

HIRING MORE HEROES: A REVIEW OF SBA'S OFFICE OF VETERANS BUSINESS DEVELOPMENT

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS

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HOUSE OF REPRESENTATIVES

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HIRING MORE HEROES: A REVIEW OF SBA'S OFFICE OF VETERANS BUSINESS DEVELOP- MENT

WEDNESDAY, NOVEMBER 8, 2017

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,

Washington, DC.

The Committee met, pursuant to call, at 11:00 a.m., in Room 2360, Rayburn House Office Building. Hon. Steve Chabot [chairman of the Committee] presiding.

Present: Representatives Chabot, Luetkemeyer, Brat, Kelly, Blum, Marshall, Norman, Velázquez, Evans, Lawson, Clarke, Adams, Espallat, and Schneider.

Chairman CHABOT. Good morning. The Committee will come to order.

As Veterans Day approaches this Saturday, this Committee is reminded of the incredible contributions those who have served have made to our country. Our Nation's veterans have made extraordinary sacrifices, put their lives on the line, and kept our country safe. Not only are they our fathers and mothers and sisters and brothers and friends, they are our heroes.

Today, we will examine the Small Business Administration's Office of Veterans Business Development and ask ourselves, what can we do better for them? America's military men and women defend and protect our country, and they also learn many real-world skills needed to operate a successful business. Leadership and discipline are instilled in every soldier from the day they start basic training. That is why many veterans choose to start a small business when they return home from service.

However, veteran employment levels have historically fallen behind those of their nonveteran counterparts. This is often due to the difficulties veterans face when transitioning from the military to the workforce. Research shows that veterans face many barriers to employment that their peers do not, such as potential employers' difficulty in understanding a military resume or the result of a service-connected disability, for example. We can and must do better for our veterans.

The SBA's Office of Veterans Business Development was established to help bridge this gap. They offer training and counseling programs, monitor Federal procurement for veteran-owned small businesses and service-disabled veteran-owned small businesses, and assist with access to capital.

However, as we know, there is always room for improvement, especially when it comes to our men and women in uniform. Today I hope that this hearing will reveal some of the ways we can get our veterans back into the workforce.

Before we begin, I would like to take a moment to recognize some of my fellow colleagues who have served or are still serving in our military. Mr. Knight, Mr. Kelly, Mr. Bacon, Dr. Marshall, thank you for your service to our country. Unfortunately, a number of those folks are not here today, but as always happens, we have a number of Committees going on at the same time. We, again, want to thank them for their service.

And I would now like to yield to the ranking member, Ms. Velázquez, for her opening statement.

Ms. VELAZQUEZ. Thank you, Mr. Chairman. And thank you for holding this important hearing regarding the SBA resources available to veterans.

To help honor the sacrifices of our military in light of Veterans Day, this hearing gives us the opportunity to highlight veterans' economic contributions. Over the last century, these brave Americans have fought in Afghanistan, Iraq, Vietnam, Korea, and Europe, for not only our freedoms, but for the freedoms of others. We owe them a debt we can never fully repay. At minimum, we can help afford them the opportunity to build a new life after their many years of military service.

Veterans possess unique skills and experience that make them ideally suited to entrepreneurship. Studies have shown that it is not the military training, but the personality traits and leadership attributes of our veterans that make them such strong business professionals. This is evidenced by the rate in which veterans start small businesses compared to the wider population. For instance, the share of young veteran business owners has grown while the rate of nonveteran owners has dropped in recent years.

While veterans clearly have a knack for entrepreneurship, we must ensure they have the support they need to start and grow their businesses, whether it is help creating a business plan, navigating the procurement process, marketing a new product, or identifying international trade opportunities, the SBA's veterans entrepreneurial programs provide an array of services to help small firms flourish.

One of the most important tools we have to accomplish this mission is the Service-Disabled Veteran-Owned Small Business Procurement program. In 2016, this initiative awarded more than 200,000 contracts worth over \$16 billion to SDB small firms. This amounted to twice as many contracting actions as we saw in 2015. These awards accounted for over 3.9 percent of all small business eligible federal contracts meeting the statutory goal of 3 percent for the fourth year in a row. These accomplishments should be applauded.

At the same time, we should note that we can do much better. There has been a decrease by 0.22 percent from 2015 to veteran-owned small businesses. Given that entrepreneurship remains a promising career path for many of these men and women, programs like the ones we are discussing today are critical to reducing the unemployment rate for veterans, which remain close to 6 per-

cent for the most recent generation who serve in Iraq and Afghanistan. Recognizing the specialized need of veterans, the SBA has the Office of Veterans Business Development whose mission is to maximize the availability, applicability, and usability of all administration small business programs for veterans, service-disabled veterans, reserve component members, and their dependents or survivors. These are a range of SBA entrepreneurial development programs targeted at our veterans, most notably the Veterans Business Outreach Centers which serve over 600,000 clients each year.

With respect to all of these programs, it is vital that taxpayer resources are being used wisely and to maximum effect. That is why this Committee has long pushed for clear metrics and accountability, especially among the newer pilot programs at SBA. However, promoting efficiency and ending duplications should not be an excuse to underinvest in entrepreneurial development. I think I speak for all the members here today in saying that we will do whatever it takes to help all veterans overcome the challenges they face in today's economy.

I look forward to hearing how the SBA programs are helping meet the needs of veterans and what we can do to improve them. I thank the witness for being here today, and I yield back. Thank you, Mr. Chairman.

Chairman CHABOT. Thank you very much. The gentlelady yields back.

And if Committee members have opening statements prepared, I would ask that they be submitted for the record.

And now I will take just a moment to review our timing rules with our one witness today, Ms. Carson. We operate under the 5-minute rule, and there are some lights in front of you. The yellow light will come on when you have got a minute to wrap up and then the red light will come on and that means your 5 minutes are up. And if you could stay within that, you know, we will give you a little bit of leverage there if you need it. But we appreciate you being here today.

And I would now like to introduce our very distinguished witness here this morning, Ms. Barbara Carson, who is the associate administrator for the SBA's Office of Veterans Business Development. She also oversees the office's staff and their programs, including counseling, access to capital, and Federal contracting for veteran, service-member, and military spouse-owned small businesses. And especially significant is Ms. Carson is a colonel in the U.S. Air Force Reserve and has served for over 20 years as an active duty and reserve officer. And we want to thank you not only for being here this morning, but especially for your service to our country. We greatly appreciate that.

And without further ado, you are recognized for 5 minutes.

STATEMENT OF BARBARA CARSON, ASSOCIATE ADMINISTRATOR, OFFICE OF VETERANS BUSINESS DEVELOPMENT, UNITED STATES SMALL BUSINESS ADMINISTRATION

Ms. CARSON. Chairman Chabot, Ranking Member Velázquez, and distinguished members of this Committee, good morning. And thank you so much for this opportunity to testify today on the U.S. Small Business Administration's continuing efforts to empower vet-

eran entrepreneurship and small business ownership through programs and policies that optimize SBA services for veterans, servicemembers, and their spouses, too. I am honored to work at the SBA and to empower veterans to be the next great generation of entrepreneurs.

As a servicemember currently in the Air Force Reserve and the spouse of an Air Force officer for over 20 years so far, I know the challenges and the rewards that come with military life, and I know firsthand that entrepreneurship can be an incredibly rewarding endeavor for people like me.

While I served on active duty and as a reservist, I have followed my husband through multiple moves and found that it was challenging to maintain my professional career and my own interests. While stationed in Okinawa, Japan, a veteran friend and I did start our own small enterprise. It was a fulfilling experience for me that I share with other veterans and military spouses to empower them to do what they love every day. It is that opportunity for their success that drives my service at SBA.

On behalf of Administrator McMahon, I am pleased by the opportunity to represent SBA's Office of Veterans Business Development. More than half of my team has served in uniform and we are proud to serve veteran entrepreneur ourselves.

In addition to our program office staff, I would like to thank and recognize the veterans who are currently working at SBA. We are fortunate to have almost 850 veterans employed at SBA now, and we are lucky to have these veterans in public service. In fact, Administrator McMahon, at this very moment, is hosting a recognition ceremony for these veterans at SBA.

Mr. Chairman, thank you and the Committee for hosting this hearing today. The timing is perfect as we head into Veterans Day. This is an opportunity to highlight some of the great things that are happening at SBA thanks to your support and also the incredible talent and dedication of my colleagues in the field offices, as well as resource partners around the country. These include the Veterans Business Outreach Centers and their increased participation in transition assistance, which is where SBA serves transitioning servicemembers and military spouses through the Boots to Business program and veterans of all eras through Boots to Business Reboot.

Outreach is incredibly important and we work hard to ensure that veterans are aware of and connected to SBA resources. These include three outreach grants focused on service-disabled veterans, women veterans, and veterans seeking opportunities in Federal procurement. In addition, SBA conducts robust military community outreach. By participating at the national level and regional as well, and by leading SBA's National Veterans Small Business Week, we ensure that veterans know about the success that they can achieve in small business ownership and demonstrate how SBA can get them started.

There are 2.5 million veteran-owned small businesses in the United States at this time, and as we honor them this Veterans Day and thank them for their sacrifices, we at the SBA want all veterans and military families to know about those resources that are available to them and to help them follow their military service

with small business ownership. Each year, more than 200,000 veterans connect with the SBA and its resources to start or expand small businesses. Many veterans report that owning a small business is a way to continue their mission of serving others, first their country and then their community.

And we as a Nation continue to benefit from these contributions that they are making. Veteran-owned small businesses generated over \$1.4 trillion in sales last year, making them an integral part of our Nation's economy and our identity. Research tells us that veterans do make great entrepreneurs. Military experience equips them with leadership and management skills they can apply to their civilian endeavors.

I thank you again for this opportunity to be here today, and I welcome any questions that you may have.

Chairman CHABOT. Thank you very much. And I will recognize myself for 5 minutes to begin the questioning.

Something that we hear in this Committee a lot is the significance, the importance of access to capital. It is one of the greatest challenges that a lot of small businesses face, veterans as well, and that is one of the reasons the ranking member and I introduced the Veterans Entrepreneurship Act a couple years back, which was signed into law by the President. And basically what it does is to waive the upfront loan guarantee for 7(a) loan programs, the guarantee for veterans and military spouses under the SBA Express program. And in addition to waiving this fee, could you discuss what your office, the Office of Veterans Business Development does to help entrepreneurs to find financing that they need to create their dream, to create this business?

Ms. CARSON. You are exactly right, sir. And thank you for the question on access to capital. That is a challenge for veteran entrepreneurs and, unfortunately, one that is not unique to aspiring entrepreneurs. It continues to be a problem.

Many veteran small business owners do rely on personal credit and savings to start—and that is not a bad thing. That is bootstrapping. But many, to be successful and sustain, need that capital. And I am grateful for the Veteran Entrepreneurship Act of 2015, it has been very meaningful. Millions of dollars saved in fee relief has allowed folks to keep more working capital in their businesses and perhaps even hire others on their teams, rather than paying fees.

Beyond that, we have recognized through more robust participation and transition assistance that a 7(a) loan or a 504 loan may be a little further down the road for many of these new entrepreneurs. I have great hope for the successes we are seeing in the Community Advantage program, and also Microloans, for getting those smaller amounts of capital and building that great record of credit; that will help them be more prepared to take on growth through the 7(a) programs.

Chairman CHABOT. Thank you very much.

In the past, the SBA has stated that they are working to streamline efforts across their entrepreneurial development programs. How has the SBA streamlined efforts? And how does this affect veteran entrepreneurs particularly?

Ms. CARSON. There are a couple of ways that we have streamlined. In the entrepreneurship programs, which I can speak to directly particularly in Boots to Business, we are making it easier for people to find us, so increased outreach, and making it easier for them to activate by finding that once I know about you I can connect with the programs that are meaningful.

So we have introduced new technology in the past 2 years—trying to better capture a veteran as soon as they know about us, get them to a program, and then ensure that they find the other resources across SBA to connect with and take part in programs. That is one.

Another is recognizing our unique place in the ecosystem of resource partners and really understanding the Veterans Business Outreach Centers, our focus on that transitioning servicemember and their spouse.

Chairman CHABOT. Great. Thank you very much.

And finally, many Federal agencies, namely the Departments of Veterans Affairs, Labor, and Defense, have launched veteran assistance programs similar to those available at the SBA. In our view, how do SBA's programs meet a need that is currently unmet by other Federal programs? And how does the SBA engage with other agencies to see if duplication can be reduced? And that is one of the, I would say, the greatest inefficiencies in the Federal Government is duplication. What can you do about that?

Ms. CARSON. I am confident that our interagency collaboration between Department of Defense, Department of Veterans Affairs, Labor, and SBA, is optimized. We have seen incredible capabilities contributed, and we are doing more referral among ourselves to our programs. One example is through transition assistance. I think that veterans and servicemembers now know that what DOL provides is unique and different than what SBA is providing. For example, I do want those American job centers. That is going to be the talent pool from where small business owners can hire new employees.

At the Veteran Affairs, I am very well connected to the vocational, rehabilitation, and employment services for those who are eligible for self-employment. And I am ensuring that VA knows they do not have to train people on business plans. They are referring them to our SBA resource partners. That is the way it should work. We have a unique place in the government for small business and entrepreneurship and these agencies recognize it and send them to us, and I do not foresee that we are duplicating at this time, sir.

Chairman CHABOT. Thank you very much. My time is expired.

The ranking member is recognized for 5 minutes.

Ms. VELAZQUEZ. Thank you, Mr. Chairman.

Ms. Carson, I commend your work to extend the reach of the VBOCs through instituting local initiatives such as VBOC on the reservations. Given the recent natural disasters that have taken place in Puerto Rico and the Virgin Islands, do you consider looking at that to assist veterans present in Puerto Rico and the U.S. Virgin Islands?

Ms. CARSON. The role of the Veterans Business Outreach Center, as you said, yes, their primary mission is to serve transition

assistance programs and the members that are eligible for that. But that local connection is valuable, as you have said, and they have contributed to training through both Boots to Business and Reboot in Puerto Rico.

The Veterans Business Outreach Centers this past year for the first time have been a part of the continuity of operations plan of the Small Business Administration, and while they will not have a leading role in that effort, yes, they are engaged, and they do have a significant role that they can play in Puerto Rico.

Ms. VELAZQUEZ. So going forward, will you be able to provide us any data as to veterans in Puerto Rico, in the Virgin Islands that have been served through these veteran centers?

Ms. CARSON. Absolutely, I can.

Ms. VELAZQUEZ. Okay. So Veterans Business Outreach Centers assist veterans in numerous areas such as business planning and management. How often does the SBA refer veterans to these centers? And do you have any data available for referral to VBOCs versus the other veteran-specific programs?

Ms. CARSON. Thank you for that question. It is a valuable one to me and one that we have put a lot of time into. Just recently, I know it is just a form, but these are important because it is hard to gather data without having a way to collect appropriately, and so for the first time ever, Veterans Business Outreach Centers are on SBA's Form 641. And we have included where a client can say where they were referred from. However, all of this is voluntary, so we are also expecting our Veterans Business Outreach Centers and have made requests to the other resource partners, that they identify referrals. And not only the referral, but the follow-up. That is one part of our effort through a new management system. We are using a platform because I recognize now, with the transition assistance population particularly, small business ownership may not be their very next step. I need to know that I connected with them here and I have a way to stay engaged through their process of actually going to business creation, getting a loan, and getting that Federal contract.

Ms. VELAZQUEZ. Do you have enough resources to keep up with the veteran client demand?

Ms. CARSON. That continues to be a challenge with just the Veterans Business Outreach Centers. There are 20 around the United States at this time, with 50 counselors. And you see that they served 55,000 this year. I recognize, as I have said, that we serve a unique place in the ecosystem, particularly with transition assistance, which is their statutory mission, first and foremost. I want transitioning servicemembers to know all of the resource partners. So those referrals are important, and that is the way I stretch the value of the veterans program.

Ms. VELAZQUEZ. So do you feel that there is a need to increase those 20 outreach centers—

Ms. CARSON. At this time—

Ms. VELAZQUEZ.—so that we could provide opportunities? After all, we are so grateful for their service.

Ms. CARSON. At this time, there is a great opportunity to increase our service through Veterans Business Outreach Centers.

And we have done the analysis as to where we would put additional if we had—

Ms. VELÁZQUEZ. Is that reflected in the budget submission?

Ms. CARSON. I, at this time, have not submitted that in the budget request. We have just completed our analysis for fiscal year 2017, which was very instrumental in determining exactly what we need.

Ms. VELÁZQUEZ. We discussed access to capital, access to credit, so what are you doing in terms of increasing venture capital opportunity for some of the businesses, veteran business owners, who do not want to acquire debt financing, or maybe that is not the answer for them. What are you doing in that respect?

Ms. CARSON. Thank you for that question. Primarily, I do rely on working with my colleagues in the Office of Innovation and Investment to find opportunities, and I do have a member of my team where he leads us in that portfolio in recognizing opportunities there.

Ms. VELÁZQUEZ. Okay. Thank you, Mr. Chairman. I yield back.

Chairman CHABOT. Thank you. The gentlelady yields back.

The gentleman from Missouri, Mr. Luetkemeyer, who is the vice chairman of this Committee, is recognized for 5 minutes.

Mr. LUETKEMEYER. Thank you, Mr. Chairman. And thank you, Ms. Carson, for your work to help our veterans be able to assimilate back into society and be able to have an opportunity at the American dream they have helped protect and enable the rest of us to enjoy as well.

I want to follow up on some of the points that the chairman made with regards to the duplication of efforts here. You know, there is a letter from SBA dated August 2013 to the Committee. It indicated that the SBA had created 22 programs without statutory authority from Congress. Of the 22, three fell under OVBD: Boots to Business, Veteran Women Igniting the Spirit of Entrepreneurship, and the SBA Veteran Pledge Initiative. And apparently, since 2013, SBA continues to produce more programs that are apparently unauthorized. And while I support what they are doing here, are you aware of the fact that you are unauthorized to do some of this?

Ms. CARSON. Sir, thank you for your question. And I do receive direction through statutory guidance, and it is my role to implement it. And I have done just that. I believe of the programs mentioned, there are several in the veterans portfolio. I cannot speak for the rest of the agency, but I am providing transition assistance, and also outreach programs as indicated by statutory guidance.

Mr. LUETKEMEYER. Okay. When you initiate a new program, what is the process you go through?

Ms. CARSON. I first refer to the statutory guidance, which in this case, for Boots to Business, is the authority to provide transition assistance and participate in that.

Mr. LUETKEMEYER. What initiates the process? Is there something or some incident or some group that comes to you and says we have a void here? And do you then go to the other agencies? I mean, the chairman indicated there are three other agencies out there that do the same thing. And so I am not trying to be negative about what you are doing. I am just looking at the concern that we

have here of the overlap that would seem to be there. If you have four different agencies that provide opportunities for enhancing the veterans' abilities to get business up and running, and yet you have 22 different programs here that were created by your own letter, how can you justify continuing to put more and more and more programs on the books when there seems to be a plethora of programs, not only in your agency, but others as well?

Ms. CARSON. Thanks for the opportunity to respond. I will respond with just Boots to Business because that is a clear example.

In 2014, we did receive an appropriation that directed SBA to fund and execute a transition assistance program. It happens to be called Boots to Business. It is not duplicated anywhere else in Federal Government, but you are correct in saying that four agencies do participate in transition assistance by each providing their unique contributions to that servicemember's transition in one program.

Mr. LUETKEMEYER. Okay. The President has an initiative right now for all agencies to review programs in each agency. Where are you in the process of reviewing your programs?

Ms. CARSON. We are pretty far down the road. We have done a great job of optimizing where we can, looking for places where even within our agency we may be doing similar things that we could better optimize by having one—

Mr. LUETKEMEYER. Can you give me an example?

Ms. CARSON. Yes. We are looking at resource partners, for example, and the Veterans Business Outreach Center is one that I have looked at. So the differentiation I can clearly explain now. I think, and I hope, to demonstrate that we are acting on that differentiation.

Mr. LUETKEMEYER. What kind of metrics do you use to measure the success of a program so it can continue or needs to be changed or needs to be eliminated?

Ms. CARSON. I feel confident that what we are measuring for our programs are consistent across the agency both in how we define a data field and that we value its relevance so that it is meaningful. For the Veterans Business Outreach Centers in particular, we are looking at their reach. So outreach is important. The thing that I hear most frequently when I connect with veterans and military families is that they did not even know these resources existed for them. That is something that is very valuable.

Business starts, of course that is a mission of our agency, to start and sustain businesses. That is another metric that we measure.

Mr. LUETKEMEYER. Okay. Well, it would seem to me that not just starts, but the sustaining of that entity, of course, you can never—you know, it is always roll the dice sometimes on this. And so I understand there is going to be some successes and some failures, but I would hope that the analysis of the entity, the individual you are going to help and the entity they are going to create is something that is taken into account so that we can make sure we help people rather than hurt them. You know, to get somebody involved in a business that they cannot be successful in is probably more hurtful than saying no to them. I have been in the business for 35 years of loaning money to people and sometimes you do them a favor when you say no.

But I appreciate all you have done to help our servicemen and -women to be able to acclimate themselves back into our society and be productive citizens in a different way and enhance their ability to be able to enjoy the successes that they have helped us with. So thank you so much, Ms. Carson.

Ms. CARSON. Thank you, sir.

Chairman CHABOT. Thank you very much. The gentleman's time is expired.

The gentleman from Pennsylvania, Mr. Evans, who is the ranking member of the Subcommittee on Economic Growth, Tax, and Capital Access, is recognized for 5 minutes.

Mr. EVANS. Thank you, Mr. Chairman.

Good morning. It is a pleasure to meet you.

Your Boots to Business program, I am very much interested in really how has their move proceeded at this particular point?

Ms. CARSON. At this particular point, is there anything in particular, sir? Just an overview?

Mr. EVANS. Overview, yes.

Ms. CARSON. Okay. Just in this past year, for example, 17,000 servicemembers at installations around the United States and across the globe have received this entrepreneurship training. It is provided through our resource partners and the local district offices and business experts. So, for example, we want to have, as you see in my written testimony, team teaching. The purpose of SBA's participation in transition assistance is to introduce servicemembers and military spouses to all of the resources available to them in this administration, and that is exactly what we do.

Mr. EVANS. How successful in terms of a measuring stick at this point are you able to give some kind of response about how effective has it been?

Ms. CARSON. We have several different evaluation activities going on at this moment. The one instrument that I have at this point is a survey that has been approved by OMB to check in with participants at the 1-year point. So as a survey, as you know, there are some limitations. I only can assess those who have responded, and at this time, about 34 percent of those who respond to the survey have started a business. And you will see that we use other indicators as well to see how did people feel about their ability to take that next step once completing the course is another assessment that we have done, which is provided in the written testimony.

Mr. EVANS. Do you sort of target the program in certain communities—rural, urban—any special way? Do you target it?

Ms. CARSON. Boots to Business is targeted to military installations where there is the transition GPS program offered at that installation. That is its purpose.

Mr. EVANS. One other thing I observed in terms of Mississippi State University Lean for Main Street, can you talk a little bit about that?

Ms. CARSON. Yes, there was a competition at SBA 2 years ago to use lean startup ideology to see if we could do that for Main Street businesses and not just the high-tech businesses. It was a successful effort indicated by the fact that Mississippi State Uni-

versity was chosen to take part in Boots to Business follow-on training, which is meaningful.

If I may, sir, for just a moment, talk to you about follow-on training?

Mr. EVANS. Yes.

Ms. CARSON. As was mentioned by the congressman just a moment ago, not everybody should start a business right away. It may not be the very next step, and we are working on how to measure that. Saving time and treasure until you are ready to start a venture is an important and good outcome. But for those who are ready to take the next step, we are offering servicemembers three opportunities. One is the Mississippi State option. Another is a combination effort from Syracuse and Cornell University. And the last one, that we emphasize just as strongly, is connecting with your local resource partner. That is for people who really think this could be my very next step.

Mr. EVANS. From an evaluation standpoint, sort of like the same question I asked?

Ms. CARSON. Thank you, sir. We have just finished one quarter of performance for those new grantees and we are evaluating that. And I should have some information to provide within 30 days as they are all new.

Mr. EVANS. Thank you, Mr. Chairman. I yield back the balance of my time.

Chairman CHABOT. Thank you. The gentleman yields back.

The gentleman from Mississippi, Mr. Kelly, who is the chairman of the Subcommittee on Investigations, Oversight, and Regulations, is recognized for 5 minutes.

Mr. KELLY. Thank you, Mr. Chairman. And thank you, Ms. Carson, for being here today, and thank you for your service to our Nation.

Thank you, Mr. Evans, for a shout out for Mississippi State University. It is not in my district, but it is about that far from it.

They are doing great things at Mississippi State University with their VBOC there. They are committed to our veterans as a university. I know the President personally is committed to that and all the members there. I think they are doing a lot of great things. And so I want to thank you all for having that in Mississippi.

My first question is, of all the SBA's loan programs which are kind of targeting veterans, which ones are most popular for our veteran entrepreneurs?

Ms. CARSON. Popular and useful, yes, sir. Thank you, Congressman, for the question.

We have the most participation in the 7(a) program, but there has been almost 30 percent increase in just the last year in veteran participation in the Community Advantage program, which is what I would hope to see as we are starting more businesses coming out of Boots to Business. They start at the ideation and creation stage. Community Advantage or Microloan is maybe a good place to start, but I am seeing good participation in 7(a).

Mr. KELLY. And this is probably maybe a little off topic, but I am very concerned about our veterans who are currently serving in the Guard and Reserve. We are about to mobilize somewhere between 3,500 and 4,200 Mississippians in the next year or so. Many

of those are small business owners. What are we doing in the gap, and how are you counseling these veterans when they come in to get capital? When you know in a 3- to 5-year cycle you may be re-deployed, so it is very difficult to maintain that business. What training or what programs do you currently know of that we have that reach out and touch when those veterans are deployed, whether it is their wife or mother or father or daughter or brother, whoever, that takes care of that? What programs do we have that kind of help them through that process?

Ms. CARSON. Again, our connection with Department of Defense is important here, as many of those members have the Yellow Ribbon program at the pre-deployment phase. And at the local level, the information they should be getting at this point is information about the Military Reservist Economic Injury Disaster Loan. And by looking at the numbers there we could improve, making sure that that outreach is more comprehensive, because that really can be the difference between a Guard or Reservist deploying and having their business still exist when they return.

Mr. KELLY. So at places like the VBOC at Mississippi State, if a guy is a year and a half out and he has got his business plan in place, he is ready to start a small business, he or she, and they are ready to open it, are they counseled as that you may be deployed in the next year or 2 years and what impact that has on a business? Because that is very real.

And some cannot be replaced. If you are a small private lawyer, your spouse or mother or father cannot pick that up unless they happen to be an attorney, also. So are you going through that in counseling these folks about this is the process? Because I think it is very important that they not think about that after the fact.

Ms. CARSON. Congressman, you are exactly right. And we could do a sustained effort in that. Yes, we counsel on episodic basis as needed, but as you say, I do not know how many Americans are aware of how often the Guard and Reserve are called upon to depart and go serve overseas. And it is something that I need to focus on and provide more consistent and broad, so that all of us can support those people as it comes.

Mr. KELLY. Yeah. I am not blaming you, but I think it is something that is devastating to a small business owner to be deployed, but we do it anyway. And so I have had friends.

I notice that the VBOC centers, the amount of budget justification is lower in fiscal year 2015 and 2016 than in previous years. Do you see more veterans applying for SBA loan programs in the coming years?

Ms. CARSON. I expect to see more loans being applied for, Congressman. And, honestly, for them to be better qualified to get those loans. Yes, we have increased our program quality and also the frequency of delivery.

Mr. KELLY. And I just want to thank you again for your service. I want to thank you for serving both small business and also in our Air Force Reserve. And I also want to give one more shout out to Mississippi State University, which embraces our veterans like no university that I have seen, and that is top-driven. They are actually having Veterans Day, and I will be at their football game and I hope we will beat Alabama this weekend. Thank you.

Chairman CHABOT. The gentleman yields back?

Mr. KELLY. Yes, I do.

Chairman CHABOT. The gentleman yields back, and we want to again thank the gentleman for his service to our country as well.

The gentlelady from North Carolina, Ms. Adams, who is the ranking member of the Subcommittee on Investigations, Oversight, and Regulations, is recognized for 5 minutes.

Ms. ADAMS. Thank you, Mr. Chairman, for calling this meeting today, and thank you, Ms. Carson, for your testimony and for being here, and for your service.

You know, sometimes collaboration and referrals are required in order to provide business owners with the assistance they truly need to grow and become successful. Are you aware if the veteran applicants to nongovernmental training programs hosted by universities use SBA programs like SCORE or the Veterans Advantage Loan program in conjunction with their training courses?

Ms. CARSON. We are working harder than ever, Congresswoman, to make sure that we know about where we have opportunities to introduce people wherever their program may be to the resources available at the Small Business Administration. And yes, a bit earlier we talked about our efforts to better track referrals and make sure that they are meaningful referrals, that the person is not just given a handoff to another resource. It is the right one and the originator follows up.

Ms. ADAMS. Great. Thank you very much.

Ms. CARSON. Yes, ma'am.

Ms. ADAMS. So what differentiates private entrepreneurial training programs from those offered by the SBA's Veterans Business Outreach Centers?

Ms. CARSON. That is a great question, Congresswoman. And there are many things that differentiate them. And I would say that the government does not have a role in every aspect and should not be providing all. I do expect our Veterans Business Outreach Centers to be aware of the other resources, whether they are private sector, academic, or other nonprofits, and to make referrals and work with those organizations and programs as required. I have an example if you would like any.

Ms. ADAMS. Okay, well, yeah, I would like you to share some of that with me.

Ms. CARSON. Okay. One place that we have found incredible connection is with the U.S. Chamber of Commerce Foundation's Hiring Our Heroes program. It is accepted by the Department of Defense as an element of the Transition Assistance Program. It is where hiring summits take place on military installations. They have recognized that there is a role for entrepreneurship as self-employment is one vocation that people may choose, and we have used that as a chance for our local district offices and VBOCs to participate, and we are seeing great conversion from that program, which is not government funded, to our participation in Boots to Business and resource partners.

Ms. ADAMS. Okay, thank you.

Pilot programs are getting much of the SBA's funding even though metrics are lacking. Considering the wide variety of veterans programs in both the private and public sector, what can we

do to focus our efforts to grow the veteran-owned business population?

Ms. CARSON. A few of the topics have been addressed today. Having access to capital is important to ensure that a business gets a strong start and has the capital they need to succeed. So continuing to work as we have been, and I agree with you that measuring our performance must take place before we continue to grow programs or diversify. And that is exactly the infrastructure work that we are doing at this time to find what is the right way. And I believe that when others see the opportunities provided by those who have taken our programs, that is an indicator of our value. Others are business starts, acquiring capital, or getting that first Federal contract. And those are measures that we are paying attention and can attribute to our programs.

Ms. ADAMS. Great. Thank you very much, Mr. Chair. I yield back.

Chairman CHABOT. The gentlelady yields back. Thank you very much.

And the gentleman from South Carolina, Mr. Norman, is recognized for 5 minutes.

Mr. NORMAN. Thank you, Colonel Carson. Thank you for your service to our country and for your service on the SBA.

I will just emphasize what Congressman Luetkemeyer mentioned on regulations that do not work, calling the attention to the different agencies within the SBA. Secondly, I would say that I know on the bank board I serve, one useful tool that we did every year was a survey that was given to all the employees. It did not go to you; it went to an outside agency that could report back problems, duplication, a myriad of problems that were great. So I would urge you to look into that at least.

And also, I would say saying no a lot of times is a great thing to do because a lot of groups that come to the SBA, either they have not had the experience or they have not had the seasoning to go into business and borrow money.

Dodd-Frank, how has that affected lending for the SBA in your opinion?

Ms. CARSON. I could not speak exactly to how that has affected our lending programs. I am not aware of that impact, but I would defer to my colleague in Office of Capital Access.

Mr. NORMAN. Okay. Secondly, I know you mentioned there were 20 outreach centers across the country. We do not have any in South Carolina. The closest is Fayetteville, which is 210 miles from our—well, no, 230 miles from the center part of the State. Has any thought been given to, I guess, reevaluating where the service centers are? And how is that based? How do you pick where a service center either closes or does not close and opens up?

Ms. CARSON. Thank you for your question, Congressman.

The location is important and it continues to be a challenge, as we have discussed earlier today. At this time, there are 20 Veterans Business Outreach Centers, and within the next month there will be a funding opportunity on grants.gov. We will be re-competing the entire program because every one of their agreements ends next year, in May of 2018. The criteria that we are evaluating as we search for new Veterans Business Outreach Centers is going

to be the military installations in their area that are providing transition assistance, as that is the statutory direction and first priority for Veterans Business Outreach Centers is to serve transitioning service-members. We are then looking at the veteran population in total. You have highlighted one of the challenge, which that is with the current resources we are stretching as much as we can, but most VBOCs at this time are covering three States. We are bridging that as best we can with technology and resource referrals within our resource partner network.

Mr. NORMAN. Is the procedure to lease space, existing space?

Ms. CARSON. We have a mix of academic hosts for the Veterans Business Outreach Centers and independent nonprofits, so if they are on an academic institution, space may be part of their indirect support, but others are leasing space.

Did I answer your question, sir?

Mr. NORMAN. Yes, ma'am. And I would urge, a lot of places I think, I do not know how many square feet you need, but a lot of places would donate space just to get your agency in there along with the feeling that to help a veteran out is a great thing and they would do that.

Ms. CARSON. Thank you, Congressman. That is an excellent point. And you are right, our Veterans Business Outreach Centers are spending most of their time on military installations and covering that geographic territory. I would say that real estate is not something that they need a lot of.

Mr. NORMAN. Right.

Ms. CARSON. Yes, sir.

Mr. NORMAN. Brick and mortar are not needed. Well, thank you again for your service, and thank you for what you are doing.

Ms. CARSON. Thank you, sir.

Chairman CHABOT. Thank you very much. The gentleman yields back.

The gentleman from Florida, Mr. Lawson, who is the ranking member of the Subcommittee on Health and Technology, is recognized for 5 minutes.

Mr. LAWSON. Thank you, Mr. Chairman. And welcome to the Committee.

This year I have had the opportunity to introduce H.R. 3345, the Veteran Job Opportunity Act, which provides tax credits for veterans who open businesses in underserved areas. I also had the opportunity to introduce a bipartisan bill with Congressman John Rutherford, H.R. 3965, the Veterans Armed for Success Act, which provides job training for our Nation's veterans, and worked with Republican Congressman Mike Bost to introduce a bill that provides resources to help veterans become involved in agricultural industry.

Ms. Carson, I am heavily involved in the small business veteran space, and would like your thoughts on how Congress can better engage SBA to increase resources for veteran entrepreneurs.

Ms. CARSON. Thank you for the opportunity to share an answer with that, sir.

One is helping us ensure that the outreach is adequate, that people know about all the resources that currently exist, because they are meaningful and, in many cases, plentiful. I appreciate also your

work with the agricultural opportunities for veterans. We are including, for example, U.S. Department of Agriculture information now in the Boots to Business program to ensure that there are some small business similarities in starting farms and also being in agricultural production. So that is another area where we intend to grow without creating another separate program. So looking for those synergies and hearing about where you think we have chances to do more is extremely helpful.

Mr. LAWSON. Okay. And I am going to see if I can get in one other question. And I guess you did a little bit of it highlighting some of the SBA and other programs at other agencies that work particularly with serving veteran entrepreneurs.

Ms. CARSON. I believe, Congressman, that we are unique in what we provide to aspiring business owners and that there is not another service that is similar to what the SBA does across the Federal Government. But I do know that there are some who provide services that could help them be more successful. And one example would be the Vocational Rehabilitation and Employment team at the Department of Veteran Affairs who I work closely with at both the national level and also local. It is not duplicative, but there must be meaningful referral, and to do that I need to know what they offer.

I would say the same in the Department of Defense. For example, the Military Spouse Employment Partnership, they also offer employment options for military spouses. We offer entrepreneurship. They are very different, and we collaborate with them to ensure that our differentiated service, military spouses are aware of it and can participate in it, but we do not try to do the same thing as any other.

Mr. LAWSON. And a quick question before my time runs out. Have you been able now to see more and more veterans that are coming in wanting to utilize the services that you provide?

Ms. CARSON. We had a significant increase. And at this time, approximately 10 percent of the transitioning servicemember population is taking advantage of the Boots to Business program. And even more are following up through the Boots to Business Reboot, which is once a veteran is a part of their community that is how we reach them off a military installation. Yes, it is growing in interest, and we hope to see business success in start and sustainment.

Mr. LAWSON. And real quick, are you able to keep records of the amount of success that some of them had in the past and how they have helped create job opportunities in the community?

Ms. CARSON. It continues to be an area where SBA can improve and that is what we are working on, particularly with the Boots to Business program, is having a unique client identifier so that I can see when did you first connect with SBA? When did you connect with a resource partner, get that loan, or get a Federal contract? So yes, we are at the beginning of that process and I hope to continue improving.

Mr. LAWSON. And finally, before I yield back, what can we do more to help you?

Ms. CARSON. I am grateful for the support we have received so far, and continuing to work on the challenges and access to capital would be most meaningful to our population, sir.

Mr. LAWSON. Okay. Thank you, Mr. Chairman. I yield back.

Chairman CHABOT. Thank you very much. The gentleman yields back.

The gentleman from Iowa, Mr. Blum, who is the chairman of the Subcommittee on Agriculture, Energy, and Trade, is recognized for 5 minutes.

Mr. BLUM. Thank you, Chairman Chabot, and thank you, Ms. Carson, for being here today, and for your service to our great Nation.

First question I have is, do you know what the overall labor participation force rate is for veterans?

Ms. CARSON. I do not know that, sir.

Mr. BLUM. Because I am curious as to if it is higher or lower than the labor participation rate of the country in general as a whole. Are you aware of that?

Ms. CARSON. The unemployment rate for veterans has been falling dramatically. And I believe we are at least at parity with nonveterans, if not more successful in the employment arena at this time.

Mr. BLUM. That is good to hear—

Ms. CARSON. Absolutely.

Mr. BLUM.—that the unemployment rate has fallen amongst veterans. But we are not sure about labor participation rate, because if they stop looking for a job, which some of them do, then they are not counted anymore, I do not believe.

Ms. CARSON. That is an excellent point, sir, and I do not have that particular detail.

Mr. BLUM. Are there programs in your area or in the SBA to increase the labor participation rate for veterans? Because I visit a lot of veteran shelters and volunteer centers and some of them, they have not given up hope, but they are giving up hope. And part of it is, I think, that they are out of the labor force. And I personally think it would be very helpful if we had programs to get them back into the labor force. Do those exist?

Ms. CARSON. Yes, they do, Congressman. And one role that we play, particularly in the Boots to Business Reboot program where, as I mentioned, we are with veterans of all eras in their communities—if self-employment is not the right option and their next step is really to find a job, then we would refer them to the American Job Center through the Department of Labor. That really has been a great collaboration and a place where that is the right next step for them.

Mr. BLUM. I noticed in the notes, Ms. Carson, that the veterans counseled fiscal year 2013 was around 50,000, and in fiscal year 2016, 50,000 had dropped to 19,000 and change. Can you comment on that, first of all?

And secondly, how do you measure success? How do you know when you are successful? Does your Department have goals? And if they do, what are the big goals?

Ms. CARSON. Thank you, Congressman.

Mr. BLUM. That is a three-part question, I guess.

Ms. CARSON. I will do my best to not miss any part of that.

For the first question that you mentioned and the data, yes, over the years I would say we have been able to increase the performance expectations of Veterans Business Outreach Centers and align them with their statutory mission, which is transition assistance and which SBA defines as training. I expect their counseling numbers to drop as they are not going to have the long-term clients as they are on the road at military installations providing transition assistance. So that is the differentiation and why you see that number coming down, and you do see the number of trained going up or steady and their participation in Boots to Business increasing.

Mr. BLUM. So the counseled number coming down is not reason for alarm?

Ms. CARSON. Not at this time because they do have a unique role in the SBA resource partner network and I am counting on VBOCs to make connections and know the right resource for the veteran when they refer them to another partner.

Mr. BLUM. Second part of the question?

Ms. CARSON. Second part, if I recall, sir, was how do I know—

Mr. BLUM. How do you measure success and goals?

Ms. CARSON. Yes. Our goals are to participate, the Veterans Business Outreach Centers, 100 percent participation in Boots to Business within their home State at a minimum. And at this time, as they are stretched multiple States, to participate at least 50 percent of the time out of their primary territory. And yes, we do measure things such as business starts and capital acquired, but because of the mission alignment that I just described, that is going to be tougher for that group.

Mr. BLUM. That is great you measure that. And the results have been?

Ms. CARSON. The results have been increased participation in Boots to Business. So we are doing what we said we would do.

Mr. BLUM. Increase, I mean, do you have that number? Do you have that statistic? How much has it improved?

Ms. CARSON. An increase of 12 percent just in the last 3 years, and 55,000 approximately were trained in this past year by Veterans Business Outreach Centers.

Mr. BLUM. And the 55,000, is that an increase as well?

Ms. CARSON. I would have to look at my numbers, sir.

Mr. BLUM. Because what we measure in business we improve on, correct? So I am glad to hear you are measuring and you have a definition of success.

Ms. CARSON. It is also meaningful to not have just throughputs, and I understand that, the difference between an output and an outcome. So understanding exactly what is the right outcome when we are working with clients who are primarily at ideation and deciding whether they should even go into business or not, that continues to be an area that we need to understand better and we are working on some program evaluation right now to decide what is the right way to measure success in a program such as that.

Mr. BLUM. Very good.

I would just like to say, Mr. Chairman, my day has been made with my colleague entering the hearing here with her colorful hat. It is always good to see and it makes my day. Her hat is beautiful today. And I yield back. It is beautiful. It makes my day. I yield back my time, Mr. Chairman.

Chairman CHABOT. The gentleman yields back.

And I think all members on both sides have had an opportunity to question the witness. And we want to thank you for your hard work, being a veteran yourself, and also in your capacity now helping those who have worn the uniform of our country come back here. Some are starting businesses. Hopefully, they will be successful. And those who need assistance, you are there to help them and we are there to help you.

So if there is anything that you think this Committee should be working on, we are happy to do that. We want to work cooperatively. We look forward to continuing to improve the programs at the SBA so that they can continue to help our veterans who have paid the price to receive that help by wearing the uniform, putting their lives on the line.

So to all the veterans on the Committee, all in the room, to yourself, thank you for being here.

And all members will have 5 legislative days to submit statements and supporting materials for the record.

Without objection, so ordered.

And if there is no further business to come before the Committee, we are adjourned. Thank you very much.

[Whereupon, at 11:56 a.m., the Committee was adjourned.]

A P P E N D I X

Testimony of Barbara E. Carson
Associate Administrator
Office of Veterans Business Development
U.S. Small Business Administration
Before the
Small Business Committee
U.S. House of Representatives

Chairman Chabot, Ranking Member Velázquez, and distinguished Members of the Committee, good morning, and thank you for the opportunity to testify today on the U.S. Small Business Administration's (SBA's) continuing efforts to empower veteran entrepreneurship and small business ownership through programs and policies that maximize the availability of SBA services for veterans, service members, and their spouses. I am honored to work at the SBA and to empower veterans to be the next great generation of entrepreneurs.

As a former small business owner, current member of Air Force Reserve, and the spouse of an Air Force officer, I know the challenges and excitement that come with both military life and entrepreneurship. I know firsthand that entrepreneurship can be an incredibly rewarding endeavor.

Many military members have the skills to start and grow small businesses and the SBA provides resources for them to do just that. Today we will cover some of the great things happening at SBA, thanks to your support, and to our team of district offices and resource partners around the country. Those include the Veterans Business Outreach Centers (VBOCs) and their increased participation in transition assistance, as well as SBA's grant programs for service disabled veterans, women veterans, and those seeking opportunities in federal procurement. We have a number of success stories which I will highlight where these programs have made a real difference in helping veterans launch or grow small businesses.

The SBA is dedicated to serving aspiring and existing veteran business owners. About 2.5 million businesses are majority-owned by veterans, and nearly all veteran-owned businesses are small businesses and contribute approximately 1.4 trillion dollars to the nation's total sales/receipts per year. Many veteran business owners have gained important skills and leadership abilities that are often directly relevant to business ownership. The SBA promotes and supports veteran small business ownership by administering programs, formulating policy, and administering grants to Veteran Business Outreach Centers and other partners. The Agency en-

resources are accessible and available to veterans, active duty, National Guard and Reserve service members, and veteran or military spouses.

The SBA provides direct assistance to veterans through our veteran business development officers stationed in 68 district offices and indirectly through a network of 20 Veterans Business Outreach Centers. As part of the Transition Assistance Program (TAP), provided alongside the Departments of Labor and Veterans Affairs, SBA serves transitioning service members through the Boots to Business (B2B) program. SBA also provides assistance to veterans of all eras through the B2B Reboot program. SBA also assists veterans through three grant programs: the Service-Disabled Veteran Entrepreneurship Training (SDVET) program, the Women Veteran Entrepreneurship Training (WVET) program, and the Veteran Federal Procurement Entrepreneurship (VFPET) program. In addition, SBA conducts outreach to connect veterans, service members, military spouses, and members of the Reserve and Guard with entrepreneurship resources and stakeholders, and by leading SBA's National Veterans Small Business Week.

Veteran Business Outreach Centers

The VBOC program provides entrepreneurial development services such as business training, counseling, and resource partner referrals to transitioning service members, veterans, National Guard and Reserve members, and military spouses interested in starting or growing a small business.

Since 2014, VBOCs have taken a larger role in B2B training, and thanks to your increased support, the number of VBOCs grew from 15 to 20 in just three years and B2B participation has increased by 12 percent from FY 2015 to FY 2017. Their role within the resource partner community has also been growing, as they are a source of referrals for clients to our other partners. SBA has instituted performance goals for the VBOCs to better align and track participation in transition assistance programs, the primary mission of the VBOC program. The VBOC performance goals track B2B participation, B2B and B2B Reboot events, and counseling interactions (including referrals to resource partners).

In FY 2017, VBOCs extended their reach by instituting local initiatives such as VBOC on the Reservation (Native American Outreach), Commercial Supply Chain training, and VBOC on the Road (Rural Communities) while also incorporating technology platforms to provide consistent and meaningful support across their entire coverage area. To assist with this effort, SBA launched the VBOC 2.0 initiative. VBOC 2.0 is a one year pilot program that will provide select VBOCs with tools to help them better provide services across their geographic coverage areas and track client referrals to local SBA resource partners.

Overall, in FY 2017, VBOCs provided counseling and training to more than 54,800 veteran small business owners and entrepreneurs. The centers are unique in their ability to address veteran-specific challenges while integrating SBA services and referring clients (when appropriate) to other organizations that provide

specialized and needed services. VBOCs bring together local and regional service networks that are most effective in creating small business ecosystems and help augment SBA district office efforts.

One challenge for VBOCs is the ability to provide counseling and training to veterans across assigned coverage areas with a total of 50 VBOC advisors nationwide. While the services that the VBOCs provide have resulted in many success stories and contributed to local economic development through business starts, approved loans, contracts awarded, and jobs created or retained, the average VBOC is responsible for service coverage in at least three states. To address this challenge, VBOCs are leveraging the support of, and reciprocal referrals among, other SBA resource partners, district offices, and non-profit, academic, and private organizations that serve veteran entrepreneurs.

Boots to Business Program

The Boots to Business (B2B) program is an entrepreneurial training program offered by the SBA as a training track within the Transition Assistance Program. In FY 2017, the SBA continued to sustain and develop the B2B Program; more than 17,300 veterans, service members, and military spouses at military installations worldwide benefited from the B2B Introduction to Entrepreneurship course. In total, 70,000 participants have benefited from B2B since the program began in 2013.

In FY 2017, the SBA conducted a competitive funding opportunity for the B2B program and sought proposals for curriculum development, outcomes assessment, follow-on training, and overseas instruction. Upon evaluating the eligible proposals, SBA determined no award was necessary to an outside vendor for curriculum development and outcomes assessment as those could be conducted with existing SBA resources, allowing us to focus on the other areas of need. The SBA awarded funding to two nonprofit organizations to provide follow-on training and overseas instruction:

- Syracuse University's Institute for Veteran & Military Families (IVMF) in partnership with the Cornell University's Johnson College of Business. IVMF provides B2B instruction to service members and military spouses stationed overseas at 34 military installations in nine countries. Additionally, IVMF has partnered with Cornell University to provide B2B follow-on entrepreneurial instruction which will include market research and business fundamentals to be delivered globally via Cornell University's eCornell platform. IVMF and Cornell University work with SBA to develop specialty business development tracks such as franchising or federal procurement based on participant demand and market opportunity.
- Mississippi State University (MSU) delivers B2B follow-on entrepreneurial instruction with a new online training course, B2B Revenue Readiness. Based on curriculum that MSU developed as part of their 2016 SBA award for the "Lean for Main Street" challenge, participants in this program will learn how to develop a clear vision of their individual business model and a multi-faceted business plan.

Experience has shown us that a best instruction practice is teaching B2B modules with more than one instructor (“team teaching”), which often results in a more dynamic learning experience and helps foster class discussion. The B2B program encourages this practice as a way to introduce the transitioning service member population to the wide variety of SBA resources and partners throughout the nation. Eligible instructors include advisors drawn from SBA’s resource partner network. SBA is refining the B2B curriculum by leading a collaborative effort to tap into the existing subject matter expertise among SBA’s extensive resource partner network and instructors.

In FY 2017, we developed a learning agenda with specific research questions which provides a framework for the B2B program’s evaluation activities. As part of this effort, the B2B program continues to collect outcomes and course quality assessment data. To date, survey findings indicate that B2B graduates started over 400 business that have succeeded in staying in business for at least a year. This results beats national averages that indicate eight out of ten small business fail in that same time period.¹ Additionally, B2B survey results indicate:

- 92% of respondents are motivated to start a business;
 - 87% of respondents are confident in starting a business;
- and
- 57% of respondents participated in some form of follow on training.

Also, in FY 2017, the B2B program began two different types of program evaluations:

- In partnership with SBA’s Office of the Chief Financial Officer (OCFO), the B2B program is undergoing a formative evaluation that aims to use predicative analysis to determine how program design elements and activities affect B2B course participation.
- The US Military Academy at West Point (specifically, the Office of Economic Manpower Analysis or OEMA) is conducting an impact evaluation of Army transitioning service members and veterans who have used B2B services in order to determine the program’s impact on transition success by looking at employment, education, and small business start-up numbers. (Historically, the Army is the largest customer of B2B services, compared to other service branches.) OEMA has a number of established interagency memoranda of understanding which can be leveraged to inform OEMA analytical projects.

Challenges remain with data sharing between SBA resource partners and other federal agencies and with the longitudinal tracking required to measure outcomes in the entrepreneurship domain. SBA continues to work with the DOD’s Defense Manpower Data Center to refine a data-sharing business case, seek a unique identifier for individuals participating in SBA programs or coun-

¹U.S. Small Business Administration, *White Paper: Operation Boots to Business Veteran Entrepreneurship Assessment*, Syracuse, N.Y., Jun. 2106 (https://www.sba.gov/sites/default/files/b2b_vet_entrepreneurship_assessment.pdf)

seling, and pursue other interagency agreements or research projects that will ensure the ability to study longitudinal outcomes on an individual level.

Veterans Entrepreneurship Training Programs

Veterans play an important role in stimulating economic growth in local communities. The SBA offers a variety of entrepreneurship training programs designed to assist transitioning service members, veterans, National Guard and Reserve members, and military spouses in developing the skills and knowledge needed to start, grow, and succeed in business. In addition to the broader assistance provided via the Agency's VBOC and B2B program, in FY 2017 SBA administered three grant programs that serve veteran entrepreneurs in specially targeted demographic and business sectors:

- Service-Disabled Veteran Entrepreneurship Training Program (SDVETP)
- Women Veteran Entrepreneurship Training Program (WVETP)
- Veteran Federal Procurement Entrepreneurship Training Program (VFPETP)

SDVETP² provides service disabled veterans, military spouses, and caregivers with entrepreneurial training, business development assistance, and counseling and management assistance.

WVETP³ provides entrepreneurship training to women veterans and service members, as well as to women spouses of service members and veterans, who are interested in starting, growing and diversifying new and established small business concerns.

VFPETP⁴ is a vital component of the Agency's efforts to assist veteran and service-disabled veteran small business owners and entrepreneurs in securing federal government contracts. The three-day certification program is designed for veteran-owned companies to increase their ability to win government contracts by establishing best business practices.

OVBD's Role in Government Contracting Oversight

Small businesses are more likely to engage in federal contracting when barriers to entry are removed and the process is simplified. The federal government is the largest procurer of goods and services in the world, averaging \$90 billion in small business contracts

²*Release No. 16-72*, US Small Business Administration (SBA Provides Grants to Support Entrepreneurship Training Opportunities for Service-Disabled Veterans (9/26/16), <https://www.sba.gov/about-sba/sba-newsroom/press-releases-media-advisories/sba-provides-grants-support-entrepreneurship-training-opportunities-service-disabled-veterans>).

³*Release No. 17-43*, US Small Business Administration (SBA Awards Funding to Nonprofit Organizations Providing "Boots to Business" Entrepreneurship Training (6/19/17) <https://www.sba.gov/about-sba/sba-newsroom/press-releases-media-advisories/sba-awards-funding-non-profit-organizations-providing-boots-business-entrepreneurship-training>)

⁴*News Release 17-53*, US Small Business Administration (SBA Awards Funding Grant for National Veteran Federal Procurement Entrepreneurship Training Program (9/6/17) <https://content.govdelivery.com/accounts/USSBA/bulletins/1b56ebb>)

each year between FY 2006 and 2016.⁵ SBA provides support to veteran-owned small businesses (VOSB) and service-disabled veteran-owned small businesses (SDVOSB) who want to participate in the federal market through entrepreneurship training and counseling services, mentor-protégé programs, innovative research, set-aside programs, and engagement opportunities at the local level. SBA also works with other federal agencies to expand opportunities for small businesses to compete for and win federal contracts.⁶ SBA's oversight role reaches beyond merely monitoring and assisting other agencies in achieving the government wide goal of awarding 23 percent of all federal contracts to small businesses, to also helping ensure that 3 percent of all federal contracts are awarded to SDVOSBs. For the fourth consecutive year, federal contract awards to SDVOSBs surpassed the mandated 3 percent goal, resulting in 3.98 percent of all government contracts being awarded to SDVOSBs for a total of about \$16.34 billion in federal procurement dollars.⁷

In addition to overseeing the programs detailed above, SBA's Associate Administrator for the Office of Veterans Business Development also advocates for full consideration of veterans in all of the Agency's programs.⁸ In this role, SBA ensures that SDVOSBs and VOSBs have access to a wide range of resources to help them succeed in the federal marketplace.

SBA's All Small Mentor Protégé Program (ASMPP) program and the VFPETP grant are two areas where SDVOSB participation in experiencing notable growth. The ASMP program was established to develop strong protégé firms through mentor-provided business development assistance, and to help protégés successfully compete for government contracts. SDVOSBs are taking full advantage of this program. In its first year of operation, SDVOSBs make up the majority of protégé firms in the ASMP program.

The VFPETP provides business development and technical assistance support for SDVOSBs, both at the prime contractor and subcontractor levels. Program graduates have reported recent success in competing for awards on the U.S. Department of Veterans Affairs \$25 billion VECTOR IDIQ contract.⁹ Of the 68 VECTOR awardees, 23 (over one-third of all awardees) are VFPET graduates.

The SBA is committed to expanding business development opportunities for veterans, and convenes two federal advisory committees that provide guidance on veteran-owned small business development policy issues. The Interagency Task Force on Veterans Business Development and the Advisory Committee on Veterans Busi-

⁵ *Small Business Agency Scorecards 2016*. U.S. Small Business Administration, May 2017 (<https://www.sba.gov/contracting/finding-government-customers/see-agency-small-business-scorecards>).

⁶ *News Release 17-38*, U.S. Small Business Administration (The Federal Government Achieves Small Business Procurement Contracting Goal for the 4th Consecutive Year, May 18, 2017, <https://www.sba.gov/about-sba/sba-newsroom/press-releases-media-advisories/federal-government-achieves-small-business-procurement-contracting-goal-4th-consecutive-year>).

⁷ Id.

⁸ The Veterans Entrepreneurship and Small Business Development Act of 1999, Pub. L. No. 106-50 (Aug. 17, 1999).

⁹ Federal Business Opportunities.gov <https://www.fbo.gov/spg/VA/AFMLOVASS/VASSMD/VA119A16R0349/listing.html>

ness Affairs meet regularly in public forums to address issues such as access to capital, federal procurement opportunities, barriers to marketplace entry, and entrepreneurial development and growth opportunities.

In FY 2018, SBA will continue to support military community outreach to connect veterans, service members, military spouses and members of the Reserve and Guard with entrepreneurship resources by participating in national and regional entrepreneurial programs offered by stakeholders, and leading SBA's National Veterans Small Business Week.

One area of concern is access to capital for veteran-owned businesses. Many entrepreneurs or small business owners do not have the same access to credit as larger businesses, especially on a new or innovative product.¹⁰ Veteran entrepreneurs often rely on personal savings or credit cards to sustain their business.¹¹ SBA offers many loan programs for underserved populations, and assists veteran-owned small businesses by offering fee reductions, or zero-fees, on certain SBA loan products.

Thank you for the opportunity to testify before your committee today. I welcome any questions you may have.

¹⁰*Access to capital among young firms, minority-owned firms, women-owned firms, and high-tech firms.* US Small Business Administration Office of Advocacy, April 2013 ([https://www.sba.gov/sites/default/files/files/rs403tot\(2\).pdf](https://www.sba.gov/sites/default/files/files/rs403tot(2).pdf)).

¹¹*Veteran-owned businesses and their owners—Data from the Census Bureau's Survey of Business Owners.* US Small Business Administration Office of Advocacy, March 2012 (<https://www.sba.gov/sites/default/files/393tot.pdf>).

Questions for the Record
Committee on Small Business
Hearing: "Hiring More Heroes:
A Review of SBA's Office of Veterans Business Development"
November 8, 2017

Representative Knight:

1. Can you please outline the process a veteran must go through to register their business with SBA as a veteran-owned small business or service-disabled veteran-owned small business. What is the average cost and time an entrepreneur must spend to receive this qualification?

Firms do not currently register with SBA as a veteran-owned (VO) small business or service-disabled veteran owned (SDVO) small business. Instead, as authorized under the Federal Acquisition Regulations, firms self-certify their VO and SDVO status when they register in the System for Award Management (SAM) to do business with federal government agencies. SBA handles the protest and appeal processes for firms that use their self-certification to qualify as SDVO for procurements of agencies other than VA and FAA. There is no cost for self-certification and time to self-certify is limited to the time spent to register on SAM. Note. Currently only the VA and FAA require VO and SDVO to be certified by the VA in order to compete for their respective procurements.

2. Currently, the federal government has a statutory goal of awarding 3 percent of all prime contract dollars to service-disabled veteran-owned small businesses. This goal has either been met or exceeded every year since FY2012. Has there been any discussion at SBA of raising the goal?

SBA has not discussed raising the SDVO prime contract goal while other small business program goals are still not being attained consistently. For example, in FY 2016 the federal government did not meet the government-wide Women-Owned Small Business or HUBZone prime contract goals.

3. The FY2017 National Defense Authorization Act (NDAA) directed the SBA and Department of Veterans Affairs (VA) to harmonize their definition of and regulations surrounding a service-disabled veteran-owned small business (SDVOSB). Has SBA been in contact with VA regarding this? What specific actions has SBA taken to collaborate with VA to comply with the NDAA?

SBA and VA have met several times to discuss the proposed rule, and SBA has drafted a proposed rule with VA's assistance and input. The proposed rule is under SBA and VA review.

a. On what date can we expect SBA and VA to reach a consensus?

The SBA & VA have reached consensus. It is hard to predict when a rule will be published, because it depends on many factors. However, we are targeting completion this fiscal year.

b. How will this affect government contracting decisions for service-disabled veteran-owned small businesses going forward?

Once the rule is finalized and effective, the VA will apply the SBA rule to its certification decisions, the SBA's Office of Hearings and Appeals (OHA) will apply the SBA rule to VA protests and appeals, and SBA and OHA will apply the rule to SDVO protests or appeals with respect to non-VA procurements.

4. Do you believe the SBA Office of Hearings and Appeals is equipped to handle appeal cases surrounding certification decisions for SDVOBs?

Yes. On September 28, 2017, SBA proposed new regulations that would enable the Office of Hearings and Appeals (OHA) to adjudicate these disputes. The proposed rules are published at 82 Fed. Reg. 45212. Several comments were received, and SBA is in the process of reviewing those comments and preparing final regulations. OHA also has been evaluating its staffing and other needs to ensure that it has adequate resources to handle these new cases.

Representative Bacon:

1. What has SBA done to try to increase the labor force participation rate for veterans?

SBA works with the Department of Labor's (DOL) Veterans' Employment and Training Service (VETS) to increase cross-referral among VBOCs and the DOL-funded American Job Centers to better serve aspiring business owners as well as current business owners who seek to hire employees. SBA provides entrepreneurial training to veterans of all eras who choose to pursue self-employment as a vocation via the Boots to Business/Reboot program.

2. Walk me through the typical first visit of a veteran to a Veteran Business Outreach Center. How do they begin? Does SBA follow up with them after?

Veterans and military service members will most likely meet Veterans Business Outreach Center (VBOC) staff at a Boots to Business (B2B) or Boots to Business/Reboot (B2B/R) program and follow-up on site or virtually with the VBOC to pursue the next steps. A typical first visit would start with a discussion of the veteran's goals and current business needs and the completion of the SBA Form 641 (client intake form). VBOC staff is prepared to offer long-term counseling and a variety of training courses to veterans and service members and also serve as a trusted referral source to other SBA resource partners, federal, state and local agencies, and organizations that support veteran entrepreneurship.