

MILITARY TO MAIN STREET: SERVING VETERAN ENTREPRENEURSHIP

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS

UNITED STATES

HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTEENTH CONGRESS

SECOND SESSION

HEARING HELD
JUNE 8, 2022



Small Business Committee Document Number 117-057
Available via the GPO Website: www.govinfo.gov

U.S. GOVERNMENT PUBLISHING OFFICE

47-738

WASHINGTON : 2022

HOUSE COMMITTEE ON SMALL BUSINESS

NYDIA VELÁZQUEZ, New York, *Chairwoman*
JARED GOLDEN, Maine
JASON CROW, Colorado
SHARICE DAVIDS, Kansas
KWEISI MFUME, Maryland
DEAN PHILLIPS, Minnesota
MARIE NEWMAN, Illinois
CAROLYN BOURDEAUX, Georgia
TROY CARTER, Louisiana
JUDY CHU, California
DWIGHT EVANS, Pennsylvania
CHRISSY HOULAHAN, Pennsylvania
ANDY KIM, New Jersey
ANGIE CRAIG, Minnesota
BLAINE LUETKEMEYER, Missouri, *Ranking Member*
ROGER WILLIAMS, Texas
PETE STAUBER, Minnesota
DAN MEUSER, Pennsylvania
CLAUDIA TENNEY, New York
ANDREW GARBARINO, New York
YOUNG KIM, California
BETH VAN DUYNE, Texas
BYRON DONALDS, Florida
MARIA SALAZAR, Florida
SCOTT FITZGERALD, Wisconsin

MELISSA JUNG, *Majority Staff Director*
ELLEN HARRINGTON, *Majority Deputy Staff Director*
DAVID PLANNING, *Staff Director*

CONTENTS

OPENING STATEMENTS

Hon. Nydia Velázquez	Page 1
Hon. Blaine Luetkemeyer	2

WITNESSES

Dr. Michael Haynie, Executive Director of the Syracuse University Institute for Veterans and Military Families, Syracuse University, Syracuse, NY	6
Mr. Brenton Peacock, Director, Florida Veterans Business Outreach Center at Gulf Coast State College, Panama City, FL	7
Ms. Laurie Sayles, President & Chief Executive Officer, Civility Management Solutions, Greenbelt, MD, testifying on behalf of the Women Veterans Business Coalition	9
Mr. Joe Shamess, Founder & General Partner, Flintlock Capital, Great Falls, VA	11

APPENDIX

Prepared Statements:

Dr. Michael Haynie, Executive Director of the Syracuse University Institute for Veterans and Military Families, Syracuse University, Syracuse, NY	37
Mr. Brenton Peacock, Director, Florida Veterans Business Outreach Center at Gulf Coast State College, Panama City, FL	42
Ms. Laurie Sayles, President & Chief Executive Officer, Civility Management Solutions, Greenbelt, MD, testifying on behalf of the Women Veterans Business Coalition	48
Mr. Joe Shamess, Founder & General Partner, Flintlock Capital, Great Falls, VA	53
Questions and Answers for the Record:	
Questions from Hon. Donalds to Mr. Peacock and Answers from Mr. Peacock	57
Questions from Hon. Donalds to Mr. Shamess and Answers from Mr. Shamess	58
Additional Material for the Record:	
CUNA (Credit Union National Association)	59
Joint Letter from NAFCU (National Association of Federally-Insured Credit Unions) and DCUC (Defense Credit Union Council)	60

MILITARY TO MAIN STREET: SERVING VETERAN ENTREPRENEURSHIP

WEDNESDAY, JUNE 8, 2022

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The committee met, pursuant to call, at 10:00 a.m., in Room 2360, Rayburn House Office Building, Hon. Nydia Velázquez [Chairwoman of the Committee] presiding.

Present: Representatives Velázquez, Crow, Davids, Phillips, Bourdeaux, Carter, Houlihan, Kim of New Jersey, Craig, Luetkemeyer, Williams, Stauber, Meuser, Tenney, Garbarino, and Fitzgerald.

Chairwoman VELÁZQUEZ. Good morning. I call this hearing to order.

Without objection, the Chair is authorized to declare a recess at any time.

I would like to begin by noting some important requirements. Standing House and Committee rules will continue to apply during hybrid proceedings. All Members are reminded that they are expected to adhere to these rules, including decorum.

House regulations require Members to be visible through a video connection throughout the proceeding, so please keep your cameras on. Also, remember to remain muted until you are recognized to minimize background noise.

In the event a Member encounters technical issues that prevent them from being recognized for their questioning, I will move to the next available Member of the same party and I will recognize that Member at the next appropriate time slot provided they have returned to the proceeding.

More than 200,000 service Members transition from military to civilian life every day. These veterans take skills gained during their service and go on to make a substantial impact across many areas of American life. Some go to school, some pursue new vocations in the private sector, and many go on to start small businesses.

As Members of this Committee know, starting a small business is not for the faint of heart. It takes courage, wits, and leadership to achieve the American dream of owning a successful enterprise. That is precisely why the men and women that serve our country in the military are naturally suited to become entrepreneurs.

Former service Members own approximately 1.8 million businesses across the United States, most of which are small. These

businesses employ millions of workers, are responsible for over \$1 trillion in revenue, and do so much for their communities.

That is why it is concerning to see that veteran self-employment rates have declined from 16 percent in 1998 to 11 percent in 2018. To reverse this trend, we must do all we can to reduce barriers to entrepreneurship for those that have served our country.

Like all entrepreneurs, veteran business owners express concern about their ability to access capital. They also cite other issues such as not knowing how to get started, accessing technical assistance, and finding a mentor.

Fortunately, the SBA has a range of counseling, training, and lending options tailored to the needs of veterans and their families. Today, I want to look closely at these programs and discuss ways to improve these offerings to operate more effectively and reach more veterans.

During the 117th Congress, we have taken steps to empower veterans and military families who want to start or grow their businesses. For example, last summer, our Committee passed the Veteran Entrepreneurship Training Act of 2021, which was introduced by Representative Brad Schneider and Vice Ranking Member Williams.

The bill would codify the Boots to Business Program, which offers transitioning service Members and military spouses information about self-employment and business ownership.

The legislation passed the House last fall, and a companion bill was recently reported favorably by the Senate Small Business and Entrepreneurship Committee. We hope the bill will pass the Senate soon.

This is a prime example of the actions that Congress can take to make it easier for veterans to get their businesses up and running.

Today, I look forward to hearing from representatives from across the veteran entrepreneurial ecosystem about the challenges veteran entrepreneurs face and how SBA programs can continue to improve. I hope that your testimony will shed light on how these offerings helped, where they fell short, and what Congress can do to ensure these programs meet veteran entrepreneurs' needs.

I would now like to yield to the Ranking Member, Mr. Luetkemeyer, for his opening statement.

Mr. LUETKEMEYER. Thank you, Madam Chair, for calling today's hearing.

Last month was Military Appreciation Month, and we celebrate all who served our country and risked their lives for our freedom. We also mourn the loss of those who gave their lives in service to our country.

I want to start off by thanking all our nation's veterans, service Members, and their families for their sacrifice to our great country, including those testifying before us today.

As we all know, veteran-owned small businesses exemplify a resiliency unlike any other. These brave men and women not only served our country in one of the highest regards, but also came home and continued to support their communities through entrepreneurship and employing fellow veterans.

There are more than 350,000 veteran-owned businesses in this country and they provide an estimated 4 million jobs. From my interactions and conversations with veteran-owned business owners, they give back to their communities, they hire and support fellow veterans, and they greatly contribute to our economy.

During National Veteran Small Business Week in November, I was honored to host a veteran small business showcase and roundtable. Over a dozen veteran entrepreneurs brought items that represented their businesses to the capital and shared their stories. So today I would like to take a moment to share some of those amazing veteran-owned small business stories.

Four Brothers Mead, located in the great state of Missouri, is a veteran-owned and operated family company bringing people of all backgrounds and ethnicities together through Mead.

The four brothers, which also, by the way, includes brothers-in-laws here, include Bryan Becker, a veteran combat medic and sergeant; Chris Schulte, who is currently serving in active reserve status as a military police staff sergeant; Joe Luck, a U.S. Army veteran staff sergeant; and Dan Luck, an Air Force veteran and former air transportation airman.

Valhalla's Forge LLC is a veteran and family-owned company that makes custom tables, flags, shields, plaques, and more with a focus on giving back to families of the fallen and retirees. After 20 deployments and 15 awards for his service, including a Bronze Star, Retired Navy Seal Chief Warrant Officer James Hintzke is the CEO of this inspiring business.

Soulcial Kitchen was founded by Brigadier General (Ret.) John Michel, who served 26 years in the Air Force and led NATO's efforts to build the Afghan Air Force. He continues to serve others through his hospitality park, which features restaurants, bars, food trucks, and a dog park. He also supports other veteran entrepreneurs and created the first food truck entrepreneur program.

I would also like to recognize other veterans who attended the showcase and roundtable and shared their stories.

Brian Bufka, United States Navy veteran and owner of 1st Place Printing; Christine Lantinen, an Army veteran reservist and president of Maude, Inc.; David Haydel, a veteran Marine Corps reservist and owner of Haydel's Bakery; Donald Miller, retired U.S. Navy veteran and assistant director of the Veterans Business Outreach Center in Norfolk, Virginia; Jerome Johnson, retired Army Lieutenant Colonel and a Dunkin' Donuts, Baskin-Robbins franchisee; Joseph Lindenmayer, U.S. Marine Corps veteran and CEO of California Closets Gulf Coast; Richard Cope, a U.S. Marine Corps combat officer veteran and CEO of KGM Technologies; Robert Holt, U.S. veteran and founder of Southern Draw Cigars, LLC; Scott Matheny, a service-disabled Marine Corps veteran and the president and founder of Semper Tek, Inc.; Timothy Shirley, a veteran Marine Corps staff sergeant and owner of Hive and Honeybee; and Wes Hester, a service-disabled U.S. veteran and CEO of Foxhole Technology.

And we also have with us today Mr. Shames, who will testify here in a moment and was at that event as well.

As you can tell by the names of some of these companies, their veterans still think in military terms.

In addition to these veteran entrepreneurs, there are countless others who deserve our deepest thanks and applause.

Again, we will have Mr. Shamess here shortly, but he was an Air Force Special Operations pilot and National Guard pilot. He is the cofounder of Flags of Valor and a founder and general partner of Flintlock Capital. Veteran entrepreneurs like Mr. Shamess are the definition of American values, service, and innovation.

It is incredible to hear the stories of how veteran small business owners have used their experiences and skills they have learned in the service to run a successful business. However, I have also heard about the unique challenges that veteran entrepreneurs face.

In addition to skyrocketing inflation, supply chain disruptions, labor shortages and burdensome regulations, veteran-owned small businesses face added challenges in accessing capital and resources.

The SBA has counseling, capital, and contracting programs that are designed to assist veteran entrepreneurs in addressing these challenges. It is important that Congress conducts oversight and ensures that these programs effectively serve small businesses, including veteran-owned businesses.

For this reason I introduced the Improve the SBA Act, which will increase accountability at the SBA, empower entrepreneurs through counseling, enhance access to capital opportunities, and improve federal contracting programs. Additionally, after receiving feedback from veteran small business owners regarding access to capital, I wrote a letter requesting the GAO to conduct an analysis of the effectiveness and efficacy of the SBA's Access to Capital Program, specifically as it relates to veteran-owned businesses.

Further, Vice Ranking Member Williams and Congressman Schneider introduced the Veteran Entrepreneurship Training Act, which codifies the Boots to Business Veteran Training Program.

As Republican leader of the House Committee on Small Business, I will continue to advance policies that empower our veteran entrepreneurs, ensure the SBA resource partners are meeting their needs, and maintain the integrity of contracting programs, and support access to capital. I look forward to continuing to learn from our veteran entrepreneurs in how we can support their growth and prosperity.

It should also be noted that Secretary Yellen has still not been to this Committee and fulfilled her statutory duty which I ask the Chairman to look into again.

With that, Madam Chair, I yield back.

Chairwoman VELAZQUEZ. Thank you, Mr. Luetkemeyer. The gentleman yields back.

I would like to take a moment to explain how this hearing will proceed.

Each witness will have 5 minutes to provide a statement and each Committee Member will have 5 minutes or questions. Please ensure that your microphone is on when you begin speaking and that you return to mute when finished.

With that, I would like to introduce our witnesses.

Our first witness is Dr. Michael Haynie. Dr. Haynie is Syracuse University's Vice Chancellor for Strategic Initiatives and Innovation, and also the Barnes Professor of Entrepreneurship. Dr.

Haynie served 14 years as an officer in the United States Air Force and in 2011, he founded Syracuse University's Institute for Veterans and Military Families, the nation's first interdisciplinary institute created to inform and advance the policy, economics, and wellness concerns of America's veterans and families. Welcome, sir.

Our second witness is Mr. Brenton Peacock. Mr. Peacock is the Director and Business Analyst for the Veterans Business Outreach Center (VBOC) serving the State of Florida. Mr. Peacock was awarded Regional Certified Business Analyst of the Year in 2009 and again in 2012, then Regional Consultant of the Year in 2014. A successful entrepreneur himself, Mr. Peacock's work experience includes 14 years in business counseling and teaching. Welcome.

Our third witness is Ms. Laurie Sayles. She is the President and CEO of Civility Management Solutions and AmeriCorp veteran. After serving 10 years in the Marine Corps, Ms. Sayles founded Civility Management Solutions in 2012 to optimize the performance and productivity levels of customers. Civility Management Solutions is an SBA certified 8(a). VA verifies the service-disabled veteran, economically disadvantaged woman, and women-owned small businesses. Welcome back, Ms. Sayles.

I will now yield to the Ranking Member, Mr. Luetkemeyer, to introduce our final witness.

Mr. LUETKEMEYER. Thank you, Madam Chair.

I am honored to introduce our witness, Mr. Joe Shamess, American entrepreneur and hero. Mr. Shamess began his military service as a cadet at the United States Air Force Academy and served 11 years as an Air Force Special Operations pilot and 7 years as an Air National Guard pilot. During his service, he flew an impressive 168 combat missions and was one of the first pilots to stand up operations in East Africa against al-Qaeda to fight the War on Terror. In addition to his notable military service, Mr. Shamess has been an entrepreneur since he started his first business at age 15. In 2015, he cofounded Flags of Valor with U.S. Army paratrooper veteran Brian Stoerts. Flags of Valor is the example of the American dream. They started out as a two-person garage operation and have transformed into a successful American-made, veteran-owned manufacturing small business known across the country for their craftsmanship. To fulfill their commitment to give back, Flags of Valor reports that they have created more than 70 veteran jobs and raised \$1.7 million for veterans and first responder charities. Mr. Shamess is also the founder and general partner of Flintlock Capital, an investment management company with a focus on investing in veteran-led companies. I first had the privilege of meeting Mr. Shamess during National Veteran Small Business Week when I hosted a Veteran Small Business Showcase and Roundtable. He is a true patriot and a champion of America's small businesses and manufacturing. Mr. Shamess, we are glad to have you back on Capitol Hill before the Full Committee. Your extensive experience and passion for empowering veteran entrepreneurs will benefit this conversation immensely. Again, thank you for your service. Thank you for joining today.

I would also like to thank our other witnesses for their service and thank you for being here with us as well.

Madam Chair, with that I yield back.

Chairwoman VELÁZQUEZ. Thank you.

Thank you all for being here. I would like to begin with recognizing Dr. Haynie for 5 minutes.

STATEMENTS OF DR. MICHAEL HAYNIE, EXECUTIVE DIRECTOR OF THE SYRACUSE UNIVERSITY INSTITUTE FOR VETERANS AND MILITARY FAMILIES, SYRACUSE UNIVERSITY; BRENTON PEACOCK, DIRECTOR, FLORIDA VETERANS BUSINESS OUTREACH CENTER AT GULF COAST STATE COLLEGE; LAURIE SAYLES, PRESIDENT AND CHIEF EXECUTIVE OFFICER, CIVILITY MANAGEMENT SOLUTIONS; JOE SHAMESS, FOUNDER AND GENERAL PARTNER, FLINTLOCK CAPITAL

STATEMENT OF MICHAEL HAYNIE

Mr. HAYNIE. Chairwoman, Ranking Member, and Members of the Committee, thank you so much for the opportunity to be here and share my experiences relative to the military-connected business ownership community.

First, I want to express my appreciation to this Committee for your longstanding history of support to veteran-owned business in the United States. I have been engaged with the veteran business ownership community for more than 15 years and over that time this Committee has been a consistent and thoughtful partner to those of us who have been working to advance veteran business ownership in the United States. Your support to service Members, veterans, their families has been instrumental to the well-being of the veteran community. And as a veteran myself, I would like to say thank you for that.

Over the past decade, Syracuse University's D'Aniello Institute for Veterans and Military Families, or IVMF for short, has applied a data-driven lens to the challenge of understanding the opportunities and the pitfalls associated with the transition from military to civilian life. And one consistent finding of that work has been the strong pull to business ownership common among many veterans.

This is not something new. Over the past 75 years, veterans have been over indexed to business ownership in the United States relative to other segments of American society.

For that reason alone, public and private sector champions should continue to collaborate on pathways appropriate to realize the potential inherent in empowering veterans to serve this nation yet again now as America's next great generation of business owners and leaders.

In fact, that potential will be on display Friday, right here at an event in Washington, D.C., when the Institute for Veterans and Military Families, in partnership with the team at Inc. and the Inc. 5000 will announce and honor the 2022 Vet100, the 100 fastest-growing, veteran-owned businesses in America.

This year's Vet100 includes changemakers like Venus Quates. Venus is an Air Force veteran who founded her firm LaunchTech in 2016 to provide technology and mission support solutions to customers in the space and health care and financial services sectors. Venus participated in the IVMF's Veteran Women Igniting the Spirit of Entrepreneurship Program back in 2018 and after that her business took off. On Friday, Venus will be recognized by Inc.

and the IVMF as the number three fastest-growing, veteran-owned business in America, and as one of the 10 fastest-growing, women-owned businesses, veteran or not, in all of the United States.

We will also recognize United States Marine Corps veteran Chris Dambach and his business, Industry Standard. Chris separated from the Marine Corps in 2010 and launched a small residential lawncare business with some used lawnmowers and a truck he borrowed from his brother-in-law. In 2012, an SBA advisor recommended that Chris participate in the IVMF's Entrepreneurship Boot Camp for Veterans with Disabilities Program, and in quoting Chris, "That program changed my approach to running and growing my business." After that experience, Chris expanded to hardscaping, and then janitorial services, then to construction, and like Venus, today, Marine Corps veteran Chris Dambach is the founder and owner of one of America's fastest-growing, privately-held firms.

I share these stories only to make the point that working together we have a collective opportunity to transform the same leadership and ingenuity that served our military so well on the battlefield into an engine of new venture creation in America. And that opportunity is strong and compelling, certainly and in part due to the good work of this Committee. The resources and supportive services enabling a transition pathway for service Members to business ownership, both across the public and private sector are vastly, vastly improved relative to what they were a decade ago.

That said, we know from the community we serve that there is more work to do. Each year, our institute conducts a national survey of military-affiliated entrepreneurs. This is the largest primary data collection of military business owners outside of the federal government in America. And our intent is to better understand the barriers of economic, social, cultural barriers to business ownership for those who have served in the military.

We just released the 2022 version of that study, and I just want to highlight one thing that came from that study of many things. And that relates to women veterans and female military spouses. Today, women are pursuing military service at an unprecedented rate, and their service often equips them with unique skills and abilities that are aligned with the civilian labor market. However, too often our women veterans have faced unique challenges bridging those skills to traditional employment. If there is an upside to that troubling story, it is that many of them turn at very high rates to business ownership. Small business ownership enables military connected women to pursue professional opportunities and careers in the face of some of those barriers. Consequently, collective action to create inclusive pathways to business ownership for military-connected women should be a national priority. If we do this, all Americans will benefit.

With that, I will end my formal remarks.

Chairwoman VELAZQUEZ. Thank you, Dr. Haynie.

Now we recognize Mr. Peacock for 5 minutes.

STATEMENT OF BRENTON PEACOCK

Mr. PEACOCK. Good morning. Thank you for having me today. Thanks for your support of veteran-owned small businesses.

The Florida Veterans Business Outreach Center is one of 22 Veterans Business Outreach Centers or VBOCs serving the United States. Each VBOC is assigned geographical territory. Our territory is Florida. We are hosted by Gulf Coast State College in Panama City Florida, home to Tyndall Air Force Base and Naval Support Activity Panama City. We report to the North Florida SBA District Office in Jacksonville and the South Florida SBA District Office in Miami, Florida. We provide business consulting services to active duty military Members, veterans of all eras, and all branches of the U.S. Military including National Guard and Reservists, U.S. Coast Guard Members, military spouses, and widows of veterans who wish to start a business.

The Florida VBOC is the initial VBOC established following a successful proposal to Public Law 106-50, cited as the Veterans Entrepreneurship and Small Business Development Act of 1999. Our competencies include teaching Boots to Business classes, start-up instruction, assisting first-time business owners as they transition or retire from military service, and assisting veterans and military spouses with the process of government contracting. We are currently in the last year of our 5-year program cycle before rebidding on the project for the next funding cycle.

I will share with you statistics on Boots to Business classes, numbers of consulting sessions, and the number of clients we have assisted, as well as veteran business startups, and accomplishments made by our veteran clients in winning government contracts.

Boots to Business. There are 14 Florida Military Installations that participate in the Transition Assistance Program (TAP) with Boots to Business (B2B). The Boots to Business classes are managed by TAP Personnel and the SBA Office of Economic Development specialist/veteran representatives, who coordinate the logistics of the program for the North and South Florida District Offices for scheduling. The Boots to Business classes are taught at each base on a quarterly basis or more often if the number of separating or retiring military Members requires it.

Since May of 2018, the Florida VBOC Office has taught 165 Boots to Business classes and has instructed 909 Boots to Business modules to over 3,200 separating or retired military Members and spouses.

Nathan Pollock is an Army veteran who completed the Boots to Business class. His plan was to open an upscale cigar lounge with his spouse. He worked at a cigar lounge after his separation to learn best practices before relocating to New Port Richey, Florida. The VBOC office assisted Nathan with business plan research from IBISWorld, business plan revision, assistance with applying for business licenses, and eventually assisting him with finding a lender and closing on an SBA Loan to open Patriot Stogies, LLC in March 2022. Nathan proudly served our country for 20 years as an Army helicopter pilot. Nathan said, "The VBOC was able to find me a lender who could support my business, and they quickly got me a commitment letter. Additionally, the VBOC was able to set me up with a free consultation with an attorney to discuss a zoning issue with my building's sign. I appreciate the advice and counsel

I have received from the entire VBOC team with the assistance they have provided me along the way.”

Start-Up Counseling. We have provided over 13,000 counseling sessions to 11,000 veterans and military spouses during the current program. We assisted in the creation of 498 businesses by assisting with feasibility studies and helping develop business plans during the program period. Veterans and military spouses with our guidance have started businesses ranging from drone-operated home inspection companies, to retail candy stores, and purchasing franchises. Jo Kegley, a U.S. Navy veteran, reached out to the VBOC as a resource to help grow her weight-loss business. The VBOC staff guided her in registering her LLC, provided information on becoming Woman-Owned Small Business (WOSB) Certified, and provided a letter of recommendation to apply for funding. Jo is the founder of Flip Flop Diet, a sustainable eating and scheduled cheating diet and weight loss maintenance plan. After separating from the military, she documented and tested the Flip Flop Diet using her proven strategies to help family and friends lose weight and now plans to offer her diet to the public. “I am so grateful for all of the assistance and ongoing support that I receive from VBOC. The VBOC has certainly contributed to the development of the Flip Flop Diet and to my success in receiving initial seed funding to launch my business. I recommend their services to any veteran that is in business or is thinking about starting one.”

Government Contracting. The Florida VBOC has a unique strength in assisting veterans and military spouses by being competitive in government contracting at the federal, state, and local level, as well as bidding on and winning subcontracts to prime contractors.

The Florida VBOC story is one of 22 unique stories defined by local economies and the veterans and military spouses who reside therein. They are bound by their common desire to own and operate successful veteran-owned small businesses. Thank you.

Chairwoman VELÁZQUEZ. Thank you, Mr. Peacock.

Now Ms. Sayles, you are recognized for 5 minutes.

STATEMENT OF LAURIE SAYLES

Ms. SAYLES. Yes, ma’am. Chair Velázquez, Ranking Member Luetkemeyer, and Members of the Committee, thank you for the opportunity to testify today.

My name is Laurie Sayles and I am a United States Marine Corps veteran and the founder of Civility Management Solutions located in Greenbelt, Maryland.

CivilityMS is a professional consulting services firm working in both the government and the commercial space.

Currently, I serve as Chair of the Women Veterans Business Coalition (WVBC) and I am testifying today on their behalf.

The WVBC brings together diverse stakeholders to provide a strong, collective voice for policies that will strengthen businesses owned by women veterans. While federal actions are designed to be helpful to all veterans, women carry an important and respected voice on behalf of those who have served.

Currently 2 million women veterans live in the United States and comprise nearly 20 percent of serving military personnel and

10 percent of the veteran population. As the number of women serving in the military has increased, so has the number of women veterans who start businesses.

Entrepreneurship has always been in my blood. Raised in the 1960s in a low-income household from Chicago, I have always known and learned the need to earn my own way. Starting a business has been an extremely rewarding part of my life and I attribute many of my business successes to the lessons I learned serving in the United States Military.

Once I was introduced to government contracting in my civilian career, I knew I had found my destiny in entrepreneurship as I saw it as the wealth transfer. There are numerous SBA resources that helped me along the way. When I first considered starting my business, I sought out SCORE Mentor. My mentor, a retired General of the United States Army, gave me incredible guidance on the steps of developing my company. Navigating our federal contracting system can be difficult, and resources from my local PTAC focused on how I could successfully do business with the federal government.

As a woman Marine, I know the importance of training. The CivilityMS team has taken advantage of the SBA's 7(j) training and found it valuable. However, I would encourage the SBA to consider having two tracks in 7(j), one for businesses who are in the beginning phases and one for the program for advanced companies that are small, to continue to thrive throughout their business lifecycle and the SCORE mentors offer us.

One additional training program that has crucial to the success of my business is the Veteran Institute for Procurement (VIP). I am thrilled to see the expansion of the program, especially at no cost to veterans.

While I speak highly of many of the SBA's programs, I also know that there are many veteran-owned businesses unable to access these resources because of their location. For example, I applaud the expansion of VBOCs, which play an integral role in supporting veteran-owned small businesses throughout their entrepreneurial journey. However, I did not utilize VBOC because there was not one in Maryland, and I am glad to say that our state will be adding one soon.

One area of particular concern as a Black woman that is a service-disabled veteran is the fight to access capital. Women still receive only 4 percent of commercial dollars that are loaned. Like many small businesses, I initially tried working with the large businesses, large banks, but like many, I gave up quickly. I sought out alternative lenders. I was fortunate to connect with an SBA 7(a) lender to obtain a small loan and then later take advantage of the Paycheck Protection Program during the pandemic.

While these funding streams have been helpful, government contractors face unique challenges. It would be helpful to the veteran business contracting community if SBA was able to come up with a line of credit methodology for companies that have federal customers.

To address some of the particular challenges faced by women veterans, WVBC suggests the following recommendations:

One, first, increase incentives for prime contractors and the federal government to award more contracts to women veteran-owned small businesses.

Two, second, change the restrictive re-marriage eligibility requirement for Survivor Benefit Plan (SBP) beneficiaries.

And third, allow veterans to use the GI Bill benefits to start a business. All veterans, and particularly women veterans, are an important sector of our economy. By 2040, women veteran population is projected to grow to 18 percent.

Our businesses face unique challenges that require unique support to grow and thrive. We applaud the SBA and this Committee for continuing to support veteran business owners. And thank you for holding this important hearing. And I look forward to any questions.

Chairwoman VELÁZQUEZ. Thank you very much.

Now we recognize Mr. Shameess for 5 minutes. Welcome.

STATEMENT OF JOE SHAMESS

Mr. SHAMESS. Thank you, Chairwoman Velázquez, Ranking Member Luetkemeyer, and the Members of the Committee, especially you, Ranking Member Luetkemeyer for hosting the events that you have hosted and then the events also in conjunction with Leader McCarthy. They have really highlighted not just veteran entrepreneurs but also the challenges facing small business in America. So thank you for that.

As a founder and general partner at Flintlock Capital, in addition to my work owning and operating other businesses, I can tell you that I have gotten a sample, a wide swath of what it is to be a business owner in America, from manufacturing to tech, to also empowering future entrepreneurs to grow the businesses of tomorrow. And looking at all the things that I get to witness today, the outlook is still positive but it is a very challenging environment. What inspires me is what I have seen in the way that these small businesses are managing inflation just as an example. They are ringing out everything they possibly can in their businesses to be able to stay ahead of it and to be able to continue to operate. And the small business community despite all of that continues to move forward. And I think that speaks volumes about the American spirit of free enterprise. And that is something I am very proud of.

Looking at the veteran ecosystem in business, access to capital is certainly something that has come up multiple times. There is absolutely a challenge there, and there are 7(a) options you can get through the SBA and other programs.

I worked with the last Congress with Representative Tulsi Gabbard's office on H.R. 4991, a bill specifically designed to address this issue. And to your point, to create an opportunity to access capital through your Post-9/11 GI Bill as an option.

And so one of the things that we worked on was how you could shape that. And there are already funding limitations associated with the bill of what the earned credit, the earned amount is based on what state you live in. And if the spirit of the Post-9/11 GI Bill is to create education opportunities, to create an opportunity for economic upward mobility for example, there are very few things that create more opportunity for economic upward mobility than

business ownership. And so that is not just for the individual. That is the family. That is the community. That is everybody that is involved in that.

And so I would ask that this Committee look at bringing that bill forward in a bipartisan way. I know that on her departure it was handed to Representative Panetta's office in California, but to this day it still has not moved forward. So to have that reintroduced I think would be fantastic for the small business community, especially the veteran small businesses.

Additionally, I think you can hear today about all the resources that are out there but what happens is there is a disconnect between those resources and the veteran that needs that information, whether it is access to capital or just how do I do this? And the compliance alone, whether you are looking at it from a federal statute or a state statute level, I do not care if you are a one man falafel stand or you have a 1,000 employee manufacturing company, compliance is a lot. Right? And so there are a lot of resources that can help entrepreneurs, especially veteran entrepreneurs navigate that. But they are spread out across so many organizations and so many public-private partnerships that are doing good work but they are all doing it in their own pocket. Syracuse University, for example, has become a great resource and one that I have looked to over the years, but that is because I knew about them and what they were doing. A lot of people do not.

And so what I would ask is that you task the Government Accountability Office with doing a total review of the programs that are currently available, whether it is SBDCs, the Small Business Administration, SCORE, the VA, DARPA, the non-dilutive funding that is available for business startup that is absolutely outstanding for a lot of these businesses, public-private partnerships, and provide a report that is actionable for TAPs programs and other things, whether it is the VA or DoD to be able to bring this to bear for the veteran community.

The last thing I want to say is there is a bigger issue here and it is not just related to small business ownership. And I think it is what I would regard as a little bit of a higher calling when it comes to supporting veteran entrepreneurs. And that is we have a voluntary military, right? And so how does the military grow and how does it recruit? And one of the best ways it does that is by seeing people that have served and the impacts they make in their communities.

So, as the number of military service Members as a percentage of society continues to go down, there is no better way to demonstrate their impact, both from a national level, national security level, but also inside their communities by seeing them start and run businesses. Because they are employing their neighbors. They are a great example. And the values that made them successful in uniform, those same values transfer back to the community. And that is a win for everybody involved. Thank you.

Chairwoman VELÁZQUEZ. Thank you, Mr. Shamess.

Now I recognize myself for 5 minutes.

Mr. Peacock, last November the House passed H.R. 3469, the Veteran Entrepreneurship Training Act of 2021. The bill will codify the Boots to Business Program for the next 5 years. Why should

we codify the Boots to Business program for our veterans and their spouses as they transition out of the military service?

Mr. PEACOCK. The business program provides a good pathway to entrepreneurship by showing kind of a top of the waves introduction to opening and starting their own business. Also now as we think veterans maybe signed up, joined the military at age 18. Maybe you worked a part-time job packing groceries, maybe delivering papers, but you certainly probably have not owned a business.

The Boots to Business program which helps military service and things that were learned in military service to owning a small business and being the founder of your own company. It is a good resource. I think it helps that veteran, that military spouse to be able to see what they have learned through their military service and apply that to business ownership and operations. And I think it should be required for anyone to be separating or retired from military service as well as the spouse to attend the complete program to get a full understanding of what is available from the SBA.

Chairwoman VELAZQUEZ. Thank you. Thank you. Thank you.

Dr. Haynie, prior to the pandemic, veteran entrepreneurship had been declining. However, in a recent hearing, SBA Administrator Guzman testified that there have been 9.1 million new business applications since the beginning of 2020. What trend have you seen since the beginning of the pandemic with regard to veteran entrepreneurship?

Mr. HAYNIE. You know, throughout history, you can see trends in startup and entrepreneurship in general for all Americans that are aligned with economic conditions also as a function of access to the traditional labor market. I think one of the things we saw with the COVID pandemic was restricted access to the traditional labor market as a consequence, again, for all Americans, business ownership and self-employment became a path to a career and an income and stability in the family. You will see all the way back to World War II, you can align trends in business ownership specifically for veterans. But also for other segments of society that may be are shut out sometimes of the normal traditional economic model up and down over time. It is the case that throughout that 75 year period, veterans have been over indexed.

There was a study done by the federal government 7 years after World War II. Fifty-four percent of the 12.5 million veterans that returned from World War II, 54 percent within 7 years had launched a small business in this country. So I think it is absolutely the case that this community will continue to be pulled to and drawn to small business ownership over time.

Chairwoman VELAZQUEZ. Thank you.

Ms. Sayles, you have utilized many of the SBA resources throughout your entrepreneurship journey. What are the benefits of SBA's entrepreneurial ecosystem, and where can improvements be made to better meet the needs of veteran entrepreneurs?

Ms. SAYLES. Thank you for the question.

Well, I would say that having more offerings throughout the country, because there are certain areas where people are denied that ability. Now, thanks to the world of technology now there is more potential of getting some training and things of that nature

but being able to access that without any cost is also a major thing. Because you are starting a business so your cost is low, of course, and to be able to go get the training necessary and be taught. And as a veteran, one thing that makes us the greatest in the world, right, military, is because of training. So we understand the ability to get it. We just need to have access.

Chairwoman VELAZQUEZ. Dr. Haynie, SBA announced this year that nonprofit entities are eligible to provide Boots to Business courses at military installations outside of the continental U.S. Can you speak to the importance of providing Boots to Business training to military service Members and their spouses where they are stationed no matter the geographic location?

Mr. HAYNIE. I can. I particularly have a bias here I will admit right up front. I wrote the original Boots to Business curriculum when it was first proposed. Very passionate about that pathway. I think pure and simple, just because you happen to be a service Member who is transitioning from serving this country in uniform to civilian life stationed overseas, you should not have a different set of opportunities afforded to you because of that fact. You can look at, for example, we are flying training teams to U.S. Navy ships at sea to conduct Boots to Business training because those sailors, many of them when their ship comes into port, their contracts have expired and they are on their way out the door. It is the same for those overseas locations.

Chairwoman VELAZQUEZ. My time has expired. Thank you so much.

Now I yield to Mr. Luetkemeyer for 5 minutes.

Mr. LUETKEMEYER. Thank you, Madam Chair.

Mr. Shames, in your testimony you challenge us to, and I quote, "Do no harm and avoid policies that may erode the resilience of the entrepreneur."

I appreciate that challenge. Do you believe increasing taxes or adding more regulations would cause harm to the American entrepreneur?

Mr. SHAMESS. Without a doubt it would cause harm to the American entrepreneur. I made slight mention of this in my introduction about just how difficult compliance is. And then when you add state compliance, it is really a tenuous situation. Additional taxes erode the incentives for small business ownership in the first place. And so creating a tax policy that incentivizes business formation, incentivizes business growth, these are all things that not just affect the entrepreneur but affect the entire community and we have seen that play out. So I would absolutely agree with that statement.

Mr. LUETKEMEYER. Can you make that more personal? How has this affected your business itself?

Mr. SHAMESS. Well, as an example, when operating Flags of Valor, when the tax policy changed during the last administration, we were able to use some of the additional tax benefit we had or additional income that we had to invest in our equipment. And so that single thing allowed us to go from being a largely handheld tool operator to being able to use truly high-tech laser and CNC equipment in a full commercial suite that was offset by the benefits we received. And now today, fast forward, that same organization

is now employing a whole new team in technical manufacturing; right? So what does that mean for the employee? Well, now they are getting higher level skills, skills that are transferrable through additional industries, and it is allowing us to produce more things here in the United States that is very unique; right? I mean, Made in America still matters. And so anything that we can do to support that I think is going to be beneficial to our communities.

Mr. LUETKEMEYER. Your comment was that it provided you with income. They allowed you to keep your income is what that tax cut did. You got to keep the money that was yours that you made and be able to reinvest it. I thank you for that comment.

You made mention of the jobs that you created. Can you tell me how you structure your hiring process to attract veterans just specifically? Or I assume you attract a lot of other folks, but I am sure you try to go after veterans in particular.

Mr. SHAMESS. We do. We certain have and continue to do. But what is really unique about the veteran community compared to many others is there are certain bonds that are created in military service. There is an esprit de corps that exists that makes veterans want to be around other veterans. And so veteran entrepreneurship means veteran jobs. Veteran jobs is not quite the problem it was 10 years ago, 15 years ago when we were in the heat of the post-9/11 conflicts. Nonetheless, we still want to create opportunity for those men and women in uniform as they depart. And so the culture that exists inside a veteran-run company is something that is very difficult to replicate outside of a veteran-run company. And it is a natural attraction for veterans that want to continue to be a part of that culture while changing their life and serving outside the uniform.

Mr. LUETKEMEYER. Ms. Sayles, you mentioned that there are 2 million women vets. This morning I spoke to the Women's Small Business Coalition I guess it is, and all the ladies in there were very vociferous in some of their concerns. But it was great to be speaking with them. But there is a whole new subset when you are talking about women veterans. Do they have some unique issues that we need to be concerned about, or is being a veteran is being a veteran?

Ms. SAYLES. Well, sir, yes. Being a women that served in the military, because it is such a small amount of us in general when you look at the broader base, there are just certain things that we are challenged with as a woman being surrounded by men all the time. So you have to gauge yourself up for that and continue to go through the course of serving in your uniform. But some of the challenges that come out of that leave the women in a different type of mindset when they return to civilian lifestyle. Some were to the point that I know many, way too many, that do not desire to go to the VA just because they do not like the idea of not being considered a veteran, you know, first of all. And then secondly, just some of the attention that they receive that they do not request. So they have learned at the VA hospitals throughout the country to make some adjustments for women that are coming that are women veterans to be serviced there. And yet, some of that same kind of information that they are receiving though actually affects

their entire life. So yes, those are extra challenges that we have to deal with as women that served in the military.

Mr. LUETKEMEYER. Thank you.

Dr. Haynie, you alluded to some studies or some information that you were aware of. Prior to the pandemic versus after the pandemic, are you seeing more veteran-owned business startups or less?

Mr. HAYNIE. So I think the best data for this actually comes out of the Kauffman Foundation. In the index, they have focused on startups for all Americans. And then they break that data out by different demographic markers. Veterans at the start of the pandemic it was a very, very steep and dramatic increase in the pool to self-employment and business ownership. What we are seeing now is I think a slight decline as a function of reopening of society and reopening of traditional jobs and careers. That said, the numbers are still high relative to other segments of American society.

Mr. LUETKEMEYER. I thank you for that. And again, I thank each of you for your service to our country. Thank you very much.

Madam Chair, I yield back.

Chairwoman VELAZQUEZ. The gentleman yields back.

Now we recognize the gentlelady from Georgia, Ms. Bourdeaux, for 5 minutes.

Ms. BOURDEAUX. Thank you, Chairwoman Velázquez, for holding today's hearing.

For the American service men and women, the transition to civilian life can be difficult, especially so if they struggle to find a purpose upon return. One estimate is that 53 percent of veterans do not know what career they want to pursue when they transition back to becoming civilians.

Because of this, one of the community projects that I have secured funding for is an organization called Hire Heroes in my district and it would dedicate \$720,000 to help veterans find gainful employment. However, through their service, veterans are unequipped with many of the skills that mark a successful entrepreneur, including high performance in stressful situations and natural leadership abilities. And as a professor of public policy who has taught many veterans coming out of service, I can testify that they are often the best students. They are very focused and very disciplined in their work. Having these veterans and understanding this experience, I am very, very interested in making sure that they make this transition appropriately and have access to the resources that they need if they want to pursue small businesses.

So this leads me to my question. One of the things I have also found as I have met with small businesses around my community, they often do not know all the resources that are available to them. And some of that came up in some of the testimony.

So starting with Dr. Haynie, we have all sorts of great resources available to people—VBOCs, SBDCs, WBCs, SCORE, among many others. These are resources of free, low-cost counseling and training for small businesses. How do we go about doing better outreach to letting small businesses, and particularly these veteran-owned small businesses know what resources are available to them?

Mr. HAYNIE. Thank you very much for the question. And I think, as my fellow panelists alluded to, I fully agree that the num-

ber one, as a matter of fact, the data supports the number one challenge that folks express getting out of the military is not off the top employment or healthcare, et cetera. It is actually navigating the resources available to them. And it is not just what is available. It is also what they are eligible for. What they qualify for. There are so many qualifications and restrictions and limitations on what you can access as a function of combat veteran or not, post-9/11 veteran or not. I think we have to do, and why I think a hearing like this is so important is we have to elevate the conversation related to veteran business ownership in the country in a way where those who are in a position to serve or serving now this community become networked in what I would describe as akin to a healthcare network. And that we sort of manage the coordination and the navigation of veteran-owned businesses through this network of resources that starts at the local community level, extends at the state level, and to federal resources primarily from the SBA.

Ms. BOURDEAUX. This is a follow-up to that. I am curious about Syracuse University's institute and who you have partnered with in the community. I know you have a Community Navigator Pilot Program, something very important to my community as well, a diverse community with a lot of immigrant small businesses, as well as minority veteran businesses. And one of the things I have been encouraging the SBDC and other small business-serving institutions to do is to partner with unique community partners to get the word out. I was just curious about these kinds of partnerships and what you might have built in Syracuse.

Mr. HAYNIE. Yes, ma'am. The partnerships are key to everything we do. As a matter of fact, the nonprofit that you mentioned, Hire Heroes, in your district is one of our partners. A program unrelated to veteran business ownership but that we run called Onward to Opportunity, which is a credentialing and certification program for those leaving military service. Our employment partner in that effort is your local nonprofit Hire Heroes.

Ms. BOURDEAUX. That is great to hear. I think that is about all the questions.

I just actually want to raise one more thing that is an interesting partnership that I have come across which is the Centers for Medicaid and Medicare Services, which does a lot of advertising around the Exchange which is health insurance, and that is also very important, health insurance for small businesses. I have been talking with them about doing better outreach through organizations like our Community Navigators, our SBDCs, some of these different small business organizations so that we could get out word about how people can purchase insurance on the Exchange and I found a lot of small businesses needed that help as I talked with them. And so I just one of many efforts to try to put together creative partnerships to serve.

Thank you so much. I yield back the balance of my time.

Chairwoman VELAZQUEZ. The gentlelady yields back.

Now we recognize the Vice Ranking Member of the Committee, Mr. Williams, from Texas, for 5 minutes.

Mr. WILLIAMS. Thank you, Madam Chairwoman, and Ranking Member Luetkemeyer, and all the witnesses today. I think it is

fantastic that you are here and our country cannot thank our veterans enough for their extraordinary courage, patriotism, sacrifice. And I have the honor of representing Fort Hood in Texas. It is a great place. And when we hire veterans, employers do not need to teach them about discipline or work ethic. Veterans just need to be provided with an opportunity and they will succeed.

I have been in business 51 years, small business owner, and one of the neat stories I have is in Texas we had severe flooding last year and I went by to thank the National Guard for being first on the scene. And I was shaking hands of some of our Members and I come to one young man and I shook his hand and I thanked him. And he looked at me and said, Congressman, my family is starving. He said, I have three children. We cannot eat. I said, What do you do? He said, Well, I work on Humvees. And I said, Can you fix them on the fly? He says, I can. Well, as it would be, I am an automobile dealer. I own car dealerships. So I said, if you can fix a Humvee on the fly, can you fix a Dodge pickup on a lift? And he said he could. And we hired him and he started out very little training. We started out at \$12 per flat rate hour and he got up to \$35 per flat rate hour and started his own business. So this is the kind of thing that can happen with veterans that are just really a little cut above. And I employ several hundred people in Texas, and a huge majority of my employees are veterans that have stayed with us. So that is a little story that just again reiterates how great our veteran workforce is and always can be.

Mr. SHAMESS, good to see you again. Thanks for your story. In your testimony you stated that more government involvement tends to lead to more compliance and more spending. And if Democrats continue to push for massive tax cuts—that is all they talk about, let's raise taxes, raise taxes, and they push for increased government regulations which will harm main street businesses. They do. And American families. I see it every single day in my business. The federal government should not be overwhelming veteran entrepreneurs with excessive red tape.

So can you, and you have touched on it, but this is important because this is what we talk about and this is what the debate is, but can you elaborate on what higher taxes—higher taxes and more regulation burdens will impact your ability to plan as a small business owner because you are coming out of the greatest tax cuts we have ever had which created a lot of jobs and now you are having to play defense on possible tax increases and more government involvement. So how does that affect how you plan for the future?

Mr. SHAMESS. That is a great question. And great to see you again as well. It is like you are operating on shifting sands is how it feels. And I will use an example from Flags of Valor just to kind of paint a picture of this.

When you are dealing in a high inflation environment and all your raw materials are going up and you are a manufacturer. And your labor costs are going up which in some cases is a good thing because you are taking care of your people. And then you are paying payroll taxes. And then you are paying personal property taxes. And then you are paying your state licenses and fees that you have. You are taking that \$1 of income and you are carving big chunks out of it, almost like with a sledge hammer you are carving

that dollar up. By the time that dollar gets down to being a bottom line dollar in profit, you have lost so much of the power of that dollar that you earned from the very beginning. And now take that as a business owner and that same, whatever is left you are paying your federal taxes. You are paying your state income taxes. You are paying your personal property taxes. It goes on and on. By the time it is all done, you are looking at less than 50 cents on the dollar of profit. And inside the business you are looking at maybe a 10 percent bottom line margin if you are lucky. And right now I can tell you, small businesses are not getting 10 percent bottom lines. And so you are just eroding all the incentive in the system for you to continue to grow and hire.

Mr. WILLIAMS. Well, tax cuts do work and they need to be made permanent. And we are going to be fighting for that. And then you have Mr. Inflation running around which is so sky high. So it is real problems.

It is a great privilege, as I said, to work for Fort Hood and our veterans. And our veterans made great sacrifices to protect and defend this country. And it is our responsibility to ensure that they are equipped and pursue their business goals once they transition into civilian life. And earlier this year, Congress did pass the Veteran Entrepreneurship Training Act which helped codify the Boots to Business program. And also, I think we must assist in providing opportunities to build a career ahead of time, and at this time, significant changes in these brave individual lives.

So real quick, can you tell us the major hurdles veterans face while trying to break into the private sector and start their own business? The challenge is to say I am going to be a business person. What is the biggest challenge?

Mr. SHAMESS. I will be as fast as I can. When you take that oath of office, and I did it on my 18th birthday, it is not just that you are going to risk for your country. You basically put everything else off for that entire period of time. So there is no preparation whereas most people in the private sector, they are working in a company. They are getting exposure to an industry. They are learning an industry so they can start a business. In the military, you do not have that. And so you need that exposure. You need that transition program like we are talking about, bringing those resources together.

Mr. WILLIAMS. Thank you. I yield back.

Chairwoman VELAZQUEZ. Time has expired. The gentleman yields back.

Now we recognize the gentlelady from Pennsylvania, Ms. Houlihan, for 5 minutes.

Ms. HOULAHAN. Thank you, Madam Chair. And thank you to everyone here for your testimony and for the conversation.

I am an Air Force veteran myself, and I am an entrepreneur as well having built a variety of different businesses from scale to sale. I am very excited to participate in today's experience and to talk about the local veteran-owned businesses in my community which is just outside of Philadelphia, Pennsylvania.

Last month, I had the opportunity to participate in a roundtable discussion with Secretary McDonough who visited my community and several veteran entrepreneurs as well at the Coatesville VA

Center, which is also in my district. I was particularly struck by the story of Robin Gilmore, an Air Force veteran himself and a service-disabled veteran as well. He is a small business owner of a media production business. With his passion for producing video content, Robin established and grew his small business following his years of military service. And as his business grew, Robin was able to adapt the company's online presence but he needed technical assistance and expertise with regard to website design, optimization, and social media.

So as with many small business nationwide, the COVID pandemic also brought him a number of opportunities and challenges, including a significant drop in his business. So Robin sought assistance and reached out to Kutztown University Small Business Development Center, which helped him to revitalize his website to attract customers, to build new clients, and to increase his appearance on all platforms. In short, with the help of the SBDC, Robin was able to take his business online and to the next level. So to this day, he continues to refer other local businesses and local owners to these valuable resources.

Robin's story certainly demonstrates the effectiveness and importance of SBA's free and low-cost resource partners and entrepreneurial development resources, especially in times like these when a business owner may not have the tools or expertise in certain areas to pivot or to grow or to navigate through this complex environment.

My question is for you, Dr. Haynie. With Robin's story in mind, what more do you think that the Small Business Administration can do to increase awareness of the SBA resource partners and entrepreneurial development resources amongst particularly our veteran community? And what else can we do here in Congress to be able to increase attention to these services?

Mr. HAYNIE. Well, thank you for the question. As someone born in Doylestown, Pennsylvania, I appreciate the first question coming from you to me.

You know, I think one of the things is we have to continue to focus on expanding the scope and scale of those services. You know, the service you heard from Ms. Sayles about the fact that there was not a VBOC in the State of Maryland until just recently is a good example of what I think is missed opportunity. In aligning those resources in a way where there is a look at sort of veteran population density, that is easily done and understood. But also, you know, one of the things that we learned from COVID is that our use of technology expanded access to services to veterans that live in rural communities, veterans that live, you know, so balancing that focus of hard physical infrastructure with an expanded opportunity to bring virtual services and resources to veterans in rural communities and other places where they cannot access that physical infrastructure I think would be important.

Ms. HOULAHAN. That is a fascinating lesson learned from a really bad situation with COVID is that I think all of us had to very rapidly become much more technologically adept and kind of comfortable using technologies.

Mr. HAYNIE. That is correct.

Ms. HOULAHAN. And that is something worth pursuing.

With what remains of my time, my question is for Mr. Peacock. I am also really interested in exploring how the SBA can increase assistance for not just women veterans but also for female military spouses as well. I grew up in a military family and my mom was possibly the most talented of all of us and really struggled with her opportunity to grow and flourish as a small business owner and operator as we moved around. Would you be able to help us understand what are the needs for women veterans and female military spouses and how can we help them in adapting their businesses?

Mr. PEACOCK. I think a greater emphasis on attending Boots to Business with their veteran partner would help. Every business is going to be a family-owned business. And maybe you have traveled around with your spouse all over the country, all over the world, and after 20-something years that family is going to retire. And you kind of think that you are going to maybe buy an RV, see the 50 states, whatever, but he wants to open up a motorcycle repair shop in the garage. You have got to have a come-together meeting to make the business work. So if the veteran is starting a business or the spouse is starting a business, one of them is going to be the support personnel for the other. So having the spouses attend the Boots to Business program will be a great way to orient them to business ownership, a business that will support the veteran or for their own business as the spouse. I think that would be a great way to introduce them, get them tied in.

Ms. HOULAHAN. My time has expired. I appreciate your time, everyone, and I yield back.

Chairwoman VELAZQUEZ. The gentlelady yields back.

Now we recognize the Ranking Member of the Subcommittee on Economic Growth, Tax, and Capital Access, Mr. Meuser, from Pennsylvania.

Mr. MEUSER. Thank you very much, Madam Chairwoman. And thank you all. You are really a great group of witnesses. And thanks for being here. And certainly, thank you for your service and for your entrepreneurialism and being job creators.

Joe Shames, Mr. Shames, we met last November as well, so certainly very good to see you again. And I really appreciate what you had to say about putting, entering into service, into the military, putting everything else on hold. And that is why it is so important once you come back into civilian life, having some support in transitioning for business. That just makes a tremendous amount of sense. So this hearing is important and we want to learn as much as we can to improve such support services.

So Mr. Shames, let me start with you. As a veteran entrepreneur, what do you find, what has been the most helpful resource for veterans for the transition? Which department, which set of resources has been in your view most helpful to you and maybe most helpful to other veteran entrepreneurs that you speak with?

Mr. SHAMESS. I would imagine it would be true for everyone on this panel but it has been mentors or network. It has been the people. And so having access to people. The resources in terms of access to capital or just general information is really important, too. But having someone that you can actually talk to is probably the single-most important thing.

Mr. MEUSER. Interesting. And is there a formal network or is it—

Mr. SHAMESS. Well, most people end up building it themselves but there are programs, like SCORE, as Ms. Sayles mentioned.

Mr. MEUSER. Right.

Mr. SHAMESS. There are programs out there. It is the communication. It is not that the resource is absent per se; it is that is misunderstood or it is not properly communicated to the person that needs it.

Mr. MEUSER. Okay. So that could probably be improved, the level of outreach and access to information. Access to capital, on a scale of one to 10, how much of a challenge is that?

Mr. SHAMESS. Statistically, it is listed as number one. And I would agree with that for most people. I think if you are pursuing a 7(a) and they are going to collateralize everything that you have, being SBA backed, it helps but most people do not have much. So you are going to collateralize everything that you have and then you can get your SBA 7(a). Having access to capital through something like H.R. 4991, the Post 9/11 Veteran Business Acceleration Act, right, so getting your Post-9/11 GI Bill benefit to use towards business ownership, I mean, that would be a rocket ship. That would be absolute explosive capital for a lot of small businesses.

Mr. MEUSER. Okay. Well, we will definitely look to pursue that.

For all the witnesses, and Ms. Sayles, you mentioned your list of three including expanding access or support for women entrepreneurs, veteran entrepreneurs, as well as the GI Bill, making that available for small business. Do you have a suggestion in that regard?

Ms. SAYLES. Yes, sir. Since we have earned those funds to come to us, it would be awesome, like for example, I was an entrepreneur before I joined the Marine Corps. So when I got out I was not so much focused on the college degree. And nowadays, let's be honest, many are staying 25-30 years so they have their master's degree when they get out. So what are they going after with a GI Bill now at 40 years of age? But being able to take those funds and now distribute them between starting a business with capital, as well as using some of those funds for a place like Syracuse, for example, to be able to get the education that they need. Because as much as we get great leadership skills and resilience and tenacity, we are never taught how to negotiate. So it is things like that that are simple for a lot of people that are civilians that as a military person that we need to be educated on. And so real core training would be ideal.

Mr. MEUSER. All right. Great. And I know, Dr. Haynie, you brought that up as well, more support services for women entrepreneurs. So I am glad to hear that.

Just on more of the aggregate issues facing small businesses, veteran and nonveteran, dealing with the high cost of gasoline, dealing with the rise of inflation, dealing with the prospect of higher taxes, you know, all of that, supply chain disruptions. You know, I talk with small businesses. I have been a small business person for over 20 years as well. It is very, very challenging in general. Does anybody just want to comment on some of the challenges? We spoke about taxes at bit. And Mr. Shameless, you spoke about your

level of margin; right? Two or 3 percentage points makes a big difference. I mean, that in cases is 30 to 40 percent. If you are working off of 8 percent net income, right, 3 or 4 percent goes right from the bottom line.

Mr. SHAMESS. Yes. It will wipe out small businesses. Certain small businesses entirely because they are reluctant to pass the increased costs on to the consumer. And especially if you are in a consumer discretionary industry, the last thing you want to do is raise your price. And so you wait as long as you can and then finally you have to. And if you are struggling that much, the consumer is probably also struggling because of all the same things you just mentioned. And it will lead to disruption of a lot of small businesses.

Mr. MEUSER. Thank you all very much. And very much, thank you for your service.

I yield back, Madam Chair.

Chairwoman VELAZQUEZ. The gentleman yields back.

Now we recognize the gentlelady from Kansas, Ms. Davids, Chairwoman of the Subcommittee on Economic Growth, Tax, and Capital Access, for 5 minutes.

Ms. DAVIDS. Thank you. Thank you, Chairwoman Velázquez, and thank you to both you and to our Ranking Member for holding this very important hearing today.

The transition from military service to civilian life can be challenging in many ways for veterans and their families. And then especially when it comes to finding a new career path. And we have heard that over and over again today. It is actually one of the reasons why in the last Congress I introduced the SERVE Act, which was a bipartisan effort that passed the House to support entrepreneurship endeavors for veterans and also reservists. And this bill would require the SBA to develop a plan for outreach and promotion of the variety of programs available to veterans, reservist, and their spouses. It also requires a report on the ability of our veteran small business owners to access credit which is one of the bigger challenges for any entrepreneur starting and maintaining a business. The 2021 National Survey of Military Affiliated Entrepreneurs found that 49 percent of the respondents to that survey had a difficult time acquiring initial capital to start their businesses and that 41 percent continued to find financing to be a challenge. I would love Dr. Haynie for, you know, you to explain or tell us why might veterans and military-affiliated entrepreneurs have such a difficult time accessing capital?

Mr. HAYNIE. So it is a great question. It is a very complex question to answer because there are many factors that play into it. I think some of my fellow panelists have addressed some of this. You know, this idea of putting everything on hold when you raise your hand and volunteer for service, that means that you are not building. You know, my service, I was an Air Force acquisition contracting officer. When I would look at who I was going to award a contract to, the first thing I would look at is past performance and past history. Without past performance, past history, it becomes difficult then. It is a catch-22. You cannot build that history, build that experience until you get that work. And so I think part of it is you are starting from scratch, to answer the question. I

think part of it is you also, and this is why I think it is so important the work this Committee does and related for supportive services and resources, starting a business is not the same thing as transitioning to a traditional job where if you do not like that job you quit that job and find a different one. Because of what small business ownership is, you know, and particularly as it relates to capital, often it is your own capital. The resources that you have and that you are collateralizing, if you will, to make this business work. You have to have the supportive services and resources like Boots to Business and other programs available to those service Members such that they are prepared for this experience to the extent to which that is possible.

So I think all of that plays into, you know, some of these challenges. But not even the tip of the iceberg in terms of the whole story.

Ms. DAVIDS. Yeah, thank you.

And then Ms. Sayles, I would love to hear you kind of follow up maybe on some of the challenges that you faced when accessing capital as an entrepreneur. But also, there is another piece to this which I kind of talked about earlier with the SERVE Act. I am curious whether or not you were aware of the programs like Boots to Business or the Entrepreneurial Development Programs. Like, how early were you aware of those and maybe what do you think we can do better on that?

Ms. SAYLES. I am glad I do not look my age. But actually, when I got out, TAP did not exist and Boots to Business did not exist. I had to go to the newspaper and find a job. Today, you have the access to the Internet and that is very much so a great way of educating all of us on getting information but it is still such a lack of information that is shared within the veteran community as a whole.

And so when it comes to those programs, I found myself learning about them once I became diligent about becoming a veteran entrepreneur in government contracting. Then the door swung open with the SBA SCORE mentor telling me about everything.

But when it comes to capital—to address that, even if you have a decent credit score, and I got the being the minority, I got the being a woman, and then I'm also a service-disabled veteran. I hit all three of those categories. And it is not that you may not be able to get lending, but it is the amount of money they are going to charge me to obtain it. So, the margin as he did so well in breaking down how you take that dollar and the different chunks that come out of it, and so there is just a lot of lenders that are taking advantage of the fact of you being a new business. And they come up with all these wonderful alternative ways to give you money but it is just that you pay a very, very high price for them.

Ms. DAVIDS. Thank you. And I think a lot of folks recognize that that service can sometimes be a huge barrier to growing and maintaining your business as you look at your capital spent.

All right. Well, thank you all so much. I appreciate your service to our country, and of course, the entrepreneurial spirit that you are showing up with. Thank you all. I yield back.

Chairwoman VELAZQUEZ. Time has expired.

Now we recognize the gentleman from New York, Mr. Garbarino, for 5 minutes.

Mr. GARBARINO. Thank you, Chairwoman. Thank you to the Ranking Member for holding this hearing.

I first want to start with Mr. Joe Shames. Your testimony mentions multiple resources for veteran entrepreneurs. As a Member of the veteran entrepreneur community, can you share with us what you believe is the most helpful resource for veterans looking to transition from service to starting a business? And can you also address, you know, and this is something I heard from my Veterans Council from veterans returning home that the ability and the knowledge and the access for veterans to the actual programs and whether or not you think there is easy access to them.

Mr. SHAMESS. Sure. I briefly mentioned this earlier about the network. And when you put everything on hold and you compare that, let's just say you do a 4- or 6-year enlistment or 5- to 10-years as an officer, whatever you're doing. Your counterpart in the private sector has 5 years, 10 years of building the network in the industry that they are interested in. Or maybe it is a sister industry. But the point where they get to launch that business, they are well equipped. They may even be well capitalized. They have all of these assets available to them. And number one is people. And so using the SCORE as an example, having access to mentors, that is one channel. But it is not necessary enough. And so bringing all those resources together in a way that is digestible, understandable, that can be communicated to the veteran community at the right time, or earlier even possibly, would be an optimal 1:19:13xxx solution.

Mr. GARBARINO. So I am just doing a better job at reaching out. What is there right now that the veterans can go to when they come home and they want to transition into a small business? Do they go to their local small business development center? I mean, do they go to their local SBA region director? I mean, or are there programs, does the SBA reach out through the VA? Through the VA or through the American Legions or the VFW Posts? Are any of those options out there and do you think that would work or not?

Mr. SHAMESS. Well, what you are describing is exactly the problem. Is that there are all of these pieces of information held by specific entities and they are all essentially good things. But the inability to get all of that in one place that is usable by the entrepreneur is the problem. There are a ton of resources. It is not about necessarily creating additional resources. It is about synthesizing them in a way that is digestible and understandable that the veteran can have access to them.

Mr. GARBARINO. I appreciate that. That is exactly what I heard when I held my meeting with my Veterans Business Council or my Veterans Council and we talked about the SBA. They said there might be information out there and programs out there but we do not know about them and it is very hard for us to find out about them. So, I think that is something that we need to work on with the SBA and Congress.

Just maybe for the panel, where should Members of Congress focus? We are hearing a lot of small business leaders right now are coming to us and, you know, some of them are saying it is hard

to get capital. Some of them are saying it is hard to get workers who are trained or have the education to do what they need them to do. Where should be focusing most, especially when dealing with veterans? And anybody can jump on this. Is it access, more access to capital? Is it more access to education or training? What should we do? Anybody can jump in.

Mr. HAYNIE. So I will take a swing at this. So I think the access to education and training for me is a necessary condition. It is not sufficient. It is a necessary condition.

I will bring up one thing that I think the Committee could focus on and potentially start asking some questions. We mentioned the unemployment crisis of the 2009, 2010, 2011, 2012, you know, was brought up earlier in the hearing. Unemployment related to veterans. And the private sector did some remarkable work stepping up and stepping forward and creating veteran employment programs in this country, really not seen since World War II. The next horizon, if you will, is to open up the supply chains of private sector companies, particularly Fortune 500 companies to veteran-owned businesses. I think we often look at government and government contracting as the objective for veteran-owned businesses. But the reality is if you look at the supply chains of this country's largest private sector businesses, they represent a remarkable opportunity to grow and catalyze veteran-owned business in this country. And I think that could be a unique opportunity to begin engaging with the private sector on how it is that they can be part of this effort to grow this community.

Mr. GARBARINO. Great answer. I appreciate that. And I know I am running out of time. I have ran out of time. So I yield back. But thank you, Doctor, for that answer.

Chairwoman VELAZQUEZ. The gentleman yields back.

Now we recognize the gentleman from Colorado, Mr. Crow, Chairman of the Subcommittee on Innovation, Entrepreneurship, and Workforce Development for 5 minutes.

Mr. CROW. Thank you, Chairwoman.

For Ms. Sayles, I just wanted to get a sense from you. I am a fellow veteran as well. I just wanted to get a sense from you as to how we can better prepare our service men and women while they are still in uniform for that next step in their career.

So, for so long, and I know Mr. Shames probably shares this view, too, the military says, well, our job is not to train people for when they leave the service. But you know, not every private becomes a general. This is not our system. And if we send people back out, maybe we should set them up for success. So how can the military better do that? I know the United Association has this Veterans in Piping program where it is an 18-week program to train them to have skills when they come out. Are there any other examples or ideas that you might have?

Ms. SAYLES. The only thing I will definitely address would be knowing that more recent veterans, and they talk about the TAP program. But in the end, it added no value to them. Many of them do not feel like they really received anything that helped them with the transition. Because the transition is very broad. It is just basic communications. You know, when do you stop saying I am going to the head? So there is a lot of things that are part of that transi-

tion that are very, very real to the veteran community. So I would really go for the fact of lengthening the amount of time of the TAP program because if they have made a decision to get out, then offering them the opportunity to assist them in that transition would be hugely beneficial with just the basics of communication.

Mr. CROW. That is a great point. I am an infantry officer so we called it a latrine, not a head. But, you know. I get your point.

Mr. Shames, a fellow Afghan veteran, you are in the capital business; right? Private equity or hedge fund, is that—

Mr. SHAMESS. Venture.

Mr. CROW. Yeah. So, venture capital. So you invest in businesses to help promote them; is that accurate?

Mr. SHAMESS. That is correct.

Mr. CROW. Okay. So, the businesses that you invest in, so you are not, you do not hire the employees directly. You are not hiring machinists directly; right? Other people are doing that?

Mr. SHAMESS. I have done that but not now.

Mr. CROW. Yeah, not now. And you are not shipping product. It is the other companies that are doing that; right?

Mr. SHAMESS. Correct.

Mr. CROW. And you are not manufacturing things. It is the businesses you are investing in; right? So do they use roads? Yes or no?

Mr. SHAMESS. Absolutely.

Mr. CROW. Do they use bridges?

Mr. SHAMESS. Sure.

Mr. CROW. Do they use broadband?

Mr. SHAMESS. Absolutely.

Mr. CROW. Do they have to hire people out of apprenticeship programs?

Mr. SHAMESS. Yes.

Mr. CROW. How are those things paid for?

Mr. SHAMESS. Are you saying this from a tax—

Mr. CROW. Yeah, where do roads and bridges and broadband and apprenticeship programs and K through 12 schools, how do those things get paid for?

Mr. SHAMESS. Well, naturally with taxes.

Mr. CROW. Yeah. So, I mean, I appreciate your point that nobody likes high taxes. I do not like high taxes. But there is more that goes into running a business than just the level of the taxes.

I talk to manufacturers all the time in my community and they say workforce is actually the biggest thing. They cannot find qualified employees because our education system is defunct, because our apprenticeship programs do not work. Our bridges are falling apart. We do not have broadband.

So, we need to have a more nuanced conversation than just taxes are bad or taxes are too high. My point is, let's have an actual conversation with my colleagues about what is the right level of tax to provide the service that we need for a robust, competitive environment that can help your businesses succeed? So I am willing to have that conversation.

Thank you, Chairwoman. I yield back.

Chairwoman VELAZQUEZ. The gentleman yields back.

Now we recognize the gentleman from Minnesota, Mr. Stauber, for 5 minutes.

Mr. STAUBER. Thank you, Madam Chair.

Dr. Haynie, real quick. You had made a comment just moments ago about supply chain. Would the supply chain issue be reduced if it was manufactured and made in the United States, a product?

Mr. HAYNIE. So I am clearly a big supporter of bringing manufacturing back to the United States. I believe that, you know, what I was referring to is how can veteran-owned businesses play a role in bringing that manufacturing back in part. But also, how can our U.S.-based large companies think beyond their traditional process to open their supply chains up so that veteran-owned businesses can be suppliers to those companies.

Mr. STAUBER. But if it was made in the United States and manufactured in the United States, would the supply chain issue be reduced?

Mr. HAYNIE. I absolutely believe so. Yes.

Mr. STAUBER. Thank you.

And to the veterans, thank you for your service. I will be very blunt. I get to spend the rest of my life with what I think is the greatest veteran, my wife of 25 years, an Iraq War veteran. So thank you for your service, and that comes from the bottom of my heart.

Mr. SHAMESS. I have a question for you. First off, it is great to see you again. We saw you last November with the Flags of Valor and what have you. So I appreciate what you do.

A couple things. How have the gas prices impacted your business and inflation?

Mr. SHAMESS. Good question. And thank you for the question. Regarding that in relation to what was also just asked, I do also have Flags of Valor, which is an operating business that is making stuff in the United States for the record. And so inflation is terrible. It is crushing. It is high. And everything, it is not just hiring the workforce. It is the gasoline. It is the wood cost. It is adhesives. It is everything. And then, of course, the cost for us to get a product to the end user is also higher. And so at every turn the prices are going up.

Mr. STAUBER. What would be the additional cost to the end user from let's say 2 years ago?

Mr. SHAMESS. If we were to have raised prices in a linear way with inflation, we would be needing to raise prices probably by about 20 percent at this point, which is not reflected in the actual inflation numbers. But if we were to take in all the total cost increases.

Mr. STAUBER. Right.

The Biden administration, these are their own numbers. The Biden administration has added in the year 2021, an additional \$201 billion of regulatory costs and 130 million in compliance hours on small businesses. How does red tape hold your business back from achieving even greater success?

Mr. SHAMESS. Well, one, it is time. And this was a big issue in the early stages of COVID pandemic was the amount of compliance that went into the Paycheck Protection Program, for instance. Some people took advantage of that, unfortunately. But for the people that were trying to do it the right way, and it improved over time, but it was very confusing. And so if you are talking about just

filing your monthly sales and use tax to filing your 941s for payroll, to even just following local code if you are a restaurant or whatever you are. It took a tremendous amount of time. And to the entrepreneur, they have both financial capital and they have time capital. And those both have a value associated with them.

Mr. STAUBER. Right.

Mr. SHAMESS. And so when you are sucking that much time capital out of their ability to do their job, it is a huge cost.

Mr. STAUBER. So with the regulatory costs and the burdens put on small businesses across this country, would you say that you would be best keeping that money in your own pocket to invest in your employees and technology and capital?

Mr. SHAMESS. Without question because it is an also risk related. And so if your incentives continue to go down, your appetite for risk will also go down proportionately. Or maybe even more so. And so to invest the extra dollar in your company, it becomes less and less certain. And therefore, less and less likely.

Mr. STAUBER. I think as a small business owner of 31 years myself, certainty is what we need. Certainty. And I think that is important.

Again, thanks all of you for your testimony. And as the veterans you are, thank you again for your service from the bottom of my heart.

And I yield back, Madam Chair.

Chairwoman VELAZQUEZ. The gentleman yields back.

Now we recognize the gentleman from New Jersey, Mr. Kim, for 5 minutes.

Mr. KIM. Thank you. Thank you, Madam Chair, for recognizing me. Thank you for the panel here to talk through this important issue. We certainly have been better focused in New Jersey on what we can do for our veterans there. And as someone who is on this Small Business Committee, this has been a big part of what we focused on.

The one angle that we tried to go at this from is, you know, we were looking at this infrastructure, the Investment and Jobs Act signed into law, all these different opportunities that are going to be available to the buildup across our country. I introduced some bipartisan legislation called the Bill to Veterans Business Act which would set a 3 percent veteran-owned small business contracting goal for federal transportation projects, including construction, manufacturing, and professional services like architecture and engineering.

This falls under the Department of Transportation, not SBA. But I wanted to ask this panel here. What can SBA and other federal partners do better to support veteran-owned businesses that want to compete for federal contracts? I feel like this is an opportunity that we have not been able to dive in as deep on and wanted to get your perspective.

Mr. HAYNIE. Again, I will take a first swing at that one. You know, I think the set aside incentives that exist already now at DoD and VA and at many state levels, I think those are important opportunity creators. I also know from my past experience as a DoD procurement official that one of the challenges is many small business and veteran-owned businesses as well face real barriers

to, it is why for many years DoD never met its set aside goal because they could not find qualified, in their definition, qualified veteran-owned businesses to engage in procurement actions. The opportunity to get this right, you have to also engage prime contractors. You know, you have to extend those set aside goals as an obligation to the large prime contractors and create an apprenticeship kind of relationship between small and growing ventures and those large prime contractors so that there is an opportunity to sort of cultivate and nurture these small businesses as they begin to take on federal contracts. Because if not done well, you actually could do more harm to those small businesses than opportunity creating. That is my view.

Ms. SAYLES. May I add something, please? The VA is now releasing the verification for service-disabled, veteran-owned small businesses is going over to the SBA. So ensuring that all federal government agencies now adhere more to the law of that whereas at the VA they tend to have 20 to 25 percent of their dollars spent with service-disabled veterans. However, they have been able to not meet the women requirement at 5 percent. So it clearly shows that they are not awarding as much or looking more into the women service-disabled veterans as far as even at the VA. But the value of now going across the SBA is going to be great because now every agency should be adhering to the law of the new rules coming out of SBA for the veterans.

Mr. KIM. Yeah. No. Thank you for that.

Ms. SAYLES. And also, we should increase it to 5 percent.

Mr. KIM. Sure.

One thing I wanted to kind of connect the dots on here is, you know, a lot of how we have been trying to get small businesses to understand some of these opportunities, you know, has been about some of these different organizations. You know, for instance, the U.S. Coalition of State Veteran Chambers of Commerce has Members in 20 different states, including New Jersey. We have been able to work with this group on the ground in New Jersey to help a lot of these veteran-owned businesses understand some of these different opportunities available.

So I guess I just wanted to end on asking, you know, do any of your organizations partner with the state veteran chambers? And how can they better work with you to be able to maximize their opportunities here?

Mr. HAYNIE. So I think, sir, the short answer is yes. You know, as the saying goes, business is local. And one of the things that we are constantly advising veterans that go through our business ownership programs is to connect locally. Make connections with local Chambers of Commerce, state level Chambers of Commerce, particularly as it relates to entities that have been created around underserved Communities, the Hispanic Chamber of Commerce, for example.

So I think, you know, one of the themes that has come across I think this panel is the importance of networks. And we drive that home at every opportunity. And the extent to which local networks can be cultivated is extremely important.

Mr. KIM. Thank you. I will yield back to the Chair.

Chairwoman VELAZQUEZ. the gentleman yields back.

Now we recognize the gentleman from Wisconsin, Mr. Fitzgerald, for 5 minutes.

Mr. FITZGERALD. Thank you very much for being here. I am over here in the corner if you can see me over here.

I spent 27 years doing ADT and Army Reserves and National Guard. Retired as a lieutenant colonel. And I think this kind of today is typical for the way things are oftentimes framed up which is somebody enlists, they do their first 4 years, 6 years, whatever it might be. And then if they for some reason want to transition out of the military they kind of figure out, okay, what am I going to do now? And can I find a job that is related to the MOS that I had

During my time. I will just say during my time in the Army. But what has not been discussed, which I had a ton of contact on over my years in both the Guard and Reserve was that many of these active duty soldiers transition into the Guard or Reserve. And along with that, obviously, it is kind of the problem is right before you and that is they also have a civilian job; right? So they are doing their 2 weeks of AT every year and they are doing their regular drills. And during that period of time, a lot of people are either going to tech college or some of them are in a 4-year institution and ultimately end up in ROTC or some other avenue.

Has there been any study or any kind of 30,000 foot look on, you know, it is like people solve this problem on a daily basis. What am I going to do in the civilian world? And they use the Guard and Reserve a transition piece for them sometimes because they do not want to leave the military. They love being in the military. Or, you know, it is another way to supplement their income while they are out there doing something like this.

So I am not sure, Mr. Shamess, do you want to, or anybody that might have some experience with that Guard and Reserve piece? Because I think it is kind of something right before us. And I do not know that it is really being explored or analyzed at all.

Mr. SHAMESS. No, that is a great question. I would be happy to answer it.

Mr. PEACOCK. I can answer that one. Okay. Go ahead. I had something I wanted to say but please go ahead.

Mr. SHAMESS. So the Guard and Reserve I think is a great transition point. In fact, I have been in the Guard for 8 years and 11 years on active. And so I absolutely appreciate the opportunities that the National Guard, the Air National Guard in my case present. And in some states there are great partnerships that exist between the Guard and the private sector.

So, for example, in the State of West Virginia, if you join the Guard, they will pay for you to go to college outside of your normal GI Bill benefits you may earn if you attend school in state. And then that creates opportunities for private companies to work with the Guard and the State to basically create a funnel, a hiring funnel, which is a really powerful thing if it is properly developed.

And the other thing I would consider, and I have been a skill bridge partner in various companies, where we have created skill bridge opportunities for military personnel in their last 6 months of service to come work inside the company. It is a great thing. And I do not know the answer to this, if it is allowed to be used for en-

trepreneurship. And if it is not, that would be an interesting suggestion to possibly look at where can you use a skill bridge program for you to spend 6 months with a partner, with a mentor working to develop your business, especially if you have built-in access to capital associated with that.

Mr. FITZGERALD. Yeah, I mean, other than combat arms, I mean, there are so many other MOS in the Army that it is a very direct and easy transition. I mean, if you are a mechanic in the Army, there is a good chance you could open up your own garage in the civilian side and also be an active Member of the Guard or Reserve. So, and I watched this happen. I mean, there are all kinds of Members that did this on a regular basis, so.

Any other comments on that point?

Mr. PEACOCK. I can say that the EIDL loan, the Economic Injury Disaster Loan was originally set up for Guard and Reservists who deployed. They own a business and they are called out to deploy. They can get the EIDL loan as a bridge loan. It was used during COVID because it was already in existence. So if you have a business and you are called up to active duty, you can get an EIDL loan, which is like a bridge loan to cover you until the time you get back, low interest rate, and it is a good program for those business owners who are in the Guard and Reserve. So that is something as far as access to capital that is available now. Thank you.

Mr. FITZGERALD. Yeah, just in the couple seconds I have left, the other thing is just, you know, a lot of my experience was in training divisions or are techs themselves. So oftentimes, you know, the focus on that is how do you create an Army trainer, and then how does that trainer train troops? So there is this transition where it is really you are creating a classroom environment. And it is another place I think where we kind of miss the boat in that all that experience is just kind of, you know, as soon as a person leaves the military it is just gone. And it has always been frustrating to me to kind of see people that are just very good at that and suddenly they do not qualify kind of on the civilian side. It is another place I hope there is emphasis and I hope there is a place where we can find a way of utilizing those skills because it is unfortunate when they are just kind of gone overnight, so.

Thank yo for being here today. I yield back.

Chairwoman VELAZQUEZ. The gentleman yields back.

Now we recognize the gentleman from Louisiana, Mr. Carter, for 5 minutes.

Mr. CARTER. Madam Chair, thank you very much. And let me thank you all for your incredible service. We can never say thank you enough for the sacrifices that you make for our country, and the least we can do is to create a smooth and seamless path for you to enter into the world of entrepreneurism.

I happen to be the proud husband of a wife who is a career general officer in the United States Army with multiple tours of duty to Afghanistan and Iraq. So I know the pressure of a family left behind when their spouse goes to war or to service. So hats off to you.

Ms. Sayles, the issue that we hear often with veterans of small businesses period is access to capital. Obviously, you overcame that. Would you mind sharing how and what recommendations you

would give to service Members who are looking to perhaps enter the world of business?

Ms. SAYLES. Earlier someone brought up the transition. Right? So TAP going for a longer period of time could be a very good area to start training them about the importance of having good credit. Because, again, that is kind of the information you do not learn while you are serving. And they do have a lot of, of course, companies right outside the gate that like to charge you a ridiculous amount of money to purchase anything while you are actually in uniform. So you do not get trained up in that area.

And then secondary to that would be even with having good credit, the options of not having to pay more, much more than you should to receive that credit in order to start your business and have the capital I think is a big problem. And I brought that up earlier in my testimony. The SBA should really consider even more options of working with the existing lenders that are out there, the larger banks, the alternatives, whomever, but just kind of lead the way of actually establishing abilities for people to get access to capital where it does not cost them a lot of money in interest and fees.

Mr. CARTER. What about even maybe a little bit of leniency on credit scores for service people?

Ms. SAYLES. I would actually support that thought, sir, as well because, again, we were not taught when we were serving in the military about certain aspects. Finance is one of the areas.

Mr. CARTER. Or even the ability to manage affairs when perhaps going abroad or serving. Many times as I think Mr. Shameess indicated, did you indicate that you took your oath of office at 18?

Mr. SHAMESS. I did.

Mr. CARTER. So, you know, a very young man relatively to begin and so some of those things are a matter of the ball comes really fast. And again, in our effort to provide as much resource and as much leniency and as much appreciation for your incredible service, I think that is one of those things that we should look at through the various committees of the Congress. Thank you very much.

And one question for Mr. Shameess. The training you received through Boots to Business Program obviously prepared you. Can you share a little bit more? And I was late so this has already been asked. I will add a second part to that. Could you share a little bit about that experience and what advice would you give to young service people—young or old service people that are looking to access resources like Boots to Business or others?

Mr. SHAMESS. So I was not a consumer of the Boots to Business program. But I would encourage all of them to work within basically everything we are describing today to find these resources. And hopefully, they will be provided in a more seamless way to them in the future. And I would encourage them to also rely on their military training because there are some very unique skills that come from military service. And I would tell them to absolutely not discount those as they embark on their entrepreneurial journey.

Mr. CARTER. So as my times winds down I will ask a silver bullet question. You are sitting here before this Committee and if each of you had one request that could be honored from this Committee

or any other Committee of the U.S. Congress that would make your business experience smoother, more accessible, more profitable, what would that be?

Ms. SAYLES. Access to capital, sir. Because as a woman that has a business in government contracting and as an 8(a) firm, I am unable to just say I can take on any contract from the relationships I have built with no lack in trust within the federal government. Because if I do not have the capital to support good months of paying those salaries to those individuals, I can be challenged with being successful with it.

Mr. CARTER. Okay. Mr. Shamess?

Mr. SHAMESS. Make it easier on us from a compliance standpoint. Stop changing rules. Allow us to operate and enjoy the benefits but also struggle on our own to be entrepreneurs.

Mr. CARTER. Dr. Haynie?

Mr. HAYNIE. Create the ecosystem. You know, back to the navigation challenge. How is it that we put in place and sustain a network of resources on behalf of veterans such that when they make that transition they understand what resources are available, not just initially but at various stages of business venture creation and growth.

Mr. CARTER. My time has expired. Thank you all very much. I greatly appreciate it.

Chairwoman VELAZQUEZ. Time has expired.

The gentlelady from New York, Ms. Tenney, is recognized for 5 minutes.

Ms. TENNEY. Thank you, Madam Chairman. I appreciate this. Thank you so much to you for coming here and giving us some insight. And I obviously thank you for your service. I get a lot of unsolicited advice from my son who just left active duty in the Marines and is now a Reserve officer about just the transition period. How to help and mentor young service Members. And you have all sort of touched on access to capital as being one of the biggest issues. And one of the things I see in the military and as a small business employer as well, and you touched on it a little bit, Mr. Shamess, is the skill set that many do not understand that comes from military service. It is the commitment to service, the ability to operate and complete tasks in sometimes a very stressful environment. The work ethic, obviously. Task completion, ethics, and all those rules that go with being a good service Member and to receive the kind of step up. And also with some creativity and ingenuity.

In talking about access to capital though, I was going to maybe sort of go down the line. You talk about access to capital. One of the issues I have, and I come from a rural area. And Mr. Haynie knows I am just around the corner. But it is actually, even though Syracuse is big and I love your orange by the way.

Mr. HAYNIE. And I live in your district.

Ms. TENNEY. Oh, that is great. But we are all Syracuse fans. Anyone that is in the vicinity. So, although I went to Colgate, so my brother and my nephew are Syracuse graduates and we love all our upstate schools. And we love our military. We have great military opportunities, but a lot of it is in rural areas.

So when you talk about access to capital, you know, the opportunity to create jobs and get the types of jobs—no everyone in the military is going to do a high tech job. How do we do jobs that are maybe more capital intensive in industry that would take a little more time to get up and running but would last longer. And so maybe I would say is that something that you are seeing? Just because of that skillset that people in the military would bring, how do we get that type of long-term investment in making things again which would be great, you know, as part of the Made in America, reshoring our jobs back here is something our military would be so excellent at, how would we handle, how can we make better laws to give you access to capital to make that happen?

Mr. SHAMESS. Thank you for the question.

Mr. PEACOCK. Can I take this one?

Ms. TENNEY. You can all chime in whatever order you want to do.

Mr. PEACOCK. Sure. One thing that has been not mentioned is the USDA. They are very strong supporters of rural businesses and any type of farm business. They have got guaranteed loan programs as well at the SBA. And I am in a rural area as well and they will do most any type of rural business, provide funding for that. So I wanted to mention the USDA, as well as the SBA as another funding possibility to capitalize small rural based businesses. Thank you.

Mr. SHAMESS. So I love the idea of creating jobs and businesses where you are. And I think that is very important, especially in rural communities in Small Town America. And so when you think about the landscape of small business, it is incredibly diverse. You have entrepreneurs that are sole proprietors that buying that truck can be the business. That can be it; right? There are other businesses that can be started with \$10,000. And so when I think about the Post-9/11 GI benefit for example being used as a capital tool for business ownership, you can do a lot with that amount of money for most of these businesses. And so you are talking about, depending on the state you are in, that can be \$80,000 over the course of 3 years. That is a tremendous amount of money to start, whether it is something that is going to be an employer or something that you are going to be a sole proprietor and that can stay local to where you are. And so I think that would be one of the best tools is that H.R. 4991 being brought back in a bipartisan way.

Ms. TENNEY. And I think investing from not just one source but you are saying investing whether it is a car loan. We have taken a lot of reindustrialization in our region and it is interesting that a lot of these people tend to be former military or dairy farmers. I find that those are the most resourceful people I know. They get the job done. They know how to fix things. They do not complain. They work long hours and that is why I just think this is just a goal mine to be able to access the skill set that you have all learned by being in the military to be able to use that to industry and growing our regions again, especially in Upstate New York. We have this beautiful area of the country but we are not getting the capital we need. And we have people who have proven records and I would just love to be able to highlight that. And I do not know

if Mr. Haynie or Ms. Sayles want to weigh in on that as well, quickly. I have 20 seconds.

Mr. HAYNIE. If I could just add one more thing to that point. You can buy a commercial laser for \$20,000 with installation, ready to run. So you could be a laser manufacturer in the United States for \$20,000 getting started. That is incredible.

Ms. TENNEY. See, I do not even know that.

Mr. HAYNIE. But that is incredible; right? You can do that anywhere.

Ms. TENNEY. I am low tech.

Mr. HAYNIE. Anywhere in the country you can do that.

Ms. TENNEY. That is fantastic.

Anything else quickly before I run out of time? Again, I cannot thank you enough for what you do and your service, and helping our veterans is really important. Thank you.

Chairwoman VELAZQUEZ. Thank you.

Thank you to our witnesses for testifying today and for your service on behalf of our country. Those that have served in our Armed Forces are often natural entrepreneurs as has been discussed here. The skills they develop in the military like leadership, perseverance, resourcefulness, and discipline make them ideal business owners. These veteran-owned businesses play a key role in supporting the American economy and communities across the country. Our country stands to benefit immensely by making it as easy as possible for veterans to start and run their businesses.

Today, we heard invaluable testimony about what is and is not working when it comes to SBA veteran programs. I hope that we can apply these lessons moving forward as we work to advance policies that empower veteran business owners.

Without objection, Members have 5 legislative days to submit statements and supporting materials for the record.

If there is no further business to come before the Committee, without objection, we are adjourned. Thank you.

[Ms. Sayles did not submit her responses to questions in a timely manner.]

[Whereupon, at 11:51 a.m., the committee was adjourned.]

APPENDIX**WRITTEN TESTIMONY OF**

Dr. J. Michael Haynie
Vice Chancellor, Syracuse University
Executive Director, D'Aniello Institute for Veterans & Military Families
Syracuse, NY

BEFORE THE

House Committee on Small Business
June 8, 2022

Chairwoman Velázquez, Ranking Member Luetkemeyer, and members of the Committee, I'd like to thank you for the opportunity to testify before you today concerning veteran and military-connected business ownership. More broadly, I would also like to express my appreciation for this Committee's longstanding history of support and innovation positioned to enhance and extend military-connected business ownership in the United States. I have been engaged in the veteran business ownership community for more than fifteen years, and over that time this Committee has been a consistent and thoughtful partner to those of us working to advance opportunity for the women and men pursuing business ownership as a vocational pathway from military to civilian life. Your support on behalf of our servicemembers, veterans, and families has been instrumental to the wellbeing of the veteran business ownership community.

For many, the transition from military to civilian life is extremely challenging. My experience leading Syracuse University's D'Aniello Institute for Veterans and Military Families (IVMF) over the past decade – and specifically given the Institute's work to apply an academic and data-driven lens to understanding the opportunities and challenges associated with the transition from military to civilian life – has driven home to me the critical importance of multiple and robust pathways to post-service jobs and careers for those separating from service. To that end, some will pursue higher education, and others will pursue training positioned to prepare them for a meaningful trade and career. At the same time, it's also the case that a great many veterans, throughout history, have demonstrated a strong desire create their own job – through business ownership – after they take off the uniform.

In fact, data from the U.S. Small Business Administration suggests that in Fiscal Year 2021 more than 20,000 service members participated in small business ownership training, in preparation for their transition to civilian life. Importantly, the pull to business ownership among veterans makes perfect sense.

Where the rubber meets the road, our soldiers, sailors, airmen, and Marines are as entrepreneurial as they come—a fact contrary to the perception that the military is universally rigid and bureaucratic. In fact, our servicemembers are trained to make things happen, often in the face of dynamic and resource constrained environments. This ability stands alone as the foundation for successful business ownership. More so, by its very nature, launching and growing a new venture is the highest form of social and economic service. More than 60 percent of new jobs created each year come from small business, to

include those new jobs now employing the many millions of post-9/11 veterans that have transitioned to civilian life over the past 20 years.

It is for these reasons and many more, that the public and private sectors should continue to collaborate, on behalf of the men and women who answered the nation's call to military service, to expand the opportunity for veterans to serve the nation yet again as America's next generation of business owners and leaders. The foundational logic supporting expanding business ownership opportunities for veterans is intuitive, pragmatic, and compelling.

First consider that since World War II, veteran-business owners have fueled the economic engine of the nation. According to the U.S. Census Bureau, veteran-business owners number more than 2.4 million, employ more than 5.7 million Americans, and contribute approximately \$1.2 trillion annually to our GDP. In this regard, expanding access to business ownership for our veterans just makes good economic sense. Beyond the numbers, it's also true that expanded action to empower veterans as business owners aligns with the ideals of service and citizenship, and the relationship between the role that our veterans played in defending freedom, as well as the role that veterans *can play* in creating economic freedom for themselves, and this nation through business ownership. In other words, who is more deserving of the American Dream of business ownership, than those men and women who put on the uniform and pledged to defend it?

All this is to say that my broad purpose here today is to emphasize our collective opportunity to transform the same leadership and ingenuity that served our military so well on the battlefield, into an engine of new venture creation in America. That opportunity is strong and compelling. And while the resources and supportive services enabling a transition pathway to business ownership for veterans and their families – across both the public and private sectors – are vastly improved relative to a decade ago, there is more work to do if we're to fully realize the potential inherent in the opportunity to leverage business ownership to empower veterans and military spouses as the next generation of business owners and leaders.

Each year, the Institute for Veterans and Military Families conducts a study called the *National Survey of Military-Affiliated Entrepreneurs* (NSMAE). This survey is the largest, primary data collection effort representing the veteran business ownership community outside the federal government, and the first private-sector initiative designed to annually apply a data-driven research focus on military-affiliated entrepreneurship. The intent of the NSMAE project is to confer enhanced insight and understanding of military-affiliated entrepreneurship, and to specifically identify the economic, political, and socio-cultural factors that serve as barriers to business ownership for military-affiliated individuals. The 2022 *National Survey of Military-Affiliated Entrepreneurs* was just recently published, and I would like to leverage this hearing as an opportunity to highlight to the Committee three of the most compelling and actionable findings from this research.

Access to Capital is a Top Challenge for Veteran Entrepreneurs

The search for capital to support small businesses is a challenge for all potential entrepreneurs, regardless of veteran status. In a recent study, they found that both veterans and nonveterans predominantly use personal savings or assets to start/acquire their own businesses, though veterans are more likely to have issues with their own personal credit history than nonveterans -- nearly 3.5 times more likely than nonveterans to be precise. The results also indicated that veterans exhibit a higher percentage of being

turn downed for a request made for credit, 24 percent, compared to nonveteran respondents at 18 percent.

The credit history of some veterans may be more a reflection of having to relocate themselves and/or their families on multiple occasions over their military tenure. Another possible impact is that the military is often targeted for credit cards and credit history maybe more of a reflection of predatory lending practices. This credit history limitation can take time to overcome or can continually prohibit a potentially successful entrepreneur from entering private business, both short-term and long-term.

In recent years, there have been attempts to address this issue through various programs and funding initiatives, and although helpful to some veteran entrepreneurs, this solution may not be the right fit for every business owner. The degree to which an influx of capital is useful to a small business depends almost entirely on whether the business is both in a position to accept it as well as equipped to put that capital to its best use. There are still some nuances to the issue of access to capital, and the concept of capital readiness needs to be further explored through research so that solutions can be designed and implemented that will better prepare veteran entrepreneurs.

Navigation of Local Resources is Difficult

Nearly half (44%) of veteran entrepreneurs report difficulty navigating resources in their local communities. Research indicates that veteran entrepreneurs experience an array of barriers to include access to capital, difficulty navigating resources, certification process hurdles, and lack of assistance from medical and disability service providers. Success or failure does not depend on one, but rather on multiple factors related to barriers and challenges veteran entrepreneurs experience while also navigating the complex and disintegrated veteran entrepreneurship ecosystem.

Navigating the various intake and onboarding procedures of different organizations can be a significant and daunting task and as a result many veterans and their families easily fall through the cracks and lack social support, training, and resources. The current veteran entrepreneurship resource landscape is fragmented and siloed. Many veteran entrepreneurs reported experiencing the most help through SBA resources and college or university academic programs, but over 45 percent of veteran entrepreneurs indicated that navigating the resources in their local community was not easy. This navigational challenge can lead to a lack of knowledge and access to local resources as well as feeling unsupported by both government and local communities.

The Diversity of the Community Equates to Disparate Barriers and Challenges

The veteran population is very diverse, and in some cases more diverse than the civilian population. For example, 17 percent of post 9/11 veterans are Black and African American (this is higher compared to the 13% of nonveteran counterparts 18 and over). There are over 2.4 million Black and African American veterans, over 1.4 million Hispanic and Latino veterans, and over 1.9 million women veterans in the U.S. today. When we expand our definitions of diversity, there are over 4.9 million disabled veterans. Moreover, post 9/11 veterans with disabilities have a higher average number of disabilities: nearly six disabilities per person. In addition, most veterans (over 73%) have served outside of the U.S.O operating across different cultures, nations, and regions offering worldwide perspective.

The motivations, needs, and challenges may differ for various individuals. For example, access to capital was higher for women veteran entrepreneurs and Black veteran entrepreneurs compared to white, non-

Hispanic male counterparts. Women veteran entrepreneurs and Black veteran entrepreneurs were more likely to cite “Opportunity to be financially independent/increase personal income” as a motivation to entrepreneurship compared to white, non-Hispanic male counterparts. Women veteran entrepreneurs and black veteran entrepreneurs are pursuing entrepreneurship to become financially independent but access to capital is impacting them more so than other veteran entrepreneurs. Understanding the diverse challenges and resource needs for various individuals (including the industries that they are in) will allow us to have more robust discussion about the support mechanisms needed to help these veteran entrepreneurs.

Finally, in this regard I would like to focus specifically on women veterans and military spouses. Today, women are pursuing military service in unprecedented numbers. Currently, women make up [17 percent](#) of the U.S. military, and their service often equips them with vocational skills in high demand across the civilian labor market, including in fields such as data analytics, cyber security and a variety of STEM occupations. Moreover, women veterans possess tested leadership ability, are resilient and demonstrate calm and confidence in high-pressure environments. However, despite these compelling strengths, many female veterans cite persistent barriers to educational and networking resources necessary to bridge military-learned skills and experiences to business ownership.

At the same time, 93 percent of the nation’s [military spouses](#) are women. Despite being highly educated, military spouses are unemployed at a rate nearly three times higher than their nonmilitary spouse peers. Those who do manage to find work typically earn, on average, 38 percent less than their civilian peers. Like most American families, the majority of military families depend on two incomes to make ends meet. Consequently, the chronic unemployment and under-employment experienced by military spouses puts their families at great risk, and directly undercuts military retention and readiness.

If there is an upside to this otherwise troubling commentary, it’s this: given the barriers military-connected individuals often encounter in pursuit of *traditional* jobs and careers, a great many have opted to create their own job, by starting and growing a business. Small business ownership enables military-connected women to pursue a professional career, in the face of unique caregiving responsibilities and frequent relocations often typical of a military-connected lifestyle. Consequently, collective action to create inclusive pathways to business ownership for military-connected women should be a national priority.

Specifically, public and private sector funding should be allocated for this purpose and target not only adding scale to existing business ownership programs and pipelines serving military-connected women, but also deployed to seed and scale new and innovative pathways to business ownership for military-connected women. Acting on this opportunity will simultaneously strengthen our military families, our economy and our nation’s defense.

As a first step, we must raise broader awareness of the supportive resources that already exist. One example is the *Veteran Women Igniting the Spirit of Entrepreneurship* ([V-WISE](#)) initiative, currently offered by the Institute for Veterans and Military Families (IVMF) at Syracuse University. This program, a partnership between Syracuse University and the U.S. Small Business Administration, includes online coursework, a 3-day, in-person training experience and ongoing mentorship for female veterans and military spouses interested in business ownership. Similarly, the IVMF also provides – through a program called [Onward to Opportunity](#) – a cost-free opportunity for military-connected women to earn vocational certificates and credentials that are in high-demand across the labor market and aligned with business ownership.

It's also critical that we act on specific opportunities to create more access to start-up and growth capital for military-connected women. Recent research published in the journal Small Business Economics finds that female STEM networks consistently lack access to capital. A recent Fortune analysis found that of all U.S. venture capital funding deployed in 2018, an absurdly low 2.2 percent was directed to firms founded by women. This is concerning given the role that entrepreneurship plays as the nation's job creation engine. Over the past several years, a number of venture funds have been created to exclusively support businesses founded by women. Those funds, as well as banks, Community Development Financial Institutions (CDFIs), angel investors and others should specifically prioritize access to capital for military-connected women. Over the past 20 years of conflict, military-connected women have traveled to far-away places to defend our freedoms. It's time we act with purpose to help them create and defend economic freedom at home through business ownership.

In summary, I will conclude by restating the central theme of my testimony: a great many of social, wellness, and economic challenges that veterans face later in life have their origin in the preparedness of the veteran to successfully navigate the transition from the military to civilian life. Consequently – as we emerge from the COVID health emergency – the first, best use of our resources should be to ensure that those making the transition from military to civilian life are prepared, supported, and proactively connected to the communities where they will live, work, and raise their families. Based on research and practical experience, I have suggested here that expanded support for military-connected business ownership resources and training programs is positioned to advance that objective.

Thank you for the opportunity to participate in your deliberations related to this important topic.

MILITARY TO MAIN STREET: SERVING VETERAN ENTREPRENEURSHIP

House Committee on Small Business, Chairwoman Nydia M. Velázquez

The Florida Veterans Business Outreach Center is one of twenty-two Veterans Business Outreach Centers or VBOCs serving the United States. Each VBOC is assigned geographical territory, our territory is Florida. We are hosted by Gulf Coast State College in Panama City Florida, home to Tyndall Air Force Base and Naval Support Activity Panama City. We report to the North Florida SBA District Office in Jacksonville and the South Florida SBA District Office in Miami Florida. We provide business consulting services to active duty military members, veterans of all eras, and all branches of the US Military including National Guard and Reservists, US Coast Guard Members, military spouses, and widows of veterans who wish to start a business.

The Florida VBOC is the initial VBOC established following a successful proposal to Public Law 106-50, cited as the "Veterans Entrepreneurship and Small Business Development Act of 1999".

Our competencies include teaching Boots to Business classes, start-up instruction, assisting first-time business owners as they transition or retire from military service, and assisting veterans and military spouses with the process of government contracting.

We are currently in the last year of our five-year program cycle before rebidding on the project for the next funding cycle.

I will share with you statistics on Boots to Business classes, numbers of consulting sessions, and the number of clients we have assisted, as well as veteran business startups, and accomplishments made by our veteran clients in winning government contracts.

Boots to Business:

There are fourteen Florida Military Installations that participate in the Transition Assistance Program (TAP) with Boots to Business (B2B). The B2B classes are managed by TAP Personnel and the SBA District

MILITARY TO MAIN STREET: SERVING VETERAN ENTREPRENEURSHIP

Office Economic Development Specialist/Veteran's Representative who coordinate the logistics of the program for the North and South District Offices for scheduling. The B2B classes are taught at each base on a quarterly basis or more often if the number of separating or retiring military members requires it.

Since May of 2018, the FL VBOC Office has taught one-hundred-sixty-five (165) B2B classes and has instructed nine-hundred-nine (909) B2B Modules to over thirty-two hundred separating or retiring military members and spouses.

Nathan Pollock is an Army veteran who completed the Boots to Business class. His plan was to open an upscale cigar lounge with his spouse. He worked at a cigar lounge after his separation to learn best practices before relocating to New Port Richey, Florida. The VBOC office assisted Nathan with business plan research from IBISWorld, business plan revision, assistance with applying for business licenses, and eventually assisting him with finding a lender and closing on an SBA Loan to open Patriot Stogies, LLC in March 2022. Nathan proudly served our country for 20 years as an Army helicopter pilot. Nathan said, *"The VBOC was able to find me a lender who could support my business, and they quickly got me a commitment letter. Additionally, the VBOC was able to set me up with a free consultation with an attorney to discuss a zoning issue with my building's sign. I appreciate the advice and counsel I have received from the entire VBOC team with the assistance they have provided me along the way."*

Start-Up Counseling:

We have provided over thirteen thousand (13,000) counseling sessions to eleven thousand (11,000) veterans and military spouses during the current program. We assisted in the creation of four-hundred-ninety-eight (498) businesses by assisting with feasibility studies and helping to develop business plans during the program period. Veterans and military spouses with our guidance have started businesses ranging from drone-operated home inspection companies, to retail candy stores, and purchasing franchises.

MILITARY TO MAIN STREET: SERVING VETERAN ENTREPRENEURSHIP

Jo Kegley, a US Navy veteran reached out to the VBOC as a resource to help grow her weight-loss business. The VBOC staff guided Jo in registering her LLC, provided information to become Woman Owned Small Business (WOSB) Certified, and provided a letter of recommendation to apply for funding. Jo is the founder of Flip Flop Diet, sustainable eating with a scheduled cheating diet and weight loss maintenance plan. After separating from the military, she documented and tested the Flip Flop Diet using her proven strategies to help family and friends lose weight and now plans to offer her diet to the public.

"I am so grateful for all of the assistance and ongoing support that I receive from VBOC. The VBOC has certainly contributed to the development of the Flip Flop Diet and to my success in receiving initial seed funding to launch my business. I recommend their services to any veteran that is in business or is thinking about starting one."

Government Contracting:

The Florida VBOC has a unique strength in assisting veterans and military spouses by being competitive in government contracting at the Federal, State, and local level as well as bidding on and winning sub-contracts to prime contractors. During the current performance period, veterans who were assisted by the Florida VBOC office have been awarded three-hundred-twenty-two (322) prime contracts totaling three-hundred and twenty-nine million -five-hundred thousand dollars (\$329,250.00.)

Anthony Williams is an Air Force veteran and owner of Williams Roofing in Jacksonville. The VBOC has assisted Anthony since 2013. In 2020 Williams Roofing company won one of the major USAF contracts to rebuild Tyndall Air Force Base following its destruction by Hurricane Michael in 2018. Anthony has built a strong trust bond with the VBOC team and is thankful for the assistance through the years.

The strength of every VBOC office is in its staff and professionalism the commitment to veterans and military spouses and their entrepreneurial success.

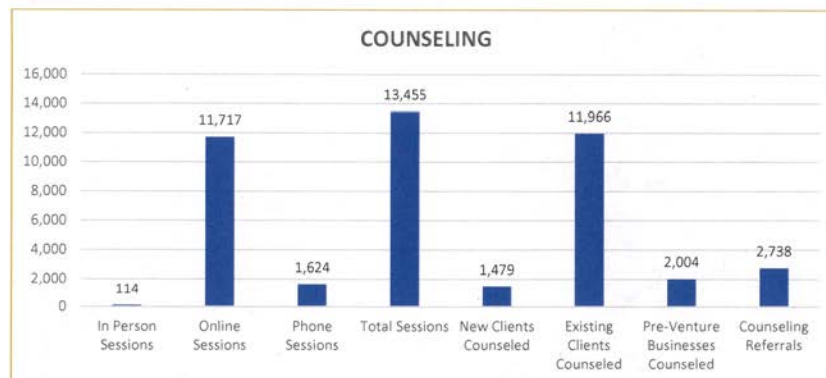
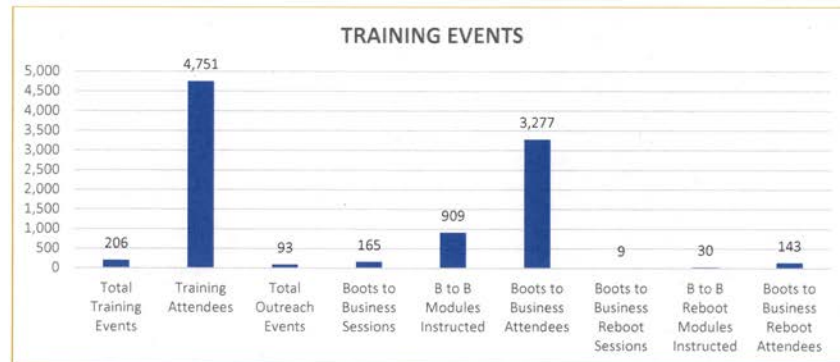
MILITARY TO MAIN STREET: SERVING VETERAN ENTREPRENEURSHIP

The Florida VBOC story is only one of twenty-two unique stories defined by local economies and the veterans and military spouses who reside are bound by their common desire to own and operate successful veteran-owned small businesses

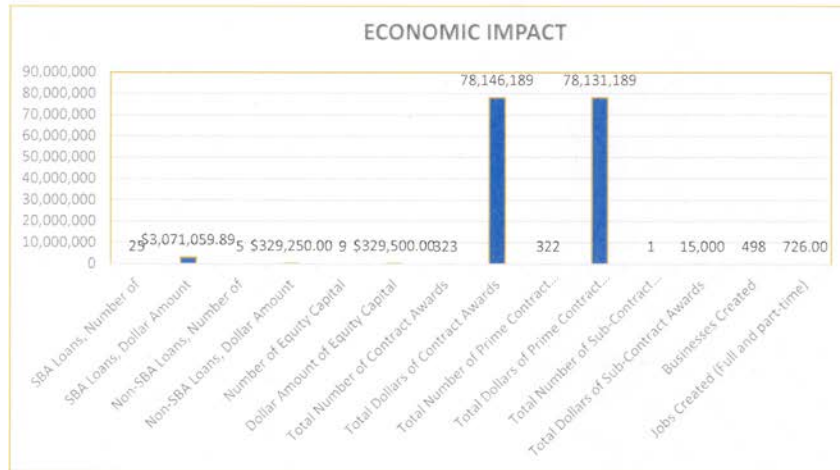
MILITARY TO MAIN STREET: SERVING VETERAN ENTREPRENEURSHIP

References:

<https://business.defense.gov/Portals/57/Documents/Veterans%20Entrepreneurship%20and%20Small%20Business%20Development%20Act%20of%201999%20PL%20106-50.pdf>



MILITARY TO MAIN STREET: SERVING VETERAN ENTREPRENEURSHIP





Testimony of

Laurie Sayles

President and CEO, Civility Management Solutions

On Behalf of

The Women Veterans Business Coalition

House Committee on Small Business

“Military to Main Street: Serving Veteran
Entrepreneurship”

June 8, 2022

Chair Velazquez, Ranking Member Luetkemeyer, and Members of the Committee, thank you for the opportunity to testify today. My name is Laurie Sayles and I am a veteran who served 10 years in the United States Marine Corps and am now the owner and founder of Civility Management Solutions (CivilityMS). CivilityMS is a professional consulting service working in both the government and commercial space, located in Greenbelt, Maryland. I am a certified women-owned small business (WOSB), economically disadvantaged women-owned small business (EDWOSB), service-disabled veteran-owned small business (SDVOSB), and part of the 8(a) program. CivilityMS provides project, program, financial and grants management; conference and facilities logistics; administrative and acquisition support; and human capital training. We work with numerous federal agencies, including the Department of Homeland Security, Department of Transportation, Department of Health and Human Services, U.S. Army, U.S. Air Force, U.S. Army National Guard, and the Department of Veteran Affairs (VA).

My company has grown thanks in part to our participation in many business pilot programs. These include the VA Office of Small and Disadvantaged Business Utilization (OSBDU) program for women service-disabled veterans (VetBiz), Bowie University BowieBiz's 8(a) accelerator program, and the Baltimore MD Cohort 1 Goldman Sachs' 10,000 Small Business Program with Babson Entrepreneurship Training at Johns Hopkins University. I am also a proud member of the Veteran Entrepreneurship Task Force (VET-Force) and was elected as the first woman veteran officer on the Committee.

Currently, I serve as Chair of the Women Veterans Business Coalition (WVBC) and am testifying on behalf of the Coalition today. WVBC brings together diverse stakeholders to provide a strong, collective voice to advocate in Congress and federal agencies for policies that will strengthen businesses owned by women veterans. While federal actions are designed to be helpful to all veterans, women carry an important and respected voice on behalf of those who have served. Currently 2 million women veterans live in the United States and comprise nearly 20% of serving military personnel and 10% of the veteran population. As the number of women serving in the military has increased, so has the number of women veterans who start businesses. As of 2012, 400,000 veteran women-owned businesses accounted for 3.9% of all women-owned firms in the U.S. They contribute greatly to the economy, bringing in \$17.9 billion in receipts.

Entrepreneurship has always been in my blood – raised in low-income housing in Chicago in the 1960s, I've always known I needed to earn my own way. Starting a business has been an extremely rewarding part of my life and I attribute many of my business successes to the lessons I learned serving in the U.S. military. There are also numerous Small Business Administration (SBA) resources that have helped me along the way.

Once I was introduced to government contracting in my civilian career, I knew I had found my destiny in entrepreneurship. I considered starting my own firm, however, instead of taking the leap

blindly, I sought out an SBA SCORE Mentor. My mentor, a retired General of the U.S. Army, gave me incredible guidance on the steps of developing my company. For example, he advised me to get an attorney and an accountant before I even thought I needed one. In each meeting with him, I reported on what I had accomplished and awaited my next set of instructions. He recommended trainings through SCORE, as well as suggested I contact a local Procurement Technical Assistance Center (PTAC) to learn more about the vast field of government contracting.

I found the PTAC to be extremely valuable as an individual interested in government contracting. Navigating this complex system can be difficult, and I appreciated that classes focused on all the components needed to do business with the Federal Government. Session offerings included topics such as responding to RFPs, introduction to market research, understanding teaming agreements, and how to get certified as a veteran-owned business. Even many years later, I still encourage my team to participate in relevant PTAC training sessions to increase their knowledge. Repeating courses is required for continued growth.

As a woman Marine, I know the importance of training – I do it often and encourage it for all businesses. The SBA's 7(j) Management and Technical Assistance Program offered to participants of the 8(a) certification has been valuable for the CivilityMS team. While we take advantage of many of the sessions, I would also appreciate training geared toward more advanced businesses. I encourage the SBA to consider having two tracks in 7(j) – one for businesses who are in the beginning phases of the program and one that is more advanced. Utilizing this existing resource could be a way to tackle the issue of businesses struggling to succeed after graduation.

One additional training program that has crucial to the success of my business is the Veteran Institute for Procurement (VIP) run by the Montgomery County Chamber of Commerce Foundation. As an early program participant, VIP had only one course when I attended. I am thrilled to see the expansion of the program, especially at no cost to veterans. VIP brings in some of the best instructors across multiple areas of interest to ensure that each veteran-owned business is getting value and the tools they need to grow their business.

There are also important organizations focused on specifically supporting veteran women entrepreneurs, such as the Veteran Women's Enterprise Center in Dallas, Texas. VWEC launched the first grant program in Texas exclusively for veteran women entrepreneurs in 2020 to empower them to not only survive COVID-19, but to transform their business to the next level. The work of these organizations nicely complement the Federal Government programs supporting women veteran business owners.

While I speak highly of many of the SBA's programs, I also know that there are many veteran-owned businesses unable to access these resources because of their location. For example, I applaud the expansion of Veteran Business Outreach Centers (VBOCs), which play an integral role

in supporting veteran-owned small businesses throughout their entrepreneurial journey. When starting my business, I did not seek assistance from a VBOC because the closest one was in Virginia. I am grateful for the efforts of Senator Ben Cardin to secure a VBOC for Maryland so that veteran-owned businesses across our state can now utilize this resource. Additionally, not all SBA resource partners are created equally. I find it disappointing when I hear from small businesses who have not found their PTAC, SBA district office or other resources beneficial. I know that these partners are working hard for their local business owners, and I encourage the Committee to examine how to make this experience more consistent for veterans across the country.

One area of particular concern as a black woman that is a service-disabled veteran is the fight to access capital. Women account for only 16% of conventional small business loans and receive only 4% of all commercial loan dollars. While I initially tried to work with large banks, I have given up. Despite meeting all of their extensive document requests and criteria, after over 2 months of waiting, they decided to not offer me a loan. As many women, veterans and entrepreneurs of color do, I have sought alternative lenders for capital. According to a 2022 report by the SBA Office of Advocacy, African-Americans have less financing at start-up, and a relative lack and size of bank loans later in the firm life cycle. I have been fortunate to connect with an SBA 7(a) lender to obtain a small loan, and later take advantage of the Paycheck Protection Program (PPP). While these funding streams have been helpful, government contractors face unique challenges. For example, being a part of the 8(a) program is wonderful, however, if you win new work, you must have quick access to capital to float payroll for the new staff for at least 60 days. Therefore, to support the growth of my company and new contracts, a line of credit is necessary. Unfortunately, many small businesses rely on factoring, where the fees, interests and fines can really deplete from your profit. To prevent the losses to factoring lending institutions, it would be great to see the SBA come up with a line of credit methodology for companies that have federal business.

To address some of the particular challenges faced by women veterans, WVBC suggests the following recommendations:

- I. **Increase incentives for prime contractors and the Federal Government to award more contracts to women veteran-owned small businesses.** The Federal Government has a goal of awarding 3% of all contract dollars to SDVOSBs. Year over year, the government has exceeded that goal – in FY2020, 4.28% (\$23.9B) went to SDVOSBs. However, women veteran businesses are not receiving contract awards at the same level as their male counterparts. Additional incentives need to be created to make this happen. Further, data on contract awards made to women veteran-owned small businesses is needed. In her confirmation hearing, SBA Administrator Guzman committed to providing this data to decrease gender disparities in contract awards to veteran-owned businesses, and we look forward to that information.

- II. Change the restrictive re-marriage eligibility requirement for Survivor Benefit Plan (SBP) beneficiaries.** SBP is a unique benefit plan available for retiring military members. If the retiring member pays premiums until their death, the beneficiary receives 55% of the retiree's military pension as an annuity. However, if the widow or former spouse remarries before age 55, they are ineligible for the benefit. The current arbitrary law acts as a deterrent to marriage which can further compound a woman veteran's financial situation. By not marrying, the widow or former spouse may be giving up coverage under her prospective spouse's healthcare. She will have to also give up other important public policy-based benefits of marriage: survivor's rights, legal rights such as loss of consortium, ability to acquire property as joint tenants, and the ability to take advantage of tax laws as a married couple, to name a few. This leaves the woman to weigh marriage as an economic decision. Like state laws that terminate alimony upon remarriage and cohabitation with a member of the opposite sex, the law presumes a woman is "entitled to the support of only one man." That thinking, which is fundamental to these laws, is old-fashioned. Punishing surviving spouses for remarrying is an outdated policy Congress should fix.
- III. Allow veterans to use GI bill benefits to start a business.** Many service members choose to serve their country after they have already obtained a degree from a higher education institution, or they obtained their degree during the years they served. According to the National Women's Business Council, women veteran entrepreneurs grew from 4% of all veteran-owned business to 15.2%, reflecting nearly 400,000 new businesses over just a five-year period. However, continued growth for women-owned businesses in general is stagnated by a continual lack of inequities related to access to capital. Allowing the GI bill benefits to support starting a business, in addition to educational benefits, would provide much needed capital to veterans utilizing federal entrepreneurship counseling programs.

In conclusion, veterans, particularly women veterans, are an important sector of our economy. By 2040, the women veteran population is projected to grow to 18%. Our businesses face unique challenges that require unique support to grow and thrive. We applaud the SBA for continuing to support veteran business owners, especially due to the ongoing work by Associate Administrator Larry Stubblefield. With first-hand military experience, Mr. Stubblefield goes above and beyond to support veterans, and we thank him for his continued efforts. My hope is that the Committee will continue its work to assist those that have recently, or are currently, transitioning from military service to civilian life with the hopes of starting or growing a business. Thank you for holding this important hearing and for the opportunity to testify today. I look forward to answering any questions.

Military to Main Street: Serving Veteran Entrepreneurship
US House of Representatives Small Business Committee



Joseph Shames
Founder and General Partner
Flintlock Capital

Chairwoman Velazquez, Ranking Member Luetkemeyer, and Members of the Committee, my name is Joe Shames and I am the Founder and General Partner of Flintlock Capital. Flintlock is a veteran and woman led investment firm that focuses on propelling great entrepreneurs to lead the businesses of tomorrow, with specific set asides for veteran and woman led companies.

I served 11 years as an Air Force special operations pilot. I flew 168 combat missions in Afghanistan, the Middle East, and East Africa and was one of the first pilots to stand up operations in East Africa against Al Qaeda in the Arabian Peninsula. I am a graduate of the United States Air Force Academy and Auburn University, with a BS in Law and an MBA in finance.

I am a lifelong entrepreneur and investor, having started my first business when I was 15 years old. I've led companies through all phases of the business growth cycle, even a complete corporate turnaround and restructuring. As the Co-Founder and owner of Flags of Valor, I took the reins as CEO and led the veteran powered manufacturing company through the difficult trials of the COVID-19 pandemic. I am the Vice Chairman of the US Chamber of Commerce Small Business Council and a frequent speaker and writer on veteran entrepreneurship and business policy issues. In short, I am a veteran entrepreneur who has successfully transitioned from active duty military to main street and I cherish the opportunity to serve our nation economically after serving in our active military.

Current Small Business Outlook

Many American small businesses are fighting a multi-front battle against inflation, a constrained supply chain and evolving workforce. Despite all of this, I find the American entrepreneur's resilience an inspiration. That resilience and "can do" attitude are fundamental characteristics of our nation's heritage of free enterprise. These traits are even more prevalent in the American veteran community.

Many of the current economics problems are directly related to policy decisions that were too broad, too expensive, and made worse by the lingering affects of the global pandemic. Regardless, we see once again that the small business community is trying to adapt to survive and innovate to thrive. In game theory, every time you change the rules of the game, the participants are forced to alter the way they play the game. In this case, we are talking about America's small businesses that account for more than 60% of net new jobs. They're wading through a seemingly never-ending debate of rule changes and shifting incentives that threaten their fundamental abilities to create, build, and grow the enterprises that will power our economy forward.

There is a tendency in government to try and fix every problem. This often means creating more programs, more compliance, and more spending. In my 2020 testimony before the US Senate Committee on Small Business and Entrepreneurship I wrote "It is important to explain that government resources and help have provided us with a lifeline. However, there is a lot more to economic survival than grants, loans, and other governmental assistance." This sentiment reminds me of the hippocratic oath's supreme idea of "First do no harm." Although most policies begin with the best intentions, future unintended consequences can often dramatically outweigh the initial benefits they were designed to create. The small business community is living through this phenomena in painful detail.

As we discuss the role veteran business owners play in our economy and explore ways to improve their transition, I challenge you to "first do no harm" and avoid policies that may erode the resilience of the entrepreneur by undermining the American spirit of free enterprise.

Veterans in business

The qualities that often brought veterans into military service, coupled with their experience in uniform, are powerful catalysts for success in entrepreneurship. Additionally, core values of military experience like integrity, service, and excellence are carried into our communities long after a veteran leaves the uniform. After World War 2, over fifty percent of returning service members went on to start businesses. Unfortunately, today only five percent of post 9/11 veterans go on to start businesses. While today's economy is very different than that of the 1940s and veterans have more diverse opportunities for employment, their absence as business owners is felt. We need more veterans leading businesses in our communities.

This is important not just for economic reasons. It's essential to our national security and way of life that American's from all walks of life are exposed to the men and women who serve in uniform. This helps insure we can maintain the highly capable and motivated all-volunteer military we enjoy today. There is no better way to achieve this connectedness than through the relationships built on veteran small business ownership. We are all very aware of the impact small businesses play in our communities.

Veteran Business Acceleration Act

According to the latest data, access to capital continues to be the top barrier facing new and existing veteran-owned businesses.¹ Despite the overwhelming success of veterans as entrepreneurs, nearly sixty percent of veteran led businesses are underinvested.² In the last Congress, I worked with Representative Tulsi Gabbard on the bi-partisan Post 9/11 Veteran Business Acceleration Act - H.R. 4991.

I encourage this committee to work in a bipartisan way to re-introduce this legislation and enact this pilot program. The Post 9/11 GI Bill is an earned benefit for our military men and women. Allowing it to be used for small business ownership isn't a new entitlement. Instead, it creates even more opportunity for economic upward mobility for our nation's warfighters. In many cases, the economic benefits of business ownership outweigh those of higher education in terms of building generational wealth and job creation. The earned benefit of the Post 9/11 GI Bill would go a long way to business ownership for veterans moving from the military to main street. I've included H.R. 4991 and Representative Gabbard's "Dear Colleague" for your reference.

Government Accountability Office

As I transitioned from active duty, I remember sitting in the requisite TAPS (Transition Assistance Program) class with dozens of others. We sat through briefing after briefing describing ways to prepare for life after the military. I knew I was going to return to entrepreneurship and the program offered little insight into resources or programs that may benefit me on the entrepreneurial journey. It wasn't until years later that I realized how many programs already exist and the disconnect between the Department of Defense from these efforts. From Small Business Development Centers (SBDCs), SBA, SCORE, VA, DARPA, and more, the transitioning veteran has very little awareness of these resources or how to access them.

We know that SBA's existing partnerships serve veterans. In 2021 nine percent of SCORE clients were veterans, totaling 14,000. That led SCORE to create a veteran entrepreneurs hub. Similarly, the SBDC network averages nine percent veteran owned businesses. Resources go far beyond SBA's partnerships when including 501C3s and corporate partners.

¹ *2021 National Survey of Military-Affiliated Entrepreneurs*, Syracuse University D'Aniello Institute for Veterans & Military Families, Rosalinda Maury, Mirza Tihic, Adam Pritchard, Alexander McKelvie, Linda Euto, (April 2022).

² *Financing Their Future: Veteran Entrepreneurs and Capital Access*, U.S. Small Business Administration and the Federal Reserve Bank of New York, Sid Sankaran, Jessica Battisto, (November 8, 2018), page 11.

There are an abundance of programs designed to help veterans succeed as entrepreneurs. I believe we should look for ways those resources can work together. A positive example of how programs can work together is Louisiana's PAVE (Pathway to Assist Veteran Entrepreneurs) program, which is a partnership of the Louisiana Department of Veterans Affairs, Louisiana Economic Development, the Louisiana National Guard, and the Louisiana Small Business Development Network.

I recommend that this Committee task the Government Accountability Office (GAO) with mapping out a comprehensive list of programs designed to assist aspiring veteran entrepreneurs. Once done, we should look for ways the programs can cross pollinate and be integrated into TAPS programs. With this type of information, and a regularly updated list of programs that are working together more effectively, TAPS programs around the country can give our nation's warfighters a head start in their preparations. This doesn't require spending more money or building new programs. There are abundant resources that simply need to be better communicated and understood.

Committee on Small Business
“Military to Main Street: Serving Veteran Entrepreneurship”
Wednesday, June 8, 2022, 10:00 A.M.
2360 RHOB and Zoom

Questions for the record from Rep. Donalds to Mr. Peacock

1. Would an incentive program for large businesses joint venturing with Veteran-Owned Small Businesses or Service-Disabled Veteran-Owned Small Businesses help alleviate some of the concerns about increased bonding liability?

The concept of joint venturing with larger businesses would certainly allow Veteran-Owned Small Businesses (VOSBs) or Service Connected Disabled Veteran-Owned Small Businesses (SCVDOSBs) the advantage of being bonded under the larger business.
<https://www.sba.gov/funding-programs/surety-bonds>

I strongly support the idea of large businesses entering into a joint venture for bonding as well as for procurement opportunities where the VOSBs and SCVDOSBs can get “past performance” needed to bid on larger contracts as a sub-contractor and eventually as a prime contractor. <https://www.ecfr.gov/current/title-13/chapter-I/part-115>

2. Mr. Peacock, how has the Florida Veterans Business Outreach Center’s Boots to Business program been affected by the record inflation and ongoing economic uncertainty?

The impact is being absorbed by the Veterans Business Outreach Centers who travel to provide the instruction. In Florida, we cover fourteen military bases that support the Transition Assistance Program (TAP). The schedules are decided by TAP Managers at each base, we have no authority in scheduling Boots to Business classes. The role of the VBOC office is that of Boots to Business instructors.

In Florida, a tourist state with a service-based economy, the price of hotel rates increases during the tourist season.

The increased cost of travel and lodging to support the Boots to Business classes has caused concern for VBOC Directors as we operate on a limited budget

Attendees at Boots to Business classes are active-duty military members who are retiring or separating from active-duty military service. The Boots to Business classes are provided on the base, therefore there is no cost, therefore no negative economic impact, to the service member or the military spouse to attend. Military spouses of separating or retiring veterans are also encouraged to participate and attend the Boots to Business classes.

Committee on Small Business
“Military to Main Street: Serving Veteran Entrepreneurship”
Wednesday, June 8, 2022 10:00 A.M.
2360 RHOB and Zoom

Question for the record from Rep. Donalds to Mr. Shames

- Do you see a role for FinTechs to help increase access to capital for veteran-led businesses?

Yes, the emergence of FinTechs as credible sources of capital have proven to be enormously helpful for the small business community, including veteran-led businesses.

Since FinTechs do not necessarily carry the overhead of many traditional banks, they may be able to provide more efficient capital and reduce the cost per loan that can hamstring traditional banks in their attempts to provide lower-dollar loans for small businesses. The rapid maturation of FinTechs, based on the industry’s reliance of technology-enabled processes, continues to make non-bank lending a viable choice for many entrepreneurs.

Every loan and credit offering is different and small business owners certainly have to research their options prior to entering into a loan agreement. Relationships matter and that is one of the reasons Streetshares, a FinTech founded by an Air Force Veteran, successfully built a customer base of veteran-owned businesses. And, relationships are a core reason why community banks continue to be a trusted source for small businesses looking for capital.

The bottom line is that Fintechs are providing additional choices for small businesses that are seeking capital and that is a good thing.



Jim Nussle
President & CEO

Phone: 202-508-6745
jnussle@cuna.coop

99 M Street SE
Suite 300
Washington, DC 20003-3799

June 8, 2022

The Honorable Nydia M. Velázquez
Chairwoman
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

The Honorable Blaine Luetkemeyer
Ranking Member
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

Dear Chairwoman Velázquez and Ranking Member Luetkemeyer,

On behalf of the Credit Union National Association (CUNA) and America's credit unions, I am writing in advance of the Committee's hearing entitled, "Military to Main Street: Serving Veteran Entrepreneurship." CUNA represents America's credit unions and their more than 130 million members.

Credit unions recognize that financial inclusion and access to capital for entrepreneurs are critical to ensuring the growth and development of vibrant small businesses. As not-for-profit, consumer-owned financial cooperatives, credit unions have a laser focus on our mission of financial inclusion and serving our members. Establishing and retaining a relationship with a credit union is the best way for a small business entrepreneur to partner with a provider of essential financial services.

As the committee looks for policy options to support veteran entrepreneurs, we encourage you to consider the goals of the Veterans Member Business Loan Act. The Senate version was introduced by Senator Sullivan (R-AK) and Senator Hirono (D-HI) would expand business lending for veteran business owners and veteran entrepreneurs. Specifically, the Veteran Member Business Loan Act would exempt from the credit union member business lending cap loans made to veteran-owned small businesses. The bill would cover business loans made to veterans who served on active duty and were discharged or released under conditions other than dishonorable. The House companion bill is set to be introduced this month.

On behalf of America's credit unions and their 130 million members, thank you for the opportunity to share our views.

Sincerely,

Jim Nussle
President & CEO



June 7, 2022

The Honorable Nydia Velázquez
Chairwoman
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

The Honorable Blaine Luetkemeyer
Ranking Member
Committee on Small Business
U.S. House of Representatives
Washington, DC 20515

RE: Tomorrow's Hearing, "Military to Main Street: Serving Veteran Entrepreneurship"

Dear Chairwoman Velázquez and Ranking Member Luetkemeyer:

We write today on behalf of our credit union members at the National Association of Federally-Insured Credit Unions (NAFCU) and the Defense Credit Union Council (DCUC) in conjunction with tomorrow's hearing regarding the transition from military service to civilian life and the challenges for aspiring entrepreneurs. Our members include defense credit unions serving active duty military and veterans from around the world.

Credit unions are an important resource for our nation's veterans in their small business and entrepreneurial endeavors. Service members develop broad expertise across many disciplines while in the military, learning skills that can provide tremendous value to the economy. After great personal sacrifice, these Americans deserve every opportunity for success in their transition back to civilian life. One way Congress can help is to support legislation that would provide relief to barriers that stand in the way of veterans accessing credit for small businesses. This includes the arbitrary credit union member business lending cap that constrains our credit union members' ability to help veterans. As you examine veteran entrepreneurship, we urge you to also support proposals such as the "Veterans Member Business Loan Act," which was introduced in the House in the 116th Congress. This bill would improve their access to capital by exempting credit unions' business loans to veterans from the arbitrary statutory cap on credit union member business lending.

Thank you for your attention, and we look forward to working with you to help our nation's veterans. Should you have any questions or require additional information, please do not hesitate to contact us.

Sincerely,

B. Dan Berger
President & CEO
NAFCU

Anthony Hernandez
President & CEO
DCUC

cc: Members of the House Committee on Small Business