

**SBA'S ENTREPRENEURIAL DEVELOPMENT
PROGRAMS: RESOURCES TO ASSIST SMALL
BUSINESSES**

HEARING
BEFORE THE
**SUBCOMMITTEE ON CONTRACTING AND
WORKFORCE**
OF THE
COMMITTEE ON SMALL BUSINESS
UNITED STATES
HOUSE OF REPRESENTATIVES
ONE HUNDRED FIFTEENTH CONGRESS
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None.	
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None.	

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THURSDAY, MARCH 30, 2017

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
SUBCOMMITTEE ON CONTRACTING AND WORKFORCE,
Washington, DC.

The Subcommittee met, pursuant to call, at 10:01 a.m., in Room 2360, Rayburn House Office Building, Hon. Steve Knight [chairman of the Subcommittee] presiding.

Present: Representatives Knight, Murphy, Evans, and Clarke.

Chairman KNIGHT. Good morning. Thank you for coming to the Subcommittee on Contracting and Workforce. We are—I will state this quickly—we will be voting today. And we are keeping an eye on the votes, but we are expecting, over the next probably 15, 20 minutes, they are going to start voting. And so I will normally take a recess about 5 minutes into the voting so everybody has enough time to walk down there and vote and do all those things.

But we will get going. Entrepreneurship in our Nation is truly an aspect of the American Dream. It is about hard work, long hours, and sacrifices all in the name of creating the newest product, the newest service, or the next great American company. The risks are high, but the rewards can be even greater.

From the startup company in my home district in California to the entrepreneurs and innovators all over the country, small businesses employ approximately half of all workers in the United States. When startups are creating jobs and growing, so does the United States economy. However, the Nation experienced a downturn after the financial crisis in the late 2000s, and we are only now beginning to see a recovery materialize.

Unfortunately, despite recent business optimism, the challenges and obstacles confronting entrepreneurs are still daunting. Instead of focusing their time and energy on growing their endeavors and creating jobs, small businesses are faced with a reality filled with rules, regulations, and a constrained lending environment. Recent reports identify healthcare costs, regulatory compliance, and burdensome Tax Code as the top hurdles impacting the Nation's small businesses. Frequently short on time and wearing many hats within these new startups, entrepreneurs need guidance and assistance.

This hearing today is about exploring the resources available to entrepreneurs, startups, and small businesses as they navigate a complex business ecosystem. We will hear about the technical as-

sistance and experts' advice available to them through the Small Business Administration's entrepreneurial development programs.

With approximately 29 million small businesses in the United States, the programs within the SBA must operate efficiently and swiftly as the entrepreneurs they seek to help.

I am looking forward to hearing about the details of these programs: How do they help entrepreneurs? How do they assist startups traversing the regulatory environment? How can the programs be improved to better assist small businesses?

And that is always our mission here, is to see what we can do. If it means streamlining, then that is what it means. If it means that programs are working and we can help them, that is what that means. But our mission, at least in my opinion, is always how we can help small businesses to achieve and do more and employ and do all of those things that we are hoping that small businesses can do on a daily basis.

So I appreciate all of you being here today, and I look forward to your testimony.

I now yield to Ranking Member Murphy for her opening comments.

Mrs. MURPHY. Thank you, Mr. Chairman.

The SBA administers a portfolio of Entrepreneurial Development programs, including Small Business Development Centers, Women's Business Centers, the Service Corps of Retired Executives or SCORE, and Veterans Business Outreach Programs.

These initiatives provide aspiring entrepreneurs and existing businesses with invaluable counseling, training, technical assistance, and mentorship. Whether it is help creating a business plan, navigating the procurement process, marketing a new product, or identifying international trade opportunities, the SBA's entrepreneurial development programs provide an array of services to help small firms navigate regulatory obstacles, grow, and thrive.

The agency's network of Small Business Development Centers, or SBDCs, is one such program. SBDCs operate in nearly 1,000 locations across the country and are located at colleges, universities, Chambers of Commerce, and local economic development corporations, allowing them to harness local community resources.

In a single year, this initiative has helped more than 13,000 entrepreneurs launch new businesses, advise nearly 200,000 clients, provided training sessions for over 260,000 attendees, and helped clients obtain \$4.6 billion in financing. Clearly, SBDCs are a vital part of our Nation's entrepreneurial system.

The SBA has also undertaken efforts to connect younger entrepreneurs with more experienced business men and women through the SCORE program, an expansive network of entrepreneurs, business leaders, and executives who volunteer as mentors to small firms both in person and online.

SCORE has grown to become one of the federal government's largest volunteer business advisor and mentoring programs, with over 11,000 business professionals at over 320 chapters nationwide. By offering advice from real world professionals, SCORE is helping many business owners within all categories of the entrepreneurial community.

Small businesses are as diverse as our nation, and the SBA has entrepreneurial development initiatives targeted at specific demographic groups. Women's Business Centers, or WBCs, are a critical initiative for female entrepreneurs. WBCs provide indepth counseling, training, and mentoring to small firms, resulting in substantial economic impact as measured by successful business startups, job creation and retention, and increased company revenues.

Women business owners have used this program to develop business plans, obtain financing, and expand their operations. In Fiscal Year 2015, over 100 WBCs reached 130,000 clients and helped 700 new businesses get up and running.

Even though female entrepreneurship is on the rise, there remain significant gaps between men and women-owned businesses. As more women turn to entrepreneurship as a career path, it is critical that this initiative remain in place to close these gaps.

Finally, there are a range of SBA programs targeted at our veterans, most notably the Veterans Business Outreach Centers, which serve over 60,000 clients each year. The VBOC program, along with Boots to Business and other veteran-oriented initiatives, ensure that our servicemembers have the tools they need to go into business for themselves.

With respect to each of these programs, it is vital that taxpayer resources are being used wisely and to maximum effect. That is why this Committee has long pushed for clearer metrics and accountability, especially among the newer pilot programs at SBA. However, the stated goal of eliminating duplication should not be used as an excuse to underinvest in entrepreneurial development.

I was disappointed to see that the Administration's recent budget blueprint calls for a 5-percent reduction for SBA. It is my hope that this Congress will provide robust funding for SBA entrepreneurial development programs that have a proven track record of helping small businesses create jobs and stimulate economic growth.

That is why Chairman Knight and I recently wrote a letter to the relevant Appropriations Subcommittee in support of these programs. Small businesses are the backbone of the American economy, and we should provide our entrepreneurs with the critical resources that they need to succeed.

I look forward to hearing how these programs are helping meet that need and what we can do to improve them. I thank the witnesses for being here and for their insight, and I yield back.

Chairman KNIGHT. Thank you very much.

And if any other Committee members have a statement, we will take that in writing.

We are going to go vote. So I am probably going to stop it right here before I get into everyone's comments. And I don't want to cut anyone off. So what I am going to do is allow members to go vote, and then we will start up as soon as votes are over and as soon as we can get back here. And then we can kind of have a good meeting all together. Okay.

And we will reconvene, I would say, 5 or 10 minutes after votes. And we are in recess.

[Recess.]

Chairman KNIGHT. Okay. The Committee will reconvene. Thank you very much for your patience. I think we got through that fairly quickly.

And we will go through to introductions. So today we have four witnesses. Our first witness is Kenneth Yancey. Mr. Yancey is the chief executive officer at SCORE, where he has directed the office for over two decades. Before taking on the leadership role at SCORE, he was the executive director at the National Business Association. With years of experience, Mr. Yancey can often be seen on national television networks and heard on national radio shows discussing topics focused on small businesses and entrepreneurship. And we thank you for being here.

Ms. Antonella Pianalto. Our next witness is Ms. Antonella Pianalto. Ms. Pianalto is the president and chief executive officer of the Association of Women's Business Centers. Having spent years at American Express leading legislative, regulatory, public policy, and advocacy efforts, along with the Company's Small Business Saturday Initiative, she has years of experience of interacting and working with small businesses.

She has also previously been a senior adviser to the U.S. Ambassador to the United Kingdom, a Deputy Assistant to the President for Presidential Personnel at the White House, and an Associate Administrator for Management and Administration at SBA.

We thank you for being here.

Third, I would like to introduce Mr. Tee Rowe. Our witness, Mr. Rowe, is the president and chief executive officer of America's SBDC, the resource partner for the Small Business Development Centers. He joined America's SBDC in 2009 after spending multiple years at the Small Business Administration, where he first served as the Assistant General Counsel for Legislation and Regulation and then as the Associate Administrator for Congressional and Legislative Affairs. Prior to his time at SBA, Mr. Rowe served the House Small Business Committee for numerous years.

And we welcome you back.

Now I would like to yield to the ranking member for her introduction to our final witness.

Mrs. MURPHY. It is my pleasure to introduce Mr. Joseph Sharpe, Jr., the director of the Veterans Employment and Education Commission at the American Legion. Prior to being director, he served as the deputy director of the economic division, healthcare field representative, and assistant director of the Veterans Affairs and Rehabilitation Commission.

In 1982, Mr. Sharpe entered the United States Army, where he served as a drug and alcohol counselor for the 2nd Infantry Division in South Korea. He was also appointed as the noncommissioned officer in charge of inpatient social work and psychiatry service at Walter Reed Army Medical Center. Later, during his military service with the Army Reserve Sergeant First Class, Mr. Sharpe was deployed twice overseas and received a bronze star medal.

Mr. Sharpe is a graduate of the Johns Hopkins School of Advanced International Studies in Washington, D.C., where he earned an M.A. in international relations and economics. He also has two graduate certificates in international business and trade and in

healthcare management from Georgetown University. Mr. Sharpe also earned his B.A. in sociology from the University of Maryland, College Park, Maryland.

Welcome, Mr. Sharpe, and thank you for testifying today.

Chairman KNIGHT. Thank you all for being here.

So the way this works is you get 5 minutes or so. I am pretty lenient on that. But as the lights start to go in the order of a stop-light, then you will know where you are.

So 5 minutes, and we will start with Mr. Yancey.

STATEMENTS OF W. KENNETH YANCEY, JR., CEO, SCORE, HERNDON, VIRGINIA; ANTONELLA PIANALTO, PRESIDENT AND CEO, ASSOCIATION OF WOMEN'S BUSINESS CENTERS, WASHINGTON, D.C.; CHARLES ROWE, PRESIDENT & CEO, AMERICA'S SMALL BUSINESS DEVELOPMENT CENTERS, BURKE, VIRGINIA; JOSEPH C. SHARPE, JR., DIRECTOR, NATIONAL VETERANS EMPLOYMENT & EDUCATION DIVISION, THE AMERICAN LEGION, WASHINGTON, D.C.

STATEMENT OF W. KENNETH YANCEY, JR.

Mr. YANCEY. Subcommittee Chairman Knight, Ranking Member Murphy, members of the Subcommittee, thank you for inviting me today and for the opportunity to offer testimony updating the Committee on SBA entrepreneurial development programs, and specifically SCORE. I would ask that my written testimony be read into the record, please.

As an independent board-directed nonprofit, SCORE is the Nation's largest network of volunteer expert business mentors, with more than 10,000 volunteers across 300 chapters. We offer free and confidential mentoring and advice to current and aspiring small-business owners, as well as low-cost or no-cost educational workshops.

In 2010, SCORE made the decision to become data-driven. Since then, SCORE has developed measurement capability with a focus on quality and service metrics. We have developed systems and software that allow us to run all aspects of our operations in a more businesslike manner.

Today, I will share just a few of the statistics that we use to measure our success, our impact, and our value to small-business owners and to the American economy.

In 2016, SCORE helped clients create 54,000 new jobs—new businesses, excuse me, and add 79,000 new jobs. During 2016, during fiscal year 2016's SCORE's clients stayed in business. Ninety-six percent of SCORE's clients who were operational for more than a year when they came to SCORE remained in business in 2017.

SCORE is the most efficient, most effective business formation and job-creation engine funded by the Federal Government. Our cost to create a job is estimated at \$133; our cost to create a business, \$194. In 2016 alone, SCORE clients returned an estimated \$46 in new tax revenue to the Treasury for every dollar appropriated to SCORE.

Last year, SCORE volunteers donated 2.2 million hours and provided 542,000 total chapter services, nearly a 9-percent increase over the previous year. SCORE's client satisfaction metrics have

steadily improved over the last 6 years. SCORE's 2016 client engagement and impact survey showed that 83 percent of clients are likely to recommend SCORE.

SCORE's 10,000 volunteer mentors represent approximately 300,000 years of business experience and provide the practical knowledge and long-term emotional support that clients need to thrive in the small-business arena. SCORE recruits more than 3,000 new volunteers annually. In 2016, 12 percent of our new volunteers were former clients. All new volunteers participate in extensive training and are certified in SCORE's mentoring methodology.

Diversity is a core value at SCORE. SCORE is working with diverse organizations to attract new clients and volunteers from underrepresented communities. Organizations include the National Urban League, African American Mayors Association, Immigrant Business, Veterans Business Network, the Latino Coalition, and the U.S. Black Chambers.

Fifty-eight percent of SCORE's clients were women last year; 35 percent were minorities; and 11 percent were veterans. On the volunteer side, 27 percent of SCORE volunteers are minorities; 20 percent are women, compared to 17 percent in 2015. The average volunteer age has decreased from 72, in 2012, to 67, in 2015, reflecting SCORE's increased efforts to recruit active as well as retired entrepreneurs.

As SCORE plans for the future, we continue to provide innovative solutions to meet our clients' needs. Last year, SCORE produced two virtual conferences that helped more than 2,500 attendees. Participants learned from speakers in a virtual environment, met sponsors and mentors, networked with each other in real time, and asked questions via live chat. Ninety-seven percent of the attendees of both conferences reported that the conference helped them.

SCORE also successfully piloted video mentoring with support from the Kauffman Foundation. The program connects mentors and clients using services such as Skype to provide remote face-to-face experience for entrepreneurs. Video mentoring clients showed the highest level of client engagement in SCORE, reporting client satisfaction of 4.3 out of 5. Based on SCORE's demonstrated impact, we respectfully request support for a \$13 million appropriation for SCORE in fiscal year 2018. This represents a \$2.5 million increase. SCORE is scalable. With a relatively small investment, we can provide even greater value to the Federal taxpayer and to our Nation's economy.

Thank you again for your long support of SCORE and for allowing us to testify. I will be happy to answer questions at the appropriate time.

Chairman KNIGHT. Very good.

And, Ms. Pianalto, you are now recognized for 5 minutes.

STATEMENT OF ANTONELLA PIANALTO

Ms. PIANALTO. Thank you.

Chair KNIGHT, Ranking Member Murphy, and distinguished members of the Subcommittee, thank you for the opportunity to testify before you today.

My name is Antonella Pianalto, and I serve as the president and CEO of the Association of Women's Business Centers, or AWBC. We support Women's Business Centers, or WBCs, by providing training, programming, and advocacy to improve their services to women entrepreneurs. As the advocate for this critical program, it is an honor to be here today.

The Women's Business Center Program is a public-private partnership with more than 25 years of success in providing training, counseling, mentoring, and access to capital to women entrepreneurs. The WBC program was created by Congress as part of H.R. 5050, the Women's Business Ownership Act of 1988. The bill noted that women as a group are subjected to discrimination in entrepreneurial endeavors due to their gender. Congress sought to remedy this with the creation of the WBC program.

WBCs are the only resource partners mandated to serve socially and economically disadvantaged individuals. The program has increased from four demonstration sites to a network of 113 grants, leveraged to more than 150 locations in 48 States and territories.

Unfortunately, resources for the program have not grown in parallel, and the more than 50 percent increase in centers over the last 15 years has been matched by only a 25-percent increase in funding. Nonetheless, WBCs have continued with their mission. In the last decade, WBCs have served more than 2 million women entrepreneurs leading to the creation and expansion of tens of thousands of new businesses and jobs.

In 2016, our centers reached more than 145,000 clients and conducted over 93,000 hours of counseling and over 15,000 training sessions. Nearly half of the WBCs are direct lenders and, in 2015, assisted with nearly \$429 million in capital infusion and, last year, helped to secure nearly \$40 million in government contracts. In 2015, 96 percent of clients reported revenue growth totaling \$658 million, creating nearly 25,000 jobs.

WBCs make a concerted effort to reach underserved populations. Forty-five percent of clients in 2016 were minorities, and a recent survey found that 64 percent of clients were economically disadvantaged. The majority of WBCs provide programming in two or more languages, and overall services are provided in more than 35 languages.

Finally, the WBC program has been a good investment of taxpayer dollars. Federal dollars are matched more than three to one, surpassing the required match. For every invested dollar, the program returns \$46 to the economy.

As the program has grown in size and influence, some have expressed the opinion that WBCs duplicate services provided by other resources. I would like to address that. What makes WBCs unique is the depth and breadth of our services. Women come to WBCs because we address four critical areas: competence, confidence, capital, and connection.

Women view their local WBC as a trusted advisor and partner for the lifetime of their company. Clients consistently say that they come to the WBCs not just for the business education but for the supportive environment that helps build self-efficacy and confidence in their ability to succeed. Evaluation data indicate that women who receive business assistance from WBC programs build

larger businesses, create more jobs, and have a significantly higher survival rate than the national average.

For example, Chair Knight, Women's Economic Ventures, which serves the Simi Valley, developed the Thrive in Five program. Clients participating in this 5-year program show median sales of \$400,000 and have created an average of five jobs. Moreover, 95 percent of the clients who were in poverty at intake have moved out of poverty. More examples from dozens of centers are included in my written testimony.

The program does need modernizations. Since the early years of the program, the grant amount from SBA has decreased as much as 15 percent. Similarly, while the networks of centers span the country, too many communities do not have access to the unique services provided by WBCs. In addition to allowing for the expansion of existing centers, new centers are needed in geographies unaddressed by the program.

Finally, the program continues to suffer from burdensome requirements. For example, up until 2015, OMB regulations forbade WBC directors from fundraising while on the job, even though they were required to match the Federal funds. The challenges the program faces have legislative solutions. The AWBC is tremendously grateful to Chair Knight's recent introduction of H.R. 1680 and to Representative Lawson for cosponsoring. We endorse it wholeheartedly.

The AWBC supports the recently introduced H.R. 1774 sponsored by Ranking Member Velázquez and cosponsored by Chair Chabot. Many of this Subcommittee's members have cosponsored similar legislation in the past, and for that, we are grateful.

The legislation strengthens centers in three ways: It increases the program authorization to \$21.75 million, modernizes grant levels to \$185,000, and streamlines certain administrative requirements. In addition to reauthorization, the upward trajectory of the program is deserving of more Federal funds. While not the purview of this Subcommittee, we have requested \$21.75 million for fiscal year 2018.

In the formation of the WBC program, Congress determined that barriers warranted the creation of a network of centers to assist women entrepreneurs. Those challenges persist, as must the commitment of the new Congress to advancing policies that foster women's business ownership.

We appreciate this Committee's dedication to the modernization of SBA's resource partners and your willingness to hear from us. The WBC program is a proven and effective public-private partnership and fills a growing need for the distinct population we serve.

Thank you for the opportunity to testify, and I am happy to answer any questions.

Chairman KNIGHT. Thank you very much.

And we will go to Mr. Rowe.

STATEMENT OF CHARLES ROWE

Mr. ROWE. Thank you, Mr. Chairman, Ranking Member Murphy, members of the Subcommittee. My name is Tee Rowe, president of America's SBDC representing the 63 SBDC networks, their nearly 1,000 centers, and over 4,500 professional staff.

SBDCs are primarily hosted by colleges and universities and have a mandate to cover the entire State they operate in. Our host institutions and partners contribute matching funds to exceed the Federal funding by some \$20 million every year. SBDC funding is allocated as a result of the statewide mandate on a population basis with a minimum funding level for smaller States.

We serve small businesses at all stages: About 60 percent are existing businesses; 40 percent are startups; 45 percent of SBDC clients are women; 38 percent are minorities; and 10 percent are veterans.

Last year, the SBDC served over 192,000 counseling clients and delivered over 1.2 million hours of counseling. The majority of our advisers have business degrees and past entrepreneurial experience; many, in fact, have been serial entrepreneurs.

SBDC services are not monolithic. They are basic services that SBDCs offer: business planning, marketing, et cetera. But it is the specialized offerings that make SBDCs different. Our accreditation process requires SBDCs to survey the needs of small-business community and tailor their services accordingly. In essence, SBDCs are 63 laboratories dedicated to small-business growth. I can't list everything they offer, but I would like to share some of the specialized services.

Intensive entrepreneurship. These programs offer weeks of training and counseling and are geared to businesses with high-growth potential. They aren't limited to a certain size of type of business, and SBDCs often find that certain startup businesses can benefit a lot from intensive training.

Incubators and accelerators. SBDCs support and host incubators and accelerators all across the country, just to name a few: Pennsylvania, Kentucky, Colorado, Arizona, California, and the list goes on. I googled it, and I got shocked by how much my guys are doing. And with an SBDC, an incubator client receives not just the peer mentoring but engagement with a highly trained adviser and that higher education is a critical component in today's economy.

Export assistance. Under the JOBS Act a few years ago, SBDCs expanded their capacity, certified more export counselors than were required by the act, and retained those staff when the funding lapsed. We now have over 640 export counselors and many are NASBITE-certified global business professionals.

We also offer training in export regulations, shipping compliance, and the like, and we are working in Latin America and the Caribbean to help those countries develop their own Small Business Development Center networks.

Veterans assistance. SBDCs have assisted hundreds of thousands of veterans. In 2015 and 2016, SBDCs counseled and trained over 60,000 veterans. Several of our States have specialized programs. New York has a comprehensive veterans program that includes an online training program with coursework and live SBDC advising at the same time.

A sample of the impact from that at the Watertown SBDC—and that is a small one—they assisted 884 veterans in the last 4 years resulting in 31 business starts and 197 new jobs. And we also work proudly with SBA to carry out the Boots to Business program, which is a great first step for vets interested in small business.

Disaster assistance. SBDCs are an integral part of SBA's disaster assistance effort. We set up the business recovery centers and help staff them in support of SBA. But we also do more than that, and an example of SBDC innovation and disaster is the Florida SBDC's app "Disaster," which features resources to help small businesses prepare for and recover from disasters, and you can download that off of Google Play for free.

Finally, procurement assistance. SBDCs offer assistance in certifications, searching for contract opportunities, and bid proposal compliance. We have got a longstanding relationship with the Procurement Technical Assistance Centers. Many PTACs are actually part of or colocate with SBDCs, leveraging all of our infrastructure.

And the results, well, in 2015, our most recent impact survey, SBDCs helped their clients access \$4.7 billion in capital. The long-term clients alone created over 100,000 jobs that year and \$6.8 billion in sales. That generated \$607 million in revenue for States and the Federal Government, about \$2.50 for every dollar spent on the program, and that is just the long-term clients who are a third of the total clientele.

Now, SBDCs don't exist in a vacuum. We work with SCORE, Women's Business Centers, and VBOCs every day. We share space. We refer clients. And we believe that SBA has the best toolbox of entrepreneurial assistance around. This hearing couldn't be better timed, in my opinion.

The new Administrator has an opportunity to assess our programs and work with us to maximize their effectiveness. We need to evaluate our goals, metrics, and data systems to see if we are providing the best assistance possible and work toward that goal.

Again, thank you very much for inviting me to testify. I look forward to your questions.

Chairman KNIGHT. Thank you very much, Mr. Rowe.

And, Mr. Sharpe, you are now recognized for 5 minutes.

STATEMENT OF JOSEPH C. SHARPE, JR.

Mr. SHARPE. Thank you. Chairman Knight, Ranking Member Murphy, and members of the Subcommittee, on behalf of the National Commander, Charles E. Schmidt, and the American Legion, we thank you for the opportunity to present American Legion's views on the Small Business Administration's entrepreneurial development programs.

The American Legion views small business as the backbone of the American economy. It is the mobilizing force behind America's past economic growth and has given the United States a competitive advantage in the global market.

Small-business development will continue to be a major factor in our Nation's economic national security well-being as we move further into the 21st century. We know that giving veterans the resources they need to start businesses will assist in stimulating the Nation's economic recovery.

Veterans, when compared to their civilian counterparts, are more likely to start a business and are generally more successful in creating lasting small businesses. Therefore, encouraging and supporting veterans is the first step to recovering from a near 40-year low in entrepreneurship in the United States.

Consequently, the American Legion supports increased funding for SBA's Office of Veterans Business Development. Its mission is to provide enhanced outreach, specific community-based assistance to veterans and self-employed members of the Reserve and National Guard.

The veteran community's demand for self-employment resources is outpacing the 20 VBOCs SBA currently funds. With additional funding, the VBOCs could expand their presence to all 50 States and Puerto Rico while expanding their role in outreach to local State and government entities to advocate for veteran-owned small businesses in the local marketplace.

One example that I would like to bring to your attention is what is currently occurring here in the District of Columbia. The historic Walter Reed Army Medical Center closed a few years ago. The property was purchased by the U.S. State Department and the District of Columbia for a mere \$26 million.

As of today, the District of Columbia has hiring quotas for District residents but nothing for veterans. It has small-business requirements to include special recognition for women and minorities, small-business owners, but again, nothing for veterans.

Advocacy on the local level by a VBOC's staff could have alerted city officials to the need to include and notify some of the 9,000 small veteran businesses in the District of Columbia of opportunities such as Walter Reed and others.

Shifting points, the first step to opening a small business is having access to capital. Even when the economy is strong, access to capital is one of the largest impediments facing any small business, hindering wishful and flourishing entrepreneurs.

One of the leading barriers to small-business financing is requiring debt to be secured by the equity and fixed assets. Most veterans leaving military service lack the kind of equity necessary for traditional bank loans. After all, we all know we joined the military not to get rich but rather for the service of the Nation.

One solution to aid veterans is to reintroduce legislation, such as the Senate bill 1870, the Veterans Entrepreneurial Transition Act of 2016, or the VET Act. If passed, this commonsense bill would create a 3-year pilot program that would allow veterans and servicemembers to turn their GI Bill education benefits into financial capital to start a veteran-owned business. It is ideas like this that drive our economy forward, and it is veterans who will lead the way.

In conclusion, the mission of the American Legion's National Veterans Employment and Education Commission is to take actions that affect the economic well-being of veterans. Small businesses continue to be a primary job generator and a major trainer for American employees.

The American Legion reiterates that the Small Business Administration Office of Veterans Business Development should be the lead agency to ensure that all veterans are provided with self-employment development assistance.

Chairman Knight, Ranking Member Murphy, and distinguished members of the Committee, thank you for allowing the American Legion to present our views on this very important issue. I look forward to answering any questions you may have. Thank you.

Chairman KNIGHT. Thank you very much for all the testimony.

And I am going to go into a couple questions here. I will take 5 minutes, and we will go down the line, and if we want to do a second round, we can certainly do that.

A couple questions just came to mind, Ms. Pianalto. What we have tried to work on in the last year and a half or 2 years—I have been here just over 2 years now—is access to capital, and how we can make sure that women-owned businesses, disadvantaged owned businesses, veteran-owned businesses are getting access to capital, just kind of leveling out the playing field so that they—when they go in, that there is that ability.

So can you give us some ideas of what you do and where we can go as a Committee? Again, I am speaking for myself, but I think that the Committee would be very good on this that—if we can aspire to more access to capital and making sure that women-owned businesses have that, then they are going to flourish.

Ms. PIANALTO. Thank you for the question.

Two things come to mind, and I will reiterate what I mentioned in my testimony. Almost half of the Women's Business Centers are microlenders. They are either CDFI or SBA microlenders. So, you know, focus on that is still very important. And we do have a concern that the CDFI in the current proposal, the administration's proposal, that program is zeroed out, and that would be devastating to the community.

But the other thing just goes back to just education. And I think what is important is having the ability to help women through that process of what—where are the available lenders, especially on the smaller scale, and then helping them through that process for the more—you know, the businesses that are able to go to a financial institution.

I am sure you know the statistic of only 4 percent of commercial business loans go to women-owned businesses, 4 percent. So it is a problem.

Chairman KNIGHT. And we appreciate that. You know, a lot of these—I have worked with SBDC many times, and a lot of it is getting the people to the group, getting them to understand that there is help for you, but you have got to go there. Now that the World Baseball Classic is over, maybe people will go to WBC more, and it will be higher on the Google list.

But it is the truth that there is a lot of help out there, and there is a lot of government help that people just don't know. A lot of our job is to make sure that they have that access to either going to WBC, SBDC, or their VBOC or whatever.

And so I am going to go to you, Mr. Sharpe. We have two VBOCs in California, and one is in the north, and one is in the south, and we have a big State. And I am sure that Mrs. Murphy would have a similar—she has got a big State too; that it is tough for our veterans, unless they are going to go online, unless they are going to do a virtual thing, which I appreciate Mr. Yancey telling us about the virtual conferences.

But the VBOCs are either in Sacramento or in Carlsbad, and that is—about a 9-hour drive in between those two, is very difficult. So how can we make it so veterans have more access, maybe not building more VBOCs but having more access to being able to

go in and get their help that they need on being an entrepreneur and expanding their business?

Mr. SHARPE. Thank you for that question.

When the American Legion first wrote the GI Bill back in the 1940s, the GI Bill was never meant to sit in a classroom. It was always for gainful employment. So we have always felt like those veterans that choose to start a business should be able to use their benefits to start a business. I think that is one of the first steps that we need to take to assist veterans.

California and Florida are huge States. We have been very concerned with the veteran population in both States. That is why we really push SBA to put a second VBOC in California. And there needs to be more public/private partnerships in those two States also to assist those veterans.

We do believe that more VBOCs are necessary, and the reason why we believe that is basically what happened here in the District of Columbia with the Walter Reed Medical Center. When we attended one of the meetings with the developers, there seems to be a lack of concern with the military.

Walter Reed has been around for 102 years. It was the flagship for the Army. It served thousands of veterans. There is a deep sentiment with veterans with that institution, and to not be considered to be part of the redevelopment is an issue that we see across the country. That is why we believe the VBOCs are so important because you have veterans helping veterans.

Chairman KNIGHT. And I appreciate that. I appreciate you bringing up the VET Act. We would like to look at that more extensively.

When I got out of the service 30 years ago and then went into college, that is what it was there for: to go into college. I think you have seen some changes over the years, that we would like people, if you are going to go and get your certification to be a welder, if you are going to go into a setting that is going to go into a job, then that is a good use of a GI Bill.

College is not for everyone, and some people want to do other things in the automotive industry or whatever it is. In my district, there is a lot of aerospace. There is no doubt about that. And we want people to be able to transfer into something they want to do, and that might not mean a 4-year degree.

Mr. SHARPE. Exactly.

Chairman KNIGHT. And so I think that that is a good use of the money that we are trying to get our veterans into employment.

So I have taken a little extra time. So everyone will be up to that.

And I will go to the ranking member, Mrs. Murphy.

Mrs. MURPHY. Thank you, Mr. Chairman.

You know, my first question is for Ms. Pianalto. Part of the mission of the WBC is to expand into economically distressed areas. Could you explain how you make the decision for what areas you place a WBC and also the same question for the rest of the panel?

Ms. PIANALTO. Thank you for that question. So, first of all, it is the SBA that makes the decisions on where the WBCs are placed, and it is a grant proposal process. So the SBA, if they determine there are funds available to open new centers, then they

will issue a request for proposal, and they will identify States where they think there are gaps in Women's Business Centers.

And then they hope that an organization will submit a proposal that will be, you know, acceptable and then they have to make the determination. Last year, there were three new centers granted a grant. They don't yet know based on the funding what will be available this year.

But it is more of a process of, will there be an organization in a particular State that will qualify for a grant rather than identifying where the needs are and proactively looking at what we might be able to do from a community to establish a center there? So it is not an ideal process.

Mr. YANCEY. We look at two different ways to have this started: First, we are requested by a community to come in and bring a chapter. And we would look at the community, look at need, look at resources that were already available. Is there an SBDC? Is there a Women's Business Center? How effective are they at serving the need? Does it make sense?

And then we would look to an anchor organization to help us find local volunteer leadership that we could then build on with our chapters in the vicinity and support from our office.

When we haven't been requested, we will look at areas where we believe that there is a need, again, based on knowledge and understanding of the market, resources that are already available, and then we will send somebody out to develop community partnerships and support.

Obviously, our success is really based on finding a nucleus of volunteer leaders in a community and supporting them to grow, providing them with the tools and the materials and the marketing initiatives and our own support, both presence and dollars, if required, to help them get started.

Last year, we opened 11 new chapters, and those—it is the first year that we have opened chapters in quite some time.

Mr. ROWE. When SBDCs—as I said earlier, we have a statewide mandate. So we are trying to cover, say, the entire State of Texas or Florida or Georgia. We will try and place—much in the same situation that Ken's in—where we can find a partner, a host institution.

Now, for example, in Mississippi, we were having some problems, but we wanted to get coverage in the delta. And we worked out an agreement with Jackson State, which is a Historically Black College and University there. But what we find sometimes is we get conflicting messages from SBA.

In our Houston regional SBDC, we had an agreement with a Historically Black College and University, and we started getting pressure because they weren't meeting the goals that SBA wanted out of the center. And our director for the region was: "Well, I am not going to just pull out and abandon that area. We will work to get it up. But you just can't leave it and go." So, for SBDCs, it is always a question of finding the right partners and then getting as much resources as we can into those areas.

I will say that rural areas are the hardest thing for us because we have got so much area to cover. We have the mandate, and we

want to do it, and honestly, rural America needs more help, frankly, than the suburbs do.

Mr. SHARPE. I agree with what everyone else has had to say. That is also a concern for us as well.

One issue, again, is, you know, trying to reach our veterans. The American Legion is in, you know, all States and in various territories, and right now, we are really concerned with places like Puerto Rico. Our department there, we have an unemployment rate between 16 and 25 percent. We have been doing a lot of job fairs there, but we would like to also do some business development workshops. The economy is in crisis. We are doing a job fair May 18. We have about 65 companies that are coming. About 400 servicemembers usually attend National Guard, reservists. But the command just told us the other day that one out of four reservists is unemployed. And if they are employed, we are finding that many of them are underemployed, and that is including our rural areas. So that is why we feel so strongly that business development is the key to bringing our economy back.

Mrs. MURPHY. Great. Thank you.

And I see that I am out of time. So I yield back.

Chairman KNIGHT. Thank you very much.

And we will go to Mr. Evans for his questions.

Mr. EVANS. Thank you, Mr. Chairman.

I too would like to thank the panel and what you have offered today.

The question I would like to start out with: Could each of you give one or two items on your congressional wish list that you think would immediately help small businesses?

Ms. PIANALTO. Increased funding. That—I mean, obviously, if we had more funds available for the centers and the various resource partners, that would certainly go a long way. I think another—perhaps another point is SBA being—working with us a little bit more in terms of programming but also even metrics. Congresswoman Murphy mentioned clearer metrics earlier. That is a serious issue for SBA and the partners having to work with them.

I will just note one item as an example in the Committee's memo. We are listed as creating more than 750 small businesses throughout the Nation. That metric is only on the Women's Business Center counseling clients, which are only 15 percent of our clients. SBA doesn't measure—doesn't do metrics on our training clients, which are 85 percent of what we do. So I think some work there needs to be done.

Mr. YANCEY. It is very easy to support the need for funding. Programs like ours to expand and grow and serve, as we all want them to, do require some level of investment and we will all work hard to match that investment with private sector dollars so that we can be effective.

Someone mentioned a little bit earlier access to capital, and I will divide that into access to capital and access to debt. Startup small businesses don't have access to capital, often don't have access to debt. And Mr. Sharpe mentioned in the veteran community how those that are separating don't have the collateral or the equity that is required, and that is not uncommon among many startup businesses.

The opportunity to make that more available through the MicroLoan Program and other similar programs, I think, is very important. The idea of making debt more widely available for small businesses, our banks are doing better but still not fulfilling that need completely.

Credit cards aren't a great option but used too often to the detriment of the small businesses. And I think that encouraging community lenders to be more involved and to be more accessible and more willing to support those small businesses is pretty critical these days.

Mr. ROWE. Well, you know, I will certainly echo what Antonella said. What I would really like to dive in on for a second is I think the biggest problem we have sometimes is focus. We know where the problems are. We can look at studies from organizations like the economic innovation group, and they can show us the counties that are having trouble with small-business formation and job growth, et cetera.

But what we don't always end up with is a coordinated strategy to utilize all of the resources we have to focus on assisting those areas, whether they are rural counties or inner city communities. And that, in a certain way, is kind of a tragic waste. We are all producing great results, but sometimes we are getting pushed to produce results so much that you tend to focus where you can get results rather than focusing on where you really need to offer help.

Mr. SHARPE. For the American Legion, of course, we would like to see more VBOCs, and we would like to see them, besides giving veterans training, but be more involved in advocacy. They need to be engaged with the local market. If we had one in the District of Columbia, they would have known of all the huge projects that are taking place here, which is not happening most places.

I think that would really change the dynamics of economic development. If they were more engaged with what is happening in the local area and being able to advocate to those businesses that they are serving, these are opportunities for you. And, of course, access to capital and being able to use your GI Bill for capital.

Mr. EVANS. Thank you, Mr. Chairman.

I yield back the balance of my time.

Chairman KNIGHT. Thank you very much.

And we will go to Ms. Clarke for her questions.

Ms. CLARKE. Thank you, Mr. Chairman.

And I thank our ranking member, Mrs. Murphy, our panelists for your expert testimony this morning, and a pleasant good morning to everyone.

As everyone on this Subcommittee knows, small businesses are the lifeblood of our economy. They allow hardworking women and men across this Nation to harness their entrepreneurial spirit for the benefit of themselves, their families, and our country.

Indeed, the 28 million small businesses in the United States account for 54 percent of all U.S. sales. This would not be possible if it were not for the hard work and dedication of the women and men at the Small Business Administration.

And at the heart of the SBA lies its entrepreneurial development programs. These programs include Small Business Development Centers, the Service Corps of Retired Executives, the Women's De-

velopment Centers, and the Office of Veteran Business Development. Each of these offices play an important part in ensuring that the promise of small-business ownership remains open to hard-working Americans across our country.

However, this is not to say that their functioning could not be improved. I remain concerned that we do not have sufficient metrics to judge the performance of SBA programs and remain interested in learning how we can make the SBA as efficient as possible.

And so my first question goes to Mr. Yancey. I commend the improvement your program has seen in increasing the racial and gender diversity of both clients and volunteers. However, the gender diversity of volunteers remains low, at just 20.3 percent. Could you please describe the efforts you have made to recruit volunteers from different backgrounds and what you are planning to do to improve this number?

Mr. YANCEY. Yes, ma'am. Thank you very much for a very important question.

Several things are happening for us as we work to improve the diversity of both our volunteer corps as well as our clients. I think one of the most important and one of the most effective processes that we have found is to work with and partner with other organizations who represent some of these underserved communities: our partnership with the National Urban League, the opportunity to do webinars in conjunction with the urban league that are promoted to their members as well as to our clients, both organizations having the opportunity to refer clients back and forth, resulting in new volunteers and new clients for both of us. The same thing with the African American Mayors Association and the same thing with the Latino Coalition—and our friend representing the Latino Coalition, Mr. Gutierrez, is back here—those are good opportunities for us to attract both clients as well as volunteers.

The other thing on the volunteer corps, I mentioned that we were—in 2016, 12 percent of our new volunteers are former clients. Our client base is diverse, and it makes sense for us to be reaching out to a group of people who have benefited from the program previously. And in so doing, we are also improving the diversity of the program.

In 2016, 30 percent of our new volunteers were women, which is obviously higher than the percent now, the same way with minority volunteers. So we are making progress. Quite frankly, it is not fast enough for me or our board or anybody else, and we are open to suggestion. We are open to additional referrals, support, and appreciate you continuing to push on this important topic.

Ms. CLARKE. Well, I thank you for the update.

Mr. Rowe, one of the critical programs SBDCs provide is disaster recovery and preparedness assistance. Could you please describe some of the specific services you provide in this area? And let me just sort of preface this also by saying thank you, because I come from Brooklyn, New York, and in the wake of Superstorm Sandy, the SBDCs were really a lifeline.

Mr. ROWE. Well, thank you, ma'am.

One of the biggest efforts we make is helping the SBA identify the locations to set up their business recovery centers and then fo-

cusing our efforts on staffing those centers and helping the small businesses get organized and get through the process.

I am sure all of the members on the Committee know that about 90 percent of the disaster loans are actually home loans. Only 10 percent are business loans, but that 10 percent tends to take about four times as long. Doing a disaster home loan is actually pretty simple; it is like doing a second mortgage. Doing a business loan is actually often incredibly complicated.

So we spend a great deal of time with small businesses that have been affected, helping them through all that paperwork, and sometimes it is a huge forensic issue. You know, it is reconstructing your sales figures, et cetera, which is why we put a lot of effort into disaster preparedness.

Now, in the case of Superstorm Sandy, I don't think as many folks were expecting it as might expect it in, say, Florida, when you are going to get a hurricane. But we are constantly pushing on the disaster preparedness front because disasters aren't just, you know, a natural occurrence. You could have a fire and wipe yourself out.

Ms. CLARKE. Thank you.

I yield back, Mr. Chairman. I thank you for your indulgence.

Chairman KNIGHT. Thank you very much.

And I am going to go to the ranking member. If members have another round of questions, we can go through these. And I am going to go to the ranking member, and I will bat cleanup after everyone is done.

Mrs. MURPHY. Thank you, Mr. Chairman.

As I mentioned in my opening remarks, the administration's recently released budget blueprint suggests reducing the SBA's budget by 5 percent. And while it didn't specifically name any of the programs for consolidation, it suggested that the programs should be consolidated if they are duplicative.

Could you describe the impact of such a consolidation on the services that you provide to clients? And this is for all of the members.

Mr. YANCEY. These programs are quite different beyond just who we serve. The way the grants operate, the back end, the partnership, service-to-the-community approach, we have never felt that consolidation of entrepreneurial development programs would be a healthy process.

In fact, I believe that often our best work is done in conjunction with our colleagues at the Small Business Development Centers or the Women's Business Centers or the veterans centers, where we might come in and provide very specific expertise around a business. If you had a high-end restaurant and I had a restaurateur that had a fine-dining restaurant, we might be able to provide specific information that could be useful.

Putting them all together would, I think, create an administrative challenge that is well beyond the challenges that we face individually. And the cost would not be less than what you find with the programs administering themselves.

Ms. PIANALTO. I would just absolutely agree with Ken. We do serve different needs, and we do work very closely together. And some of that is—you know, depends on the individuals in all of our organizations as well as with the district office of SBA. So there

could always be improvement with coordination, but we all serve very different purposes, and I do not think consolidation would be helpful at all.

Mr. ROWE. My concern with the whole concept of consolidation is, if you are seeking efficiency, that is one thing, but never make the mistake of thinking that small business is some monolithic thing. They are all different. It is like the little placard my sister-in-law has at the house: "You are unique, just like everybody else."

There are 28 million, 29 million small businesses in the United States. We probably touch, in the course of the year at SBDCs, a little under 1 million in various ways. That leaves 27 million, and I don't think that Ken and Antonella or the VBOCs got to the other 27 million.

You know, the problem, again, in my mind is, are we making sure we are all working together and thinking about what we are trying to achieve. You know, it is great to talk about efficiency. Sometimes you have to think about the economy, though, as kind of a big sloppy machine too.

Mr. SHARPE. I agree with everything else that has been said. But the mission of the American Legion is to ensure that veterans, when they leave the military, that they and their families are gainfully employed and economically independent and they are also able to contribute to their communities.

We have been a big supporter of the Veterans Business Development Office in SBA, and the part of that that we like the most is that the VBOCs are beholden to that office. So anytime we have issues with veteran entrepreneurship in any part of the country, we can always go to that office, get stats, find out what is happening, be able to contact those VBOCs directly. It's like a holistic approach to small business for us, and that also helps our mission in ensuring the veterans are taken care of.

Mrs. MURPHY. Thank you.

Chairman KNIGHT. And I will jump in real quick. There is a couple things that I am sure is on everyone's mind. Budget is always something that we look at. I would hope that we are looking at making sure that everything that is happening now is funded before we expand. And I think that is probably the best way you can do, especially when you are talking about government, and sometimes government is a weird animal to work with and finite dollars and all of those things. But we want to make sure that the programs that are working today are fully funded so that people know, okay, I know there is SCORE here. I know there is SBDC or WBC or VBOC here. I know that, and I am happy.

The second part is working together. I think that, whether you are a veteran in Los Angeles and you say, "Golly, my closest VBOC is, you know, 230 miles away," that is not okay, but they still have other resources that they can go to. They can go to their SBDC. They can go to their WBC. And they can go to SCORE and say, "I need help." And, conversely, people can work throughout. So I like the fact that it is working together, and I like the fact that you do have different kind of resources that everyone brings together.

Mr. Sharpe, did you have something? Oh, I thought you pressed your button.

Mr. SHARPE. No, no.

Chairman KNIGHT. And I think that that has kind of got to be the mission, especially when we go into budgets, because it is one of the reasons I don't sit on Appropriations, because I don't want to deal with that stuff. I want to deal with policy and what is good for America. And sometimes Appropriations are, "Yes, this is good for America; we just don't have the dollars to do it." And I would rather not be the bad guy on that.

So I am going to go to Mr. Evans for his second round.

Mr. EVANS. Mr. Chairman, I will yield. I don't have any other questions. Thank you.

Chairman KNIGHT. Thank you very much.

And Ms. Clarke.

Ms. CLARKE. Thank you once again, Mr. Chairman.

Mr. Pianalto, in your testimony, you mentioned that WBCs would be the appropriate body to provide third-party certification for women-owned business. Could you please describe some of the issues in the current certification system and how moving certification to WBCs would alleviate that?

Ms. PIANALTO. Thank you for that question. And I will just clarify—

Ms. CLARKE. I am sorry, Ms. I am sorry. Excuse me.

Ms. PIANALTO. Pardon?

Ms. CLARKE. I just wanted to make sure I got the gender correct there.

Ms. PIANALTO. So the current structure is that women can be self-certified through the SBA, or they can go to four third-party certifiers. The 2015 NDAA eliminated the self-certification process, and SBA is working through the rulemaking on that right now.

What we are suggesting is that, not that the WBCs take that over, but that you expand the availability of third-party certifiers. And we feel the WBCs, some of which—we have four WBCs who are regional partners of one of the third-party certifiers right now, and many of the WBCs are also helping with that self—the certification process. But we think the WBCs—it makes perfect sense for them to be—play a greater role in the certification process.

Ms. CLARKE. So just to get a better sense, do you think it is important that women have access to programs like WBCs that specifically focus on increasing female entrepreneurship? And with those relationships with the third-party certifiers, do you see that as being sort of a network that would expand access?

Ms. PIANALTO. We think that the current list—available certifiers needs to be expanded. And we think the WBCs play—would be able to play a great role in that.

Ms. CLARKE. Very well. I thank you.

And I yield back, Mr. Chairman.

Chairman KNIGHT. Thank you very much, Ms. Clarke.

And I appreciate all the members for coming today. Of course, the ranking member is always here.

Ms. Clarke and Mr. Evans, thank you very much for attending.

And I want to thank the panel for their expert sharings of what it is to be an SBA and what it is to help small businesses and the entrepreneurial attitude today. I believe it is important to hear directly from the groups and organizations offering their expert advice to entrepreneurs all across the Nation.

These programs are extremely important to millions of small businesses trying to grow and create jobs. With a burdensome business environment, you assist risk-taking entrepreneurs as they charge ahead.

As this Subcommittee looks to enhance the workforce for our Nation's small businesses and the resources available to them, we will use this conversation moving forward, and we will continue to advance bills working and advancing WBCs and bills of that nature to try and help your work with our small businesses. Much like the guidance you provide to small businesses on a regular basis, we thank you for the advice you have provided us today.

I ask unanimous consent that members have 5 legislative days to submit statements and supporting materials for the record.

Without objection, this hearing is now adjourned.

[Whereupon, at 11:48 a.m., the Subcommittee was adjourned.]

APPENDIX

Ken Yancey
Chief Executive Officer
SCORE Association

Statement to the
Small Business Committee
United States House of Representatives
Subcommittee on Contracting and Workforce
March 30, 2017

Subcommittee Chairman Knight, Ranking Member Murphy, and members of the subcommittee, my name is Ken Yancey and I am the CEO of SCORE. Thank you for the opportunity to offer testimony updating the committee on entrepreneurial development programs, including SCORE, at this hearing, entitled “SBA’s Entrepreneurial Development Programs: Resources to Assist Small Businesses.” Thank you as well to the United States Small Business Administration (SBA) for your continued support.

First and foremost, I wish to thank you for 53 years of support for SCORE, which directly benefits the small businesses owners that SCORE volunteers serve in their local communities.

About SCORE: Mission, Vision and Values

SCORE is the nation’s largest network of volunteer, expert business mentors, with more than 10,000 volunteers across 300 chapters offering free and confidential advice and low or no-cost educational workshops to current and aspiring small business owners.

A nonprofit resource partner of the SBA, SCORE was founded in 1964 by a group of retired executives then known as the Service Corps of Retired Executives. In the 1970s, SCORE expanded its services to offer workshops and seminars on a variety of topics related to small business. In 1996, SCORE ventured online to provide small business advice via email. Today, more than 10 million entrepreneurs have been mentored by SCORE or attended SCORE workshops.

SCORE’s mission is to foster vibrant small business communities through mentoring and education. SCORE envisions every person having the support necessary to thrive as a small business owner.

SCORE has a strong set of core values, which we define as:

- **Clients Matter:** Our clients’ success is our success.
- **Small Business Matters:** Small business is the engine of our national economy through business formation, job creation and wealth building. Small businesses and their support are critical to vibrant communities in our society.
- **Giving Back Matters:** We give volunteers, stakeholders and sponsors the ability to give back to communities through their support of SCORE. Successful small business owners understand the importance of giving back to their communities.

- **Volunteers Matter:** SCORE is comprised of volunteer business people helping small business people solve business problems. Volunteers give freely of their time, energy and knowledge to help others.
- **Experience Matters:** The truest measure of our mission and our service is ensuring that our clients have a positive experience. A volunteer's experience also matters, as their relevant knowledge, wisdom and experience serve our clients through mentoring and education. Finally, the volunteer experience with SCORE matters, and we ensure that volunteers find value and satisfaction while engaged with SCORE.
- **Relationships Matter:** In relationships, we act with integrity, respect, honesty, purpose, and professionalism. We listen with an open mind, encourage and openly communicate with all people seeking help from SCORE. Personal, long-term relationships are a driver of small business success. Community alliances are critical to the success of SCORE.
- **Diversity Matters:** We believe in the importance, value and power of diversity – diversity of people and diversity of thought. The diversity of race, gender, ethnicity, geography, and experience is important and valuable in SCORE. We strive to achieve diversity of our volunteer corps, staff, board and clients.
- **Lifelong Learning Matters:** We believe that small business owners who are lifetime learners adapt to change more readily and are more successful. Volunteers who are lifelong learners remain active, and achieve personal satisfaction and growth.

SCORE's Impact on Small Business and the Economy

In FY2016, SCORE helped its clients to create 54,072 new businesses and add 78,691 new, non-owner jobs to the American economy.

During FY2016, SCORE's services kept clients in business. 96% of SCORE's 2016 clients who were in operation for more than one year when they came to SCORE remain in business, while 84% of clients who started or acquired a business while receiving services from SCORE stayed in business. SCORE also helped to grow revenue in 64% of its small business mentoring clients.

SCORE remains the most efficient and effective business formation and job creation engine funded by the federal government. Our cost to create a job is estimated at \$133.43, while the cost to create a business is just \$194.35. This efficiency in creating jobs and businesses provides a tremendous return on all federal dollars invested, and, in fact, makes money for the American taxpayer.

- In FY2016 alone, SCORE clients returned an estimated \$45.75 in new tax revenue to the federal treasury for every \$1 appropriated to SCORE. This efficiency far exceeds the return on investment generated by any other job creation initiative or business creation initiative funded by the federal government.
- SCORE maximizes every dollar received from the federal government, because our 10,000+ mentors and field organizers are all volunteers, with just 24 full-time, paid staff members. Many of them small business owners themselves, these volunteer mentors operate 300 chapters across the U.S.

Other examples of SCORE's powerful impact on American small businesses include:

- In FY2016 SCORE provided 541,526 total chapter services through mentoring, workshops and educational programming, nearly a 9% growth from the previous fiscal year.
- 142,610 unique clients received SCORE mentoring services in FY2016, representing an 11.4% growth in total mentoring sessions.
- SCORE volunteers donated 2.17 million hours to mentoring clients, planning and executing educational workshops, and running their local chapters.
- 237,712 local workshop attendees benefited from SCORE's educational programming in FY2016.
- Believing in the importance, value and power of diversity, SCORE strives to attract a volunteer corps, staff, board and clientele of varied race, gender, ethnicity, geography and experience.
 - 58% of SCORE's FY2016 clients were women; 35% were minorities; 11% were veterans; 9% were people with a self-identified disability.
- Believing that lifelong learning matters, a large portion of the www.score.org website is dedicated to providing educational resources for clients. 2,982,519 unique visitors accessed the www.score.org website during FY2016, utilizing 24/7 online mentoring and thousands of expert resources and business tools.
 - 7.4% of visitors to the www.score.org website later converted to a service, such as mentoring or taking an online workshop. This conversion rate is likely even higher than the reported rate, since it does not include clients who later registered for local workshops.
- The SCORE national office provides ongoing workshops in both live webinar formats and on-demand training housed on the www.score.org website. Clients attended 119,957 online workshop sessions in FY2016. Of these attendees, 82,422 sessions were accessed through the online archives of more than 460 past workshops, while 37,535 attendees watched live. On average, 28% of those attendees went on to request mentoring services from SCORE.
- At least once a week on average, SCORE hosts live webinars in conjunction with sponsors and subject matter experts. Designed to complement local workshops provided by SCORE chapters, these webinars cover areas that lack robust workshop programs and reach audience members who prefer to learn virtually.

Client Satisfaction

Throughout SCORE's 53 years of operations, the central guiding principle of client satisfaction has remained unchanged. Over the past eight years, SCORE has been able to determine the rate of client satisfaction through data-driven measures that focus on service (outputs), as well as quality and impact (outcomes). At the foundation of this organizational focus on data are three key goals and programs: 1) Service Quality Improvement 2) Client Relationship Management and 3) Impact Measurement.

SCORE continues to shift from defining itself as a "volunteer service organization" to a "business organization led by volunteers." It strives to manage chapter operations like a business, and focuses on quality service metrics, including client engagement and Net Promoter Scores

(NPS). NPS measures client satisfaction based on the quality of the client-mentor relationship, and willingness to recommend SCORE. The survey is issued after a client's first and fifth mentoring sessions. The results are used to identify and promote best mentoring practices.

- Net Promoter Scores indicate that the vast majority of clients are very willing to recommend SCORE services to others. In FY2016, SCORE's NPS climbed to a new all-time high of 82.26, a 1.86% increase from FY2015.

For the past five years, SCORE has issued a Client Engagement and Impact survey through PricewaterhouseCoopers. For the three years prior to that time period, the survey was conducted through Gallup. 2016 results showed the following:

- 83% of FY2016 clients stated that they are "Likely to recommend SCORE."
- 77% of FY2016 clients agreed with the statement: "SCORE helped me."
- 78% of FY2016 clients agreed with the statement: "SCORE is critical in helping to foster vibrant small businesses in my community."
- SCORE's overall client engagement rate in FY2016 was 4.09 on a five-point scale, and an even higher 4.11 for mentoring services alone.
- SCORE's overall client satisfaction steadily improved for six consecutive years, culminating in the greatest gain yet, year over year, in FY2015. FY2016 results have held those improvements – across a significantly larger sample of 20% more responses.

Media Buzz

SCORE builds awareness of its services through earned and organic media outreach, public service announcements, and online marketing, including search engine optimization and social media.

- Media coverage of SCORE shows a potential exposure of 12.6 billion readers or viewers in FY2016, with an average of 922 media mentions of SCORE per month.
- SCORE connects with small business owners across several social media channels, including Facebook, Twitter, LinkedIn, YouTube, Google+ and Instagram.
 - SCORE's Facebook page has more than 42,000 likes and earned 927,461 impressions per month in FY2016, with an average of 17,497 engagements per month.
 - SCORE's Twitter account has more than 38,000 followers, earning a total of 2,668,400 impressions in FY2016, with a potential reach of 25,437,237 from retweets and a potential reach of 64,732,915 from mentions.
 - SCORE's YouTube channel has amassed 471,000 total views.

Volunteer Corps

SCORE's corps of more than 10,000 volunteer mentors has a profoundly positive effect on SCORE's clients, as well as the communities housing these small businesses, and the U.S. as a whole. By creating meaningful, often long-term relationships with our clients, SCORE mentors help clients start new businesses or operate existing small businesses more efficiently and with

greater success. Mentors provide the personal experience, practical knowledge and emotional support that clients need to thrive in the small business arena, helping them to think through business problems and offering information and strategies for improvement. At SCORE, 75% of mentoring is still accomplished face-to-face, while 25% takes place online or over the telephone.

SCORE recruits more than 3,000 new volunteers annually, 12% of whom were former clients in FY2016. New volunteers complete an online on-boarding process that includes a mentoring certification. As of January 2016, every SCORE volunteer mentor has been required to complete a certification course on mentoring best practices, ensuring that clients receive the best possible service.

As mentors take the extra time to closely listen to clients, they understand each business's unique needs and challenges, resulting in a transformational relationship, as opposed to a merely transactional relationship. Conversations between SCORE mentors and their clients are strictly confidential, with all mentors signing a Code of Ethics and Conduct that addresses the protection of each client's information and business ideas.

Mentors employ the SLATE methodology in their mentoring sessions, which stands for:

- Stop and Suspend Judgment
- Listen and Learn
- Assess and Analyze
- Test Ideas and Teach with Tools
- Expectation Setting and Encouraging the Dream

For the past four years, SCORE has used a Volunteer Engagement Survey to measure volunteer satisfaction and gather insights on how to improve the volunteer experience. SCORE mentors report a high degree of satisfaction with their volunteer efforts, expressing that they are confident they are having a positive impact on their local communities. In FY2015, 77% of mentors were categorized as Champions, defined as highly engaged volunteers, with a high intent to continue volunteering. This is an improvement from the last two years. Mentors enjoy membership in a prestigious group with a proven track record of success, and they value mentoring as a lifelong learning opportunity that allows them to give back. Volunteer engagement has improved each year since the survey was implemented.

SCORE volunteers undergo continuing education and training to keep their mentoring and interpersonal skills sharp. As part of the "Lifelong Learning Matters" program, the inaugural Volunteer Virtual Conference was held on March 2, 2017 with nearly 1,000 volunteers attending live educational webinars or accessing the recorded sessions afterwards. Some SCORE chapters held viewing parties to watch the presentations together and facilitate additional discussions.

Volunteer Diversity

As stated above, diversity matters at SCORE. SCORE's commitment to diversity among its client base extends with equal passion to its recruitment of volunteer mentors. Celebrating diversity in demographics, as well as diversity of thought, SCORE looks to engage mentors from varied backgrounds. 27% of SCORE's FY2016 volunteers were minorities. 20.3% of FY2016

volunteers were women, as compared to 17% in FY2015. The average volunteer age has decreased from 72 in FY2012 to 67 in FY2015, reflecting SCORE's increased efforts to recruit active, as well as retired entrepreneurs.

This increase in diversity among SCORE volunteers is reflected on SCORE's FY2016 paid staff, of which 67% were women and 33% were minorities. Of the SCORE Board of Directors for FY2016, 50% were women and 31% were minorities.

SBA Relationship

SCORE was originally established by the SBA in 1964 and has been a resource partner with the SBA in the 53 years since. Our relationship is collaborative, with the two organizations working together to support small business owners through a variety of initiatives, a few of which are listed below. The SBA also serves as the number one third-party referral site of traffic to SCORE's website, and is helpful in directing media inquiries to SCORE's media relations desk.

SCORE is pleased to work with and support the SBA in a variety of initiatives:

- **Boots to Business:** SCORE mentors have taught 2,699 modules of this entrepreneurial education and training program since its inception. Offered by the SBA as part of the Department of Defense's Transition Assistance Program (TAP), Boots to Business teaches veterans how to evaluate business concepts, develop a business plan and access SBA resources that can help them obtain start-up capital and additional technical assistance.
- **Emerging Leaders:** SCORE chapters around the country are proud to support the SBA's Emerging Leaders Initiative by providing mentoring services and educational support. This federal training initiative supports small business executives on a growth trajectory in historically challenged communities by providing them with the organizational framework, resource network, and encouragement required to build sustainable businesses and promote economic development within urban communities.
- **National Small Business Week:** SCORE is proud to manage the fiduciary partners for this weeklong event, which celebrates and supports entrepreneurs nationwide with educational resources and events. In FY2016, SCORE also hosted five live webinars for more than 4,000 attendees on topics ranging from small business finance, to technology and human resources for small businesses.
- **SBA district events:** Throughout the year, SCORE chapters nationwide partner with local SBA chapters on a broad variety of initiatives and educational workshops for entrepreneurs and small business owners.

SCORE also works closely with other SBA resource partners including the Small Business Development Centers, Women's Business Centers, Veteran Business Centers, SBA District Offices and other resources from local, state and federal entities.

Other Partnerships

SCORE's corporate partnerships and sponsorships endow special projects that support small business owners and promote small business growth.

Sam's Club

A generous grant from Sam's Club allowed SCORE to launch the American Small Business Championship, which is now in its fourth year. The 2017 Championship selected 102 small businesses – two in every state and the District of Columbia – from a nationwide pool of 1,563 applicants and will reward them for their dedication to the success of their business with a \$1,000 Sam's Club gift card to purchase supplies that help build their business, an all-expenses-paid trip to a business training and networking event in Dallas, SCORE mentoring, and publicity throughout the year. This fall, three grand champions will be selected from the group of 102 state-level Champions and awarded \$25,000 each. A judging panel of small business experts will name the grand champions based on how effectively they utilized their initial prizes to grow their respective businesses.

The Ewing Marion Kauffman Foundation

SCORE has partnered with the Ewing Marion Kauffman Foundation to produce a video mentoring program that expands the reach of SCORE mentoring by serving more entrepreneurs who live in remote locations or juggle full-time work with starting a business. Connecting mentors and clients virtually, but still providing a face-to-face experience using video chat software such as Google Hangouts, Skype and TeamViewer, this program has served 1,257 clients to date. It has also helped SCORE research how volunteer mentors' core capabilities can work effectively using videoconferencing technology. Video mentoring clients showed the highest level of engagement compared to other types of mentoring clients, reporting client satisfaction scores of 4.30 on a 5-point scale.

MassMutual

MassMutual has worked with SCORE for more than six years. MassMutual and SCORE share a commitment to providing education, training, access and resources to multi-cultural small business communities. MassMutual has supported enhancements to www.score.org through Spanish-language tools, templates and content. In addition, MassMutual has provided training and resources for SCORE's volunteers and small business clients. SCORE and MassMutual are also partners in delivering educational events for Hispanic small business owners, as supported by The Hispanic National Bar Association.

Verisign

Verisign sponsors SCORE's Virtual Conference series, which allows individuals in diverse geographic locations to remotely participate in an online environment that offers the look and feel of an in-person conference event. Combining the educational elements of a conference with the networking and interactive features of a trade show, virtual conferences allow participants to listen to keynote speakers, visit virtual booths to download materials, meet sponsors and

mentors, and ask questions via a live-chat feature. Sessions are also recorded and available on demand after the conference.

The inaugural Power up Your Small Biz Virtual Conference on May 26, 2016 drew 1,366 unique attendees. The average length of stay in the virtual environment was 4 hours and 10 minutes. 98.4% of attendees reported that the conference helped them learn more about technology for their small business.

The second virtual conference, held on October 27, 2016 on the subject of technology and cybersecurity drew 1,297 live attendees. The third virtual conference will be held in June 2017.

Canon U.S.A.

For the past three years, Canon has sponsored Simple Steps for Starting Your Business, a five-part series of three-hour workshops designed to provide new business owners with the tools, information and advice they need to start a successful business. These workshops are offered live and in-person through SCORE chapters across the U.S., or in online modules.

Since inception, Simple Steps for Starting Your Business has been offered 789 times to more than 10,000 in-person attendees, equating to more than 2,000 hours of training.

This year, SCORE and Canon are also offering a new workshop series called Simple Steps to a Well-Run Business, catering to in-business clients who want to ensure they are operating at their full potential. This program concludes with follow-up roundtable discussions that are facilitated by a SCORE mentor.

Non-Profit and Membership Organizations

SCORE also works to build partnerships with other non-profit and membership organizations, and to cultivate alliances that support the communities and clients served by these groups. A few examples of these alliances include:

- National Urban League (NUL): SCORE and NUL work together to support economic empowerment for communities of color by collaboratively producing and promoting live webinars. SCORE services are also offered through the NUL website.
- African-American Mayors Association (AAMA): Through this new partnership, SCORE supports local officials and the communities they serve. Members of the AAMA represent diverse geographic areas, from big cities to small, rural communities. The AAMA collaborates with local SCORE chapters to forge alliances that best serve their cities.

Future Planning

As SCORE plans for the future and strategizes growth opportunities, overarching goals include identifying and helping underserved clients, improving both the quality of mentors and the quality of the client to mentor matching process, adding chapters and increasing capacity, and

systematically engaging the SCORE community. Additional goals are outlined in the Strategic Plan and the Futures Project (below):

Strategic Plan

SCORE has developed a Strategic Plan for 2015-2017 designed to improve organizational quality at all levels. The main objectives are:

Strategic Objective 1: Grow the number of new clients using SCORE.

- S 1.1 Increase awareness of SCORE, as indicated by the number of web visits, and answers to a brand awareness survey.
- S 1.2 Increase new clients of SCORE through national marketing and promotion efforts, as indicated by total new mentoring requests via www.score.org and total online workshop attendees.
- S 1.3 Increase new clients through local chapter marketing and referral relationship building, as indicated by new unique clients and the number of new local referral relationships.
- S 1.4 Develop new clients and relationships in underserved markets and existing channels, as indicated by the number of new national relationships, client diversity (race, ethnicity and gender) and client demographics (age, segment and geography).
- S 1.5 Improve lead-to-client conversions, as indicated by online conversion (defined as website leads that translate to client requests) and clients who have not yet been mentored receiving mentoring.

Strategic Objective 2: Improve quality at every level (mentoring, administrative, leadership, recruiting, and education/services).

- S 2.1 Provide quality tools, products and services to meet the needs of the client, as indicated by the number of new products, tools and services, the post-webinar survey, Net Promoter Score and the client engagement survey.
- S 2.2 Increase total clients through relationship building, as indicated by the percentage of long-term versus one-time clients.
- S 2.3 Develop and disseminate on-going training to improve SCORE services, as indicated by the percentage of certified mentors, the number of new training programs with participation goals and the Volunteer Engagement Survey.
- S 2.4 Recruit and retain the highest quality volunteers, as indicated by the number of new volunteers, the individual volunteer Net Promoter Score and diversity.
- S 2.5 Identify and cultivate the highest quality volunteer leaders, as indicated by Chapter Chair and District Director Questions in the Volunteer Engagement Survey and the Leader SCOREcard.
- S 2.6 Build, align, engage and motivate the national office to anticipate and respond to stakeholder needs, as indicated by 360 reviews of CEO and senior staff and the Volunteer & Staff Engagement Survey data.

Strategic Objective 3: Develop a culture nationwide that supports SCORE's values, beliefs and actions.

- S 3.1 Clearly define and develop understanding of SCORE's values across the entire organization, as indicated by volunteer engagement.
- S 3.2 Create an environment that is consistent with SCORE's values, as indicated by Volunteer Engagement Survey and Client Engagement Survey data, increased diversity among SCORE volunteers, and the number of chapters with set and achieved goals, based on market demographics for volunteers.
- S 3.3 Create an environment of accountability, as indicated by volunteer-level Net Promoter Scores, chapter-level client engagement scores and minimum standards met.

Strategic Objective 4: Develop sustainable funding.

- S 4.1 Develop multiple private funding channels, as indicated by total funds raised and the percentage of funding raised by new channels.
- S 4.2 Achieve sufficient federal funding to reach goals, as indicated by the total funds appropriated to SCORE.
- S 4.3 Ensure all funds are spent in pursuit of SCORE's mission, as indicated by budget approval and by Form 3 (changes in chapter cash balances and reported usage of funds by pre-defined areas/buckets).

Futures Project

In May 2015, the SCORE Board of Directors commenced a Futures Project that attempts to analyze the next two decades of changes in small business, entrepreneurial education, adult learning, volunteerism and nonprofit management. We believe that small business will remain critical to our country's economic success in the next two decades. We believe that SCORE will need to meet the future needs of our clients through a connected network of relationships and resources, both inside and outside of SCORE, to help small businesses thrive. To accomplish our desired future state, our volunteer mentors will become part of this connected network. They will use their knowledge and resources along with the network's resources to serve clients more efficiently and effectively. These relationships strengthen all aspects of the small business community: SCORE's small business clients, its strong corps of mentors and other volunteers, its local presence in communities, and its relationships with a growing number of partners. Mentoring will continue to function as SCORE's primary means of supporting and guiding small businesses, while an expanded network will provide clients with greater access to specialized expertise and resources.

Funding Request

Based on the impact demonstrated above, SCORE respectfully requests a \$13 million appropriation in FY2018. This represents a \$2.5 million increase in funding as compared to FY2017.

SCORE will use funds to continue its efforts to serve more clients; to improve mentoring and administrative quality; and to attract, support and maintain one of the skillful and dedicated volunteer corps ever assembled.

For FY2018, SCORE is developing an aggressive outreach effort that includes expansion in major metropolitan areas (with an emphasis on underserved portions of these areas), expansion into rural communities in partnership with the U.S. Department of Agriculture, a “small startup” initiative, and an initiative targeted at non-employer firms.

With this additional investment, we project a 6-8% increase in total services in FY2018. We subsequently expect an 8-10% increase in FY2019 and FY2020. We project growth in client impacts (businesses formed and jobs created) and improvement in client engagement and clients’ willingness to recommend SCORE. With our increasing centralization of processes we expect to reduce the financial management burden and risks at the chapter level. Centralization will also lead to even greater quality and consistency of services across all chapters and improve our ability to produce useable data for stakeholders, management and the marketplace.

Appropriated funds will be used to serve and support our clients in the following ways:

Client Services:

- Develop new chapters in specific markets of opportunity including major metropolitan areas, rural communities, inner cities and other underserved areas.
- Reduce the administrative burden on chapters and volunteers to allow greater focus on client needs. Centralize chapter-level administrative support services including clerical support, client intake, leadership development, mentor training tools and resources.
- Improve the diversity of SCORE volunteers and clients. Develop and implement new processes for chapters to attract new constituencies both volunteer and client to improve diversity.

Volunteer Training and Education:

- Continuously improve training tools and materials to impact client service quality. Include additional tools to address the small start-up portion of the market and the needs of non-employer firms.
- Improve access to volunteer talent and other resources across all of the SCORE organization. Implement a comprehensive database of all SCORE mentors’ skills and capabilities that is instantly accessible to better serve volunteers and clients’ unique needs.
- Continue the development of a SCORE culture focused on a quality, successful client and volunteer experience. Expand SCORE’s National Leadership Conference to all SCORE volunteers to improve networking and sharing of best practices for client success.

Marketing and Communications:

- Use social and other forms of digital media to reach and attract new clients and volunteers. Provide centralized digital marketing (website and social media management) for all chapters.

- Develop and organize content and resources to allow simple and instant access for clients and volunteers. Develop targeted web based centers of excellence for specific industries (restaurant), business disciplines (marketing, exit), and segments (startup, non-employer).
- Support SCORE chapters with their goal of becoming an integral part of the economic development fabric of the community they serve. Develop and implement local chapter marketing initiatives including referral and word of mouth campaigns.
- Use referral partner networks to attract clients and volunteers at all levels of the organization. Form joint marketing initiatives with national and local partners.

Technology and Website:

- Use systems and technology as the primary infrastructure to enable the client experience, volunteer experience, association management and stakeholder reporting. Continue development and implementation of the next generation of the SCORE Association management software system.
- Properly protect all client, volunteer and other data used, stored or managed by SCORE. Implement a data security audit and plan to insure all client and volunteer data is as well protected based on industry standards.

Staffing:

- Improve SCORE's ability to appropriately manage all forms of funding in a manner consistent with all applicable rules, policies and regulations. Add one senior level accounting position.

Administration:

- Improve SCORE's ability to appropriately manage all forms of funding in a manner consistent with all applicable rules, policies and regulations. Software licensing fees for centralized chapter level accounting system.
- Customization, integration, implementation of centralized chapter level accounting system to reduce chapter administrative burden and lessen financial risk related to cash control.
- Additional contractor accounting support.

Governance:

- Continue to provide appropriate oversight of SCORE in a manner consistent with all applicable rules, policies and regulations.

SCORE is a uniquely American organization that synthesizes two historic national ideals: entrepreneurial spirit and volunteerism. Since 1964, SCORE has provided expert volunteer business mentoring to more than 10 million entrepreneurs and small business owners. In 2015, SCORE set a goal is to help 1 million additional entrepreneurs by 2020. While this is an ambitious goal, it will help to guide a continual pattern of growth and expanded services.

Small businesses account for 99.7 percent of all employer firms and generate more than 50 percent of the non-farm private gross domestic product. They employ more than half of all private sector employees. In this way, these small businesses are the engine of America's job creating economy, the fabric of our local communities, and the embodiment of the American dream.

SCORE is scalable, with a relatively small investment, and can provide even greater value to the federal taxpayer, and to our country's economy. For this reason, a \$13 million appropriation is thoughtfully requested, despite the difficult economic environment. These funds would be maximized to serve and support our clients by growing our volunteer corps, expanding our reach, and creating even greater economic impact in communities across the country.

SCORE exists to help entrepreneurs achieve their dream of success, and to strengthen the economy of this great nation. We appreciate the support of this committee, as well as your personal support of SCORE.

I would be pleased to answer any questions you may have, and to provide any additional documentation as requested. Thank you, again, for this opportunity to testify.

Respectfully submitted,

Kenneth Yancey
CEO
SCORE Association



Testimony of

Antonella Pianalto

**on behalf of the
Association of Women's Business Centers**

to the

**U.S. House of Representatives Small Business
Subcommittee on Contracting and Workforce:**

*SBA's Entrepreneurial Development Programs:
Resources to Assist Small Businesses*

March 30, 2017

Testimony of Antonella Pianalto: SBA's Entrepreneurial Development Programs: Resources to Assist Small Businesses

Good morning. Chair Knight, Ranking Member Murphy, and distinguished Members of the Subcommittee, thank you for the opportunity to testify before you today. My name is Antonella Pianalto, and I serve as the President & CEO of the Association of Women's Business Centers.

The Association of Women's Business Centers (AWBC) supports the national network of Women's Business Centers (WBCs) by providing training, mentoring, programing, and advocacy with the goal of improving services to women entrepreneurs. We are pleased to announce to the Committee that for the first time, the AWBC's membership includes every WBC throughout the United States. As the advocate for this critical program, it is an honor to be here today.

First, let me thank the Committee for holding this hearing. It has been many years since Congress has heard about the progress we are all making to serve American small businesses. Each Small Business Administration (SBA) resource partner provides services in distinct ways, and many of those differences stem from the original statutes that created our programs.

As you know, the Women's Business Center program is a public-private partnership with more than 25 years of success in providing training, counseling, mentoring, and access to capital to women entrepreneurs across the country. Our network reaches into communities – urban and rural alike – to assist America's job creators in launching and growing their own businesses.

Women's Business Centers are focused on being an effective and efficient resource for one of the fastest growing sectors of the economy. Our continued growth leaves an enormous footprint of successful business owners and job creators. In fiscal year 2016, our centers reached more than 145,000 clients and conducted over 93,000 hours of counseling and over 15,000 training sessions in over 35 languages.¹ In 2015, the most recent data, WBCs assisted with nearly \$429 million in private capital infusion and last year helped to secure nearly \$40 million in government contracts for women-owned businesses.²

The WBC program continues to fulfill its Congressional mandate of ensuring that women's entrepreneurial drive is fueled by adequate training and resources to keep the small business engine of the economy thriving. Nonetheless, Congress should act to strengthen and modernize the program, in turn supporting women business owners nationwide.

¹ Fiscal year 2016 data provided to AWBC on request by SBA and to be formally published in the FY18 Budget Justification to Congress. Language details found in SBA OED 2015 Report, p. 36 (see footnote 2).

² US Small Business Administration. *Office of Entrepreneurial Development 2015 Year in Review*, p. 39. Available online at https://www.sba.gov/sites/default/files/resources_articles/2015_OED_Year_In_Review.pdf. Hereafter SBA OED 2015 Report. Federal contracting data provided by SBA via Entrepreneurial Development Management Information System (EDMIS).

History of the WBC Program

The Women's Business Center Program was created by Congress as part of H.R. 5050 (P.L. 100-533), the Women's Business Ownership Act of 1988; landmark legislation that advanced the entire women's business agenda. The legislative history of that bill noted that despite making enormous contributions to the American economy, "women, as a group, are subjected to discrimination in entrepreneurial endeavors due to their gender...adversely impacting the ability to raise or secure capital, to acquire managerial talents, and to capture market opportunities."³ Congress sought to remedy this through, among other items, the creation of the WBC program and centers throughout the country to provide the necessary business assistance.

In its first year, the WBC program received \$2 million and funded four centers. After ten years, the program grew to 70 centers and \$12 million in funding. Since then, in line with the explosive growth of women business owners, the program has increased from those four "demonstration sites" to a proven network of 113 grants leveraged to more than 150 locations in 48 states and territories. Unfortunately, resources for the program have not grown in parallel – and the more than 50% increase in centers over the last fifteen years has been matched by only a 25% increase in funding.⁴

Throughout its quarter-century history the program has continued to be the source for counseling, training and access to capital for hundreds of thousands of women every year. In the last decade alone, WBCs have served more than two million women entrepreneurs leading to the creation and expansion of tens of thousands of new businesses and jobs.

Women Entrepreneurs and the WBC Program Today

The most recent federal data, collated from the U.S. Census 2012 Survey of Business Owners, captures a snapshot of the explosion of women entrepreneurs. The census found 9.9 million women business owners in 2012 with \$1.4 trillion in annual receipts—an 18.7% increase from 2007.

Today, women own more than thirty-five percent of all businesses and, according to the Small Business Administration, are starting new ventures at four times the rate of men.⁵ More recent, but not federally-released data, like the American Express OPEN 2016 State of Women-Owned Business Report, estimate more than 11 million women-owned businesses employing nine million Americans and generating \$1.6 trillion in receipts.⁶

³ P.L. 100-533, available at <https://www.gpo.gov/fdsys/pkg/STATUTE-102/pdf/STATUTE-102-Pg2689.pdf>.

⁴ In 2000, the WBC program received \$12 million and had 70 centers. In 2015, the program had grown to more than 105 grants (>50%) but only increased to \$14.5 million (21%).

⁵ SBA OED 2015 Report, p. 3

⁶ American Express OPEN 2016 State of Women-Owned Business Report (2016).

http://www.womenable.com/content/userfiles/2016_State_of_Women-Owned_Businesses_Executive_Report.pdf

The newest generation of business owners span the spectrum of industry. Their businesses are as diverse as their owners, and require WBCs to provide a wide variety of services – including training, counseling, and mentoring – to help their clients start or grow their enterprises. Nearly half of Women’s Business Centers provide direct loans, while 77% aid in procuring government contracts. As mentioned earlier, these efforts had measurable impact: in 2015, WBCs helped clients obtain new financing, totaling \$429 million. In 2016, WBCs helped clients secure nearly \$40 million in government contracts.

WBCs serve women entrepreneurs in every stage of the business continuum. In 2015, the SBA found that WBC client businesses averaged seven years in age and that 15% were start-ups while 26% were in business more than ten years.⁷ The services provided to those businesses had a profound impact on the outcome of the company. According to the SBA Office of Entrepreneurial Development (OED) 2015 report, 96% of clients reported revenue growth, totaling a staggering \$658 million dollars.⁸ This led to one in ten businesses hiring a new employee, creating nearly 25,000 jobs. The annual reviews of the program submitted to Congress by the SBA show that 2015 was not an outlier; since FY2010, WBCs have surpassed their SBA job creation and training goals.⁹

WBCs have played a role in fueling the growth of minority businesses as well; 45% of clients in 2016 were minorities. Focus on minority women is critical as businesses owned by women of color have more than doubled since 2007, increasing by 2.8 million. Nearly 8 out of every 10 net-new women-owned firms launched since 2007 were started by a woman of color.¹⁰ This diversity has been matched by expanded abilities of the centers. Sixty-four percent of WBCs provide programming in two or more languages and overall, WBC services are provided in more than 35 languages.

This differentiation of services has not impacted the ability of every center to provide high quality training and counseling to all its clients. As the National Women’s Business Council (NWBC) found:

Successful outcomes (clients served, businesses started, jobs created) are not dependent on the size, age or location of the center: rural centers were as successful as those located in urban areas; high poverty locations had as many successful outcomes as did lower poverty locations; and stand-alone centers were as successful as those that were co-located with other organizations.¹¹

A good explanation for this is that centers design their own programs and delivery models that best meet the needs of their community. Most WBCs are “hosted” within a larger economic development organization or university, however, older and, for the most part, larger WBCs are stand-alone

⁷ SBA OED 2015 Report, p. 38

⁸ Ibid, p. 39.

⁹ U.S. Small Business Administration (2016). FY 2017 CONGRESSIONAL BUDGET JUSTIFICATION AND FY 2015 ANNUAL PERFORMANCE REPORT, p. 61. https://www.sba.gov/sites/default/files/FY17-CBJ_FY15-APR.pdf. Hereafter SBA FY2017 Congressional Budget Justification.

¹⁰ American Express OPEN 2016 State of Women-Owned Business Report (2016). http://www.womenable.com/content/userfiles/2016_State_of_Women-Owned_Businesses_Executive_Report.pdf

¹¹ Womenable (2006). The Performance, Progress and Promise of Women’s Business Centers in the United States: A Summary of Three Research Studies, p. 2. Available at http://www.womenable.com/content/userfiles/ResearchinBrief_WBC_studies.pdf. Hereafter Womenable WBC Report.

organizations which provide a robust diversity of services that often include a variety of sector-specific expertise and access to capital.

Finally, and perhaps most critically, the WBC program has been a proven good investment of taxpayer dollars. Private sector fundraising, enhanced by the visibility of the SBA partnership, helps to match federal dollars more than three to one.¹² For every one federal dollar invested in the program, the WBC program returns \$46 to the economy.¹³ The proven return on the program is underscored by the key fact that WBCs serve a unique population that otherwise would not receive the targeted training and counseling needed.

Serving A Unique Population in Distinct Ways

The WBC program was created because existing programs were not adequately meeting women's needs for services that addressed unique challenges. As the program has grown in size and influence, some Members of Congress have expressed the opinion that WBCs duplicate services provided by other resource partners.

The reality is that many clients receive services from more than one resource partner, and in fact, the SBA encourages resource partners to collaborate. What makes WBCs unique is the depth and breadth of our services. Women come to WBCs because we address four critical issues: competence, confidence, capital, and connection. Women view their local WBC as a trusted advisor and partner for the lifetime of their company. If other resource partners are serving more women than they used to, they should be — millions more women are starting businesses. That does not mean other programs can or should replace WBCs.

The statute that created WBCs expressly requires that the program serve a significant number of economically and socially disadvantaged individuals, including women and minorities—the only resource partner expressly required to do so. As a result, WBCs make concerted efforts to reach underserved populations. A recent AWBC survey found 64% of visitors were economically disadvantaged.¹⁴

A study of WBC clients done by the Center for Women's Business Research found that, aside from general business management information, gaining financial management skills, and learning about the legal aspects of organizing a business, what the clients valued highly from their experience in the center was finding a community of other women with whom to build relationships. Unlike a "transactional" short-term course — after which a prospective business owner is on their own — women's business centers provide a venue for ongoing learning and relationship-building. This finding is echoed in the AWBC sponsored study among WBC leaders. In that study, the WBC leaders reported that while one of the key strengths of the program is allowing tailoring of programming to fit

¹² AWBC 2013 Economic Impact Survey (latest available data). The survey found average center revenues to be \$635,668, of which a maximum could be \$150,000 from SBA.

¹³ SBA OED 2015 Report, p. 39. In 2015, the program received \$14.5 million in federal funding and generated \$678 in revenue growth for client companies.

¹⁴ AWBC 2013 Economic Impact Survey (latest available data).

local needs, there are practices common to all WBCs that differentiate it from other types of entrepreneurial training, which include: providing a safe place to learn; peer support; mentoring opportunities; and offering a sense of community that clients could not find in other places they went to for business assistance.

In its own evaluations of the program in 2015, SBA concluded as much. From the FY2017 Congressional Budget Justification:

Many WBCs provide multilingual services and offer flexible hours, including evening and weekend, allowing mothers with children to attend training classes. WBCs predominantly use long-term training courses to maximize the delivery of services to primarily nascent entrepreneurs. Many of the trainings focus on business and financial planning that help women entrepreneurs gain financial literacy.¹⁵

In the 2015 EOD Impact Report, “WBCs create tailored programs that meet the needs of the clients in their community. WBCs are responsive to the unique needs of their local community.”¹⁶

WBC clients consistently say that they come to the WBCs not just for the business education and consulting, but for the supportive environment that helps build self-efficacy and confidence in their ability to succeed. The evidence bears this out. Evaluation data from WBC programs indicate that women who receive business assistance from their programs build larger businesses, create more jobs and have a significantly higher survival rate than the national average.

For example, Chair Knight, Women’s Economic Ventures, which serves constituents in the Simi Valley, developed the Thrive in Five® program. Clients participating in this long-term program show median sales of \$400,000 and have created an average of five jobs. Client businesses show an 80% survival rate after five years as opposed to 50% for all businesses in the U.S. and over 40% have employees compared to only 12% of all woman-owned firms. Moreover, 95% of clients who were in poverty at intake have moved out of poverty.

Such success is visible throughout the program where local centers tailor their efforts to clients. REI Women’s Business Center, in Durant, Oklahoma, offers the opportunity for their clients to expand markets by a regular trip to nearby Dallas, Texas and the 15 floor, 5 million square feet Dallas Market Center. In Portland, Oregon, Mercy Corps Northwest Women’s Business Center partners with a regional corrections facility to offer entrepreneurial training to returning citizens, as well as a six-week business foundation course entirely in Russian to serve a local immigrant population. The Denver Women’s Business Center in Colorado, offers the “ProBono Patent Initiative” in partnership with the U.S. Patent and Trade Office (USPTO), to develop patents for low-income inventors. Finally, Women’s Business Development Center in Chicago, Illinois created the Developing Your Childcare Business course designed to provide business insight to prospective and existing child care entrepreneurs for home and center-based businesses. More examples are included in the appendix from dozens of centers, to add the breadth of the WBC program to the Congressional Record.

¹⁵ SBA FY2017 Congressional Budget Justification, p. 60.

¹⁶ SBA OED 2015 Report, p. 36.

According to the U.S. Census Bureau, 71% of women-owned businesses generate less than \$25,000 in annual revenues and only 11% have employees other than the owner. Given such unrealized potential, and the proven ability of centers to drive growth with their clients, more women need access to WBC programming.

In summary, WBCs provide a critical blend of training and counseling services and access to capital aimed at serving a broad cross section of the population including minority, socially and economically disadvantaged women, as well as men.¹⁷ The WBCs strategic approach is relational: they establish long-term relationships with clients and serve them from inception through the life cycle of their businesses, creating a cycle of value added services. WBCs services are distinctly different, yet complementary to services provided by other SBA resource partners.

Moving the WBC Program Forward

The aforementioned growth in women entrepreneurs makes the WBC program more relevant than ever. Everyday thousands of would-be job creators, existing business owners, and innovators seek WBC assistance to move their business forward.

Many centers are ten or more years old and are established and respected resources in their communities. Their grant size from the SBA, however, despite ongoing success, has remained flat or decreased since the program's creation in 1988. These centers consistently demonstrate an ability to effectively and efficiently serve entrepreneurs and deserve a modernization of the grant system and access to additional resources to expand their impact.

While the network of centers spans the country, too many communities do not have access to the unique services provided by WBCs. In addition to allowing for the expansion of existing centers, new centers are needed in geographies so far unaddressed by the WBC program.

Moreover, the program continues to suffer from arbitrary requirements and limitations that constrain the ability of centers to succeed. Up until 2015, for example, the Office of Management and Budget (OMB) regulations forbade WBC Executive Directors from fundraising while on the job—despite requiring a match of federal dollars. Other OMB requirements, notably the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200, “omni-circular”), place an undue burden on small grantees like WBCs. Such policy incoherence should be addressed by Congress and the Administration as appropriate.

The challenges the program currently faces has legislative solutions. The AWBC is tremendously grateful to Chair Knight's recent introduction of H.R. 1680, the Women's Business Center Improvement Act of 2017, and to Representative Lawson for co-sponsoring the legislation. We endorse it wholeheartedly.

¹⁷ Numerous federal statutes including the 1964 Civil Rights Act (P.L. 88-352), as well as judicial decisions based on the 14th amendment of the Constitution require federally funded programs to provide services regardless of race, sex, or national origin. Grant proposals for the WBC program, for example, require a non-discrimination statement. In our view, the attendance of male entrepreneurs is a testament to the quality of services provided.

The AWBC also supports the recently introduced Developing the Next Generation of Small Businesses Act of 2017 sponsored by the broader Committee's Ranking Member Nydia Velazquez and co-sponsored by Chair Steve Chabot. Many of this Subcommittee's members have co-sponsored similar legislation in the past, and for that we are grateful.

The legislation would greatly improve the ability of WBCs to serve women entrepreneurs in three key ways: 1) increased program authorization; 2) modernized grant levels; and 3) streamlining of administrative requirements.

First, the bill re-authorizes the program up to \$21.75 million for FY2018. This will allow Congressional appropriators the much-desired ability to allocate additional funding for the WBC program.

Second, since the program was established in 1988, the total amount of the grant available from SBA to qualified WBCs is \$150,000 a year. Adjusted for inflation, according to the Bureau of Labor Statistics, that amount in 2017 dollars would now be \$308,879.¹⁸ The legislation would begin to ameliorate this issue by increasing the grant level to \$185,000 and allowing for additional grant funding to be available to centers with proven impact.

Third, the legislation would remove certain unnecessary requirements that force resources to be diverted from training and counseling to back-office bureaucracy. For example, if a Center raises more money than is required to meet the federal match (up to \$150,000) that additional money is subject to federal spending guidelines and verification requirements even though it is not taxpayer money. This is a key inefficiency in the program and actually provides a disincentive for Centers to overmatch federal funds.

In addition to re-authorization, the upward trajectory of the program is deserving of more federal funding. While not the purview of this Subcommittee, the AWBC would note it has requested \$21.75 million for FY18 in the Financial Services and General Government Appropriations Subcommittee.

Increased funding for the program is critical. The \$17 million allocated in fiscal year 2016 allowed the SBA, for the first time in more than ten years, to fully fund grants at the statutory \$150,000 level. In fact, for several years, centers received less than \$120,000 each year due to funding limitations—effectively a 15% funding cut after the initial grant. Ensuring adequate resources is a key component to continuing the growth of the program and women's entrepreneurship more broadly.

How Congress Can Help Women Entrepreneurs

Beyond strengthening the WBC program, Congress can support women business owners in two key areas: access to capital and access to markets.

¹⁸ US Bureau of Labor Statistics Inflation Calculator available at https://www.bls.gov/data/inflation_calculator.htm.

Access to Capital

Research conducted on behalf of the National Women's Business Council (NWBC) indicates that women start businesses with roughly half as much capital as their male counterparts.¹⁹ Today, women receive just 7% of venture capital funds and less than 5% of conventional business loan dollars. Researchers and economists speculate that if women were fully engaged in their businesses, it would raise Gross Domestic Product (GDP) by more than seven percentage points,²⁰ and if women started businesses with the same amount of capital as men, they could create 6 million jobs in five years.²¹

To realize all this potential, Congress should ensure that existing programs that are proven to provide capital to women business owners continue. Budget proposals to eliminate key programs like the Community Development Financial Institution (CDFI) Fund could have devastating impacts on women and minority entrepreneurs.

Other options, like modernizing credit scores and Intellectual Property (IP) protections impact women business owners as well. One of AWBC's partner organizations, Women Impacting Public Policy (WIPP) has laid out legislative proposals in their 2017 Economic Blueprint report. We would encourage legislators to consider many of those policy options.²²

Access to Markets

Ensuring women business owners have access to additional markets, including global markets through export and procurement markets through federal contracts, is paramount to continued growth. The federal contracting market, with complex rules and jargon, has often deterred many women entrepreneurs with goods and services the government needs.

In addition to helping secure government contracts, Women's Business Centers assist women business owners with the Women-Owned Small Business (WOSB) certification process. Four WBCs are regional partners of one of the SBA-approved third-party certifiers and perform certifications, while others assist with site visits for third party certifiers.

WBCs can play a greater role in the certification process. Later this year, the SBA is expected to release new regulations about the certification of women-owned businesses. Expanding the certification options for women should be the goal of the agency as well as leveraging the already existing network of more than 100 WBCs to expedite certification. Congressional attention to this issue can help increase the availability of assistance and bring more women business owners into the government market.

¹⁹ National Women's Business Council. Available at <https://www.nwbc.gov/facts/access-capital>.

²⁰ McKinsey Global Institute (2015). *The power of parity: How advancing women's equality can add \$12 trillion to global growth*. Available at <http://www.mckinsey.com/global-themes/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth>.

²¹ Candida G. Brush, et al (2014). *Women Entrepreneurs 2014: Bridging the Gender Gap in Venture Capital*. Available at <http://www.babson.edu/Academics/centers/blank-center/global-research/diana/Documents/diana-project-executive-summary-2014.pdf>.

²² Women Impacting Public Policy (2017). *2017 Economic Blueprint: A Way Forward*. Available at www.wipp.org/resource/resmgr/economic_blueprint/WIPP_Economic_Blueprint_2017.pdf.

Conclusion

In the formation of the WBC program, Congress determined that ongoing limitations on access to capital and markets warranted the creation of a network of centers to assist women entrepreneurs. Those challenges persist, as must the commitment of a new Congress to advancing policies that foster innovation and women's business ownership.

We appreciate this Committee's dedication to the modernization of SBA's resource partners and your willingness to hear from the programs that are serving entrepreneurs across the country. The WBC program is a proven program, an effective public-private partnership, and fills a growing need for the distinct population we serve.

The directors and staff at WBCs are committed to helping women and their families prosper and achieve financial security through business ownership. In my visits across the country, from California and North Carolina, to Florida and New York, I remain in awe of our centers incredible power to bring a dream, an innovation, or an idea to fruition.

We urge Congress to advance the efforts already underway by this Committee to strengthen the WBC program and provide the necessary investment women entrepreneurs need to reach their full potential.

Thank you for the opportunity to testify and I am happy to answer any questions.

About the AWBC

The AWBC (www.awbc.org) is a non-profit 501(c)(3) organization founded in 1998 to support the national network of Women's Business Centers (WBCs) with programming and advocacy. Each year, our members leverage WBC grants to operate more than 150 locations throughout the United States. WBCs have more than 25 years of success in providing business training, counseling, mentoring, and access to capital to women entrepreneurs. The WBC program is a public-private partnership with the U.S. Small Business Administration.



Testimony
of
C. E. "Tee" Rowe
President/CEO
America's SBDC

March 30, 2017
Committee on Small Business
Subcommittee on Contracting and Workforce
Hearing on Entrepreneurial Development Programs

Chairman Knight, Ranking Member Murphy,

Thank you for inviting America's SBDC to testify today. My name is "Tee" Rowe, I am the President of America's SBDC, the Association that represents the nationwide small business development center (SBDC) system of 63 networks with roughly 1,000 locations and over 4,500 dedicated professional counselors, advisors, specialists and support staff.

For 37 years SBDCs have been providing services to small business owners and aspiring entrepreneurs. Over the years our member networks have developed a wide variety of services for small businesses of all sizes that are adapted to meet the needs of their states and regions.

How and Where SBDCs work

SBDCs operate out of host institutions, primarily colleges and universities, and they operate (with some exceptions) statewide. California and Texas are the exceptions, they have six and four regional networks respectively. The host institution manages the operations of its SBDC network through the lead center. The satellite centers are located at other colleges, community colleges and chambers of commerce. Many SBDCs are based at the business schools of their respective colleges providing the ability to leverage the skills and knowledge of the professors with practical experience of our advisers.

Those host institutions and their partners contribute matching funds that equal or exceed the federal funding. Federal funding for SBDCs is allocated based on population census figures with a minimum funding level for smaller states (VT, NH, SD, etc.)

SBDCs provide services to small businesses at all stages of development. The mix of businesses usually varies depending on the state or region and their unique characteristics. A good rule of thumb is that SBDCs have a roughly 60/40 mix of existing and nascent (start-up) entrepreneurs. Annually, these ratios vary due to economic conditions and external factors such as disasters or market conditions. About 45% of our clients are women, 38% are minorities and roughly 10% of our clients are veterans.

The amount of time SBDCs spend with each client varies. Our extended engagement clients receive a minimum of five hours of counseling with the average running much higher. SBDCs served over 192,00 counseling clients in 2016 and devoted over 1.2 million hours to them, an average of 7 hours. Longer term clients can span multiple years and usually involve ongoing assistance in areas such as intellectual property, new technologies or manufacturing. SBDCs manage their resources to meet the needs of the client, and as we all recognize, each client is unique. They can present challenges that range from specific and manageable to substantial and time-consuming.

Our advisers

Whether you call them advisers, counselors, coaches or consultants SBDC staff have a common goal – small business success. The majority of our advisers have business degrees and past entrepreneurial experience. Many are serial entrepreneurs who are now giving back to small business community. Some may specialize in certain areas of expertise – finance, accounting, management, etc.

SBDC Services

SBDCs services are not monolithic. There is no “cookie cutter” answer to small business growth and success. There are certain basic services that an SBDC will always offer. Help with business planning, working on financial packages (I often say that SBDCs’ biggest job is teaching people to speak “banker”), basic business licensing, marketing and accounting, etc. It is the more intensive or specialized offerings that make SBDCs a little different.

To accomplish their mission SBDCs rely on keeping track of the service needs of their clients and developing curricula or services to meet those needs. That responsiveness is not accidental, it dates back to Congress’ original design of the program and has been consistently restated in every legislatively approved action since then. In addition, the accreditation standards of the SBDC program, authorized by Congress, require SBDC networks to survey and monitor the needs of the small business community and tailor their services accordingly on a continuous basis. In that way, we see SBDCs as 63 laboratories dedicated to small business growth.

Each SBDC develops these offerings based on their assessment and analysis of their state or region, as required by the SBDC accreditation process. In addition to accreditation, SBDCs are also subject to regular annual program reviews and biennial financial reviews. These are conducted by SBA and they monitor program performance, service delivery and adherence to program goals.

I can't give you a full breakdown of everything an SBDC offers, it varies too much from state to state. However, I would like to share a sampling of some of the specialized services SBDCs offer to our clients. There just isn't enough time to tell you about all the counseling and training that SBDCs provide.

Intensive Entrepreneurship

In addition to our one-on-one counseling/advisement and mentorship, SBDCs also offer intensive training courses in combination with one-on-one counseling to our more seasoned clients. A quick survey of SBDCs found that at least half of our 63 networks offered these intensive training courses for businesses. The only thing SBDCs lack is incremental resources to expand those offerings without reducing other highly valued services to targeted constituents. Every one of our nearly 1,000 centers can't provide such services but, we work hard to make those services as widely available as possible, again based upon community need.

These programs offer multiple weeks of training and counseling and are geared to existing businesses that are in that high-growth potential group. We often encourage our local hosts, representing many of the finest higher education institutions in the nation, to augment the value of those programs for the small business owners. Candidly, this seems to make sense for us and our higher education partners.

However, these courses are often not limited to a certain size of business or ones that have experienced supernormal growth. SBDCs often find that certain nascent businesses can benefit as much or more from intensive and broad training. We base some of this belief on our experience but it's backed up by findings from the Kauffman Foundation. In a July 2010 study, Tim Kane, PhD, a Senior Fellow at the Kauffman Foundation found that start-ups are as likely to be job creators as existing businesses. This matches some of our own analysis which considers the resources required to assist each category and the resultant outcomes achieved by the respective group. Fundamentally, SBDCs understand this observation, an understanding derived from the simple premise that business education should be based on knowledge gaps and not size or industry.

Incubators

SBDCs work with and host incubators all across the country. With SBDC support, an incubator-based client receives not only peer mentoring but also direct engagement with highly trained and dedicated advisors. As higher education has become more broadly recognized as a critical component in today's technical and informational economy, our host institutions have been launching incubators as well as engaging faculty, staff and students in entrepreneurial activities. SBDCs are involved in this effort in almost every corner of our nation. To name just a few of our incubator/accelerator sites – they are in Pennsylvania, Alabama, Colorado, Arizona, Ohio and California.

Export Assistance

Under the Small Business Jobs Act, Congress provided funding to expand the SBDC capacity to assist small businesses that were new to exporting. For SBDCs, this was not an unfunded mandate but an opportunity to add significantly to our arsenal of expertise. SBDCs secured certification for more export counselors than 'required' in the legislation and worked hard to retain every qualified staff member when the Jobs Act funding expired. Currently SBDCs have over 640 certified export counselors nationwide. Many of them are NASBITE (National Association of Small Business International Trade Educators) Certified Global Business Professionals. That certification requires coursework and training in Global Business Management, Global Marketing, Supply Chain Management and Export Finance. In addition to export counseling our networks also offer training. Among the offerings are training sessions in Export Regulation supported by the US Census Bureau, Foreign Corrupt Practices Act compliance, shipping compliance, etc.

Our SBDC members have also encountered the substantial interest nations around the world have to develop their own domestic SBDC network. Many nations are developing their own networks of service centers patterned on the SBDC program. We are working in Central and South America, and the Caribbean to assist these efforts. (There is already a thriving SBDC network in Mexico with over 110 centers) We have also begun developing relationships in the Middle East to help them expand entrepreneurship.

Last year America's SBDC, the University of Texas San Antonio SBDC network, InBIA (the International Business Incubator Association), and CENPROMYPE (the Center for Promotion of Small Business of SICA) began working on a three-year grant from the US Department of State to promote the expansion of the SBDC model through South and Central America.

Veterans

Support for veterans has been a part of the SBDC mission since the program was founded and over the years SBDCs have assisted hundreds of thousands of veterans either with their existing businesses or in starting new businesses. To accomplish that mission SBDCs have developed programs nationwide based on initial training and followed up with intensive one-on-one counseling for veteran business owners. Veterans represent approximately 10% of the SBDC assistance provided annually. Overall, SBDCs counseled and trained over 30,000 veterans in 2015 and in 2016 respectively. Of those veterans over 18,000 were service disabled.

Several states developed their own veterans' programs. In New York, for example, the SBDC has a comprehensive veterans' small business assistance program, providing targeted business training, counseling, and mentoring for veterans and service-disabled veterans. There are dedicated Veterans' Business Advisors in the centers at the Farmingdale, Buffalo, and Albany SBDCs. In addition, all of the 24 Regional Centers in the state-wide network prioritize assistance to veterans.

In Brooklyn they work with the New York City Mayor's Office of Veteran Affairs and the Mid-Hudson SBDC works with the Wounded Warrior Unit at the US Military Academy at West Point on joint programs for returning wounded veterans. The Mohawk Valley, Onondaga and Jamestown SBDC have all established an annual Veterans events supported by numerous regional organizations that provide breakout workshops, dozens of exhibitors, networking sessions, and matchmaking for Government Contracting.

In addition, NY has the EntreSkills™ for Veterans, an online training program available anywhere (including currently deployed troops) that combines online education with an SBDC advisor that electronically counsels each assigned veteran. This web-based interactive educational program teaches veterans how to be successful entrepreneurs and small business owners. The program takes veterans through cumulative stages as it helps them refine and develop a small business concept, address legal and marketing issues, prepare financial statements, and, ultimately, prepare a complete business plan. This program is currently being further enriched and we submitted it to SBA as part of our proposal for expanding Boots to Business.

Just a sample of the impact from NY - At the Watertown SBDC they trained and counseled 884 veterans over the last 4 years resulting in 31 businesses starts, 197 jobs created and economic impact of \$5.97 million.

SBDCs also work with SBA's Office of Veterans' Business Ownership to carry out the Boots-2-Business program. That program has been very successful and SBDCs see it as a good introduction point for one-on-one counseling and continuing assistance. SBDCs believe that our veterans deserve the very best we can offer and will do everything they can to deliver the assistance they need to succeed and fulfill the American dream.

Disaster Assistance

A little noticed service SBDCs provide is disaster recovery and disaster preparedness assistance. SBDCs are an integral part of the SBA's disaster assistance effort, helping to identify locations for Business Recovery Centers, getting BRCs set up and then staffing them in support of the SBA's Office of Disaster Assistance. Our role is particularly important because in the aftermath of a disaster small business owners are rarely ready to face the difficulties of restoring their businesses. Responding to the information needed for an SBA disaster loans can be stressful and SBDCs have long experience helping ease that burden and support the disaster recovery effort. That's often where our preparedness assistance is most important. Without a good resiliency plan a small business can be ruined to the point of no return but, with SBDC help, much of the pain from a disaster can be eased.

Of course, all states have disasters but Florida seems to get a healthy share. The Florida SBDC has developed Bizaster, available in both English and Spanish, a mobile disaster assistance app for Android and iOS. The application features risk assessments, customizable checklists, and other resources in a user-friendly and accessible format and is available at no cost. This is a new tool to help businesses prepare, respond, and recover from natural and man-made disasters. Bizaster can be downloaded from the [App Store](#) or via [Google Play](#). That's just another example of how SBDCs adapt their services to the needs of their communities.

Procurement Assistance

Many SBDCs, particularly those in areas with large federal purchasing centers (MD, VA, TX, CA, FL) offer counseling and training in the intricacies of federal procurement. They offer help with certification, searching for contracting opportunities and bid proposal compliance. SBDCs also have a longstanding relationship with the Procurement Technical Assistance Center program at the Defense Logistics Agency. Many PTACs operate out of or are co-located with SBDCs. That enables them to leverage their capacity.

In addition, many SBDCs assist small businesses with state and local contracting opportunities, a gateway to larger federal contracting opportunities.

Cybersecurity

Recently, I testified before the full committee on the ongoing effort between SBA, DHS and America's SBDCs to develop a national cybersecurity strategy to assist small business in protecting themselves and their clients from cybercrime. In our centers in New York, Delaware, Florida, Texas and others we are developing programs to not only advise and inform our clients but spread the information and training capacity throughout our networks. They are providing materials and sharing best practices with their colleagues to spread the skills nationwide. In Florida, our network is collaborating with Ridge Global, the firm founded by former DHS Secretary Tom Ridge, to develop a series of training videos on cybersecurity. The New York SBDC has developed a cybersecurity planning guide which we are working to disseminate to other states to help them build their capacity. In Michigan, besides training, our network is launching a media campaign day to spread awareness.

SBDCs began developing these cybersecurity resources on their own over the last few years. SBDCs got into this area because we realized it wasn't enough to teach small business about the opportunities the internet provides. It is also necessary to warn them about the dangers it can present.

SBIR/STTR

The SBIR/STTR programs are a vital path for small business to access federal research and development funds and use them to commercialize innovative new technologies and products. However, the application and review process can be daunting. Many of our SBDCs have built specialized programs to help their clients understand the process and access these funds. The SBDCs in Delaware, Arkansas and Missouri have built impressive programs to help small businesses understand the program announcements, write better applications and turn their concepts into realities.

Results

What does the SBDC program accomplish?

In 2015 (our most recent impact survey) SBDCs helped their clients access 4.7 billion dollars in capital. Their long-term clients alone created over 100,000 jobs, and the average cost of generating each job was \$2,459. Those clients achieved 6.88 billion dollars in new sales and that generated roughly \$607 million dollars in revenue, \$342 million to the states and \$265 million to the federal government. That's about \$2.47 for every dollar spent on the program, and that's just from the long-term clients – about one-third of the total SBDC clients.

The role of ED partners

I have spoken about SBDCs on their own but, the program does not exist in a vacuum. SBDCs work with SCORE, Women's Business Centers and VBOCs every day. We share space, refer clients and fill gaps in each other's services. It is our belief that SBA has the best "toolbox" of entrepreneurial assistance around, and when coupled with the lending partners (7a, 504, SBICs) an unbeatable combination.

This hearing couldn't be better timed. The new Administrator has an opportunity to assess and analyze the programs at her disposal and work with us to maximize their effectiveness. We need to identify the gaps in coverage – geographic and content. Who is doing what right? Who is doing what wrong? Are the goals, metrics and data systems up to the job?

The recovery from the 2008 recession left a lot of holes in our economy. Many counties and communities have not recovered. How will we focus our efforts, reach them and build their small business infrastructure?

SBA and its resource partners have an excellent arsenal of talent to bring to bear on these problems. The biggest obstacle we have is failing to listen to one another and recognize our respective strengths and weaknesses.

Thank you again for asking me to testify, I look forward to your questions.



STATEMENT OF
JOSEPH C. SHARPE, JR., DIRECTOR
NATIONAL VETERANS EMPLOYMENT & EDUCATION COMMISSION
THE AMERICAN LEGION

BEFORE THE

SUBCOMMITTEE ON CONTRACTING AND WORKFORCE
COMMITTEE ON SMALL BUSINESS
UNITED STATES HOUSE OF REPRESENTATIVES

ON

ENTREPRENEURIAL DEVELOPMENT PROGRAMS
RESOURCES TO ASSIST SMALL BUSINESSES

MARCH 30, 2017

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MARCH 30, 2017

Chairman Knight, Ranking Member Murphy and Members of the Subcommittee, on behalf of National Commander Charles E. Schmidt and The American Legion, the country's largest patriotic wartime service organization for veterans, comprising over 2.2 million members and serving every man and woman who has worn the uniform for this country, we thank you for the opportunity to present The American Legion's views on Small Business Administration's (SBA's) Entrepreneurial Development Programs: Resources to Assist Small Businesses.

The American Legion views small business as the backbone of the American economy. It is the mobilizing force behind America's past economic growth and has given the United States a competitive advantage in the global economy. Small Business development will continue to be a major factor in our nation's economic and national security well-being as we move further into the 21st Century.

Reports from SBA show that businesses with fewer than 20 employees account for 90 percent of all U.S. firms and are responsible for more than 75 percent of all new jobs. These small businesses generated over a trillion dollars in income and employed 56.8 million people or 48 percent of the private workforce in 2013. According to the Small Business Administration, there are anywhere from 24 to 28.2 million small businesses in the U.S. and 99.7 percent of all firms are small businesses. Just as small business is the backbone of the economy, veterans are the foundation of America. Thus, providing veterans with every small business resource and opportunity is not only integral to our economy, but also vital to our country. Listed below are several facts regarding veteran business owners according to the Small Business Administration, Office of Veteran Business Development:¹

- **Veterans are 45 percent more likely to be self-employed**
- **According to the U.S. census, about 2.4 million, or 1 out of 10 of all U.S. small businesses are veteran-owned**

¹ SBA Office of Advocacy: Frequently Asked Questions - https://www.sba.gov/sites/default/files/FAQ_Sept_2012.pdf

- **Veteran-owned small businesses generate over \$1.2 trillion in receipts²**

The American Legion recognizes the benefits of American entrepreneurship, not only for the overall American economy but also for the transitioning servicemember seeking to develop their own business and becoming local job-creators.

According to the Department of Veteran's Affairs, due to the experience veteran's gain in the military, the success rate of veteran-owned businesses is higher than other nonveteran-owned businesses.³ The current War on Terror has had a devastating impact on the military and has exacerbated this country's veteran unemployment problem, especially within the National Guard and Reserve components of our military. Unfortunately, many of the thousands of veterans who are currently leaving the service are from the combat arms and non-skilled professions that are not readily transferable to the civilian labor market.

The American Legion knows that giving veterans the resources they need to start businesses will assist in stimulating the Nation's economic recovery. As previously stated, veterans, when compared to their civilian counterparts, are more successful at creating a lasting small businesses. Encouraging and supporting veterans is the first step to recovering from a near 40 year low in entrepreneurship in the United States.⁴

U.S. Entrepreneurship Near 40-Year Low

"Being the next Mark Zuckerberg requires Americans to be gutsy and start companies. Lately, they're not doing it. New business creation in the U.S. is at a nearly 40-year low... The Great Recession was a great killer for entrepreneurship. Americans didn't start new businesses because few had the money or the guts to do it in those gloomy days. But the expectation was that America's great entrepreneurial spirit would rush back as the economy recovered."

-CNN Money, September 8, 2016

Reaffirm Support of the Small Business Administration's Office of Veterans Business Development:

The American Legion supports increased funding of the SBA's Office of Veterans Business Development (OVBD) in its initiatives to provide enhanced outreach and specific community-based assistance to veterans and self-employed members of the Reserves and National Guard. The American Legion continues to support legislation that has allowed OVBD to enter into contracts, grants, and cooperative agreements to further its outreach goals and development of a greater nationwide community-based service delivery system specifically for veterans, and members of the Reserve components along with active-duty servicemembers that are transitioning to civilian life.⁵ These endeavors make a significant impact on the gainful employment needs of our veterans, transitioning servicemembers and our Reserve component members of the Armed Forces. The OVBD budget for FY 2017 is currently 12.3 million, which includes staffing in Washington, DC,

² SBA Office of Veterans Business Development Resources - <https://www.sba.gov/offices/headquarters/ovbd/resources/370491>

³ North Dakota Department of Veterans Affairs - <http://www.nd.gov/veterans/benefits/entrepreneurship>

⁴ <http://money.cnn.com/2016/09/08/news/economy/us-startups-near-40-year-low/>

⁵ American Legion Resolution No. 153: [Support Effort of the Small Business Administration's \(SBA\) Office of Veterans Business Development](#)

Boots to Business Programs for transitioning servicemembers and veterans, and 20 Veteran Business Outreach Centers (VBOCs) across the country.

Expansion of VBOC Roles:

The VBOC Program is designed to provide entrepreneurial development services such as business training, counseling and resource partner referrals to transitioning servicemembers, veterans, National Guard & Reserve members and military spouses interested in starting or growing a small business. The veteran community's demand for entrepreneurial resources is outpacing the 20 VBOCs SBA currently funds. The average number of staff who conduct the day-to-day business of operating a VBOC consists of two fulltime counselors. A large part of how the VBOCs are nominated for the grant is based on matching funds. Consequently, additional duties include spending a fair amount of time fundraising. While the SBA provides operational funding, most VBOCs have to raise another 50 percent of their annual budget in order to meet the demand for resources or to provide the level of service required. It's also worth noting that VBOCs on college campuses cannot fundraise.

The American Legion believes that if the VBOCs were funded to the maximum capacity or were juggling less number of states within their region, they would be able to meet the veteran entrepreneurial demand for services. Furthermore, this would allow them to expand their role in outreach to government entities to advocate for veteran-owned small businesses.

The American Legion recommends additional funding of \$18 million for the OVBD – there is a need for:

“An emphasis on helping existing businesses scale to a greater degree offers enormous and largely untapped potential to create new jobs and generate economic development”

The State of Small Business in America 2016 issued by Babson College

- 51 VBOCs, one for each state and Puerto Rico
- Increase funding for Boots to Business
- Increase funding for Boots to Business Reboot
- Develop a training program such as Boots to Business Reboot for established business owners to sustain, improve financial performance and expand their businesses
- Create a two or three-day extensive training program as a follow-on for Boots to Business focused exclusively on legal and government regulations
- Create a government-wide Veteran Business Development Program for Service-Disabled Veteran-Owned Small Businesses (SDVOSBs) in Federal Contracting
- Develop a training program that provides business owners with information about accessible and affordable technology resources
- Develop a two-day or three-day advanced training class on Cybersecurity and protecting Intellectual Property
- Increase staff at the VBOC's for advocacy work on the local level with city, town and state representatives. For example, the old Historic Walter Reed Army Medical Center closed a few years ago – it was purchased by the U.S. State Department and the District of Columbia for a mere \$26 million. As of today, the District of Columbia has hiring requirements for district residents for that property, but nothing for veterans. In addition, it has small

business requirements to include special recognition for women and minority small business owners, but again nothing for veterans. Advocacy on a local level could have notified the city officials the need to include some of the 9,000 small veteran businesses in the District of Columbia, so they could have been involved in the redevelopment of that property and potentially others in the community.

- Hire a staff person for the OVBD that has federal contracting expertise and federal authority to assist veterans with procurement issues with other government agencies.
- Make two-year renewable grants program to create and operate incubators and accelerators that provide technical assistance and training to covered individuals on how to become successful entrepreneurs

SBA is authorized by 15 U.S.C. 637(b)(17) to make grants to, and enter into contracts and cooperative agreements with, educational institutions, private businesses, veterans' nonprofit community-based organizations, and Federal, State, and local departments and agencies for the establishment and implementation of outreach programs for disabled veterans, veterans, and members of a Reserve component of the Armed Forces. The Small Business Act also specifically requires the Associate Administrator of OVBD to increase veteran outreach by ensuring that VBOCs regularly participate, on a nationwide basis, in the workshops of the Transition Assistance Program.

Since its inception in 1953, SBA has served to aid, counsel, assist, and promote the interests of small businesses; while SBA is best known for its financial support of small businesses through its many lending programs, the agency also plays a critical role in providing funding to organizations that deliver technical assistance in the form of counseling and training to small business concerns.

SBA's OVBD mission is to empower veteran entrepreneurship by formulating, implementing, administering, and promoting policies and programs to equip veteran, servicemember, Reserve component, and military spouse owned small businesses with counseling, training and education, access to capital, and contracting to civilian life that are exploring self-employment.

- The Boots 2 Business Program is a one to two-day Introduction to Entrepreneurship course taught in classrooms on military installations and an eight-week online Foundations Entrepreneurship course taught by a consortium of entrepreneurship professors and practitioners.
- Comprehensive Feasibility Analysis: VBOCs provide assistance in identifying and analyzing the strengths and weaknesses of the business plan to increase the probability of success. The results of the analysis are utilized to revise the strategic planning portion of the business plan.
- Mentorship: VBOCs conduct, as appropriate, on-site visits with clients to ensure adherence to their business plans.
- VBOCs review monthly financial statements to determine whether a revision of the business plan is warranted or that desired results are attained.
- Business Plan Preparations: VBOCs assist clients in developing and maintaining a five-year business plan. The business plan includes such elements as the legal form of the

business, equipment requirements and cost, organizational structure, strategic plan, market analysis, and a financial plan. Financial plans include financial projections, budget projections, and funding requirements.

Since 2013, some of the performance metrics of the VBOC concluded that:

- Over 98,742 veterans received small business counseling
- Approximately 114,085 veterans received business related training
- Roughly 3,130 jobs created
- Nearly 400 new business start-ups
- 703 Boots to Business training classes for transitioning service members⁶

In communication with some of the VBOCs, a key element seems to be clear: VBOCs are in demand to satisfy the resource needs of our nation's veteran entrepreneurs. For instance, the VBOC in Michigan has helped 25 veteran-owned small businesses with their start-up goals, assisted 57 veterans obtain various business certifications, and helped veteran business owners receive \$3.4 million in contract awards. Other VBOCs have voiced similar achievements. However, all are seeking additional funds to further increase their outreach efforts. VBOCs in Arizona, Illinois and New Mexico have created a workshop roadshow, where each one goes to the surrounding Native American reservations to reach the rural population of Native American veterans.

The American Legion's goal is to make sure that veterans have all the resources possible when looking to start their own business. The American Legion believes that VBOCs have been instrumental in developing veterans into entrepreneurs and should receive more funding to allow them to assist more veterans.

Service-Disabled Veteran-Owned Small Businesses (SDVOSBs)

As a late-comer to becoming a preferred group in federal contracting, SDVOSBs were not recognized until 2005. There are many government entities that use loopholes to exclude veterans from set-aside programs that derive their budget from general revenue. One example of exclusion is with the procurements made for services to improve the DC, VA, MD Metrorail. By law, the federal government is mandated to award no less than 3 percent of all federal contracts to SDVOSBs. The reason veterans are excluded is because this funding stream goes directly to the states and therefore are not susceptible to SBA's small business goal tracking. The American Legion believes that this is one of the most egregious exclusions of veteran-owned small businesses. We urge Congress to prevent this from happening ever again by mandating that states who receive federal funding adhere to the 3 percent procurement rule for veterans.

Access to Capital

⁶ Small Business Administration's Office of Veteran Business Development

The first step to opening a small business is having access to capital. Even when the economy is strong, access to capital is one the largest impediments facing any small business, hindering both wishful and flourishing entrepreneurs. Most business owners consistently identify access to capital as the top issue effecting their businesses. Currently, to raise capital, aspiring business owners resort to obtaining investors or they risk using their personal funds. One of the biggest barriers to small businesses financing is requiring debt be secured by equity in fixed assets. This mismatch in debt-equity hinders startups and expanding businesses and generally veteran entrepreneurs typically do not have the assists necessary to acquire sizeable loans. Most veterans leaving military service lack the kind of equity necessary for traditional bank loans. Another barrier to capital for small businesses is that banks are often reluctant to work with the small business community, as smaller loans generally are less-profitable for a bank.

In the 114th Congress S. 1870: *VET Act of 2016* was introduced. If enacted this bill would have amended the Small Business Act to direct SBA to create a three-year pilot program that would allow veterans and servicemembers to turn their G.I. Bill education benefit into financial capital to start a veteran-owned small business. The program would allow up to 250 veterans eligible for GI Bill benefits who apply to the program, and are approved, to start a new business or purchase or expand an existing business or franchise. This is a grand idea that very well may allow veterans to determine their future, take control of their benefits, lower the veteran unemployment rate and furnish veterans with a sense of self all while providing for their families and stimulating their local economy. According to the latest Bureau of Labor Statistics, the unemployment rate for most veterans is under 5 percent; however those statistics do not take into the account inner city unemployment, which is still over 9 percent. Native American Reservation unemployment can be as high as 50 percent, and it is all too high in our territories such as Guam and American Samoa.

In Puerto Rico, the unemployment rate for veterans is anywhere from 16 percent to 25 percent. Through our employment activities and public outreach in Puerto Rico, we found out that some of our nation's National Guardsman and Reservists are homeless. Also, many of our veterans and Reservists living in rural America are underemployed and suffering from financial stresses that decrease their quality of life. Regarding Reservists, this is problematic, due to its potential negative effect on readiness within the military. Moreover, a significant number of servicemembers come from depressed areas in the U.S. and many transitioning servicemembers go back home to these depressed areas. Creating new ventures is indeed a critical component of a healthy, innovative, and growing economy. Those seeking to foster economic development in any particular geographic area encourage startup companies as a means to create new jobs, boost tax revenue, and stimulate innovation.

Conclusion

The mission of The American Legion's Veterans Employment & Education Commission is to take actions that affect the economic well-being of veterans, including issues relating to veterans' employment, home loans, vocational rehabilitation, homelessness, and small business. Small business continues to be a primary job generator and a major trainer for American employees. The small firm workplace includes a considerable amount of young and entry-level workers. It is vital that veteran-owned and service-disabled veteran-owned businesses receive a fair and proportionate amount of federal contracts so these veterans can build and maintain successful businesses. The

American Legion reiterates that the Small Business Administration's Office of Veterans Business Development should be the lead agency to ensure that all veterans are provided with Entrepreneurial Development Assistance.

We look forward to continuing to work with the subcommittee to enhance entrepreneurship among America's veterans. Again, thank you Chairman Knight and Ranking Member Murphy for allowing The American Legion to present our views on this very important issue.

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