm filling

1 in for him. I just have been assigned to this office
2 and I just want to tell you kind of how important this
3 really is over at DoD.

4 DoD's an enormous enormous agency and we have
5 this five-sided building over there and everybody who
6 sits in that outer ring called The E Ring, those are
7 the heaviest hitters or we call it the Ring of Power.
8 People joke about it.

9 Mr. Gudger, when he took over this, he gave
10 some conditions that he would take this job under. He
11 has, one, gotten himself an office in The E Ring, two,
12 every month, Secretary Kendall holds a small business
13 monthly meeting where all of the senior executives from
14 all of the different agencies within the department sit
15 down and report directly to him, the Number 3 guy in
16 the building, and say this is where my number is, this
17 is where my goal is, this is what I'm doing, and this
18 is where it is, and Mr. Gudger got that tacked to their
19 performance evaluation.

20 So when they put in their stuff each year for
21 where they're going to go and how they're going to get,
22 you know, their bonuses and things like that, it is

1 directly tied to how well they do with their small
2 business goal.

3 The last tour I did in the Pentagon, I was a
4 lieutenant. It was years ago. Small business, I don't
5 think, had really had any footprint at all. Mr. Gudger
6 has secured a fairly substantial budget for his office
7 to operate and administer his programs. We've grown
8 our staff by 65 people and the reason I'm sitting here,
9 at his rank, the rank that that position was before, it
10 didn't rate an O6 Chief of Staff military assistant. I
11 didn't apply for that job. I applied for a job in OSD
12 and I was assigned to this but Mr. Gudger was given me
13 to help run his org.

14 So they have ratcheted this entire office up a
15 significant amount in the organization and I have sat
16 through in my first year here so many meetings with Mr.
17 Gudger and the Secretary and different folks and the
18 one thing he says without hesitation is that the
19 service-disabled vets that come home is his Number 1
20 priority and he does fight hard because in that
21 building, every program, every project has to fight for
22 existence and we have to fight even more so now with

1 the reduced budget and sequestration.

2 So thank you all and that's just from me what
3 we're doing over at the department. I'm learning so
4 much. I'm not a supply guy. I'm not a contracts guy
5 and I have just -- it's been a great year so far and
6 I'm enjoying it and I will be -- taking this uniform
7 off some day and I may come to one of your classes or
8 whatever and I think that is wonderful.

9 All right. So now I'm going to read from my
10 approved script of what we're doing. All right.

11 So what we have is, Number 1, I just mentioned
12 about the goals and the different things but we've
13 taken our FY 2013 performance goal is up to 2.6
14 percent, which is a one percent up from 2010. I know
15 it doesn't sound like much but think about the size of
16 the DoD's budget. I mean, that's an enormous number.
17 So it's a huge step forward.

18 I discussed about what we're doing to promote
19 the goaling throughout the organization. I mean,
20 that's a huge step, to get these senior executives who
21 are buying our things and who are, you know, developing
22 our newest weapon systems, to force them to do small

1 business goaling. It's just a big step and so that's a
2 great thing for us and for all of us in this room.

3 We have also established a Working Executive
4 Working Group and the whole point of that group, its
5 work is not finished yet, but their job is to help us
6 put together reporting and forecasting information that
7 we can get out to the small business community so that
8 they can say, hey, this is where I need to be in the
9 next five years, the next four years, or, you know, I
10 need to invest in this -- like, for example, cyber.

11 I mean, if you're a small business and you're
12 not looking at cyber, you really need to be. It is the
13 Number 1 challenge in the department right now. There
14 are many many many different efforts going for that and
15 there's opportunity and cyber is something that, you
16 know, you don't need 10 construction trucks. It's
17 something that small business can really play in. It's
18 training. It's understanding the Internet and that
19 system. So there will be some opportunities there. So
20 pass that on to your folks.

21 Business USA is an OSBP which is our Office of
22 Small Business Programs. It's a veteran entrepreneur

1 portal that we have developed to try to help educate
2 and get information out to the small businesses. We
3 are -- as I mentioned, the boss got an increased budget
4 to do a lot of this work.

5 We are spending a significant amount, with a
6 small business, to develop a market research and center
7 of excellence and what that is doing is we're trying to
8 really push the department to have a single point
9 entity for small businesses to go to, much like you see
10 in the commercial world, not the standard DoD website
11 with tons of links to all kinds of forms and stuff,
12 something that will really help them navigate the
13 system because it is complex and we're trying to do
14 that for them.

15 We are also -- as I mentioned, the budget is
16 enormous and it's very difficult to ultimately have
17 services and agencies and stuff and they all have
18 different reporting systems and different ways that
19 they say where they're spending their money.

20 So how do we find out ways as DoD to really
21 find the opportunities for small businesses, the things
22 they can really do? They can't build the Joint Strike

1 Fighter because they can build parts of it but that's
2 not what they do. So you could go to each individual
3 organization and try to dig down through their
4 accounting systems and their reporting systems to say,
5 oh, well, here's some contracts that could be small
6 business and here's some. So what my boss has done is
7 -- and he's a technical person to begin with from his
8 previous life.

9 He is really pushing us with these different
10 types of search engines and databases that he's paying
11 to develop that will bring all of this together and
12 help us, DoD, target the contracts that really can and
13 will be pushed towards the small businesses and
14 training. We have a collaborative DCAA to host
15 seminars, training small businesses and
16 service-disabled businesses.

17 The boss -- one other thing here. The boss
18 has done one, two, three, four, five, six, seven,
19 eight, nine, 10 different outreach events and with the
20 sequestration that has been going on, we're really not
21 allowed to do that but we have special permission from
22 Secretary Kendall because this is so important.

1 Outreach is very important to small business. It's not
2 so important to Lockheed-Martin and I don't mean to
3 keep picking on them. It's just an example. They know
4 the system. They know where to find these things and
5 all this but the little guy doesn't and I'll end up
6 with a success story. This happened. I'm an old Navy
7 guy, so we have to tell sea stories.

8 Two weeks ago, a small business contacted our
9 office and they said we are on this contract doing work
10 for the Navy. It's actually classified work flying
11 different aircraft and they have a very particular
12 skill set that they do for this contract and they're a
13 subcontract under a very large contract.

14 The large contract was due to end. The prime
15 went to them and said, hey, listen, we're going to do a
16 one-year bridge contract to keep this all together
17 while we recompute the new contract but the one-year
18 bridge contract, we would like to just do a sole source
19 and everything will remain the same. You guys will
20 keep doing your work and all of that.

21 Now being a small business and not maybe
22 having the training that they really need, they didn't

1 get that in writing. So as soon as that sole source
2 contract was not objected to and was released, that
3 large prime said, okay, thank you, see you later. So
4 they obviously came to us in a panic and said, you
5 know, what can you do to help us? We are going to lose
6 45 people. It's over half of our company and, you
7 know, X amount of millions of dollars and we can't
8 survive to make it to the next year.

9 So Mr. Gudger immediately put me to work. I
10 contacted Admiral Creen, who some of you all know,
11 who's the Navy Small Business Director. We put the
12 spotlight on this particular contracting officer and
13 this particular situation. I got an e-mail from the
14 company three days ago and they said, Captain, you
15 never have to buy a beer again for the rest of your
16 life, and they said you not only saved us 45 jobs,
17 we've hired one more person. What the prime promised
18 us, they have now put in writing and we can't say
19 thanks enough.

20 So we are working on it. We're working hard
21 on it and that's a great success story and that's why
22 we're all here. So I'll end with that.

1 MR. JEPPSON: Okay. Thank you. Thank you for
2 that update.

3 So let me just check here real quick. VA's
4 not here. So over to you, Tony.

5 MR. EILAND: Thank you, Rhett. I'm going to
6 be very short.

7 Usually DoD takes the brunt of it and we just
8 simply give our little two cents worth and we can take
9 later, but we have just a few little nuggets to give
10 you.

11 Our participation for schedules is up. We
12 have over 12,000 veteran small business,
13 service-disabled veteran businesses and
14 service-disabled veteran small businesses. So our
15 numbers are getting better. We're getting healthier
16 and stronger with our schedules and we're looking at
17 more participation this coming year. Schedule 70 is
18 still our largest participating schedule.

19 We are increasing our training opportunities.
20 We have recently put on a Hub Zone and
21 Service-Disabled Veteran Opportunity Fair that was done
22 two weeks ago that we had joint participation with SBA

1 who came over and helped which we really appreciated.

2 We also were able to reach out to expand our
3 Hub Zone footprint because we have a lot of our veteran
4 small businesses that are also Hub Zones. We'll be
5 doing another event coming in September that will be
6 specifically focused just for service-disabled veteran
7 and veteran small business and I'll make sure that you
8 all have the information for that.

9 We are on target for our three percent goal
10 or, as I like to remind all the acquisition people that
11 I work with, the three percent baseline.

12 We also have done very well in partnering with
13 the SBA over the past fiscal year. As of today, we
14 have, between SBA and ourselves, meeting one-on-one
15 with veteran small businesses and service-disabled
16 veteran small businesses. We have met 67 businesses on
17 one-on-one and we have eight scheduled for tomorrow.
18 So we are trying to at least monthly one-on-ones to get
19 people to not have to come into D.C., to be able to go
20 out to the field where it's easier for the businesses
21 to come and meet us and that's pretty much all we've
22 got for right now.

1 Thank you.

2 MR. JEPPSON: I think that one thing that,
3 just dovetailing on what you said a little bit, is, you
4 know, so one of the things that Stan, who is our
5 government liaison out of the office, and Tony, they do
6 a lot of one-on work with people here in the D.C. area
7 and there's some ideas that we have because it's so --
8 that we'd like to see implemented in the future because
9 it is so government contract-centric around here.

10 But, you know, Joe mentioned the number of
11 VBOCs that we have right now. VBOCs are supposed to do
12 that type of work. We don't have one here. But, you
13 know, that's their mission and so I think it's an
14 important mission. We'll work to maximize every dollar
15 that Congress gives us to ensure those VBOCs are as
16 effective as possible.

17 Just a little bit on that. The VBOCs, though,
18 there's -- we're allocated 2.5 million. The baseline
19 is about a 150,000 per VBOC. It's a five-year grant.
20 So it's one base year plus four option years on the
21 grant. They're exercising the fifth year right now.
22 So the VBOCs will be recompeted again in the end of the

1 year.

2 I will tell you that we're going to take a
3 very hard look at the location of the VBOCs. If you
4 take a map of the U.S. right now and you put where the
5 veteran population is at in there and then you overlay
6 veteran-owned small businesses, as we know it, and you
7 throw the VBOCs on there, doesn't even begin to align
8 and so we're going to take a very hard look about where
9 we put that. When you got limited resources, you kind
10 of have to go where the people are.

11 I want to be able to get to the underserved
12 areas. It's important that we do that but when you've
13 only got 15, you don't get a huge amount of flex there.

14 Should Congress choose to make the program more
15 robust, we'll certainly spread to the less-dense areas
16 with veterans but we're going to go where the veteran
17 small business owners are at and where the veteran
18 populations are at.

19 So because we want to replicate the type of
20 thing that Tony and Stan do on a regular basis. You
21 know, we say that's 68 but then you do that times, you
22 know, the 15, you know, and now we're talking 900-1,000

1 small businesses in a year. So, anyways, thanks for
2 the work you do there.

3 So moving along now to our next working group
4 is the Training, Counseling & Outreach for Access to
5 Capital. So I've talked a lot already, so let me wrap
6 it up.

7 Let me just turn it over to Ruth. This is
8 always a hard one for -- a little bit of a hard one for
9 Labor because they're focused on employment and so we
10 appreciate her being here. We're always glad to have
11 here because she's a smart lady but I know this is
12 always a tough one for you guys.

13 So thanks.

14 TRAINING, COUNSELING & OUTREACH
15 FOR ACCESS TO CAPITAL

16 MS. SAMARDICK: Well, thank you, Rhett.
17 Actually, I've got some good news to report this time,
18 so I'm very excited to be here this time.

19 First, I want to give a shout out to Rhett
20 because when I started working with Rhett just a couple
21 of years ago, Boots to Business was clearly a one-man
22 Marine Expeditionary Force. I have watched him build

1 it brick by brick and now it's robust. He's got a
2 terrific team here at SBA and it's showing results.
3 So, you know, great job, really.

4 MR. JEPPSON: Can I say one thing about that?

5 So I will tell you, though, that I'm not the sharpest
6 tool in the shed and I'm the first guy to admit that,
7 but I've got some -- we have got some good people that
8 are working for me and every one of them is a vet that
9 we've hired since we've been there.

10 MS. SAMARDICK: Yes, and I want everybody to
11 know that I'm recruiting both for a boss and a
12 colleague and senior executive over at the Veterans
13 Employment and Training Service, so everybody please,
14 qualified veterans, we're looking for them for those
15 particular jobs.

16 So we've gotten some feedback from the
17 Transition GPS on our DOL Employment Workshop. There
18 was recently -- we administer -- DoD actually
19 administers a customer satisfaction survey that also
20 has some knowledge tests and we had a recent report
21 with 26,000 individuals who had taken the DOL
22 Employment Workshop, the three-day Employment Workshop.

1 Things that we learned, and I think they
2 support a few things that Rhett has talked about, Rhett
3 talked about the professionalism of the trainers in
4 Boots to Business and using university professors. We,
5 through the Bio Act, were required to use contract
6 facilitators for administration of the three-day
7 workshop. We used to use both our own federal staff in
8 many cases and some contractors and, very importantly,
9 some people who were funded through the Jobs for
10 Veterans State Grants Program to administer -- to
11 facilitate these three-day workshops and we had great
12 success because people obviously who were hired as
13 disabled veterans outreach program specialists or local
14 veterans employment representatives at the state level
15 might not have had great platform skills. Some of them
16 did, some of them didn't, you know, but many of them
17 were social workers and were probably better in
18 one-on-one or small group situation.

19 So now that we use total contract
20 facilitators, we've got great response. For one thing,
21 it's very flexible. If we hear something about a
22 particular workshop, we're able to call the contractor

1 and say, hey, you know, we heard something happened and
2 it changes overnight. That doesn't happen the next
3 day. So that's very important. So certainly one of
4 the lessons learned and one of the things that we're
5 having great results with is the flexibility of the
6 contractor facilitators.

7 The other thing that we've learned and it
8 validates again something that Rhett was saying about
9 the value of brick and mortar over virtual training, we
10 are getting much bigger bang on the knowledge test from
11 the brick and mortar than from the virtual. We need to
12 go a little more granularly on that data and see if
13 that could be the people who are taking the virtual or
14 the actual engagement but I certainly know from
15 trainings that I've participated in that there's
16 nothing like being in a classroom as opposed to
17 pressing next, next, next.

18 That said, we do two different kinds of
19 virtual. One's synchronous where people at remote
20 facilities, where we can't get a facilitator out, like
21 Diego Garcia, we do a synchronous, because it's a
22 beautiful spot, I'm sure, we do a synchronous training

1 where the people are online and there is a live trainer
2 that's interacting with them virtually. So that's one,
3 and then we have the asynchronous which is your normal
4 next, next, next. So we need to look at this data on
5 the virtual participation and see if we can get a
6 little more granularity out of that. It might take a
7 few more rounds of data. So that's where we are on TAP
8 GPS.

9 I also wanted to say where we are on a very
10 important effort. We have promulgated new regulations.
11 We're calling them the 4212 regs. So Title 38,
12 Section 4212, that's the creative use of the term,
13 requires all federal contractors to report on their
14 employment of covered veterans in various employment
15 categories and we have proposed new regulations that
16 would -- so currently there's all these various
17 categories of the covered veterans and an individual,
18 for example, might be a combat badge veteran, a
19 disabled veteran, and that fit in a number of those
20 categories, and therefore there is no number of covered
21 veterans in a contractor's workforce, and we have
22 proposed revised regulations and a revised form that

1 would, Number 1, eliminate the VETS-100 Report, which
2 is for contracts that don't exceed a 25,000 -- that
3 exceed 25,000 threshold, not changed since 2003. We
4 don't think there are any more of those anymore. So
5 we've eliminated those because we have contractors who,
6 just because they are terrified of not complying, keep
7 filing those, though I'm sure they don't need to, and
8 we are revising what we call the VETS-100A which does
9 apply to most contractors and we are having them
10 consolidate those covered veterans, so one person is
11 one covered veteran in each of the various categories
12 of employment.

13 So we're very excited about that. We're going
14 to be able to both calculate the percentage of covered
15 veterans in a contractor's workforce by hiring location
16 and we will also be able to look at the percentage of
17 new hires who are covered veterans, both by hiring
18 location. So we're very excited about that data and,
19 as Tony was talking, I was thinking, gee, wouldn't it
20 be interesting if we could work with that data and
21 we're a couple of years off, but to look at the small
22 disabled veteran-owned businesses and see what their

1 penetration -- this is only covered veterans and I know
2 we're very interested in all veterans but -- and look
3 at that because we had talked about having additional
4 points perhaps for high-veteran concentrations in the
5 workforce and I would add maybe high-veteran
6 concentrations in new hires and those would be very
7 interesting things.

8 So we're very excited. The contractor
9 community is really thrilled about a great reduction in
10 reporting burden and at the same time we're going to
11 have much more valuable data to the Federal Government.

12 So this is one of those good news regulation writings,
13 as painful as reg writing is.

14 I actually have presented before employer
15 community and I've never been applauded for regulations
16 before but -- so this is -- but this is really a
17 win-win both for the employer community and for the
18 veteran community and for the Federal Government for
19 the data.

20 So thank you so much.

21 MR. JEPPSON: Okay. Thanks, Ruth. I will
22 tell you one of our strongest partners is DOL over

1 there with Keith and Terry and Ruth. You're great
2 partners and we appreciate you being here.

3 So moving on with that is Don. Are you
4 online? Or Matthew? I'm sorry.

5 (No response.)

6 MR. JEPPSON: I saw a note from him that he
7 was trying to dial in a little bit ago. So nothing
8 hear from Matthew Blum.

9 We'll go ahead and next slide, please. Okay.

10 So OMB. I don't see our rep there. So, I'm sorry, I
11 was looking for Matt at OMB. I'm sorry.

12 So with that, we'll go first to Bill and then
13 to Jim.

14 COORDINATION OF FEDERAL SUPPORT

15 MR. FERGUSON: Two things I'd like to do. One
16 thing, you know, Rhett, for a meeting with the American
17 Legion National Commander tomorrow, who has also been a
18 business owner since he has left the service several
19 decades ago. So big thank you from the American Legion
20 for that.

21 Second thing I'd like to point out or just a
22 point I'd like to make is when the good captain was

1 talking, he was talking about this gentleman who's a
2 great advocate inside the Pentagon. We have been
3 curious about, you know, to navigate, you know, say
4 you're just a new guy, if we could have possible access
5 to DAU, the online service, because that will, you
6 know, save veterans lots of money if they could just
7 read on their own accord and it's a service the
8 Pentagon's already providing and just granting access
9 to a veteran to have those materials would put them at
10 less of a competitive disadvantage than what they are
11 at now and that's all pretty much we have now.

12 Otherwise, like I said, we'd like to thank
13 Rhett and if there's anything, you know, you can see me
14 after. Have a good one.

15 MR. WILFONG: Since we've spent quite a bit of
16 time talking about procurement today, I was thinking
17 one of the things that the group that -- the original
18 group that we had put forward was -- we had a number of
19 procurement issues, some of which were looked at and
20 some of which maybe weren't looked at as much as
21 perhaps we should have.

22 But Admiral Creen, Sean Creen, before he

1 became the Navy OSDIBU, was over at ATL and was the
2 Deputy Assistant Secretary of the Navy at ATL, and I
3 met with him because we had written a VET-Force paper
4 on procurement and I met with him to see -- and he had
5 read it and he'd asked his staff to read it to see
6 whether or not we were looking at the right things with
7 this paper and so it was a really great meeting.

8 It wound up being a three-hour meeting and out
9 of that, between the admiral and the staff, they gave
10 us a number of really great ideas that would improve
11 small business and veteran-owned small business
12 procurement just with some simple things that could be
13 done, changes in the regulation, and that never made it
14 into the first report but they are still good ideas and
15 they came from, you know, a very highly-considered
16 source, I would say.

17 So one of the things that perhaps I could do
18 is go back and revisit some of those and put those
19 forward again. I think that it might be helpful.

20 But I'm really pleased to hear about the
21 support, even though I know it's very difficult, the
22 support to work with the G.I. Bill and to maybe be able

1 to use some of that as start-up capital, which is very
2 important for young veterans who perhaps were enlisted
3 and didn't have very much money coming out of the
4 service or at least not much equity that they could
5 even pledge as an asset against a loan.

6 So I'm very pleased to hear that and I'm
7 excited to go forward.

8 Thank you.

9 CAPT. BALZANO: Can I second that? It's only
10 from personal experience.

11 A number of my younger guys, when we came
12 back, their families had dissolved and they had gone
13 through divorces and they had been forced to short sell
14 their homes and things like that.

15 Well, as soon as they did that, their credit
16 scores are ruined. They are no longer eligible for VA
17 loans to get another house. So the capital portion of
18 this for those guys is so critical and we have to do
19 something to try and get them guaranteed loans or
20 something. They're good people. They're not bad
21 credit. They've just been dislocated from their family
22 and their situation and it's hurt them and they still

1 continue to hurt for that reason.

2 MR. WILFONG: Yes, sir, and that's the reason
3 -- I mean, we put it forward knowing that it wasn't
4 going to be easy. There are a lot of institutions on
5 the other side of this issue that might not like to see
6 changes and we understood that but we thought it was
7 important to do and, as a side note, I'm really happy
8 to see another Mainer in the room.

9 Maine is a small state. It's a Maniac state,
10 yes, as well, and it's a small state. Admiral Creen is
11 from Maine and the captain is from Maine and, of
12 course, Maine always, for a state of 1.2 million
13 people, we always seem to get our oar in the water.

14 MR. JEPPSON: You know, our last Acting
15 Administrator just returned to Maine, so we're
16 surrounded.

17 MR. WILFONG: And the Acting Administrator was
18 also from Maine, so that tells you something.

19 MR. JEPPSON: So I think that's a pretty good
20 segue into -- before we go to Closing Comments here
21 because I want to, you know, obviously take time.

22 You know, although we did have a -- we kind of

1 remembered the Master Chief up front, I will tell you
2 that I will never go to Closing Comments without ever
3 thinking about the Master Chief because he was always a
4 bull dog at the mike here and even if we'd overrun by
5 15 minutes, he meant he was going to talk to Marie
6 about some particular issue that he had. So, you know,
7 that was a thing of beauty in my mind, you know, being
8 a Marine, we kind of like them a little bit aggressive,
9 so, and we like that feistiness.

10 Before we go to Closing Comments, I just want
11 to kind of mention that -- so one thing that will
12 happen at probably the next one, if not this one, the
13 next one is that we're not going to have this short
14 attendance. We'll have a full table and I can
15 guarantee that.

16 I will also tell you that if it's not the next
17 one, it's the next one, the new Administrator will be
18 here. So just a quick update. Her confirmation is
19 tracking. She's been voted out of committee and we're
20 just now waiting for a Floor vote in the Senate. You
21 know, we had hoped it would happen last week but
22 possibly next week.

1 I will tell you that I had a chance to meet
2 with her just to meet her while she was here visiting
3 and I think we're going to be really fortunate to have
4 her. She was passionate about the veterans
5 initiatives. You know, she comes from a state with a
6 huge amount of veterans. You know, California has the
7 largest veterans population in the nation and she was
8 really intense on some of the programs, veterans
9 programs and finding out more about them.

10 So we'll have that. So with that, we'll go to
11 Tony and then we'll take time for questions or
12 comments, suggestions, and then we'll wrap up. So
13 Tony.

14 MR. EILAND: Just one short comment. For
15 those of you that do not know, Ms. JiYoung Park left
16 GSA as of March 1st. There is a new individual that is
17 being vetted and we should know something. The plan is
18 before the middle of April, they would like to have
19 that new person in office. So I will make sure that,
20 Rhett, you know whom that is. So the next function,
21 we'll make sure they come.

22 MR. JEPPSON: Okay. With that, I think that

1 we've got about approximately 20 minutes, if we've got
2 questions or not or I can -- so, yeah, please come on
3 up and use the mike.

4 IX. PUBLIC COMMENT, CONSTRUCTIVE
5 SUGGESTIONS & DISCUSSION

6 MR. McDONALD: My name is Luis McDonald and
7 I'm a member of VET-Force. Thanks to Master Chief Bob
8 Hesser. I had the privilege of meeting him three years
9 ago at the elevator at the VA and I tell you, it was a
10 privilege, and he's sorely missed.

11 But at that time, we had just -- my company
12 had just been verified as an SDB, okay, and thinking
13 about the Master Chief here, but thanks, also, to the
14 SBA. About 20 years ago, we were entered into a
15 program for minority business and we became the first
16 minority-owned business on a GSA Schedule 751. Okay?
17 That was about 20 years ago.

18 751 is the direct opposite of 70. 70 is the
19 highest, 751 is the lowest in all of federal
20 procurement and yet it's a pretty big area of federal
21 procurement, but we've spent the past 20 years, you
22 know, developing a relationship at GSA, trying, you

1 know, to develop our SDB and minority business, and I
2 want to just take this opportunity to say that I just
3 had a meeting this week earlier which Tony Eiland
4 helped to coordinate and host.

5 It was probably the best meeting I've had at
6 GSA in 20 years and I just wanted to thank him for
7 setting that up. We addressed some procurement issues
8 that, you know, we've been, you know, dealing with for
9 20 years and I came away from it, my company came away
10 from it with a lot of -- you know, feeling very
11 positive about some opportunities moving forward. So I
12 just want to take the opportunity to mention that.

13 There were some issues in regards to schedule
14 evaluations and FAR clauses and, you know, some of the
15 things I think we ought to address in this forum in
16 terms of pricing, you know, comparing small business
17 pricing in schedules, comparing it to the lowest bid,
18 which happens to be a large business, you know. The
19 economy of scale is way up here and small business,
20 especially a veteran or minority-owned business, is
21 down here. They're never going to get into any
22 meaningful participation when the pricing is compared

1 to large businesses in certain schedules and those are
2 the types of issues that I'm looking forward to
3 addressing with GSA and I know the VET-Force has been
4 advocating for it. I know the Master Chief gave
5 testimony on this subject and so moving forward,
6 excited about it.

7 We were inspired by the Master Chief and I
8 still think he's with us. I think he was in the
9 meeting the other day with us. So thank you.

10 MR. JEPPSON: All right. Thank you, Mr.
11 McDonald, appreciate the comments, appreciate you
12 remembering the Master Chief, and the other thing that
13 I would ask is that if we go down that -- I will tell
14 you that we're not all government contracting experts,
15 especially when we get into some of the nuanced GSA
16 stuff.

17 So, you know, I'd be interested and I think it
18 would be informative for the group that when we come
19 back and we start looking at -- if we had, you know, a
20 couple of examples that maybe you could say when you
21 talk about the pricing difference on the GSA schedule,
22 you could kind of, you know, show us how that bears out

1 and that would be helpful and informative, maybe help
2 us come up with better recommendations, better informed
3 when we talk to our counterparts.

4 MR. McDONALD: In the meantime, look up FAR
5 Clause 553.212-73, which was brought to my attention.

6 MR. JEPPSON: I have the name.

7 MR. McDONALD: We're going to be studying that
8 one.

9 MR. JEPPSON: Okay.

10 MR. WYNN: Remember the FAR is your friend.

11 MR. McDONALD: That's right.

12 MR. JEPPSON: All right. Okay. So Joe?

13 MR. WYNN: Okay. I'm on. Yeah. Just a
14 couple of closing comments.

15 One, you mentioned about reviewing previous
16 task force recommendations. The ones I think you were
17 referring to came from the first report, 2011,
18 submitted in November. There's also been some
19 additional recommendations made in subsequent reports
20 in 2012. I'm not sure what happened with the 2013
21 report. I haven't seen it.

22 MR. JEPPSON: Yeah. It's out there. It's in

1 Interagency Staffing, we'll call it right now. But
2 we're working hard to break that free right now.

3 MR. WYNN: Okay. Well, anyway, I was going to
4 -- the thing about those reports, also, you know, the
5 report was to be submitted to the President or the
6 Office of The President and we never hear any feedback.

7 I mean, just like you're interested in, since you came
8 aboard, learning about some of the earlier
9 recommendations, if you could, if you can find out what
10 happens to the report when it goes to the Office of The
11 President because who's looking at it, where's the
12 feedback, and where's the implementation of those
13 things, what you're referring to as from 2011? Okay?
14 So we would like to know that, as well.

15 Also, to me, it's still clearly evident, as I
16 mentioned, about that Executive Order, about the
17 strategic plans. You mentioned about SBA accomplishing
18 or surpassing the three percent for, I guess, last
19 year, 2013 or --

20 MR. JEPPSON: That was 2012.

21 MR. WYNN: 2012?

22 MR. JEPPSON: 2013, we'll get the report out

1 this summer, but, yeah, it wasn't the SBA, it was the
2 Federal Government, total prime contracting dollars.
3 So it was 3.03 percent.

4 MR. WYNN: Right. And what I was going to
5 mention, too, was the breakdown is really helpful in
6 knowing agency by agency. I mean, you get the total
7 but the reason the importance of that, too, is because
8 I think it's important to look at if an agency did
9 surpass the goal, what did they do and, see, that's
10 what that Executive Order and strategic plans was all
11 about. It required an agency to actually write down
12 what they did in the beginning of the year to increase
13 contract opportunities and, if successful, if they
14 achieved it, in their report that they were supposed to
15 submit also to the Office of The President, to explain
16 what worked or if they didn't make it, they were still
17 supposed to submit a report and say, well, we tried
18 this but it didn't work and why, see, and so, you know,
19 some agencies, we have seen over the years, have kind
20 of hit the number because they had some large
21 procurements.

22 Those procurements, you know, caused them to

1 surpass the three percent and then the following two
2 years, right back below the three percent.

3 So, anyway, the strategic plan, the
4 requirement for it, I think the task force should
5 consider recommendation to bring that back and make it
6 more active.

7 And then the last comment on Training and
8 Counseling, I think, you know, it's obvious it has been
9 effective in growing and developing the Boots to
10 Business, the focus on veterans who are, you know,
11 interested in starting their own business.

12 I just still don't want to leave out programs,
13 like VIP, where we're working with veterans who are in
14 the federal procurement marketplace who are trying to
15 help increase and go over that three percent because,
16 you know, obviously in order for the agencies to do
17 that, there have got to be seasoned veteran business
18 owners out here for them to contract with.

19 So, you know, I would just like to mention
20 that, you know, programs like that, it seem like, you
21 know, there should be more of them. They should be
22 funded just like you're advocating for funding for

1 start-ups for Boots to Business. We should be
2 advocating for start-up -- I mean, not for start-up but
3 to start programs, more programs like VIP.

4 Thanks.

5 MR. JEPPSON: Joe, some really valid points.
6 Thank you very much for sharing those.

7 I promise you we will go back and look at
8 this. The office that Theresa had back here, I guess
9 it was 2006-2008, it looks like, if I remember that
10 correctly, we'll go back and look at that and look at
11 what happened with that.

12 MR. WYNN: Just one quick thing. I just hate
13 to fail to mention that, also, Tony Eiland was also one
14 of our early task force members. We marched the halls,
15 a lot of those halls up here in Congress together
16 advocating for a lot of that legislation.

17 So thanks, Tony.

18 MR. JEPPSON: Okay. So other comments before
19 we wrap up?

20 MR. WEIDMAN: Actually, my apologies. The
21 Under Secretary for Health at VA decided that this was
22 a good morning to talk about healthcare legislation, so

1 that's why I was -- I think I don't know what you all
2 did this morning.

3 So one thing I am curious about is the White
4 House meeting that took place the last week in
5 February. Did you all cover that?

6 MR. JEPPSON: Yes. So the NEC came over and
7 briefed all the outcomes. We can show you the slides
8 afterwards, if you'd like.

9 MR. WEIDMAN: The 10 big ideas are?

10 MR. JEPPSON: We briefed them on the slides
11 here. So they're on the slides.

12 MR. WEIDMAN: Okay.

13 MR. JEPPSON: Rick, I'd be happy afterwards,
14 after we're all done, to sit down and go over those
15 with you.

16 MR. WEIDMAN: Okay.

17 MR. WYNN: Just for -- you know, since Rick
18 just came in the room, I did want to mention, though,
19 Rick, that at the beginning of the meeting, there was a
20 special recognition for Bob Hesser and actually Luis,
21 in his remarks, recognized the memory of Bob, as well
22 as some of the others, and I also made mention, too,

1 of, you know, I was given the opportunity, as you know,
2 to do a presentation on VET-Force and I was mentioning
3 and thanking and identifying how many members of
4 VET-Force participate not only in this committee
5 meeting but in so many other, you know, meetings around
6 the Hill and advocating for our veteran businesses.

7 Thanks. I just wanted to let you know.

8 MR. WEIDMAN: Thank you.

9 MR. JEPPSON: Okay. So --

10 MR. WEIDMAN: You can't believe it, can you,
11 Rhett?

12 MR. JEPPSON: Questions --

13 MR. WEIDMAN: Every once in awhile you've got
14 to throw a change-up.

15 MR. JEPPSON: You know, it's called the
16 irrational no. It makes no sense. You just do it and
17 it throws them all off balance.

18 X. CLOSING COMMENTS/QUESTIONS

19 MR. JEPPSON: But, no, I think it was a good
20 meeting today. I think that, again, highlight being
21 that I will take for action is we will reinforce we
22 need all the members to be here in the future and I

1 think that with our new nominee that will be helpful,
2 as well.

3 So barring any last-minute --

4 MR. WEIDMAN: There was a House hearing a
5 number of years ago after 9/11 and we were talking
6 about problems in delivery of healthcare to the OIF/OEF
7 vets and the chairman asked me, Mr. Weidman, have we
8 learned anything from what happened to Vietnam vets and
9 my response was no and he said, no, what? I said, no,
10 sir. And then he said, can you elaborate, and I did.
11 We knew all the right lessons. We knew what to do and
12 we couldn't get the mainstream power brokers to listen
13 to us, whether it came to health or whether it came to
14 employment of Guard and Reserve, which we said it was
15 going to be a tremendous problem when they started the
16 rapid call-ups, and it is not that everybody forgot the
17 lessons. The people in this room, by and large, did
18 not forget those lessons and, unfortunately, some
19 younger vets have gotten a rocky start as a result of
20 those folks not listening. But hopefully the right
21 people are listening now.

22 Thank you.

1 MR. JEPPSON: Okay. Well, I want to thank
2 everybody for their participation today, especially
3 those who traveled in, Joe, Barbara, for your
4 participation especially, and our one traveling member,
5 long traveling member, Jim Wilfong. We appreciate you
6 coming in from snowy Maine there.

7 So all righty. With that, I will adjourn and
8 we'll see you all in a few months.

9 (Whereupon, at 11:55 a.m., the meeting was
10 adjourned.)

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