

**H.R. 1568: THE VETERANS ENTREPRENEURSHIP
AND SMALL BUSINESS DEVELOPMENT ACT OF
1999**

HEARING
BEFORE THE
COMMITTEE ON SMALL BUSINESS
HOUSE OF REPRESENTATIVES
ONE HUNDRED SIXTH CONGRESS
FIRST SESSION

WASHINGTON, DC, JUNE 23, 1999

Serial No. 106-20

Printed for the use of the Committee on Small Business



U.S. GOVERNMENT PRINTING OFFICE

59-748

WASHINGTON : 1999

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H.R. 1568: THE VETERANS ENTREPRENEURSHIP AND SMALL BUSINESS DEVELOPMENT ACT OF 1999

WEDNESDAY, JUNE 23, 1999

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

The Committee met, pursuant to call, at 9:30 a.m., in Room 2360, Rayburn House Office Building, Hon. Jim Talent (chair of the committee) presiding.

Chairman TALENT. Good morning. Today the Committee on Small Business will examine the Veterans Entrepreneurship and Small Business Development Act of 1999. This bill implements many recommendations suggested by the SBA's Veterans Affairs Task Force for Entrepreneurship. In July, Administer Alvarez established the SBA Veterans Affairs Task Force for Entrepreneurship. The task force included representatives from the major veterans service organizations and veterans advocacy groups, veteran owned businesses, SBA management board members, and SBA research partners. Emil Naschinski, Tony Baskerville, Bill Elmore, John Lopez, and Steve White served on the task force.

The bill we will examine today, the Veterans Entrepreneurship and Small Business Development Act of 1999, implements the SBA veterans affairs task force high priority recommendations. First, H.R. 1568 makes veterans eligible for funds under the microloan program. This enables veterans to access capital markets currently available to women, low-income minority entrepreneurs, and other business owners possessing the capability to operate successful business concerns.

Second, H.R. 1568 amends the Small Business Development Act to require the Secretary of Veterans Affairs, the Administrator of the Small Business Administration, and the Small Business Development Center Association to train all veterans, including disabled veterans, in business training, management assistance, procurement opportunities, and other business areas.

Third, H.R. 1568 creates the National Veterans Business Development Corporation. This corporation will coordinate private and public resources from Federal organizations, the Small Business Administration and the Department of Veterans Affairs to establish and maintain a network of information and assistance centers for use by the veterans and the public. H.R. 1568 requires the National Veterans Business Development Corporation to become self-

sustaining by eliminating the corporation's Federal funding, which is minimal anyway, after 4 years.

Finally, H.R. 1568 affords veteran-owned small businesses an opportunity to compete on the same level with small business concerns owned and controlled by socially and economically disadvantaged individuals, including opportunities for procurement contracts. This committee, through H.R. 1568, is addressing those concerns that veterans themselves identified as most pressing.

We have two panels of witnesses who have agreed to appear before the committee today. Before we turn to the first panel of witnesses, I want to recognize the distinguished Ranking Member for any statement she may wish to make.

[Mr. Talent's statement may be found in the appendix.]

Ms. VELAZQUEZ. Good morning and thank you, Mr. Chairman for holding today's hearing on H.R. 1568, the Veterans Entrepreneurship and Small Business Development Act of 1999. I would like to commend you for your strong commitment to veterans. I know that they join me in thanking you for all of your work on their behalf. Countless men and women have fought for our country and its ideals as members of our armed services. Often upon their return to civilian life, veterans have encountered barriers to starting or expanding a business. In fact, one of the regional goals of the Small Business Administration was to help our veterans make the transition to the civilian economy and to overcome these barriers.

Currently, there are 5.5 million businesses owned or operated by veterans. Additionally, there are 100,000 service-disabled veterans within the business community. Although there are a number of programs of the SBA to provide assistance, many of these are not specifically targeted to veterans. Today's legislation, H.R. 1568, seeks to remedy some of the inequalities that our service men and women face upon their return to civilian life.

I strongly support the intent of this legislation because I believe that those men and women who have served this country in uniform deserve the opportunity to succeed. This is especially true of our service-disabled veterans, all of whom have made a profound sacrifice for their nation. H.R. 1568 takes a number of steps to provide greater assistance to veterans. First, it creates an associate Administrator for Veterans Business Development at SBA.

Second, it establishes an Advisory Committee on Veterans Business Affairs and a Veteran's Corporation. Both of these will help coordinate public and private resources for veterans and provide greater information to veteran owned businesses.

Additionally, this legislation provides increased opportunity for veterans to access capital through the SBA.

Finally, H.R. 1568 seeks greater veteran and service-disabled veteran involvement in government subcontracting and procurement goals. A 5 percent procurement target is established for service-disabled veterans. Although I strongly support reaching out to the disabled communities, especially those injured in service to their country, the committee needs to look at how this change will affect the overall 23 percent procurement goal for small business contracting.

Additionally, it is critical that we examine the impact that this legislation will have on other programs designed to provide entre-

preneurial assistance. Specifically, the Committee needs to look at the cost of this program and where the money needed to pay for it will come from, either through additional appropriations or budget cuts elsewhere at SBA. It's crucial that while we help our nation's veterans, that this is done in a balanced and reasonable manner. We all support reaching out to promote economic opportunity, and I look forward to assisting the veteran community.

Again, I would like to commend Mr. Talent for all of his work on behalf of veterans throughout our country.

Once again, Mr. Chairman, thank you for holding this hearing, and I look forward to hearing today's testimony.

Chairman TALENT. I thank the gentlelady and also for her assistance and advocacy on behalf of veterans. Let's get right to the first panel. We have two panels today and then a markup.

Our first witness, and we are glad to have her as always, is Betsy Myers, the Associate Administrator for Entrepreneurial Development and Director of the Small Business Welfare to Work of the Small Business Administration. Ms. Myers, I understand that you are on a tight time frame, you have to leave in about half an hour. What I am going to do then is—the Ranking Member and I have discussed it—as you give your testimony, we will be kind of informal here. If Members have a question or two for Ms. Myers, go ahead and just jump in and ask.

If it doesn't get to be too much of a free-for-all, we will just try to do it that way with your testimony

**STATEMENT OF BETSY MYERS, ASSOCIATE ADMINISTRATOR
ENTREPRENEURIAL DEVELOPMENT AND DIRECTOR OF
SMALL BUSINESS WELFARE TO WORK, SMALL BUSINESS AD-
MINISTRATION**

Ms. MYERS. Thank you, Mr. Chairman. Thank you very much for the opportunity to be here today to comment on H.R. 1568, the Veterans Entrepreneurship and Small Business Development Act.

First, I want to say that it has been a privilege to oversee the veteran's office, as I grew up with a father who served 12 years in the Navy and did two tours of Vietnam. So as a little girl, I experienced what he went through. He lost many friends in the war and it was very much a part of my upbringing. So when I came to SBA 2 years ago to run the division, it was not my first experience with the vets community.

I will tell you that my history has been in the women's constituency. I have been impressed by the diligence of the veteran's community and I applaud them for their work in trying to move these issues forward. I always thought the women's constituency was the toughest, but I think that the vets give them a run for their money. The SBA has been very supportive of the efforts to assist vets and to increase their opportunities for small business. The SBA believes strongly in the importance of supporting America's vets and we have strived to accomplish much in helping veterans achieve success as entrepreneurs.

Last summer, as the Chairman said, we convened a task force for entrepreneurship. It was the first time that the SBA had brought in veterans advocates in 15 years. Through that task force we came up with a series of recommendations, many of which you

see in the legislation today. We also have contracted for a study of small businesses owned by services-disabled vets, due by the end of this year, which will give us information on Federal contracting and what is available for vets throughout the government, information that is much needed and we don't have.

We have also been developing the Veteran's Business Outreach Grant program and will fund four grants this year. We are also implementing the SBA OVA web site where vets can go to get information that they need to start their businesses and get information on available resources in their backyard.

We are also developing a number of online business courses, available through our Small Business Classroom. For those of you who don't know, we have developed a classroom that entrepreneurs can go to any time of the day or night and access classes on the Internet. We are very proud of that and have a series of classes from "Are You Y2K Okay" to "How to Write a Business Plan." We are developing a classroom for veterans.

We believe that there is significant potential to assist large numbers of vets with quality training information through our distance learning programs. We can also serve disabled vets who might not be able to get to our centers through various modes of transportation. Our veteran's office focuses primarily on the advocacy aspect of the veteran entrepreneur and helping them to learn what is available through our 70 district offices, SBDCs and other programs.

The total veteran population is approximately 24 million, and 4.5 percent of all businesses are owned by veterans. In FY98, 13 percent of all SBA loans went to veteran-owned small businesses. Of those reporting their veteran status, 65,000 of the clients that received counseling at SBA were to veterans. In the 8(a) program, about 12 percent of all participating firms were vets, which accounted for about 721 million dollars of contracts.

We applaud the intent of H.R. 1568, and we believe strongly that we should help our vets. But we also feel that the bill duplicates some of what SBA is already doing and there are certain provisions with which we have concerns.

Section 201 would create an Office of Veterans Business Development reporting directly to the Administrator and change the status from Assistant Administrator to Associate Administrator. I think that we have to look at the issue of competing interests. Our Administrator developed the Office of Entrepreneurial Development to house all of the entrepreneurial development issues, as well as veterans, Native Americans, and women.

Some of the proposals in the plan would create new entities. We already have an office that is devoted to vets. Why don't we take a look at how that office can do a better job? We don't believe every constituency can report to the Administrator. The Office of Entrepreneurial Development is set up in a structure that we think works.

I think that the issue is that the veterans community wants a person that has more influence in the agency. What I believe is that the person that runs that office must have the deepest passionate feeling for advocates and be a true believer in what they are trying to do, just as the head of our Women's Office has always

been. That's critical. I am not sure that we need to, through legislation, have that person reporting directly to the Administrator. So the second issue was creating a national veterans—

Chairman TALENT. Betsy, let me just say what our concerns are, and what is generated out of this bill, it comes from the vet's community and just from the record.

This year, for example, the agency cut its request for veterans. It has decreased their funding for the veterans affairs programs, decreasing from \$1.4 million in 1988 to \$340,000 in 1997. We thought that if we upped the status of this officer in charge of veterans programs it would make it easier to advocate within the agency for the budget. It is not really the subject of this hearing but there have been some substantial concerns about whether veterans programs have received enough attention within the agency. Do you have any comment on that?

Ms. MYERS. Well, historically the problem has been not that the Veterans Office has not received attention. It is more of an issue of funding and access to resources, and in a time of declining budgets it is a huge problem. The budgets get decreased, there are not enough people. I think also that sometimes when you have an office that is underfunded across the board over years of time we set up expectations for our constituencies. It is like we overpromise and underdeliver.

So there is a constant level of frustration. How do we deal with that in times of decreasing budgets, resources, and FTEs, with a lot of constituencies all having special interests? What Aida tried to do when she created the Office of Entrepreneurial Development was try to house all of the constituencies in one place, to try to give them greater representation by separating them from Capital Access. I think that has made a big difference.

Mr. BARTLETT. Thank you, Mr. Chairman. I have been a strong proponent of women's issues and small business, and we need to continue that focus and really to increase it. But I need to say that the veterans are a very special constituency for two reasons.

One, we owe them. And secondly, we are having major problems today in recruitment. One of the reasons is that when our young people look at the way that we treat our veterans, they are making decisions as to whether or not they are going to commit themselves to this type of public service.

So I think that the focus on veterans in this bill is totally appropriate for those two reasons, we owe them and just as important, if we don't show an increased concern for our veterans, we are going to have increasing problems in recruitment. So I support this aspect of the legislation from a national security viewpoint. Thank you very much, Mr. Chairman.

Chairman TALENT. What we are doing, the gentleman arrived a little late. Ms. Myers has to leave at 10:15. I am allowing people to jump in with limits. If it gets to be a big free-for-all, we will go back to the regular order. Otherwise, we are not going to be able to ask her questions. I am happy to recognize the gentleman.

Mr. FORBES. I thank the gentleman. Let me just say that I agree wholeheartedly with my friend from Maryland. I think the interests of veterans need to be paramount when dealing with particu-

larly the establishment of a small business and all of the rest of that.

I would have to tell you that honestly I have some reservations, Mr. Chairman, in all due respect. Having watched the SBA up close, I do think there is certainly a great sensitivity to veterans. I am concerned that by creating some of these changes that we may do in good faith effort, frankly, to raise the visibility of assistance, we may make it more difficult, ironically, to do integration with the rest of SBA on some programs. I think that is part of the problem here.

We have got so many individual offices who are clearly established with the idea of raising assistance levels to those constituencies. I am concerned that if we get to a point where we have just got to make sure that we are putting the right name on the door but not getting the kind of integration that we need, clearly we want to make sure that veterans have access to the 7(a) lending program.

I appreciate Ms. Myers' reference, for example, to the great work of SCORE and working with veterans. But I am concerned again about integration. To the extent that you could assure this Committee that there really is an erstwhile effort to get veterans integrated into the various programs of the agency. I have seen too often where well meaning district directors and people who, frankly—this I happen to agree with the reservations of the Committee and some in the Congress have, that sometimes we find that veterans feel like they are getting shortchanged.

I understand where that comes from because it is generally, I think, where you have got a district director with a limited staff. They have got one person who is wearing the hat of several different positions. That is a big problem. You have got a veterans representative in a local office who is also working with women's business ownership, who may be having a coordinated relationship with SCORE. Maybe doing some procurement work. That I think is really part of the reason, unfortunately, why we are finding that veterans are getting the short end of the stick because one person in that district or local office is wearing three or four hats. That is not an exaggeration. I would hope that as we move forward with this well-meaning legislation, I think that it is well meaning, and I hope it gets to some of the concerns that we all have about better serving veterans, that, in fact, we do look at that problem and maybe, Ms. Myers, if you could address some of the concerns expressed rightly by the Chairman on funding, for example.

If we are seeing that the administration is asking for less money for this valuable veterans program, how do we address the concern that you have got frankly an FTE shortage, if you will. I am not necessarily advocating that we plus up employees all over the country, but I am concerned that maybe more of the problem rests with the fact that you have got competing responsibilities and limited numbers of people handling those responsibilities at the local level. If you could address that.

Ms. MYERS. Your concern is absolutely right, that the people are stretched in the district offices. I think it goes back to the fact that we need to do a better job of marketing what we already have. I think a lot of business owners, vets, women, minorities, general

population, do not know about all of the resources that are in their backyard. They don't know that SBDC, SCORE, One Stop Capital Shops, are there to help them. I think a fundamental problem is that we need to do a better job of marketing them.

Currently, already in our SCORE program and SBDC programs, there are initiatives to make sure that vets are included in the counseling. For example, in SCORE we assisted over 22,000 veterans last year. I think part of the problem is that we are not getting the word out about the numbers that we are doing.

Mr. FORBES. One quick question, if I may, and then I will thank you, Mr. Chairman, for the Committee's patience. Is there a coordinated effort at the agency now with veterans, if somebody walks into either a local SBA office or a small business development center, is there an effort to plug them in to procurement, if that is their interest, to the 7(a) Loan Program or the 8(a) program, technical assistance, or all of the rest of the valuable programs being offered at SBA? Is there an effort to move them along or just an effort to kind of deal with the veteran as a veteran with, frankly, that one person with limited, frankly, programmatic expertise. One person can't have all of that expertise.

Is there a way to move them through the menu of programs at SBA?

Ms. MYERS. Absolutely. We are trying through our district offices. There is a person at each district office, even though many of them have shared FTEs. But the good news is that this Administrator, through our New Markets Initiative, is targeting populations that are underserved, which include veterans, disabled veterans, disabled populations, women and minorities. So we are very much trying to market to vets and do a better job of getting the word out about the available resources.

Mr. FORBES. Mr. Chairman, I thank you for the time and the patience of the Committee. I would hope that maybe, Ms. Myers, if you could take back, I think the Committee would benefit if there was some paper that the agency could send up to us that shows kind of how we are coordinating and we are actually integrating veterans who walk in cold off the street and need to be serviced by these programs. We could show how that integration actually works. It would be very helpful to me anyway and the other Members as well.

Chairman TALENT. I thank the gentleman and the Ranking Member has a question.

Ms. VELAZQUEZ. Thank you, Mr. Chairman. Ms. Myers, in light of budgetary constraints there is one aspect of the legislation that raises some concerns to me. That is that it creates, this legislation creates an associate Administrator of veterans affairs, the veterans corporation, and the veterans advisory board. So doesn't it seem to you that we are creating a situation where redundancy will exist and where the resources that should be going to help veterans will be used for travel and/or staffing?

Ms. MYERS. I do believe that what you are saying is true. Sometimes I think that instead of fixing what we already have, we create new entities to add on top of what is already there. Looking at the National Veterans Business Development Corporation, the legislation is asking for 12 million dollars over 4 years. I would say

if we took the same money, or a portion of that money, and put it to the existing Veterans Office, we could take advantage of an entity that is already working. So I think that is a huge issue in an era of declining budgets.

The National Veterans Business Development Corporation reminds me of the National Women's Business Council of which Amy Millman is the executive director. Amy has done a fantastic job and the entity has worked. But their funding is only \$600,000. So you might be able to do the Veterans Corporation for less money. The advisory committee that is proposed in the legislation currently exists at SBA. SBA started that in 1984, and we are reestablishing that. So we already have that entity, and don't feel it needs to be recreated.

Ms. VELAZQUEZ. This legislation would put veterans on par with minorities in terms of loan decisions. There have been numerous studies detailing that blacks and Hispanics are less likely to get loans. Could you please provide this committee with any statistics that shows discrimination against veterans?

Ms. MYERS. One of the problems is that we don't have statistics on vets. It is one of the issues that really has been a problem for us, particularly in procurement, where we don't have the statistics to show how many veterans are getting procurement contracts.

On the issue of the subcontracting goal, we don't know right now how many contracts veterans are getting, so it is hard to make a goal. One of the things that we absolutely favor is getting some better data to be able to make some of these decisions. In our lending programs, the vets have actually done pretty well. About 13 percent of our loans go to veterans. So that is an area where we can do better, but they have done pretty good in getting our loans.

We are very much in favor of doing a better job of marketing what is available. I think—I can't stress that enough—that we have those programs that are available that vets can access but many of them just don't know that they are there. That goes also for the ability to apply for 8(a) status, to show that they have economic and social disadvantage. They have that right as other minorities groups do. Many of them who could show that could participate in the 8(a) program. All of these programs are there for them to access.

Ms. VELAZQUEZ. Why do you think that they haven't been able to access it? Because of the staffing? Because you haven't done the right outreach to share the information with them? What is the problem?

Ms. MYERS. I think that oftentimes people don't know about the programs. It is something that we strive for. We have a wonderful district office system and people in the field to get the word out about the resources available. I think many vets and businesses in the country just aren't aware of the programs. Marketing of government programs, that is an issue that I think you could almost have a hearing on. Are we really across the board on all of the programs that help people that have the ability to access government programs? Do people know what their government does for them?

Ms. VELAZQUEZ. Mr. Chairman, I have a last question because I have to leave at 10:30 for a press conference.

Ms. Myers, currently the Federal Government procurement goal for small business is 23 percent. Of this 23 percent the off zone program has a 1.5 percent goal; the small disadvantaged businesses have a 5 percent goal; and women-owned businesses have a 5 percent goal. If we add a 5 percent goal for veterans without increasing the size of the pool, aren't all of these groups simply going to be fighting over a smaller and smaller amount?

Ms. MYERS. That is a tough issue that has been on the table for so long. Any time that another constituency group wants to get into those kinds of programs, it shrinks the pool. I think the fundamental issue that we have in the vets community is that we don't know, we don't have enough information to even know what they are getting to be able to establish a goal. I think that the first step is getting the information we need, and we are working on that.

We fully agree that vets should be recognized on these issues of procurement, so we are currently working on a letter to Office of Federal Procurement Policy. We have been assessing all of the changes that are needed in how we collect information so that we can change the way that we do that. Our Administrator also is very dedicated to this and intends to mandate that all of our agency programs, beginning October 1, 1999, request information from all of our clients requesting their veteran status and service disability status.

Ms. VELAZQUEZ. Thank you, Mr. Chairman.

Mr. GONZALEZ. Mr. Chairman?

Chairman TALENT. Go right ahead.

Mr. GONZALEZ. I guess this is more structural than a question. It appears to me that what we are doing here is approaching a problem. No one on this Committee doesn't want more attention being paid to veterans, and how we are going to do it is obviously the question. What I see here is basically a structural approach. We will set a precedent when we do that. It may be required and necessary. My question to you is when we make this kind of structural modification, should it not be based on need, on distinct needs, something that is unique, a constituency that needs to be addressed differently from other groups, for instance?

There is something else that is going on. The dynamic here is that these are veterans and the tremendous respect and obligation and responsibility that we have to them. Could this be a time when maybe it is not just a consideration again of unique and very distinct needs that are so different that need to be addressed structurally. Should we also take into consideration status, in that these are veterans? You have heard that concern. It spills over to retention, what makes service in the Armed Forces attractive and how we—obviously, retain but how we also get people to come into the service. Should that be a legitimate consideration as we go into what, I believe, is going to be structural change in nature?

Ms. MYERS. You raise a really good point. I can't stress enough how important veterans are to our country and to our government and to our agency. We feel in this administration and from the head of our agency, Ms. Alvarez, they are very important to us.

I guess the fundamental question comes down to do we need to create programs for vets when they already exist? That is really, I think, what it comes down to. We are already working on that,

reaching veterans through SCORE, SBDCs and other programs. Do we need to then mandate that, or is it something that we can work closer with you and the advocates to our advisory committee to try to do a better job when their needs aren't being filled? That is how we are looking at it. Part of the issue is getting better statistics and more information.

Mr. GONZALEZ. Thank you. Thank you, Mr. Chairman.

Chairman TALENT. I just have a few. There is a study going on now on veterans access to entrepreneurship, particularly disabled vets. When did the agency contract that study out?

Ms. MYERS. December 1998.

Chairman TALENT. When did Congress pass the money and authorize it?

Ms. MYERS. Congress did not give us any money for it. They authorized it but didn't appropriate funds. Our Administrator found the money, \$360,000, to pay for the study. We are anticipating its being finished by the end of this year.

Chairman TALENT. I thought we gave them \$750,000 in September of 1997, and the agency didn't contract the study until December of 1998.

Ms. MYERS. Right. The \$750,000 was for the outreach grants, not for the study.

Chairman TALENT. It covered the study as well, I think. It took 14 months to contract the study.

Ms. MYERS. From what we understand, we did not have an appropriation for the study. We allocated our own money for the study.

Chairman TALENT. It did take 14 months, didn't it?

Ms. MYERS. It did take us a while. Part of the problem, Mr. Chairman, the biggest problem goes back to that we don't have the statistics. The organization that we contracted with also had problems getting the statistics that they needed and the information.

Chairman TALENT. You are telling me that the organization that you contracted with was the problem—

Ms. MYERS. No. The problem was that they had trouble accessing—we don't have proper statistics about vets throughout the government.

Mr. FORBES. Mr. Chairman, could I just ask a quick question. The office of advocacy, isn't that part of their responsibility, to gather those statistics?

Ms. MYERS. Yes.

Mr. FORBES. But the agency hasn't been regularly gathering that kind of statistics?

Ms. MYERS. It comes down to a funding issue and traditionally they have not.

Chairman TALENT. That is the reason for the study, to get the statistics. If we want to go into whether we need this bill because the SBA has been doing a great job for veterans, we can do that. I would rather not. Larry Wilson said, and he is quoted as saying in the Sacramento Bee, this is in July of 1998, "Very little has been spent on veterans affairs by SBA in the past. We are just not reaching out more."

Would you agree with that?

Ms. MYERS. Historically, yes.

Chairman TALENT. Because while you said this \$12 million could be spent on Veterans Affairs, it could not if we gave the administration what it requested because it keeps requesting cuts in Veterans Affairs.

Ms. MYERS. We are dealing with the whole downsizing of government and everything is being cut.

Chairman TALENT. You have enough money to ask for the things that you think are important. I agree with those, too, like microloans, the women's business centers. I strongly supported those. But the whole point is that it shows where veterans rank currently in the agency's priorities, just not at the top. Again, I understand that there is never enough money to do everything that you want. But the point of this bill is to say more strongly—all of us on both sides of the aisle have been saying it for years—that you need to pay more attention to veterans. Don't come in and say that the bill is no good because we are paying enough attention to veterans.

Ms. MYERS. We are not saying that the bill is not any good. We think the bill has some very good points to it.

Chairman TALENT. You have got room in the budget now for ten associate administrators, right? So this would be another one. It is not like the first one.

Ms. MYERS. No.

Chairman TALENT. I mean for SBDC, a program I support, the administration keeps asking for cuts in it, but we have got an associate Administrator for SBDCs. Government contracting, that is important. We are saying that the veterans are important, too. That is all we are saying.

Ms. MYERS. We absolutely agree with you. I think our philosophy has been that we have many programs that service all businesses. Our goal has been to make sure that vets and all constituencies access all of our programs, our 7(a), our procurement programs, our technical assistance programs. Our approach has not been to single out a constituency. It is to provide those services for all constituencies.

Chairman TALENT. If you want, go ahead.

Ms. VELAZQUEZ. Ms. Myers, where would you have to cut to implement this legislation?

Ms. MYERS. Well, it depends on what amounts are attached to each piece. For example, if the \$12 million piece like that came in, we would have to get back to you. I don't have the authority today to tell you where we would cut.

Chairman TALENT. OK. Why don't you continue with your statement.

Ms. MYERS. I think a lot of it has been covered. But I will say that many of the things in this legislation came out of the task force's work. We felt really good about the task force's work and our efforts to try to make some improvements in the veteran's community.

One of the recommendations that came out was to add representatives of the vets community to our National Advisory Council, which we did. We also added someone to our Small Business Development Center Advisory Board. Some have been added to our SCORE board to make sure that veterans are represented in all of

our advisory boards. So that is making a big difference. For example, we have added in this year's SBDC program announcement that part of the requirement is to do a better job of reaching out to vets.

So we think that that will make a big difference. With regards to financial assistance, we believe that the existing 7(a) program is adequate to serve veterans' borrowing needs. Our major concern is whether the legislation is intended to require SBA to make direct loans to service-disabled vets. As you are aware, we have not received any funding for the 7(a) Direct Loan Program since 1995.

In choosing to discontinue direct loan funding, the Congress sought to make the 7(a) program more cost effective and to make better use of the skills and abilities of our lending partners. So the program is authorized, but not funded. That is so for the HAL program and the Vietnam Era vet direct loans program. That is one that is authorized, but we just don't have the funding for it.

We feel strongly that more microloans to vets is a very good idea. And also we are very much in favor of an SBIC for vets. We have three now for women, and we are very excited about the potential of that. The same process could be used for vets. We are very supportive of that. We are very much in support of the legislation to increase service-disabled veteran participation in subcontracting opportunities. Again, as I talked about earlier, our problem is that we just don't have the information right now to determine what that goal should be. We don't know what they are currently getting, but we feel strongly that they should be recognized and that we should collect the data.

In closing, our goal is to integrate all of the constituencies across the programs that we deliver, and veterans are very important to us, in particular service-disabled veterans. Working closely with the constituency, we hope to make strides as we go forward. On some of the issues that we don't agree, we would like to spend some time talking to you and trying to come to some agreement.

Chairman TALENT. Mr. Pascrell has a question or two before you have to go.

Mr. PASCRELL. Thank you, Mr. Chairman. Good morning, Administrator Myers. It seems to me that we are missing a very fundamental principle here, and that is with all veterans programs. We can't do enough. One of the reasons we can't do enough is we don't know who they are and where they are. We have not done a good job, no agency has, let's be honest, in reaching out.

We had a registration drive in my district this past Saturday. The veterans just registered and thousands showed up. It is unbelievable. They don't even know what their benefits are. We have not done a good job. That is why the debate over veterans benefits, particularly health benefits, but no different really in the way that we are discussing it this morning, opportunities for jobs. Folks need to have that information and many veterans are reluctant to come forward. The major burden falls upon our shoulders, to communicate to veterans what is available, what are the opportunities. There is a tremendous amount of joblessness among veterans. They feel that nobody does care. If we are not outreaching, they are right.

The question of outreach, Mr. Chairman, is very critical to all of the issues we discuss concerning veterans. Today we happen to be discussing what the business opportunities are and small business opportunities. We adjusted the wheels in order to respond to the needs of women and minorities in the past 4 or 5 years. We need to adjust and readjust the wheel right away in order for us to have veterans part of this. I think there is no one that can help us more than veterans.

If we are establishing programs in the community to make job information available without discussing it first with veterans, I will dare say it will be a failure. So we need to bring them in before we design any new programs but we need to do it, and we need to do it right away. We need to find the money to do that. This Committee has always worked in a bipartisan way so that should not be our main task. It shouldn't be too difficult a task. So I am asking you in terms of looking at what kind of outreach we do have, whether that is sufficient or are we waiting for things to happen.

Every Federal agency that is waiting for something to happen should be dissolved. We should take the money away from that agency. We should play hard ball with that agency because either you are proactive or you are not doing your job. We can mouth all we want about veterans. As one, I can mouth at myself. Unless we are doing something proactive, this is not going to work. I want to hear from the agency itself. What proactive means are we employing to make sure our vets understand what is available to them? Many of our vets have been laid off in the mergers. Is there any programs that deal with that or are we flying by the seat of our pants? If we are, that is not good enough for our veterans. Really, it shouldn't be good enough for anybody, but particularly our veterans. I am very concerned about how SBA is going to reach out to our veterans. I would like to hear about that. Thank you, Mr. Chairman.

Chairman TALENT. If the gentleman would yield for just a second. One of the really attractive features of this bill—and I appreciate the gentleman's help on this; he is a cosponsor as is Ms. McCarthy, and I appreciate your help with that—is this veteran's corporation that we are going to create with this bill which will be self-sustaining in about 4 years. The response from the business community has been really excellent.

We are going to have a witness to that effect later on today about how to raise that money privately. But the corporation I think will be very effective because one of the things it is supposed to do is to establish veterans assistance centers within communities to network and outreach. These will be real vets staffing these centers similar to the women's business centers. There are also sets of public-private partnerships on a national level.

Frankly, it gets this out of all of these agencies which haven't been doing it and puts it into the hands of a group which really does care. That is what the vets, that was the report of the task force, they wanted a corporation like that. The vets groups have been saying that is what we need. I think it will make a big difference. I appreciate the gentleman working on it. We are going to follow up in terms of what the agency is doing.

Mr. PASCRELL. Just in conclusion, Mr. Chairman, I think every Congressional office in the country, some do it and some don't, should be an outreach for veterans. That should be a conduit for which information can get out to our veterans on health matters and on job matters.

Many of our veterans are homeless. We need to address that. I don't know if the Small Business—this Committee can do anything about that, but at least we can talk about it, think about it. I personally believe that we cannot do enough. We have great debates in the Congress right now going on, partially with the administration. That cuts across party lines here in cutting veteran benefits to parts of the country because there is a shift in the population to our veterans. I am very concerned about that, and I know that many of the folks on this panel are. I have talked to them about it. If we knew where the veterans were and if we were proactive in registering them to make sure that we can respond in total demographic, I think we—veterans would be hopeful about the future. If we are waiting in our offices for this to happen, it is not going to happen. It is just not going to happen, Mr. Chairman. I thank you for bringing this to the table.

Chairman TALENT. The gentleman exposed a little secret behind this bill. I think these—the veterans assistance centers—are in effect going to empower the veterans communities to advocate effectively on their own behalf. Then you are going to see agencies and also the Congress sit up and take notice and give them a higher priority. Ms. Myers, are you finished? I know you have to go. Do you have anything else that you want to add? Mrs. Kelly, go right ahead. We are doing this informally. I will go back to the regular order in just a minute. Go ahead.

Mrs. KELLY. Thank you very much, Mr. Chairman.

I would just like to ask Ms. Myers a couple of questions. It seems to me odd that you can sit here and say that you don't have proper statistics, and I am quoting you. You said there are not proper statistics throughout the government. You are referring to your own agency, you may be referring to the Veterans Administration and to other agencies as well. I find that very strange.

I don't understand why someone in today's world—pick up a marvelous invention called a telephone and call and find out why—what is over there and why you haven't been collecting. I would like to know why you knew this was coming and why your agency didn't pick up the phone and get the statistics before you came.

Ms. MYERS. They are not available. Unfortunately, the agencies, for example, as with procurement, have not been collecting data on vets. It is a big issue. I am not an expert on it, so we can get back to you in more detail?

Mrs. KELLY. I really would like to know why our agencies don't talk to each other. We have a number of agencies in government, and they don't seem to communicate the essential pieces of information that we all need in order to have good legislation. I think that you have just pointed out not your problem so much but the entire governmental problem with regard to agencies.

The other thing I am concerned about is the fact that I want to make sure that if we put in place a program to help our veterans get into businesses and if we get them the support, as we have

done with women, I want to make sure this isn't a hollow promise to the veterans. I know full well that we have right now in place essentially a law that says all government procurement contracts are to have at least 5 percent women.

Right now that is not even over 2 percent. If we are going to make hollow promises to the veterans, that is not good enough. I want to know how that is going to be addressed.

Ms. MYERS. Part of the issue, again, is we don't have significant information to determine what the vet's goal should be because, the data on Federal procurements awarded to vets, including service-disabled veterans, is not tracked by the agencies. We have been working to try to assess what changes need to be made in the data collection. We are putting a letter together that is being sent to OFPP in the next week or two.

Mrs. KELLY. Do you know how we established that women should have 5 percent? Women are more than 50 percent of the U.S. population, and women own more than 40 percent of the U.S. small businesses.

As you say, we don't have statistics like that about veterans, but we need to know where that percentage should be. I would like very much to see us focus something on that kind of data collection. But also if 5 percent is good enough for the women, we could start with 5 percent for the veterans. One other aspect that I find very disturbing is the fact that I have found that agencies in the Federal Government do not disseminate the essential piece of information that they are supposed to have, 5 percent of their procurement contracts given to women, allocated to veterans. Are you doing anything at the SBA to try to correct that, to do an educational level thing to bring up information to our other agencies about that?

Ms. MYERS. About the women's—

Mrs. KELLY. About the women and are you committed to doing that about veterans.

Ms. MYERS. Part of the reason we are able to set the 5 percent goal in 1994 for women is because we had statistics that showed us we were getting less than 2 percent of the contracts.

So number one, we don't have that for vets, and we really want to make sure that we do get that data. Number two, through the interagency committee on women's business enterprise over the last 4 years of this Clinton Administration, we have been working across the agencies to try to improve the status of women in procurement. We have not really done that great of a job because there are no teeth in it.

That is an issue for a different hearing, because if there is just a goal and no teeth, we really haven't done very much for women in procurement. So that is another issue. But we do believe that before you do anything, you have to have statistics to know what the status is. Let me say again, we feel strongly that vets should be recognized. They should be getting their fair share of procurement, and we will work towards that.

Mrs. KELLY. Any guesstimate on how rapidly you are going to be able to do that?

Ms. MYERS. The letter that is going out to OFPP, which has addressed the changes that need to be made, is imminent. Unfortunately, it takes—from what I understand, we can get you more in-

formation—it takes about a year and a half to make these changes. You might be able to help us on expediting that.

Mrs. KELLY. Believe me, I will do anything to make sure that you get the statistics. I don't want to make a hollow promise to the veterans. They don't deserve that. Too many promises that the government has made to the veterans have been hollow, and this is not one that I want to see. Thank you.

Chairman TALENT. We are going to go back. I thank the gentlelady. Ms. Myers has to leave anyway and the other witnesses have been very patient. We will go back to the regular order. I will say, Betsy, my staff tells me, and with the e-commerce hearing I am learning more about surfing the net, that when you access your OED page or office of entrepreneurial development page, there are a number of different programs. There are two programs which if you click on them, you get nothing. One of them is Native American Affairs and the other is Veterans Affairs. You may want to check on that.

Ms. MYERS. We are developing that page now.

Chairman TALENT. The problem being that you have information for veterans, but they won't be able to get to it. This is the page they will go to, and they will click on it and get nothing.

Ms. MYERS. That is going to be connected to the vet's web page that we are developing. Also, as I mentioned earlier, our online classroom, which is accessible through SBA's home page, will have classes. We are working on classes for veterans.

Chairman TALENT. I hope you also connect up the Native American Affairs page.

Ms. MYERS. That is being developed as well.

Chairman TALENT. I thank you for coming and being patient with us. You are always welcome before the Committee, Ms. Myers.

[Ms. Myers' statement may be found in the appendix.]

Chairman TALENT. Our next witness is Anthony Baskerville of Washington, DC, from the Disabled American Vets. I want to thank him and the other witnesses for their patience and understanding. We did want to have a chance to ask Ms. Myers a few questions. We will go back to the regular order which means we will hear all of the witnesses and Members will have a chance to ask questions. Mr. Baskerville.

STATEMENT OF ANTHONY BASKERVILLE, WASHINGTON, DC, DISABLED AMERICAN VETERANS

Mr. BASKERVILLE. Mr. Chairman and Members of this Committee, on behalf of the Disabled American Veterans and its Women's Auxiliary, I am pleased to appear before you today to discuss H.R. 1568, the Veterans Entrepreneurship and Small Business Development Act of 1999.

As an organization of more than one million service-connected disabled veterans, DAV is especially interested in legislation to enhance entrepreneurial opportunities for veterans and promote their efforts in participating in the small business community. In spite of current law, we believe that veterans attempting to start their own businesses and those who own their own businesses have not received the attention from the SBA they deserve.

H.R. 1568 encourages the SBA and other agencies to implement positive efforts to assist veterans, particularly disabled veterans, in the formation and growth of small businesses. The establishment of the Office of Veterans Business Development and the position of associate Administrator for the Veterans Business Development at the SBA will ensure the guidance and monitoring of public and private initiatives to assist this Nation's veterans in their efforts to form and expand small businesses. Mr. Chairman, the DAV applauds this bill's objective to make veterans eligible for assistance under the SBA's microloan program and to include service-disabled veterans with handicapped individuals in provisions requiring that loan-making decisions be resolved in favor of prospective borrowers.

Mr. Chairman, H.R. 1568 is a comprehensive approach to encouraging entrepreneurship among veterans through loans, a variety of support and technical assistance, and assistance which veterans so rightly deserve. The Federal Government has an obligation to serve veterans because of those who have served in our defense. Veterans deserve the attention H.R. 1568 provides.

For too many years, other groups in this country have benefited from SBA's programs through procurement contracts and certain benefits of management and technical assistance targeted to these individuals belonging to particular classes. Veterans have not enjoyed similar status. H.R. 1568 corrects that.

Mr. Chairman, we are very appreciative of your leadership on this most important issue. H.R. 1568 will expand existing laws and establish new assistance programs for veterans who own or operate small businesses. We also applaud the committee's interests in these issues and we appreciate the opportunity to present our views. Thank you.

Chairman TALENT. Thank you, Mr. Baskerville.

[Mr. Baskerville's statement may be found in the appendix.]

Chairman TALENT. And now Valerie Callaway of Dale City, VA. Ms. Callaway.

STATEMENT OF VALERIE CALLAWAY, DALE CITY, VA

Ms. CALLAWAY. Thank you, Mr. Chairman. Mr. Chairman and Members of the Committee, on behalf of all veterans who served their country and wish to embark on small business ownership, I thank you for inviting me to participate in today's most important hearing concerning the "Veterans Entrepreneurship and Small Business Development Act of 1999."

My testimony today is limited to my personal experience, not only as a veteran but as a 100 percent permanent and totally disabled veteran who had once been a small business owner. I proudly served my country in times of war and peace for over 15 years never asking for anything in return. During my 15 years, I was provided the opportunity to not only excel in my military occupation but my civilian occupation as well which provided me a BS in business from Kent State University in Ohio.

In October of 1995, I suffered heart failure requiring implantation of a pace maker; and a year later, I was medically retired from the United States Army. Upon retirement, I found it difficult to find employment due to my disability and the lengthy time it would take before I was able to see a VA rehabilitation counselor

concerning employment. I had three small children at home and decided I could take my experience and education and open a State-licensed preschool child care program in my home for other working veterans who found civilian day care not adequate enough due to overtime and long hours.

I looked for help but found nothing or no one to support my ideas. I had gone to private firms and institutions for financial backing. Without a stable history of residency, no one was able to help me. I turned to the Small Business Administration only to find out there was not a program in place to adequately assist my endeavors, and their web site was always under construction concerning veterans.

But I did not give up. I ultimately filed for a State license, spent over \$10,000 of my own savings preparing my home for a State inspection and getting county approval to authorize such a facility in my zoning district. The whole process took over 3 months and a lot of researching. After running into several road blocks, I was finally placed on a State-certified list, and it was distributed to potential clients.

Nine months later my business was closed with a loss of over \$25,000. I am telling you this story because I want to tell you how very important this legislation will be for future veterans who want to pursue their dreams of private business ownership, and the tremendous support it can receive from programs such as the National Veterans Business Development Corporation in the areas of business development, technical assistance, financial assistance, and training upon completion of their service obligation. With the goal of providing more and better support from the Small Business Association to all veterans desiring such, I speak for all veterans in support of this bill's provisions in providing for enhancement of services provided to veteran-owned small businesses.

Given SBA's current strained funding and service to veterans situations, it would only make sense to establish and expand more technical, financial, and procurement assistance to veterans who want to pursue their dream of small business ownership. Further, all actions taken on this bill should directly benefit the veteran and the disabled veteran respectively. Mr. Chairman and Members of the Committee, I thank you for letting me speak here today on behalf of all veterans. Thank you.

Chairman TALENT. Thank you for coming, Ms. Callaway. It always helps the committee when we have, for lack of a better word, I will just say real life stories from people who have tried to make the system work. We are grateful to you for coming here today. Not that the rest of you aren't real live people.

[Ms. Callaway's statement may be found in the appendix.]

Chairman TALENT. Our next witness is Mr. John K. Lopez of Stanford, California, the chairman of the Association for Service Disabled Veterans. I just want to say about John what you can say about everybody on this panel, how much I appreciate and admire him and them for their work year after year after year for veterans in general and service-disabled veterans. It is just tremendous. We know what an uphill battle you often have dealing with the government. I thank you for your persistence. Mr. Lopez.

**STATEMENT OF JOHN K. LOPEZ, STANFORD, CA, CHAIRMAN,
ASSOCIATION FOR SERVICE DISABLED VETERANS**

Mr. LOPEZ. Thank you, Mr. Chairman. With the Chairman's and the Committee's permission, I would like to submit my prepared statement for the record, offer a brief summary statement, and be available to answer any questions that you may have. ASDV is extremely grateful to Members of the Committee for considering the legislation H.R. 1568. You are not going anywhere, are you?

Chairman TALENT. No. Somebody may be, but not me.

Mr. LOPEZ. I am dismayed and I am alarmed by the administration's response—I am going to forget my prepared remarks—by the administration's response that organization and management problems in their agency preclude them reaching out to service-disabled and prisoner of war veterans who are businessmen.

That is an outrage. I am sure the Members of the Committee are as outraged as I am. For 20 years, not 5, not 4, not 3, but for 20 years SBA has downgraded its assistance to disabled veterans and have totally neglected any record keeping of service-disabled and prisoner of war veteran activity. The administration's representative acknowledged to you that they have no data, that other agencies had no data; because SBA has not pressed them to collect data. They have no data because they didn't care.

That is the answer to their organization and management problem when it comes to providing services to veterans. So when they respond to this legislation by saying that this is a structural problem for them, that is another delaying tactic. We do not have time for delaying tactics, especially myself. I am old, and I am dying. There are others like me. We don't have time to benefit from our sacrifice. You have made that decision for us. You will be hearing from Mr. Charles Foster of SBC Telecommunications, one of the largest telecommunications companies in this country who didn't wait for statistics, and didn't wait for organization mismanagement to launch a program throughout the western United States for service-disabled veterans in SBC's procurement program.

I am also authorized by the Bank of America to announce that, in September, they will be launching ten sites for outreach, Mr. Pascrell, to veterans, especially service-disabled veterans because their board and their chairman feel that this is a debt of the bank to this population.

So I urge you to pass this legislation. Refine it if you will, but it is very, very important, if you are going to keep faith with the men who sacrificed their well-being for this country. These men know what is going on in the United States. You have people sitting in the Arctic. You have people sitting in the Antarctic. You have people sitting in jungles who know if they serve their country, their country will take care of them. However, when they come back, what are they told? Organization and management problems preclude us being of assistance to you? That is an outrage. Thank you.

Chairman TALENT. I appreciate the gentleman's statement and it is an example of the kind of passion that has been expressed to me in private conversations that led to this bill.

[Mr. Lopez' statement may be found in the appendix.]

Chairman TALENT. I will deviate from the regular order for a moment because Mr. Pascrell, a cosponsor of this bill and advocate for veterans, wants to make a brief statement.

Mr. PASCRELL. Thank you, Mr. Chairman. Thank you, Mr. Lopez. So much for veteran preference. We battle those things out in the States around this country, particularly in terms, since we are discussing employment for employment—I am sure that you support that veteran's preference. But you can't have preference if you don't know it is available. And you can't know it is available unless the agency, this agency today but other agencies out there, too, Mr. Lopez, do not make it a special part of priorities to reach out to the veterans.

We have an attitude, Mr. Chairman, we have an attitude. The more outreach, the more eligible vets. The more eligible vets, the more needs. The more needs, the more that we will have to respond. Well, too bad. That is what this is all about. You are fortunate to have a Committee and a Chairman that want to do something rather than just talk about it.

We have to find a way to get this piece of legislation not only through this Committee, that is not going to be the problem, but to get it so that the leadership sees this as a priority. That is very difficult now on Members of both sides of the aisle to get anything done that is going to practically help people. So you have our support 100 percent. We identify with what you said, and I know something is going to get done because the Chairman wants to get it done, and he is going to find a way to do it. We will support him in that endeavor. So veteran's preference is what this is all about.

Chairman TALENT. Thank you, Mr. Pascrell. I should say that we worked very hard with the Veterans Affairs Committee. Mr. Stump and Mr. Evans are strong supporters of this bill and have indicated to me their intention to waive jurisdiction to try their portion of this to expedite consideration on the floor. I would hope we can get very quick floor consideration. I thank the gentleman for his passion and his support and Mr. Lopez for his statement which summed it up even better than I could have.

STATEMENT OF EMIL W. NASCHINSKI, WASHINGTON, DC, ASSISTANT DIRECTOR OF ECONOMICS, THE AMERICAN LEGION

Chairman TALENT. Our next witness is Mr. Emil Naschinski. Emil.

Mr. NASCHINSKI. Mr. Chairman, and distinguished Members of the Committee, thank you for inviting The American Legion to share its views on H.R. 1568, the Veterans Entrepreneurship and Small Business Development Act of 1999. Chairman Talent, we also want to take this opportunity to publicly thank you and the cosponsors of this important legislation.

In our written statement, we characterized the bill as being important because it would expand and improve entrepreneurial assistance to veterans. After reflecting on that comment, it occurred to us that that was incorrect. Our reason for saying that is that in order to expand and improve a program, you first have to have a program. SBA has not had a legitimate program for veterans in many years.

Mr. Chairman, The American Legion now sees that bill as important because it will create a substantive entrepreneurial assistance program for this Nation's veterans. For that reason, The American Legion is pleased to join the other 38 veteran services organization that have publicly endorsed this legislation.

Having said that, we would like to say that we do have concerns. We agree totally with the spirit and intent of the law or of the bill. However, we are deeply concerned about the likelihood of Congress approving an appropriation of \$12 million. While we see that expenditure as a prudent investment in the American economy, that does not mean that Congress will view it in the same way. We are also concerned about the Office of Veterans Affairs Resources. As we stated in our written statement, that office has been stripped to the point that it can barely provide any service to veterans.

If this program is to succeed, that office needs resources. Our point, Chairman Talent, is that all too often Congress creates much needed programs and then either fails to provide funding or compromises the success of these programs by underfunding them. If Congress is serious about restoring Federal assistance to veteran entrepreneurs, it must begin by enacting this legislation. It must also provide the funding necessary for the provisions of H.R. 1568 to be achieved. To do anything less would not make good fiscal sense.

Mr. Chairman, thank you for offering The American Legion this opportunity to comment on this bill. We look forward to working with you for enactment of this important legislation. Thank you.

Chairman TALENT. Thank you, Mr. Naschinski. Let me just say to you, sir, that I am also concerned about making sure that we have the funding. I have talked with some of the appropriators who are strong advocates for veterans and have received very favorable response. I am confident. I don't like to say such things until it has actually happened, but I am confident that we will get the funding this year. There is a real enthusiasm for this bill, I think, in the Congress.

[Mr. Naschinski's statement may be found in the appendix.]

Chairman TALENT. Let me go right to questions. Ms. Velazquez has stepped out for a press conference. So Mr. Gonzalez is first up on the questions.

Mr. GONZALEZ. No questions, thank you.

Chairman TALENT. Mr. Bartlett.

Mr. BARTLETT. Thank you, Mr. Chairman. Several of us are Members of both this Committee and the Armed Services Committee. From the perspective of the Armed Services Committee, this is a very important bill. As I mentioned before, veterans are very important to us for two reasons.

One is we owe them. They put their life on the line, many of them gave their lives, they can't be here with us. For those who put their life on the line and still with us, we owe them.

The second reason that our National Security Committee and the Armed Services Committee is very supportive of this bill is that unless we treat our veterans fairly, our young people are not going to volunteer for the military. We still have an all-volunteer military force, and they are watching.

They see that we have not kept our promise to our veterans for lifetime health care in military facilities. I don't know what it would cost us to do that, but it is costing us a lot more to not do that. We need to keep that promise.

In terms of serving our veterans in the small business community, obviously from the testimony, we have done a very poor job of doing that in the past. Our young people are watching to see if we are taking care of their fathers and their uncles and the friends that they know. If we are not taking care of them, they are not going to volunteer. I think this bill is important beyond just the perspectives of the Small Business Committee. It is very important from the national security viewpoint. I want to thank the Chairman very much for his energy in promoting this bill. Thank you very much.

Chairman TALENT. Mr. Pascrell.

Mr. PASCRELL. Thank you, Mr. Chairman. First, I would like to ask a question of the panel. Is there anything we have forgotten in trying to put together a grassroots piece of legislation that is going to work, that is going to walk and then run and get passed? Have we forgotten anything? Do any of you feel that the veterans organizations have been part, as we expected it to be and as we want it to be, as the Chairman has so edified, do you believe that we have done that?

Mr. LOPEZ. I think more it is more important that we get started. My concern is mainly for service-connected and prisoner of war veterans. Death and disability are very debilitating. We don't have time to play political games. Ms. Napolitano is very famous in California for making the statement that, "nobody fool around with my veterans." She is a woman who is greatly loved by 3 million veterans and their families in the State of California.

Mr. PASCRELL. I think it is going to be very important to the Chair that the organizations—we are having the markup today, too, so the organizations do what they can in terms of the leadership of both parties to make sure that this comes to forth. I mean, \$12 million is .0000001 of the entire budget. Now, we can find \$12 million. I support economic development programs and initiatives, but this is a priority over that. We could go down the list because if we cannot service our veterans, then who can we service?

If we don't make it a priority, no one else will. So I agree with you that we are close to action. The Committee's vote today should only be the beginning. We should make sure that we strike while the iron is hot. If we wait to summer recess, church is out. We will be back and all of a sudden, it is the year 2000. You know what is going to happen that year. Thank you, Mr. Chairman.

Chairman TALENT. I really appreciate the gentleman's comments. I have been restraining myself today in part because we have another panel and then a markup and I know Wednesdays are always very busy for Members.

I am glad that the gentleman has stated that. Twelve million dollars is not a lot of money, and it is over 4 years. After this the corporation is going to be self-sustaining. I don't just say that to say it. It will be. We are going to have testimony from a business representative, a major executive of a major company, who is going to talk about what his company is planning to do.

John just mentioned another instance. I think there is going to be a lot of support for this. John, let me ask you a question and anybody else who wishes to can comment on this. My vision for this corporation is they are going to, among other things, create these veterans assistance centers in communities. I hope that we can get this bill passed. Members may want to start already thinking about getting one for their community. For a little seed money we can get a center of some kind of a place in the community, use a VFW hall or a Legion hall, of the VSO buildings. Then have a couple of good staffers there who can do a lot of what we are talking about to make sure that the veterans communities are aware of opportunities.

Networking. I visited one of my posts and they were saying how they—there is a gentleman there who helps connect needy veterans' families with respite care. He goes out and finds the veterans' spouses who need some help because they are taking care of a disabled vet and arranges for respite care. This guy does this all unpaid on his own time. I think this will leverage so much activity, so many more dollars for these veteran centers. Does somebody want to comment on that? That is really my big vision for this bill.

Mr. LOPEZ. I mentioned the Bank of America's program. They are not asking for Federal dollars. It is their dollars. They feel their obligation so strongly they don't want to wait for Federal support—they authorized me to speak for them in this manner. They don't need the government dollar. What they are concerned about is that they feel that it is the Federal Government, and the U.S. Congress's responsibility to take care of veterans. Why aren't they doing something? Why does the private sector have to do it?

Chairman TALENT. One other question that I want to ask you, John, because Ms. Velazquez raised it, and it is legitimate concern. You know, you and I have talked about this. The impact on the procurement goal for disabled vets on other classes for which we have goals. This is happening in California. I want you to discuss that experience here. It has not had a negative impact, has it? And in fact many of the disabled vets will be veterans or women. Could you elaborate on that?

Mr. LOPEZ. You will have another speaker, Mr. Foster, from SBC Telecommunications, a very active program in California. What happens in California doesn't bother them at all. They continue to increase their procurement for minorities, women, and disabled veterans. We are very, very proud of that company and their response to disabled veterans especially.

The developments in California have no impact. The question is to get a bigger piece of the pie, not to fight over a small piece of the pie. I don't know who developed constrictions saying, well, if you put somebody else into the mix, suddenly you are going to be battling over a small piece. The fight is to make the piece bigger, not to fight over small pieces. It is all misdirected.

Chairman TALENT. We have a vote, but Mr. Forbes, you are next. You can ask your questions before and then we will adjourn for a recess for the vote.

Mr. FORBES. Thank you, Mr. Chairman. Actually this would be for anyone in the panel. If you could just kind of help the Com-

mittee in understanding why it is that veterans are not accessing these programs that are offered by SBA. Is it specifically because veterans just don't know that the SBA has these programs available to them? Is it as simple as that?

Ms. Callaway, if you wouldn't mind, share your experience a little bit. Were you able to go to a local SCORE representative when you were thinking about starting your business?

Ms. CALLAWAY. Sir, I didn't even know that SCORE existed. There was a tap briefing. They touched on small business, getting in touch with the Small Business Administration about procuring your own small business, but that was it. There was no outreach, there was no education whatsoever on SBA or what was available to the veteran upon leaving the service or during while they were in. It was never available to me. I just retired in 1996. So we are talking very recent here.

Mr. FORBES. Did you call the local SBA office and try to get a hold of the veteran's contact there?

Ms. CALLAWAY. I called the local SBA office, and they gave me the number to Washington. They are constrained right now. They weren't very much help in putting me in the right contacts. Especially in the district where I was. When you are a veteran and you get out of the military, you are displaced. You don't have residency. People aren't really going to back you up. You have been gone for 15 years. You don't have the stability that somebody else might have in the community who wants to start their own business, and you don't have the backing either. It is very hard. I found it really difficult.

Mr. FORBES. Anybody else in the panel want to comment on the lack of veteran access to these programs.

Mr. LOPEZ. You don't have a program directed at them. This has been repeated over and over again. So they don't have anything to react to. There is nothing directed to them so they don't know about the benefits.

Mr. FORBES. They do have a veterans representatives in every one of the 50 States.

Mr. LOPEZ. The veteran's representative is a myth. It is whoever is wearing the helmet of the day. Today I wear a helmet that says veterans representative. Tomorrow I wear a helmet for small business loans, and the next day I wear a different helmet. It is whoever is on duty that gets the veterans duty that day.

Mr. FORBES. Is there anything in this bill that corrects that part of it?

Mr. LOPEZ. Yes. One is I think that you noticed in this bill is we are asking for the opportunity to do something for ourselves. We are saying let us try to solve our own problems. Maybe then we won't have to come back and burden you anymore. Give us some resources, and we will take care of ourselves. We are not dead yet.

Mr. FORBES. The veterans assistance centers that you are referring to?

Mr. LOPEZ. And the entire program. The National Veteran's Business Development Corporation gives us a chance to take care of ourselves. We have done it before. We have taken care of the country, and we can take care of ourselves.

Mr. FORBES. I have no doubt. Mr. Chairman, I appreciate the chance to ask that question. I would say that as a cosponsor of the bill I think that the bill does go in the right direction. It does make some tremendous advances to try to get more veterans involved in these programs. I would just say that—well, maybe not a direct result of the legislation, I would hope that one of the nice sidebars to passage of this legislation would be that more veterans themselves will actually be administering the programs to other veterans.

I think that is part of unlocking the secret. If we have veterans reaching out to veterans as I think Mr. Lopez is suggesting and those of the panel and their comments have suggested, I think that will help also in this outreach effort. To the extent that this legislation would do that, and I think it would, we have made great leaps forward. Thank you for being here today.

Chairman TALENT. I thank you, Mr. Forbes. We are going to recess and then come back. Let me just say that I have been very proud of my colleagues. You don't need me to say that, but everybody is so sincere in wanting to help veterans.

I will say this to the panel. We get around the community. People talk to us. We know the needs that are out there. We know the constraints that everybody is under. I haven't talked to a Member of Congress about this bill who hasn't been enthusiastic about doing something and a little frustrated about what hasn't been done in the past. I think that actually shows us to a pretty good advantage.

Anyway, we will be back. Everybody hurry back because we want to do this panel and then another panel and then the markup. Please don't forget we have a markup on this later.

[Recess.]

Chairman TALENT. All right. If we could reconvene the hearing, we will continue with this panel. We do have another and then a markup, but we appreciate the Members' interest and their questions. Next up, I believe, is Mr. Davis. You are next.

Mr. DAVIS. Thank you, Mr. Chairman.

Chairman TALENT. We will let the witnesses settle in here. Mr. Lopez, if we could have your attendance, thank you. Actually, John, we need you to sit down at the witness table.

Mr. LOPEZ. I thought you were discharging me.

Chairman TALENT. No, not at all. We want you. We have voted and come back and Mr. Davis is recognized for questions.

Mr. DAVIS. Thank you very much, Mr. Chairman, and let me also thank the witnesses for coming. But I also want to compliment you and the Members of this Committee especially all of those who have signed on to this particular piece of legislation.

I think it is an excellent attempt to reach out to veterans and provide opportunities for them to move into the mainstream, especially by establishing their own businesses. I represent a district that has a large number of veterans with service-connected illnesses. As a matter of fact, my district is one of only two in the country that has three veterans administration hospitals, all in my congressional district.

That is the Hines V.A. Hospital, Westside and Lakeside, all connected with three major medical schools as well. So we do have a

great deal of veterans advocacy in our community and a number of very active veterans organizations and groups. I must confess that we have been able to have the Small Business Administration be actively involved as well.

The question that I have is for Ms. Callaway. Had this legislation been in effect at the time that you started your business and as you continued to develop it, how do you think it would have been able to help you?

Ms. CALLAWAY. I think if I was educated prior to leaving the service, it would have been available to me and had the opportunity to access that type of information, I would have been able to go forward a lot easier knowing who I could contact, who would back me up and support, especially with the moving around and deploying so much, gaining stability in one certain area.

I am from Ohio, and I settled in Virginia. I chose to settle in Virginia and retire in Virginia because that is where I wanted to be at the time. Who do I get to back me in the State of Virginia? If this had been in place, I would be able to go to them. Just like if you need something from the VA, you go to the VA. If you need something from the SBA, I should be able to go to the SBA and get the backing from them no matter what State I was in. Or if I was getting out overseas, I should be able to access them from anywhere. Had it been available and had I been educated prior to getting out I probably would have been successful. And like I did get a business degree, but actually finding out about what was available to me as a veteran and support was not available.

Mr. DAVIS. I certainly hope there would be no other persons who would find themselves in the same situation and especially as we pass this legislation. I don't have any other questions, Mr. Chairman, but I would like to be associated with the comments made by Mr. Pascrell and also I have an opening statement that I would like to submit for the record.

I have no further questions. I thank you very much.

[Mr. Davis' statement may be found in the appendix.]

Mr. BARTLETT [presiding]. Without objection.

The record will be held open for several days for statements from the committee, and there may also be questions from the committee to the panelists.

We will hold the record open for several days so that they can be put in place and you will have a chance to give your answer.

Mrs. Napolitano is next.

Ms. NAPOLITANO. Thank you, Mr. Chairman. I am very happy to see such a wonderful panel here before us testifying as to the needs of the veteran community and to the shortcomings of our agencies. I am not just saying about SBA.

One of the things that we have learned in the many years that I have worked with my veterans is that sometimes they want to be able to reach out, but for some reason they have no way of knowing where to go or how to access information, not necessarily because their American Legion and their VFW hall doesn't provide it for them, but there is no agency that really does any outreach to veterans regardless of the issues whether it is health or business or anything else, education being another one.

In my area, I find that my veterans constitute a large segment of my community. They are very vocal. However, I would suggest and maybe challenge some of the veterans organizations to begin working together for real representation of veterans. Because once we leave here and the SBA or any other agency says, okay, that is it until the next time it comes up before a hearing, I think that we need to begin to work as one and put pressure on the agencies that are not fulfilling their obligation. That is very evident in many of the Federal agency's procurement capability for the MBDA and et cetera.

I am glad that you are here voicing the concern of private organizations of veterans because I think we need to be able to remind ourselves and remind those of us who may have not been involved in any conflict but who have members of the family that are veterans among us, and remember that they put their lives on the line. And we tend to forget, forget that they need our help or tend to forget that we as a society owe them and we must not forget our debt to them.

At this point part of what we have done in California and Mr. Lopez is well aware of that is trying to focus back to the need of not only the male veterans, but the female veterans simply because they are forgotten. Many of those women have no concept that they are veterans because they were given no mustering out information and there is no outreach. So we—I am very happy that you are here. I applaud the Chairman and the Ranking—Nydia Velazquez—Democratic person of this Committee because it is one of the issues that we talk about a lot. And we are not moving forward.

As it was put before us 20 years ago, there was an inability for the SBA to deliver the information. It is high time that we make that a priority. I also would like to comment that I feel that the amount that is being allocated is a piddling sum. I tell you very frankly that we need to do more for our veterans than provide token funding for something that they have earned in their years of service.

To kind of wrap this up, I would certainly like to make sure that we maybe dialogue over formulating a joint and concerted effort to be able to continue, not just the dialogue but the pressure on Congress and on the agencies, especially SBA, to get the job done. Thank you very much.

Mr. BARTLETT. Thank you very much for your support. Mrs. Christian-Christensen.

Ms. CHRISTIAN-CHRISTENSEN. Thank you, Mr. Chairman. I too want to welcome our witnesses and apologize for being late. It does not speak against the importance that I place on this piece of legislation and I want to thank and commend our Chairman for putting forth this legislation that is so important. We across this country owe a debt to our veterans, and we are in default on that debt. This is just one small installment that we can make as we begin to address, as my colleague just said, many of the issues across board that we have not been addressing on behalf of our veterans. Of course, the disabled veterans present even more unique challenges that we have even further defaulted on. So I am pleased to

be here to support this legislation and I really don't have any questions at this time, Mr. Chairman. Thank you.

[Ms. Christian-Christensen's statement may be found in the appendix.]

Mr. BARTLETT. Thank you very much for your statements of support. Ms. Tubbs Jones.

Ms. TUBBS JONES. Thank you, Mr. Chairman. Like my colleague, Donna Christian-Christensen, I am here a little, little late. I am a freshman Member of Congress. I have learned that you cannot be in more than one place at one time so I have given up trying to do it. I would love to have a clone.

I have a significant veterans population in the City of Cleveland and the surrounding areas and support anything that we can do to support veterans here in Washington or back in the district. So again I would like to compliment our Chairman for placing this bill on the agenda before us. Thank each of you for coming and to testify. We don't mean to denigrate your comments at all, and I promise I will read them and take them to heart as we move through this process.

Mr. Chairman, thank you very much. I yield the balance of my time.

Mr. BARTLETT. That you very much. Ms. Millender-McDonald.

Ms. MILLENDER-MCDONALD. Thank you, Mr. Chairman, and good morning to all of you. I again apologize for the tremendous scheduling that we have and my inability to hear all of your testimony.

I have read some of it with great interest. Let me just speak on the fact that our veterans, of course, have fought in our wars throughout the country and throughout the world and here you are trying to fight for just a piddling 5 percent in terms of small business support for businesses. I applaud you for your efforts in coming to us. We should have been with you early on years ago.

Here we are now trying to remedy and repair those inequities that we see. I am absolutely supportive of this bill and what it will do to begin the process of your buying into the small business administration contracts and all other contracts. I hope this is just the beginning of one agency starting this process and other agencies to follow. All agencies should address this issue of inequity with reference to our veterans and give you the type of support and the type of contracts, albeit sub or prime contracts, whatever you qualify for, to have that opportunity so you, too, can put your stake in the small business claims that are out there.

I applaud you for coming this morning. I applaud the Chairman for his vision to provide this piece of legislation for all of us to embrace.

Thank you, Mr. Chairman.

Mr. BARTLETT. Thank you very much for your statements of support. I want to thank the members of the panel. Thank you very much for your very clear statements of need in this area and thank you for being with us and we will now excuse you and ask our next witnesses—Mr. Lopez, you have a question?

Mr. LOPEZ. Thank you. Thank you for your attention and for your consideration.

Mr. BARTLETT. You are more than welcome. Thank you, sir. It is our pleasure. We will excuse you and impanel our next witnesses. Thank you very much.

Thank you very much. We have two members who would like to make statements of introduction for one of our witnesses. One of those is Mr. Sessions. I would ask him if he could join us on the dais. The other is Mr. Gonzales. We are very pleased to have these three witness in our last panel with us, Mr. Elmore, Mr. Foster, and Mr. White. Let's begin now with some statements of introduction by, first of all, the visitor to our committee, Mr. Sessions.

Mr. SESSIONS. Mr. Chairman, thank you so much for allowing me to be here. This is my first opportunity to be before this Committee, and I appreciate that opportunity. I would also note that Congressman Charlie Gonzalez from San Antonio, Texas, will be making some remarks concerning Mr. Charles Foster, and I wanted to lead that. I want to thank you for allowing me the opportunity.

Mr. Charles Foster, who is today to give testimony before this committee, is a gentleman who is group president for SBC, Southwestern Bell Corporation, from San Antonio, Texas. Mr. Foster is one of my former bosses at Southwestern Bell Corporation. He is a friend and a mentor. He speaks not only with the SBC hat on today as the group president, but he is also a man who has a distinguished career, a military career.

Mr. Foster served in the United States Army as a paratrooper. He was a young man who worked and fought on behalf of our country, served our country, and his testimony that he is to give today, Mr. Chairman, I would submit to you would come from not only as an executive from one of the largest corporations of America, but also as a man in his youth and throughout his life has dedicated himself to the veterans of this country.

It is with great honor and distinction that I have that opportunity. I thank the committee for its opportunity to hear from me and Mr. Foster.

Mr. BARTLETT. Without objection, your comments will be included in the record. Thank you very much. Mr. Gonzalez.

Mr. GONZALEZ. Thank you very much, Mr. Chairman. It is an honor and a privilege to welcome Mr. Foster here. Let me tell you how happy San Antonio was when SBC decided to headquarter in our city. It has been a celebration that has not been rivaled since but will be shortly when the Spurs win the championship.

It comes as no surprise that we have a representative from SBC. I need to tell you what wonderful corporate citizens they are in San Antonio and wherever they may be situated if you are lucky enough to have them in your district. They show a great sensitivity to the needs of the city. They always are there. They volunteer. But they don't wait. They take the initiative. That is why I say—and I will repeat—it comes as no surprise that we have Mr. Foster here to tell you what SBC has been doing in the way of their own initiative and their own outreach. We all believe, I truly believe, and I can't speak for everyone here today, but the best ideas on how to serve the needs of the small businessmen and women really reside, those ideas reside in our individual districts in those neighborhoods and in our businesses.

With that again, it is with great pleasure that I introduce and welcome Mr. Charles Foster.

Mr. BARTLETT. Thank you very much. And now we will move— Mr. Davis.

Mr. DAVIS. Could I just ask one question. Is this the group that is merging with Ameritech and getting ready to move into Chicago? It is a great opportunity to meet you. We look forward to seeing you when you get to Chicago.

Mr. FOSTER. Thank you very much. We look forward to being there.

Mr. BARTLETT. Thank you, Mr. Davis. We will move now to the testimony of our witnesses. First is Mr. Will Elmore, St. Louis, Missouri, Data Force Associates. Mr. Elmore.

**STATEMENT OF WILLIAM ELMORE, ST. LOUIS, MO, DATA
FORCE ASSOCIATES**

Mr. ELMORE. Thank you, sir. Good morning, Mr. Chairman and other Members of the Committee. It is a great honor for me to appear before you this morning to provide my comments. I would like to submit my written comments for the record and add a couple of extraneous comments as well.

Regarding the testimony we heard from Ms. Myers earlier today, there were a couple of errors that I wanted to correct. There are about 26 million veterans, not 24 million, so some of the data at the agency is even further incorrect. And veterans own somewhere between 16 and 20 percent of small businesses in this country, not 4.5 percent. I am not sure where that number came from, but I was surprised by it.

You all have my statement and Chairman Bartlett, I have testified to you before so you know that I can go on for days. Unfortunately, I have had to go on for years about this issue. For those who had expressed interest in the idea of outreach programs for veterans, I was the director of a community-based outreach program in St. Louis for veterans for more than 20 years.

It was not a government program. It was a program that the veterans themselves created and through that small business, and self-employment opportunity was always a core service that we provided. I think I just want to comment at least in general now about what I view as the wisdom of this legislation. I have been a volunteer advocate in and out of this town since the 1970s in regards to veterans and their families.

I have never seen a piece of legislation nor been privileged to be part of a process that creates legislation that invests in veterans the way that this bill will. I want to compliment the Chairman and the Committee and all of the sponsors, all of the cosponsors, and I will compliment everybody when we pass this. Because for the first time in my adult life, we are actually going to treat their veterans and their families with respect and honor by investing in them instead of just treating them as people that should be shunned aside to go to what is increasingly a dysfunctional Department of Veterans Affairs.

Now, we are not here for that reason, but that is my basic view. Bluntly, special consideration which has been on the books for the SBA since the 1970s doesn't exist. We know that. There is no more

reason to talk about that. The strength of this legislation is that it puts the responsibility squarely on the veterans themselves, on Congress as well through the yearly reporting, and on the private sector, the veterans in the business community and those that are interested in working with and supporting veterans.

For that, there is great wisdom in this legislation. I think we understand as veterans that we can do for ourselves more and better than anyone else can ever do for us. We would expect no more and expect no less. I think the fact that the focus of this legislation is that we treat those veterans with resources to do their job for themselves, their families, and their community is a great change. I hope that is what this turns into, a great change in how we deal with veterans across the board.

We have heard comments from other Committee Members this morning about the inadequacy of the various pieces of the Federal sector and how it interacts with veterans. I can't name a single area of the Federal sector where veterans are advantaged because of their veteran status. I can think of countless areas where they are disadvantaged based on the fact that they served our country. That is shameful.

So I want to congratulate this committee on this legislation and urge you to please pass this. I have been coming to this town for 20 years talking about this. I am getting a little past my prime as well. It is time that we enable these men and women, as we have done in the past, to do for themselves what only they can do best. Thank you and I would welcome any questions or comments.

Mr. BARTLETT. Thank you very much for your testimony, Mr. Elmore. It is not about time, it is past time that we did something. Thank you for your testimony.

Without objection the testimony of all of our witnesses, their written testimony, will be made a part of the record. Thaw very much for summarizing. You will have ample opportunity during the question and answer period to amplify on your statement.

[Mr. Elmore's statement may be found in the appendix.]

Mr. BARTLETT. Now, Mr. Charles Foster, president of SBC Telecommunications. Thank you for your joining us.

**STATEMENT OF CHARLES FOSTER, PRESIDENT, SBC
TELECOMMUNICATIONS, SAN ANTONIO, TX**

Mr. FOSTER. Thank you, Mr. Chairman and Members of the Committee for this opportunity to testify on the Veterans Entrepreneurship and Small Business Development Act of 1999. SBC is one of the leading telecommunications companies in the world. We have more than 130,000 employees. We have a market capitalization of more than \$100 billion. We have interests in local long distance, wireless, and data services worldwide. Our subsidiaries include Southwestern Bell, Pacific Bell, Southern New England, and Cellular One. We are also one of the top 10 Internet companies in the United States.

SBC has valued the contributions of veterans for a long time. Just last month, in fact, SBC was recognized by the Association for Service-disabled Veterans, who you had heard from earlier, as America's leading company in promoting disabled veteran enterprises.

SBC spends more than a billion dollars annually with minority-, women-, and disabled-owned businesses, which is more than 20 percent of all of the goods and services that we purchased last year. Our Pacific Bell subsidiary leads the industry with 30 percent of our total purchasing going to diversity suppliers, and more than 40 million of that went to the disabled-veterans businesses.

As a result of our experience, Mr. Chairman, I am pleased to speak here today on behalf of my company and to offer SBC's strongest support for this legislation. With the high tech nature of today's military, the average soldier, sailor, airman, marine or coast guardsman has far more marketable skills than their predecessors ever did. They are far more educated than their predecessors were.

They represent an abundant pool of talent and expertise for companies both large and small. American businesses need their skills and talents more than ever. Yet there is no adequate vehicle in place to align the skills of the American veteran, and especially the disabled veteran, with the rapidly evolving needs of American business.

The National Veterans Business Development Corporation proposed in this legislation will change that. Along with the other provisions of this bill, we believe that it stands to dramatically enhance opportunities for veterans and afford companies like SBC much greater access to the expertise that these veterans offer.

Mr. Chairman, America has always had a sacred bond with its veterans, an unwritten pact that if you risk life and limb by going to war for America, then America has the duty to make sure that you have every opportunity to prosper from the peace. Through veterans programs, millions of Americans have been given a chance to get started on that path to prosperity.

I might add, Mr. Chairman, I was one of them. I frankly would not be here speaking today without that support. When I left the Army as a corporal in the mid-1950s, I took advantage of the GI Bill which not only opened doors of opportunities for me but opened for millions of others who were in uniform.

That same spirit is alive and well in this legislation. Like the GI Bill, it does far more than simply recognize and honor the contributions that veterans have made. It rewards them for their sacrifices in a very tangible way by giving them opportunities to contribute their skills and talents where they are needed the most.

Disabled-veteran enterprises already add a great deal of value to SBC, and we are excited about the potential of this bill to encourage more of those veterans' businesses. We do have one concern, though, regarding procurement targets for DVBEs. SBC is, of course, not in a position to determine whether the 5 percent procurement goal outlined in the bill is a fair and reasonable target for the Federal Government. I can only speak for SBC.

After a great deal of analysis and discussion of this issue, we have established an internal goal of 1½ per cent for the DVBE procurement. To be very candid, our studies in California show there would simply not be enough qualified firms out there in the beginning capable of filling a 5 percent target.

That is simply the reality. Again, speaking only in terms of SBC's strategic sourcing requirements. Again, while the 5 percent

figure may be reasonable for other entities and perhaps the Federal Government, it is certainly well above what SBC could deliver on initially. And I suspect a good many other companies would feel the same way. Of course, with this legislation many more disabled veteran businesses will likely emerge and broaden the field of potential suppliers.

I would like to finish today right back where I started by offering SBC's strong support for this outstanding legislation that would do much for America's veterans. Mr. Chairman, we can never adequately repay America's veterans, especially our disabled veterans, for the sacrifices they have made for this country. Contributions that were made in sweat and blood cannot be paid, repaid in dollars and cents. The only thing we can do is to do right by them. And doing right by them means making sure they and their families have every opportunity to live productive, meaningful lives. We believe this legislation will take us one step closer to delivering on that commitment while at the same time promoting our Nation's economic growth. Mr. Chairman, I thank you very much for this opportunity.

Chairman TALENT. Thank you, Mr. Foster. We appreciate very much your efforts and the efforts of SBC Communications on behalf of veterans and your patience in coming and waiting here.

[Mr. Foster's statement may be found in the appendix.]

Chairman TALENT. I am sorry I was gone and I want to thank Mr. Bartlett for chairing the hearing. I have another markup going on at the same time. That is how the Congress works or doesn't work as the case may be. I am glad to be back. Mr. Steve White of Dover, New Hampshire, of the White & Company. Mr. White.

STATEMENT OF STEVE WHITE, WHITE & CO., DOVER, NH

Mr. WHITE. Thank you very much for this opportunity to speak with you. After this morning, I am also glad to get a little closer to the ice water. It is a nice chance to be here. My background is—what brings me to here, I guess, is that I was a Vietnam combat vet. I was a banker. I even did a 3-year stint with the SBA in New Hampshire as a management assistance officer where I started three or four SCORE chapters.

I started a business, a publishing business, that provided materials to help small businesses better manage themselves. I sold that and started another business where I work mainly with banks providing them with small business development programs. But my most rewarding experience was when I started and managed an entrepreneurial training for veterans in Manhattan under the guise of the veterans leadership program.

This was a start-up situation, we had very limited funding, and were constantly begging for dollars to try to make things happen. We got some funding from the City of New York through a very creative program and also with the SBA in Washington providing some funding for this program which lasted for 3 years. During that period of time, I learned a great deal about veterans and veterans issues and had an immense amount of support and met some great veteran business owners.

They were very interested in supporting anything that we could do to help other veteran business owners and vets get started and

better manage their business. This bill goes a long way to help support that same feeling. We hosted a number of networking events with veteran business owners which the banks such as Chase and Chemical and Citibank sponsored. Business cards were flying. People did business. The banks saw the benefit of this. It made my eyes open up as a marketing person to see that this is a real marketing opportunity.

It is a real market niche. We saw vets that would do anything they could to help other people. At these networking events, you would have people say what can I do for you, as opposed to most networking events they would say, what can you do for me or buy my stuff. We came to call this an invisible quality among vets that we called the vet connection. I think that you will find, if you pass this legislation, by having it as a private group without Federal employees in the middle of it where veterans are managing this, the support will be overwhelming.

I feel there is no problem at all in saying that this will be a self-sufficient and self-funding operation. Because of the microcosm of what we did in New York, basically you are looking at doing an expansion of this so I know it works. We did it, supported it. I have worked for years in trying to organize veterans into a veteran's business network which would be a nationwide association of veteran business owners.

Banks across the country have told me of the interest in that from a market point of view. They can see this as a way of building a business. I would suggest that you don't beat yourselves up on what you haven't done for veterans in the past and think about this as an opportunity for an economic investment in a great bunch of people with over—whatever the numbers are, at least 4 million veteran business owners. That has got an awful lot of economic clout.

The type of things that Mr. Foster is doing here is just an example of a company saying that they want to work with veterans, but they are also doing it for economic reasons. No reason not to. I was contacted during this time years ago by a group that I thought was a prank phone call, but it turned out to not be the case, asking me to help them do business planning training in Poland. I said, what is the funding? They said, well, it is called the Polish American Enterprise Fund.

Congress had allocated \$250 million because they thought it was going to be a real economic enterprise bill where they could train people, as it was becoming more democratized, to train people how to run their own businesses and work. I think that we are looking at \$12 million for this veteran's enterprise fund possibly, we could call it. Maybe if we put it in those kinds of terms, if Congress in their wisdom saw that Poland was worth \$250 million to help build a business, why don't we think about veterans and their enterprise? I think we will find that we get a far more economic impact out of those dollars.

Thank you very much for allowing me to speak my little piece. But I am telling you that if you provide the money and let the veterans do it, it will work. Thank you.

[Mr. White's statement may be found in the appendix.]

Chairman TALENT. I thank the witnesses. I am going to defer my questions due to the fact that we do have a markup after this, but I do want the Members to have a chance.

First on the list on the Democratic side is Mr. Gonzalez.

Mr. GONZALEZ. No questions.

Chairman TALENT. Mr. Bartlett.

Mr. BARTLETT. Thank you, Mr. Chairman. If we had any doubts before this hearing as to the value of our legislation, those doubts have been thoroughly dispelled by the hearing. I want to thank all of our witnesses and thank you for holding the hearing. Let's hope that this moves very quickly through the Congress. Thank you.

Chairman TALENT. Mr. Davis.

Mr. DAVIS. Thank you, Mr. Chairman. Mr. Foster, let me just again commend you and your company for its strong record of involvement with minority- and women-owned businesses. You raised some concerns in relationship to the 5 percent goal. My question is, in your own company, have you found that advocacy and ombudsman type programs like the one that we are really talking about were effective in helping your company move to the point where it developed this strong record?

I really do think that you have a strong—one of the strongest that I have actually seen. I have been involved with minority- and women-owned business development efforts for many, many years. I think that you have developed one of the more outstanding records in the country. Does this type group that this legislation really creates assist your company in developing its approach to these kinds of business entities?

Mr. FOSTER. Congressman, one word. Absolutely.

Mr. DAVIS. So then this legislation should assist other companies to do the same thing as it would relate to veterans and our effort to really assist veterans to move into the mainstream?

Mr. FOSTER. Again, I can only speak for SBC, but the answer to your question is yes. It is good for our company and I think it is good for any other nature of business.

Mr. DAVIS. I have no further questions, Mr. Chairman. Thank you very much.

Chairman TALENT. Mr. LoBiondo. Mrs. Napolitano.

Ms. NAPOLITANO. Thank you, Mr. Chairman. One of the questions that was put to the prior panel was do you see anything lacking in this piece of legislation that might help address any loop holes or anything besides the funding of this? If you heard me before, I think the funding is very inadequate, totally inadequate. But is there anything that the two or three of you felt might be included or could be included to help make this be a more viable bill for veterans?

Mr. ELMORE. If I might, there is a lot in here. Again, I think it puts it in the veteran's markets. If there are gaps in areas that we haven't addressed in the body of the legislation, I think the market will drive how we get to that down the road.

I do have one concern, and I am not sure if it is legitimate concern or not. But to vest the appointing authority in just the President for the nine initial board members for the national corporation is a little troubling for me. It is so critical that we have the right people on that initial board of directors. I would prefer to see a

strengthening that the Chairman of the Committees and the Ranking Members of those Committees play in that appointment.

The way that it reads to me is there is a list submitted to the President, and the President picks someone from that list. I just hope that we don't pick people only for political purposes, that we, in fact, pick people who are there because they are grounded in this issue and who are a part of the process that got us to this point and who bring a knowledge and passion. I think to quote a comment the Chairman made to me in private once, a savvy to this that is necessary to get this corporation off on the right foot.

Ms. NAPOLITANO. Would you suggest that these people be veterans involved in the issue?

Mr. ELMORE. I don't know veterans involved as much—I thought to myself on the plane as I came up here that I really look forward to appearing before this Committee in the future and talk only about small business issues.

We should have been there a long time ago. So I think there are people in the private sector who none of us have identified at this point who might be wonderful assets for a board like that. So I don't know that everyone needs to be, but I think some need to come from the process that led to the creation of this legislative initiative.

Ms. NAPOLITANO. Thank you. One of the questions, and this is to Mr. Foster, in reducing the cap from 5 to 1.5, Mr. Foster, do you think—well, let me rephrase that.

I see the point that you made on that. However, do you think that our agencies' inability to reach that, and I am talking about any Federal agency that puts out the contracting and procurement, that they may not have done enough outreach or they don't market it enough or don't put it out where it can be accessed by veterans?

Mr. FOSTER. I can only speak with our own experience. The first thing we had to do was identify who the groups were that could produce the kinds of services or goods that we needed. We have been at this I think at least in Pacific Bell since 1993. We are exceeding the 1½ percent goal that we set for ourselves in California now.

But in starting out in the other States like Texas, Oklahoma, and Missouri, and so forth, in the early years you would have trouble. We had trouble, identifying and certifying who these folks were that could do the kinds of things that we needed to have. I think 5 percent, once the program is in and established, you have got some years of outreach. You know where to go to, where the groups are, the veterans associations who can lead you to the business people that can do what you need—I don't think—I can't get too excited about 5 percent down the road, but I can get nervous about 5 percent in the early stages. We would hate to see legislation that mandated it that said, you will reach a 5 percent goal absolutely positively each year.

That would be very difficult. It would probably hurt the purpose of the bill to begin with. But that is kind of where we are at. It has worked for us so far. Our goal is to get beyond the 1½.

Ms. NAPOLITANO. So you could see in the beginning a very low percentage and then an increase.

Mr. FOSTER. I see in the beginning you get some kind of threshold. I am sensitive to what these folks like Mr. Lopez and others have been doing for the last 20 years, trying to get something through Congress. And the last thing I want to do is come up here and say something semi-negative that has the impact of saying, well, we ought not to do it exactly that way.

Ms. NAPOLITANO. You testified about one point that is interesting, the certification. You said that you have trouble being able to get some of the veterans organizations—

Mr. FOSTER. I said in the early stages in identifying who—

Ms. NAPOLITANO. What made that change?

Mr. FOSTER. First of all, outreach. People knowing that our corporation was interested in doing business.

Ms. NAPOLITANO. You had your own program?

Mr. FOSTER. We had our own program. We had people in place who went out and looked for—for example, in the minority business side, the women's business side getting much more outreach, getting with groups that spoke for these folks that could spread the word and network. And just go get out there and scratching the dirt until you can find all of the people that do all the kind of things that you want done. In fact, in some cases actually assisting individuals to go in business. We have done a lot of that. Given them training, provided them with—tell them where they could go to get the expertise to start a business.

Ms. NAPOLITANO. Thank you very much. You have answered my questions very well.

Chairman TALENT. Mrs. Kelly.

Mrs. KELLY. I have no questions.

Chairman TALENT. Mrs. Christian-Christensen.

Ms. CHRISTIAN-CHRISTENSEN. Thank you, Mr. Chairman. I don't have a question. I just wanted to say that I know from my own, the veterans in my own district, the frustration that you voiced, Mr. Elmore. And I believe you were with us last Congress when Chairman Bartlett and Chairman Talent held a hearing to review what SBA had been doing with regards to helping our veterans into getting into business and expanding our businesses. I just wanted to suggest that perhaps being here today should be a sign of hope in that we are moving ahead because now we have legislation that will specifically address some of the issues that had not been addressed before. I want to again just thank our Chairman for introducing that legislation.

Chairman TALENT. I thank the gentlelady for her comments. Mr. Thune.

Mr. THUNE. Thank you, Mr. Chairman. I don't have any questions either. I want to credit the panelists for their excellent testimony and for the work that they do and to say that I think we have a powerful resource in our veteran community; a tremendous amount of potential just waiting to contribute.

I think this legislation rightfully gives that priority the attention that it deserves and highlights the need for economic development in our veteran community. Certainly these are individuals who understand the work ethic and I think we just need to open the door and provide them access to the resources that will allow them to tap the potential; this is something that I think is very much in

our country's best interest. I believe that we have a responsibility and obligation as well to people who have contributed a great deal and sacrificed so much for our country. I just urge that we move the legislation forward. Thank you.

Chairman TALENT. Mrs. Jones.

Ms. TUBBS JONES. Mr. Chairman, I am going to be brief with my inquiry. But having had some experience in dealing with equal employment opportunity issues both in the veterans area but also with regard to women and minorities, I think it is something good to be said that you speakers here today are talking about issues of affirmative action for veterans. I would ask you to have the same, be the same spokesperson for affirmative action for minorities and women as well because it is good for the Nation when veterans, minorities, women, all have an opportunity at the economic pie and that we don't get jealous and say that there is not enough of this pie for all of us to be at the table to deal with the issues.

I congratulate you and celebrate you for being here at the table. But when it comes time to talk about minorities and women as well, I am looking for you at this table as well. Thank you, Mr. Chairman.

Chairman TALENT. Ms. Millender-McDonald.

Ms. MILLENDER-MCDONALD. Thank you so much, Mr. Chairman. I commend you for bringing this legislation to us. It is long overdue. I would like to commend all of the participants this morning and certainly commend Mr. Foster for your sensitivity with reference to providing the type of entrances for minority- and women-owned businesses. Certainly we recognize that women-owned businesses are the fastest growing businesses in this country and indeed minority businesses as well.

They need that type of handout and handup from those of you who are able to do that. We thank you all for your sensitivity to minority businesses and women-owned businesses. I would like to associate myself with Ms. Tubbs-Jones comments as well.

Mr. Chairman, I would like to thank you again. I would just like to know what is the make-up of the board of directors and who would determine the membership?

Chairman TALENT. I thank the gentlelady for raising that. Mr. Elmore raised that point also. There will be nine members of the board of directors. They will serve 6 year terms. The President appoints one and then the other eight are appointed from lists submitted by the Chairman and Ranking Members of the House and Senate Veterans and Small Business Committees. I think this corporation is going to be tremendously successful. It is going to go on and I think be self-sustaining.

We wanted it to be certain that it was absolutely bipartisan so there is an equal number of appointees or lists submitted by Ranking Members and Chairmen regardless of who controls the Congress in future years. Then the President has the appointment on his own. I would say to Mr. Elmore, we thought that was the best compromise. The lists—I am certain that Ms. Velazquez also says this. I am going to submit if this bill passes and if I am the Chairman when it passes, I will submit lists of people all of whom have strong records of experience with veterans issues. I imagine they will be veterans. I can't imagine me submitting—I can't speak for

Ms. Velazquez, but I am certain she will do also. Look at people like Mr. Stump and Mr. Evans in the Senate. I have confidence we will have a strong board.

Ms. MILLENDER-MCDONALD. Thank you, Mr. Chairman. I hope you don't leave, Governor, before this bill is passed.

Chairman TALENT. I thank the gentlelady.

Mr. ELMORE. If I might, since I am from Missouri, I hope he becomes our governor, but I want the bill passed first.

Chairman TALENT. I am overwhelmed. Mr. Udall is next. No questions? Mr. Phelps. Do you have any questions?

Mr. PHELPS. Thank you, Mr. Chairman. Just briefly. First, thank you for holding the hearing. The information that has been provided is very helpful as a new Member. I just want to echo one concern that I know will be handled very well by the veteran's corporation. We get hit a lot of times on the duplications. I am sure between SBA and the veterans centers will be sensitive about that to avoid duplications, but outside of that I hear nothing but good and I think it is something that we all should be supporting. Thank you.

Chairman TALENT. I thank Mr. Phelps, and we look forward to his very important amendment on a portion of this bill that I am certainly enthusiastic about and I am looking forward to that—his amendment. Mr. Pascrell.

Mr. PASCARELL. No questions, thank you, Mr. Chairman.

Chairman TALENT. Mr. Moore.

Mr. MOORE. I have no questions, Mr. Chairman. Thank you for having this.

Chairman TALENT. I want to thank the witnesses. I don't want the witnesses to believe that the lack of questions is because of a lack of interest. I think the Members are wanting to get to this markup. I could have asked more questions. I am not going to do that. I thank all three of you for your presence and your work on behalf of the veteran's community. With that, I will adjourn this hearing.

A P P E N D I X

**Statement of Chairman James M. Talent
Committee on Small Business
Veterans Entrepreneurship and Small Business Development Act of 1999
June 23, 1999**

Good Morning. Today the Committee on Small Business will examine the Veterans Entrepreneurship and Small Business Development Act of 1999. This bill implements many recommendations suggested by the Small Business Administration Veterans' Affairs Task Force for Entrepreneurship to Aida Alvarez, the Small Business Administration's Administrator.

In July 1998, SBA established the SBA Veterans' Affairs Task Force for Entrepreneurship. Administrator Alvarez noted: "We need greater emphasis on assisting veteran-owned businesses. Armed service veterans made incalculable contributions to the security of the United States during their years in the military. Those who wish to start or expand their own businesses will have the full support of the SBA." The SBA Veterans' Affairs Task Force for Entrepreneurship included representatives from the major veterans service organizations and veterans advocacy groups, veteran-owned businesses, SBA management board members, and SBA resource partners. Five witnesses testifying before us today, Emil Naschinski, Tony Baskerville, Bill Elmore, John Lopez, and Steve White, served on the Task Force.

The Task Force examined all SBA programs, including business development, education and training, financial assistance, government contracting, and advocacy to determine ways to improve SBA's ability to assist veterans. In late October, early November 1998, the Task Force submitted its recommendations to the SBA. In receiving these recommendations, Administrator Alvarez commented that "[t]he SBA has made a

strategic commitment to ensure that the doors of economic opportunity and business ownership are open to those who have done so much to make this country strong.

Veterans who wish to start or expand their business have the full support of SBA.” The

Task Force identified “high priority” recommendations. These included:

- legislation to allow guaranteed loans to veterans with certified service-connected disabilities or who were POWs;
- a program of comprehensive outreach to assist disabled veterans including business training and management assistance, employment and relocation counseling, and dissemination of information on veterans benefits and veterans entitlements as required by Title VII;
- a company designed to address veterans’ issues regarding small businesses;
- regulations that include service-disabled veteran-owned businesses as a “socially and economically small disadvantaged business group” to be solicited for all federal contracts and subcontracts in a documented outreach program.

The bill we will examine today, the Veterans Entrepreneurship and Small Business Development Act of 1999 (H.R. 1568), implements the SBA Veterans’ Affairs Task Force’s “high priority” recommendations.

First, the Task Force recommended guaranteed loan opportunities. H.R. 1568 makes veterans eligible for funds under the microloan program. This enables veterans to access capital markets currently available to women, low-income, minority entrepreneurs and other business owners possessing the capability to operate successful business concerns.

Second, the Task Force identified an outreach program to assist disabled veterans in business training and management assistance, employment and relocation counseling, and dissemination of information on veterans benefits and entitlements as a priority. H.R.

1568 amends the Small Business Development Act to require the Secretary of Veterans' Affairs, the Administrator of the Small Business Administration and the small business development center associations to train all veterans, including disabled veterans, in business training and management assistance, procurement opportunities, and other business areas.

Third, the Task Force urged a veterans' company to address veterans' small business issues. The Veterans Entrepreneurship and Small Business Development Act of 1999 creates the National Veterans Business Development Corporation. This Corporation will coordinate private and public resources from Federal organizations - - e.g., the Small Business Administration and the Department of Veterans Affairs - - to establish and maintain a network of information and assistance centers for use by veterans and the public. H.R. 1568 requires the National Veterans Business Development Corporation to become self-sustaining by eliminating the Corporation's minimal Federal funding in four years.

Finally, the Task Force sought a regulation classifying veteran-owned businesses as a "socially and economically disadvantaged business group." Rather than a regulation, H.R. 1568 affords veteran-owned small businesses an opportunity to compete on the same level with small business concerns owned and controlled by socially and economically disadvantaged individuals, including opportunities for procurement contracts.

We all recognize our Armed Forces safeguard our freedoms and liberty at great sacrifice to themselves. Our veterans liberated Europe and the Pacific in the 1940s, stopped the spread of communism in the 1950s, 1960s, and 1970s, and freed oppressed peoples in the 1980s and 1990s. These public servants willingly worked for the United

States government. H.R. 1568, the Veterans Entrepreneurship and Small Business Development Act of 1999, makes government work for them. It provides them the opportunity to enjoy the fruits of their labor and the blessings of liberty which they secured.

We have two panels of witnesses who have agreed to appear before the Committee today. Before we turn to the first panel of witnesses, I will recognize the distinguished ranking member for any statement she may wish to make.

Congressman Danny K. Davis
Statement for the Small Business Hearing on Veterans Entrepreneurship and small Business
Development Act.

Thank you Mr. Chairman. I would like to commend you and the Ranking Member for convening this hearing today. I also would like to thank the members of the panel for their attendance.

I am pleased to see we are taking stronger steps towards serving our nation's war veterans. Today, there are 5.5 million veteran owned

businesses operating in the United States. I understand this population may have special business needs which should be addressed properly. In my district the seventh district of Illinois, I have 3 VA hospitals. I have fought to keep everyone of these facilities open and ready to serve our veterans. I have met with many veterans and have received mail from across this nation describing the disheartening situations our veterans face every day. So I

understand some of the issues our veterans deal with. From my understanding, H.R. 1568 will provide a new direction to address veterans' small business needs. It establishes needed reforms, funding and technical assistance to promote veteran opportunities. Therefore I invite this panel to discuss with our committee how this legislation will help our veterans.

Again, I would like to thank our panel and welcome their testimony.

DONNA M. CHRISTIAN-CHRISTENSEN
DELEGATE, VIRGIN ISLANDS

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Congress of the United States
House of Representatives
Washington, DC 20515-5501

OPENING STATEMENT
COMMITTEE ON SMALL BUSINESS
H.R. 1568, THE VETERANS ENTREPRENEURSHIP
AND SMALL BUSINESS DEVELOPMENT ACT OF 1999
June 23, 1999

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Thank you Mr. Chairman and Ranking Member Velazquez for scheduling a hearing on this important issue. Special thanks to our chairman for introducing this bill which has the potential to be an economic lifeline to our veterans.

I would also like to welcome thank our panel of witnesses. I am sure that your insight and experience with these issues will be very informative.

United States Veterans have given the most significant contribution to our country. These men and women have all been willing through their service to make the ultimate sacrifice on behalf of all of us. As we are all aware, particularly from Vietnam to Desert Storm, veterans encounter many barriers to transitioning to civilian life. Part of this transitioning includes obtaining gainful and meaningful employment or starting one's own business. Disabled veterans, like other citizens and residents with special needs have a particularly difficult time in entering the economic mainstream in any significant way.

Its important that we recognize our veterans contributions and that we always seek to thank them in meaningful ways for their service to our country by responding to their needs and concerns – in this case assisting with greater opportunities to business development.

I am very interested in hearing more about how this legislation will ensure that veterans have greater access to capital and business training programs and how it will establish veterans business centers to address business issues specific to veterans.

Thank you Mr. Chairman.

**Statement for
Veterans Entrepreneurship and Small Business
Development Act of 1999**

By: Carolyn McCarthy (D-NY)

Thank you Mr. Speaker.

I rise today in support of an important piece of legislation that ensures our veterans the resources and access to capital needed to start or expand a small business. As a cosponsor of this legislation, I believe the *Veterans Entrepreneurship and Small Business Development Act of 1999* remedies many of the inequities veterans face when looking for small business assistance.

Thousands of brave men and women have fought for our country and the freedoms we cherish. Unfortunately, when they return to civilian life, veterans encounter numerous barriers when attempting to start-up or expand their business. This can range from a lack of training to difficulty securing adequate capital. H.R. 1568 helps these men and women become entrepreneurs and embrace the American dream for which they fought so hard to preserve.

It is apparent that small businesses have become the backbone of our economy and continue to provide invaluable services. Currently, out of a total business population of 23.2 million, 5.5 million are owned or operated by veterans.

The district I represent on Long Island, NY, is dependant on the success of veteran-owned small businesses. Although a number of programs exist at the Small Business Administration to provide assistance, many are not specifically targeted at veterans.

One obvious concern involves the lack a centralized resource from which veterans can obtain information on programs and capital specifically created for them. This legislation would create an Office of Veterans Business Development and an Associate Administrator within the SBA to promote veteran opportunities. In addition, it calls for the creation of an Advisory Committee on Veterans Business Affairs to serve as an independent source of advice and policy recommendations to the SBA, the Congress and the President.

Lastly, H.R. 1568 also addresses concerns raised by disabled veterans. Currently, there are over 104,000 service disabled veterans in the business community. *The Veterans Entrepreneurship and Small Business Development Act* establishes a 5% subcontracting goal for service-disabled veterans. By taking this step, we are ensuring that veterans – especially those injured fighting for their country– have equal opportunity to government contracts.

Too often we have seen our veterans neglected in their time of need. Under this legislation, veterans will receive greater access to capital and training programs that will allow them to succeed in a market system they fought so hard to protect.

FRANK A. LOBIONDO
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EMPLOYMENT

**U.S. Rep. Frank A. LoBiondo Statement on
Veterans Entrepreneurship and Small Business Development Act of 1999
June 24, 1999**

I want to thank the Committee Chairman, Mr. Talent, for holding this important hearing and markup. As we look ahead to the promise of the new millennium, we must remember that the collective experience of our 25 million living veterans encompasses much of the progress America has enjoyed during the 20th century. Well over half of the men and women who ever served in America's Armed Forces are alive today. Their experiences may be varied – from two world wars to long, costly struggles against aggression in Korea and Viet Nam to swift victory in the Persian Gulf – but the crucial role of our nation's veterans cannot be forgotten. Their dedication and commitment to the survival and strength of this nation have remained constant and unwavering.

I am proud to be a co-sponsor of the Veterans Entrepreneurship and Small Business Development Act of 1999. This important legislation would encourage the Small Business Administration and other agencies to implement further efforts to assist veterans, especially service-disabled veterans, in the formation and growth of small business. This bill would provide technical, financial, and procurement assistance to veteran owned small businesses across the country. In this way we can honor the contribution of our nation's fighting men and women while creating an opportunity for the rest of America to benefit from their knowledge and experience. This is a "win-win" proposal, not only for the veterans who merit our appreciation but for our communities as well.

Unfortunately, there have been too few initiatives undertaken by the Administration during the past few years to recognize and reward the contribution of our military veterans. With this legislation, we can do something to rectify that situation. I commend the Committee and my colleague, Rep Talent for the work they have done on H.R. 1568, and I hope we can get this legislation on the President's desk soon.

Frank A. LoBiondo



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, DC 20416

STATEMENT OF
BETSY MYERS
ASSOCIATE DEPUTY ADMINISTRATOR
ENTREPRENEURIAL DEVELOPMENT
U.S. SMALL BUSINESS ADMINISTRATION

H.R. 1586
"VETERANS ENTREPRENEURSHIP AND SMALL
BUSINESS DEVELOPMENT ACT OF 1999"

BEFORE THE
COMMITTEE ON SMALL BUSINESS
U.S. HOUSE OF REPRESENTATIVES

June 23, 1999

Chairman Talent, Ranking Member Velazquez and Members of the Committee, good morning. My name is Betsy Myers and I am the Associate Deputy Administrator for Entrepreneurial Development at the U.S. Small Business Administration (SBA). I am pleased to be here on behalf of Administrator Alvarez. Thank you for the opportunity to comment on H.R. 1568, "The Veterans Entrepreneurship and Small Business Development Act of 1999." I respectfully request that my written comments be made a part of the record.

H.R. 1568

The SBA is very supportive of efforts to assist veterans and to increase their opportunities for small business success. SBA believes strongly in the importance of supporting the needs of America's veterans and we have accomplished much in helping veterans achieve success as entrepreneurs.

As you are aware, SBA has an Office of Veterans Affairs (OVA) which is involved in many projects including the following: convened a Veterans Affairs Task Force for Entrepreneurship, which issued a report with legislative recommendations, many of the which are contained in H.R. 1568; contracting for a study of small businesses owned by service-disabled veterans, due to be completed by the end of this year, on their needs, availability and utilization of Administration programs, Federal contracts awards over the last five years, and methods to improve Administration programs; developing the Veterans Business Outreach Grant Program; and implementing an SBA/OVA website specifically to assist veteran entrepreneurs.

In addition, SBA is developing a number of on-line business courses - available via SBA's Internet-based Small Business Classroom - to encourage and assist entrepreneurs, including veterans, in starting and growing successful businesses. We believe there is significant potential to assist large numbers of veterans with quality training and information through distance learning programs, such as our new on-line, interactive classroom. We are developing other on-line training initiatives that will benefit all entrepreneurs, including veterans, anywhere and anytime.

SBA's veterans office is focused primarily on advocacy of veteran entrepreneur issues and outreach to veterans so that they can take advantage of SBA's many programs. The total veteran population in the United States is 24 million, approximately four million small businesses are veteran-owned. This represents 4.5 percent of all small businesses.

During FY 1998, 13 percent of all SBA loans went to veteran-owned small businesses. Of those reporting veteran status, 65,000 of the clients receiving counseling and training through SBA's resource partners were veteran entrepreneurs. In the 8(a) program, 670 (or 12%) of all the participating firms were veteran-owned. These 8(a) firms accounted for \$721 million worth of contracts in FY 1997.

We applaud the intent of H.R. 1568 to help veterans who own small businesses. However, we feel the bill duplicates much of what SBA is already doing and there are certain provisions with which SBA has concerns.

Title II—Veterans Business Development

Section 201 would create an Office of Veterans Business Development reporting directly to the Administrator. As I mentioned earlier, SBA has an Office of Veterans Affairs which reports to me along with the other technical assistance program offices including the Offices of Small Business Development Centers, Women's Business Ownership, Native Americans, and SCORE. These programs share common challenges and my role is to make sure that these offices complement and supplement each other. To remove the Veterans Office from this group and have it report directly to the Administrator would be to its detriment. We would lose the opportunity to leverage the positive aspects of one program to satisfy the unique needs of another program.

Sections 202 and 203 would create both a National Veterans Business Development Corporation and an Advisory Committee on Veterans Business Affairs, respectively. The Corporation proposed in Section 202 would require a large appropriation of \$12 million over four years. This is a very significant expenditure in light of the demands of limited appropriations and that there are mechanisms in place to perform many of the functions proposed for the Corporation. Also the Department of Justice informs us that there may be constitutional problems with the bill's method of appointing the Corporation's Board of Directors.

The Advisory Committee proposed in Section 203 currently exists. Under section 8(b)(13) of the Small Business Act (15 U.S.C. 637(b)(13), SBA has the authority to create advisory committees. In 1984, an Advisory Committee on Veterans Business Affairs was created. In April of this year, the Administrator reestablished the charter for this committee with the General Services Administration. Continuation of the

Committee was included in SBA's plan implementing the requirements of Executive Order 12838 and in Bulletin 93-10 issued by the Office of Management and Budget.

SBA is being advised by veterans. The Agency also has a National Advisory Council for all issues facing the SBA where the Administrator has specifically reserved one of the seats on the Council for a veteran. That seat is filled by Rick Weidman of Silver Spring, Maryland. In addition, Bill Elmore of St. Louis, Missouri represents veterans on the Small Business Development Center (SBDC) Advisory Committee.

SBA questions the need for Sections 201, 202 and 203 in light of streamlining, eliminating duplication and cost cutting efforts on the part of Congress and the Administration. As you are aware, within our current budget climate, SBA's overall budget and especially its Salaries and Expenses account are already severely strapped.

Title III—Technical Assistance

Sections 301 and 302 make certain mandatory requirements on SCORE and SBDCs. Providing technical assistance to veterans is already an important part of SBA's agreements with its resource partners. In FY 1998, SCORE assisted more than 22,000 veteran clients, of which nearly 15,000 received counseling assistance and 7,000 received training.

In addition, Emil Naschinski, Assistant Director of Economics for the American Legion, has recently been added to SCORE's Board of Directors, as an advisor on veterans' issues. Our goal is to create an alliance with the American Legion and other veteran service organizations to help SCORE reach more veteran entrepreneurs as clients.

Further, SBA has numerous other resources such as SBDCs, on-line training and counseling, Business Information Centers, District Offices, One-Stop Capital Shops, lending partners and others who can and do support veteran entrepreneurs. SBA is continuing to strive to do a better job in marketing these valuable resources to veterans, and feels that these sections are not needed.

Title IV – Financial Assistance

Section 401 of the bill refers to SBA's 7(a) loan program. We believe the existing 7(a) legislation provides program authority adequate to serve the borrowing needs of veterans. SBA's major concern is whether the legislation is intended to require SBA to make direct loans to service-disabled veterans. As you are aware, SBA has not received funding for the 7(a) direct loan program since FY 1995. In choosing to discontinue direct loan funding, Congress sought to make the 7(a) program more cost effective and also to make better uses of the skills and abilities of the Agency's lending partners. We believe the 7(a) guaranteed loan program is appropriate to meet the needs of veterans.

You will also be interested to know that in the Administration's FY 2000 budget submission, SBA has proposed changes to the 7(a) program that will make it even more effective for meeting the needs of very small or start-up businesses looking for loans of \$150,000 or less. We are especially excited about this proposal because we feel it would help to meet a very real need of the veteran community.

Regarding Section 402, which would provide disaster loans to individuals called to active duty in the Armed Forces, SBA shares your commitment to helping our Nation's reservists. Under existing law, SBA has historically extended consideration to

small businesses affected by military actions. Most recently, during the Persian Gulf War, SBA invoked the Soldiers and Sailors Leave Act of 1940 to delay loan repayments by affected small businesses.

The Administration is uncomfortable with interpreting an event other than a natural disaster as eligible for Economic Injury Disaster Loans (EIDL). Many events have been argued as appropriate for EIDL classification, but SBA has historically opposed and continues to have serious concerns about expanding the program to anything other than a sudden, natural event resulting in severe physical damage. The Administration is concerned that expanding the program to cover other events, such as those proposed in Section 402, could distract from the programs' fundamental mission of providing disaster relief.

Section 403 and 404 would add "veteran" to the eligibility of the microloan and 7(a)(21) loan program. While veterans already are eligible for the microloan programs, SBA has no objections to these provisions. However, we suggest that Section 404 should be entitled "Defense Economic Transition Loans."

Section 405 would add "businesses owned and controlled by veterans" to the public policy objectives of the 504 Program. SBA supports this provision.

Title V – Procurement Assistance

SBA agrees with the purpose of Section 501 of the legislation to increase service-disabled veteran participation in subcontracting opportunities.

SBA opposes Section 502 on the grounds that there is not sufficient information to determine if and/or what the goal should be. Currently, data on Federal procurements awarded to veterans, including service-disabled veterans, are not tracked by agencies. Instead, we need to develop an approach to identify service-disabled veteran-owned small business participation in the procurement process. This should really be the first step so we can determine how many veterans are actually participating in Federal procurement opportunities. Once we have this information, we will be in a better position to propose next steps.

Title VI - Reports and Data Collection

This Title would require reporting of information on Federal contracting and practices regarding veteran- and service disabled veteran-owned small businesses. While we understand the need to collect data, there appears to be an inconsistency between the focus of these reporting requirements and the focus of the proposed goaling requirements set forth in Title V -- which address only service-disabled veterans. In addition, we would like to work with you to clarify the nature of the information that would be collected pursuant to section 604.

Here at SBA, Administrator Alvarez intends to mandate that all agency programs beginning October 1, 1999, request information from all clients regarding their veteran and service-disabled status. It is important to note that while we will request this information, the client will not be compelled to provide it so our statistics will be based on self-reporting.

Title VII – Miscellaneous Provisions

Regarding Title VII, SBA's only concerns are that the requirements of this legislation will force SBA to spread its shrinking budget even further to fund these provisions.

Thank you for the invitation and the opportunity to speak to you about veterans and small business issues. I will be happy to answer any questions from you or the other Members.

**STATEMENT OF
ANTHONY L. BASKERVILLE
DEPUTY NATIONAL SERVICE DIRECTOR
FOR EMPLOYMENT
DISABLED AMERICAN VETERANS
BEFORE THE
COMMITTEE ON SMALL BUSINESS
U.S. HOUSE OF REPRESENTATIVES
JUNE 23, 1999**

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

On behalf of the Disabled American Veterans (DAV) and its Women's Auxiliary, I am pleased to appear before you today to discuss H.R. 1568, the "Veterans Entrepreneurship and Small Business Development Act of 1999."

As an organization of more than one million service-connected disabled veterans, DAV is especially interested in legislation to enhance entrepreneurial opportunities for veterans and promote their efforts to participate in the small business community.

Service to veterans who want to own and manage their own businesses dates back to the first G.I. Bill, passed by Congress in 1944. Congress gave the Veterans Administration (VA) the authority to guarantee loans made to eligible veterans for up to 50 percent of the loan, not to exceed \$2,000. The program appears to have been popular. In 1951 alone, 42,000 business loans to veterans were guaranteed by the VA. In 1974, however, only 2 VA business loans were guaranteed.

In 1953, Congress created the Small Business Administration (SBA). Although no historical evidence exists to suggest that there was a formal agreement between the two agencies that SBA would take over lending services to veterans, the result was that SBA's programs appear to have been more attractive to veterans, and they naturally chose SBA's lending programs over VA's. Recognizing the lack of participation in the VA program, Congress repealed VA's business loan guarantee authority in 1974.

That same year, however, in a major reworking of the SBA legislation, Congress passed the Small Business Act of 1974 (Public Law 93-237). The law included a requirement for "special consideration for veterans of the United States military service and the survivors of their immediate families." The law directed the SBA to issue regulations which would define "special consideration."

In spite of the provisions in Public Law 93-237, we believe veterans attempting to start their own business and those who own their own business have not received the attention from the SBA they deserve.

H.R. 1568 encourages the SBA and other agencies to implement positive efforts to assist veterans, particularly disabled veterans, in the formation and growth of small businesses. The

establishment of an Office of Veterans Business Development and the position of Associate Administrator for Veterans Business Development at SBA will ensure the guidance and monitoring of public and private initiatives to assist this Nation's veterans in their efforts to form and expand small businesses.

The DAV applauds this bill's objective to make veterans eligible for assistance under the SBA's microloan program and to include service-disabled veterans with handicapped individuals in provisions requiring that loan-making decisions be resolved in favor of the prospective borrower. We believe good business leaders create a vision. Requiring the Service Corps of Retired Executives (SCORE) and the SBA to establish a program for direction, management, and technical assistance to veteran-owned small businesses is an essential ingredient for success. Inclusion of veterans in the eligibility categories for assistance under the DELTA loan program and Procurement Assistance are just two measures that will provide equal access to entrepreneurial opportunities for our Nation's veterans.

H.R. 1568 is a comprehensive approach to encouraging entrepreneurship among veterans through loans and a variety of support and technical assistance, assistance which veterans so richly deserve. Veterans are unique in many ways. Studies show that military service tends to stimulate entrepreneurship and create a greater likelihood of success in self-employment. The training of servicemembers imparts discipline, a need for independence, autonomy, and power, and a greater tolerance for risk-taking. The effects of combat service are especially conducive to entrepreneurship. It is believed that combat produces significant and permanent, albeit subtle, changes in veterans, producing a "distinct difference in attitude" for those who have experienced combat as compared to those who have not. The effects salient to entrepreneurship include greater aggressiveness, a need to control as much of one's life as possible, greater ability to handle stress and crises, an action-oriented outlook, and a more "whole-hearted commitment" to undertakings.

The Federal Government has an obligation to serve veterans, because of those who have served in our defense. Veterans deserve the attention H.R. 1568 provides. For too many years, other groups in this country have benefited from SBA programs through procurement contracts and certain benefits of management and technical assistance targeted to these individuals belonging to a particular class. Veterans have not enjoyed similar status. H.R. 1568 corrects that.

We are very appreciative of the Committee Chairman's leadership on this most important issue. H.R. 1568 will expand existing law and establish new assistance programs for veterans who own or operate small businesses. We also applaud the Committee's interest in these issues and we appreciate the opportunity to present our views.



DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS

The Disabled American Veterans (DAV) does not currently receive any money from any federal grant or contract.

During fiscal year (FY) 1995, DAV received \$55,252.56 from Court of Veterans Appeals appropriated funds provided to the Legal Service Corporation for services provided by DAV to the Veterans Consortium Pro Bono Program. In FY 1996, DAV received \$8,448.12 for services provided to the Consortium. Since June 1996, DAV has provided its services to the Consortium at no cost to the Consortium.



FACT SHEET

BIOGRAPHICAL INFORMATION

ANTHONY L. BASKERVILLE

Deputy National Service Director for Employment
Disabled American Veterans

Anthony L. Baskerville was appointed Deputy National Service Director for Employment of the million-member Disabled American Veterans (DAV) in 1998. He works at the DAV's National Service and Legislative Headquarters in Washington, D.C.

As a member of the management team for the DAV's National Service Program, Mr. Baskerville assists in the supervision of various aspects of the organization's National Service Program, which employs more than 271 professional National Service Officers (NSOs) in 69 offices throughout the United States and Puerto Rico. His duties include policy matters involving the DAV's Social Security Program, the National Service Officer (NSO) Structured and Continuing Training Program, support and assistance to the DAV NSO Training Academy in Denver, Colo., and support in resolving questions and concerns directed to the Washington Headquarters. Mr. Baskerville also supervises DAV efforts to influence Federal programs and legislation aimed at placing disabled veterans in jobs and vocational rehabilitation training opportunities and serves as DAV's Homeless Veterans Coordinator.

Mr. Baskerville joined the DAV's professional staff in 1975 as an NSO trainee in Baltimore. He was transferred to the Washington, D.C. Regional Office in 1976, where he worked as an NSO and a DAV Vietnam Veterans Outreach Program Coordinator. In 1985, he was promoted to Assistant Supervisor of the Houston DAV National Service Office, where he served until his appointment to Assistant National Service Director at the DAV's National Service and Legislative Headquarters in Washington, D.C. in 1993. He has also served as a Service Commissioner with the DAV Department of Texas, a DAV Chapter Service Officer and Chapter Senior Vice Commander.

Mr. Baskerville served in the U.S. Marine Corps from 1971 to 1974. In 1971, while assigned to Marine Barracks Cuba, he received a lower back injury during a combat preparedness exercise. The injury caused severe nerve damage and the loss of use of his left foot. In 1974, Mr. Baskerville was medically discharged from the Marine Corps at the rank of corporal due to his injury and subsequent disability. The Maryland native joined the DAV in 1974 and is currently a life member of Houston DAV Chapter 1, and DAV Baltimore Chapter 1, Baltimore.

Mr. Baskerville and his wife, Trudy, are the parents of one daughter, Rachel.

STATEMENT OF

VALERIE K. CALLAWAY, SERGEANT FIRST CLASS
DISABLED RETIRED VETERAN

BEFORE THE
COMMITTEE ON SMALL BUSINESS

WITH RESPECT TO

H.R. 1568, the *Veterans Entrepreneurship and Small Business Development Act of 1999*.

WASHINGTON, DC

JUNE 23, 1999

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

On behalf of all Veterans who served their country and wish to embark on Small Business Ownership, I thank you for inviting me to participate in today's most important hearing concerning Veterans Entrepreneurship and Small Business Development Act of 1999.

My testimony today is limited to my personal experience not only as a Veteran but as one hundred percent permanent and total disabled veteran who had once been a small business owner. I proudly served my country in times of war and peace for over fifteen years never asking for anything in return. During my fifteen years I was provided the opportunity to not only excel in my military occupation but my civilian education which provided me a BS in Business from Kent State University in Ohio.

In October 1995 I suffered heart failure requiring the implantation of a pacemaker and a year later I medically retired from the U.S. Army. Upon retirement I had found it difficult to find employment due to my disability and the lengthy time it would take before I was able to see a VA Vocational Rehabilitation counselor concerning employment.

I had three small children at home and decided that I could take my experience and education and open a state licensed preschool/child care program in my home for other working veterans who found civilian daycare not adequate enough due to overtime and long hours.

I looked for help but found nothing or no one to support my ideas. I had gone to private firms and institutions for financial backing. Without a stable history of residency no one was able to help me. I turned to the Small Business Administration only to find out there was not a program in place to adequately assist my endeavors and their website was always under construction concerning veterans. But I did not give up I ultimately filed for a state license spent over \$10,000.00 of my own savings preparing my home for a state inspection and getting county approval to authorize such a facility in my zoning district. The whole process took over three months and a lot of researching. After running into several roadblocks I was finally placed on a state certified list that was distributed to potential clients. Nine months later my business was closed with a loss of over \$25,000.00.

I'm telling you this story because I want to tell you how very important that this legislation will be for future veterans who want to pursue their dream of private business ownership. the tremendous support it can receive from a program such as National Veterans Business Development Corporation in the areas of Business development, Technical Assistance, Financial Assistance and training upon completion of their service obligation.

With the goal of providing more and better support from the Small Business Association to all Veterans desiring such, I speak for all Veterans in support of this bill's provisions in providing for enhancement of services provided to Veteran Owned Small Businesses.

Given SBA's current strained funding and service to veterans situation, it would only make sense to establish and expand more technical, financial, and procurement assistance to veterans who want to pursue their dream of Small Business Ownership. Further, all actions taken on this bill should directly benefit the Veteran and the Disabled veteran respectively.

Mr. Chairman, thank you for letting me speak here today on behalf of all veterans, this concludes my statement.

**HR 1568 "THE VETERANS ENTREPRENEURSHIP AND SMALL
BUSINESS DEVELOPMENT ACT OF 1999"**

**LEGISLATION TO ASSIST
SERVICE DISABLED VETERAN BUSINESSES (SDVE)**

**TESTIMONY JUNE 23, 1999
COMMITTEE FOR SMALL BUSINESS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C.**

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“SERVICE DISABLED VETERANS IN BUSINESS”

BACKGROUND

Over 635,000 men and women have died in the wars of the United States of America, including 17,034 who died in prison camps and an estimated 89,414 persons that remain classified as Missing in Action. An additional 327,000 veterans have subsequently died from their service disabilities.

THE SURVIVING 26 MILLION VETERANS OF OUR NATION INCLUDE OVER 100,000 WHO WERE PRISONERS OF THE WARS AND 2,100,000 WHO WERE DISABLED IN SERVICE (SDV).

As the products of direct and deliberate actions of our government, these 2.2 million service disabled veterans are entitled to unique INDEMNIFICATION.

“Veterans have been obligated to drop their own affairs and take up the burdens of the nation, subjecting themselves to the mental and physical hazards as well as the economic and family detriments which are peculiar to military service and which do not exist in normal civil life.

“Our country has a long-standing policy of compensating veterans for their past contributions by providing them with numerous advantages. This policy has always been deemed to be legitimate.”

(Supreme Court Justice William H. Rehnquist in a decision reaffirming the special rights of veterans May 23, 1983)

In one area of opportunity, access to participation in the nation's economic system through small business ownership, the service disabled and prisoner of war veterans of the United States have been the victims of discrimination.

ISSUE

“Disabled workers were almost twice as likely to be self-employed as were members of the non-disabled population. Finding it difficult to secure gainful employment from others, persons with disabilities may elect to become self-employed. Disabled women were self-employed twice as often as were non-disabled women; 10.8% versus 5.3% among men, 16.8% of disabled persons as against 10.1% of non-disabled individuals were self-employed.”

(U.S. Bureau of the Census — President's Committee for the Employment of the Disabled)

New medical advances in prosthetics, medications and care techniques have not made it possible for service disabled and prisoner of war veterans (SDV) to pursue their rehabilitation by being owners and managers of small businesses.

The U.S. Congress has theoretically affected legislation to assist veterans in small business. That legislation has not assisted service disabled veterans.

The State of California has established service disabled veteran small business goals in state contracts and procurements that are available to "certified" small businesses in Article 6 Chapter 6 Division 4 of the Military and Veterans Code and Section 10108.5 of the Public Contracts Code effective January 1, 1990. Additionally, the legislation requires that businesses bidding for State of California contracts demonstrate that they are "responsive" to service disabled veteran business enterprise goals. Bidders that fail to show a good faith effort will be bypassed for contract awards to be made to the next lowest "responsive" and responsible bidder.

FINDINGS

The U.S. Defense Department, the federal agency that "created" the service disabled and prisoner of war veteran has absolved itself of responsibility for the aspirations of these SDV. It has diverted action on their behalf to the U.S. Department of Veterans Affairs (DVA). The DVA has declined to support and implement legislation assisting SDV to pursue self-employment in a small business (Veterans Benefits Act 38 USC 1517). The DVA has instead further referred that responsibility to the U.S. Small Business Administration (SBA). That agency has totally neglected the SDV.

Although the Americans with Disabilities Act (ADA) codifies that the disabled, as a group, are to be considered socially, economically and vocationally disadvantaged, federal agencies chose to ignore that intent of Congress.

For example, at the federal level, of the 111,000 small business loans in the nationwide portfolio of the U.S. Small Business Administration (SBA) only 67 were to service disabled veterans (1988). Also, SBA does not offer 8(a) contract procurement assistance and "exceptional" loan benefits to SDV as a group, although it does so for select ethnic and religious groups. Of 2,900 participants in the 8(a) program six (6) have been service disabled veterans.

Sadly, a 1996 survey of eight (8) federal agencies reveals that these organizations do not record the inquiry incidence or award share of procurement awards to service disabled and prisoner of war veteran owned businesses (SDVB) thereby precluding specific tabulated evidence of the lack of assistance to SDVB.

A sample inquiry of 300 SDV who are starting or expanding a small business in California reports that over 250 had "negative" and "discouraging" experiences when attempting to solicit federal, state and local governments for equal consideration in bidding for procurements.

In program administration, the SBA has ignored advocacy for disabled veterans' programs while increasing other SBA programs and has requested that the U.S. Congress discontinue direct loans to the "handicapped" and "veterans." Given the established and legal right of private lenders to

refuse loans to obvious and extraordinary risks, such as service disabled veterans, that discontinuance would remove the last source of reasonable financial assistance to the SDV.

ACTION NEEDED:

It is imperative that the U.S. Congress and state and local governments establish that Service Disabled Veteran owned small businesses as a group, be included as equal beneficiaries in the definition "socially and economically disadvantaged population," when such definition is used to determine eligibility for benefits of federal, state and local government programs.

In a draft bill, November 10, 1993, Congresswoman Jan Meyers called for legislated direction to the U.S. Department of Veterans Affairs to establish and actively implement a small business development and assistance program for disabled in service and prisoner of war veterans. Those SDV that chose business ownership as a means of rehabilitation were to receive financial, procurement and technical assistance resources sufficient to initiate their subsequent success.

These resources were to be obtained from existing programs for the socially and economically disadvantaged and therefore were "Revenue and Appropriations neutral."

Attempts by several legislators, such as Chairman James Talent of the Small Business Committee, Congressman McDade (HR 1404), Ramstad (HR 794), Solomon (HR800 and 8002) and Congresswoman Meycr (HR Draft 111093 and HR 4263 Report) to protest and redress this discrimination have not been successful.

The Service Disabled and Prisoner of War Veteran Business persons (SDVB) of our nation are hopeful that the 106th U.S. Congress will legislate to **ENSURE EQUAL PARTICIPATION AND INCLUSION** in our nation's economy to those persons who sacrificed so much for a free world.

An often mentioned resolution to this controversy is the suggestion that the Congress add language to the Small Business Act that simply states: **"FOR PURPOSES OF THIS ACT, THE DEFINITION OF SOCIALLY AND ECONOMICALLY DISADVANTAGED PERSONS SHALL INCLUDE MILITARY VETERANS WITH SERVICE CONNECTED DISABILITIES OR DISCHARGED FOR SERVICE CONNECTED DISEASE OR INJURIES."**

It is the "Goal" of the nation's 26 million veterans and their families to have the U.S. Congress enact H.R. 1568 as a means of supporting the rehabilitation of those who sacrificed their well-being for this nation.

Federal agencies have documented and acknowledged their lack of assistance to enable Service Disabled and Prisoner of War Veteran Owned and Operated Businesses (SDVE).

This lack of support of those persons in their attempts to maintain their rehabilitation and self-employment, is a direct contradiction to the U.S. Congress legislative charge to support the nation's small business community. It is a repudiation of the direction to provide for fair and maximum participation for all U.S. citizens.

Additionally, this lack of assistance is an insult and discriminatory practice to those SDVE persons that have sacrificed their well being for the security and economic interest of the United States of America and the Free World.

PROPOSED ACTIONS:

I. ADMINISTRATIVE

It is imperative that the U.S. Congress establish specific direction and legislative direction that enables SDVE to receive total participation in all programs of the U.S. Small Business Administration (SBA).

This assurance can be ensured in several legislatively directed ways:

- A. An Advisory Committee of "Stakeholders" charged with the responsibility and authority to ensure SDVE participation in all SBA programs should be established. This committee should be composed of members of the veterans community with mandatory participation by service disabled veterans and their advocate organizations.
- B. The SBA must appoint a Deputy Administrator for Veterans Affairs to yearly report to the Administrator of SBA and the U.S. Senate and U.S. House of Representatives Committees on Small Business, Veterans Affairs and the appropriate subcommittee of the Committees on Appropriations.
- C. A yearly report on the extent of SDVE assistance is to be prepared by SBA and the specific detail of that assistance must be presented yearly to the U.S. Congress after the SDVC has reviewed and commented on the report.

II. FINANCIAL ASSISTANCE

Legislation must direct that there be mandatory eligibility and participation by SDVE in all SBA lending programs.

This participation must be assigned totals specifying dollar amounts, percent of total lending and outreach efforts that encourage SDVE access and participation in all lending programs.

III. PROCUREMENT ASSISTANCE

All federal agencies are to be authorized and directed to select SDVE as sole source recipients of procurement grants, contracts and agreements in an amount equal to 5% of the yearly total procurement of all agencies..

Additionally, U.S. government agencies and funded organizations should require SDVE participation in all prime contractor and subcontractor performance of federal procurements.

These "goals" must be reported quarterly in terms of dollar amounts, discrete number of actions, percent of total agency award actions and specific actions to encourage and support participation in the procurement programs of the agency.

IV. TECHNICAL ASSISTANCE

To ensure and assist in the participation in economic assistance programs of SBA and the federal agencies by SDVE, it is required that all technical assistance programs, such as Small Business Development Centers (SBDC), SCORE, Business Information Centers, issue conferences and other special purpose SBA activities require the participation of SDVE.

That alternative and demonstration assistance delivery programs be established, such as: A "SERVICE DISABLED VETERANS NATIONAL BUSINESS DEVELOPMENT CORPORATION" be established as a method to provide alternative methods for the delivery of Governmental and private sector assistance to SDVE.

SUMMARY

It is obvious that the governments of this nation cannot restore the maimed bodies of these service disabled veterans, but it can assist them in their struggle to maintain their rehabilitation and to participate in that economic system for which they have so greatly sacrificed and in which the people of the United States consistently benefit.

If the government and the profiting institutions of the nation are unwilling to support participation in its economic system for those citizens that were maimed and tortured for its perpetuation, it is unlikely that the system will have the support of future citizens.



STATEMENT

BY

**EMIL W. NASCHINSKI, ASSISTANT DIRECTOR
NATIONAL ECONOMIC COMMISSION
THE AMERICAN LEGION**

BEFORE THE

**COMMITTEE ON SMALL BUSINESS
UNITED STATES HOUSE OF REPRESENTATIVES**

ON

**THE VETERANS ENTREPRENEURSHIP AND
SMALL BUSINESS DEVELOPMENT ACT OF 1999**

JUNE 23, 1999

**STATEMENT OF EMIL W. NASCHINSKI, ASSISTANT DIRECTOR
NATIONAL ECONOMIC COMMISSION
THE AMERICAN LEGION
BEFORE THE
COMMITTEE ON SMALL BUSINESS
UNITED STATES HOUSE OF REPRESENTATIVES
ON
THE VETERANS ENTREPRENEURSHIP AND
SMALL BUSINESS DEVELOPMENT ACT OF 1999**

JUNE 23, 1999

Chairman Talent and distinguished members of the Committee:

Thank you for inviting The American Legion to share its views on H. R. 1568, the *Veterans Entrepreneurship and Small Business Development Act of 1999*. This important legislation seeks to strengthen and improve the entrepreneurial assistance that the federal government provides for veterans.

Small business is the backbone of this nation's economy. It has been one of the driving forces behind this country's past economic growth and will continue to be a major factor as we move into the new millennium. In 1992, 51 percent of the Gross Domestic Product was generated by small businesses with 500 or fewer employees.

According to the Small Business Administration (SBA), small businesses are responsible for 75 per cent of the new jobs in the economy and employ more than one-half of the workforce. By the year 2005, the Department of Labor predicts that small business will be the largest employer in the country.

Today, more than ever before, the growth of the national economy is dependent on the success of small business. In view of the downsizing of the military, federal government and corporate America, The American Legion believes that Congress and SBA must empower, encourage and assist all of this country's entrepreneurs.

Before commenting on H. R. 1568, Mr. Chairman, we would like to briefly review the federal government's entrepreneurial assistance to veterans.

The *Servicemen's Readjustment Act of 1944*, better known as the G. I. Bill, established a small business loan program for World War II veterans that was to be administered by the former Veterans Administration (VA). Congress believed that such a program would assist in the readjustment of veterans who wanted to own and operate small businesses. Congress also believed that an investment in those entrepreneurs would be beneficial for America's post-war economy. Congress was right on both counts.

Because of its popularity and success, Congress expanded the loan program to include veterans of the Korean conflict. During its first 10 years, the federal government either made or guaranteed nearly 281,000 small business and farm loans. That investment in the veteran-entrepreneur contributed greatly to the unprecedented growth of the American economy in the post-war years.

Something else occurred as a result of the loan program's popularity and success. In 1953, Congress enacted legislation that created the SBA for the purpose of providing entrepreneurial assistance to any American who wanted to open, sustain or grow a small business. That legislation also provided for the transfer of the VA's loan program to the new agency.

The American Legion wishes that it could give this Committee a glowing report on SBA's entrepreneurial assistance to veterans. Unfortunately, we can not provide such a report. What we can tell you, however, is that since the inception of the agency, SBA has never had a stellar record of serving veterans. One example of the agency's indifference to veterans occurred after the 1974 enactment of P. L. 93-237. That law mandated the agency to provide "special consideration to veterans of the armed forces of the United States and their survivors and dependents."

Over the past 25 years, SBA has ignored the intent of Congress by refusing to implement a substantive policy that provides "special consideration" for veterans. In fact, during the last decade SBA has made it luminously clear that veterans are not an agency priority. That blatant lack of respect for the intent of Congress is an absolute disgrace.

According to reliable sources, veterans own and operate at least 30 percent of the country's 4 million-plus small businesses. While that is a significant percentage, all of the SBA administrators who served between 1989 and 1998 refused to meet with veterans' advocates or to discuss their concerns. As a result, veterans had absolutely no voice at SBA.

Furthermore, during that same period, resources of SBA's Office of Veterans' Affairs (OVA) were siphoned off to bolster other agency programs. According to SBA's Office of Advocacy, OVA receives less than one percent of SBA's budget. Coupled with significant staff reductions, it is now difficult, if not impossible, for OVA to provide any kind of meaningful programs for veterans.

The irony is that unlike any of SBA's other constituency groups, veterans earned the right to quality entrepreneurial services because of their sacrifices and their service to the nation. Furthermore, only the citizen-soldier stood ready to fight, and if necessary to die, in defense of the freedom and free-enterprise system we enjoy.

In all fairness to SBA's current administrator, Aida Alvarez, we must point out that last year she held a one-day summit meeting with veterans' advocates to discuss various issues concerning veteran-entrepreneurs.

As a result of that meeting, Administrator Alvarez established the U. S. Small Business Administration's Veterans Affairs Task Force for Entrepreneurship. It was given responsibility for studying the needs of veteran-entrepreneurs and recommending ways in which SBA can improve its services for veterans.

While that seemed like a step in the right direction, we regret to inform the Committee that SBA has yet to respond to the findings and recommendations of the report the task force submitted to SBA last November.

As you know, Chairman Talent, many of the provisions of the bill you introduced, H. R. 1568, were based on the recommendations contained in the task force report. The American Legion views the *Veterans Entrepreneurship and Small Business Development Act of 1999* as an important piece of legislation that is long overdue.

One of the most important provisions of the bill, Section 202 of Title II, will amend the Small Business Act to allow for the establishment of a National Veterans Business Development Corporation (NVBDC). Its purpose will be to improve access to technical assistance and to coordinate public and private sector resources to improve assistance to veterans who wish to form or expand small business concerns.

In order to get NVBDC started, the bill proposes appropriations of \$2 million for FY 2000, \$4 million for FY 2001 and FY 2002 and \$2 million for FY 2003. By FY 2004, NVBDC will develop and implement a plan to raise private funds and become self-sustaining.

The American Legion fully supports the spirit and intent of H. R. 1568. However, we are deeply concerned about the likelihood of Congress approving an appropriation of \$12 million. While we see this expenditure as a prudent investment in the American economy, that does not mean that Congress will view it the same way.

We are also concerned about OVA's resources. As we stated earlier, the resources of that office have been stripped to the point that it can no longer fulfill its mission. The bill places additional responsibilities on OVA; however, there is no mention of additional staffing or funding.

Our point, Chairman Talent, is that all too often Congress creates much-needed programs and then either fails to provide appropriations or compromises their success by underfunding them. If Congress is serious about restoring federal assistance to veteran entrepreneurs, it must begin by enacting this vital legislation. It must also authorize the funding necessary for the provisions of H.R. 1568 to be achieved. To do anything less would not make good fiscal sense.

Again, Mr. Chairman, thank you for offering The American Legion an opportunity to comment on the Veterans Entrepreneurship and Small Business Development Act of 1999 and for the leadership you demonstrated by introducing this important legislation.



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June 23, 1999

Honorable James M. Talent, Chairman
House Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Talent:

The American Legion has not received any federal grants or contracts, during this year or in the last two years, from any agency or program relevant to the subject of the June 23, hearing concerning The Veterans Entrepreneurship and Small Business Development Act of 1999.

Sincerely,

A handwritten signature in cursive script, appearing to read "Emil W. Naschinski".

Emil W. Naschinski, Assistant Director
National Economic Commission

BIOGRAPHICAL SKETCH

EMIL W. NASCHINSKI
Assistant Director
National Economic Commission
The American Legion

Emil W. Naschinski has been employed by The American Legion since February of 1980. He was promoted to his current position on January 1, 1982.

As the Assistant Director of Economics, Emil is responsible for implementing the mandates of The American Legion's National Economic Commission. He prepares and presents congressional testimony; researches and writes articles on veterans' economic issues for various Legion publications; and administers the Commission's awards programs.

Additionally, Emil serves as The American Legion's liaison to the Office of Personnel Management, Small Business Administration, Department of Housing and Urban Development, National Organization on Disability, Postal Service, and the President's Committee on Employment of People with Disabilities and its Subcommittee on Disabled Veterans. During program year 1993-1994 he served as Chairman of the latter.

Emil served in the U.S. Army from 1967 to 1969. During his time in service he was trained as a combat medic and neuro-psychiatric technician. After being discharged, Emil joined the Cissel-Saxon American Legion Post #41 in Silver Spring, Maryland.

In 1972 he returned to school and graduated from the Maryland Institute, College of Art with majors in graphic design and painting. He subsequently taught art at Mount Vernon College.

Emil and his wife Charlotte, who is a nurse/educator, reside in Darnestown, Maryland.

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June 23, 1999

TESTIMONY BY WILLIAM D. ELMORE BEFORE:

THE HOUSE SMALL BUSINESS COMMITTEE

REGARDING:

**H.R. 1568, the "Veterans Entrepreneurship and Small Business
Development Act of 1999"**

DATA FORCE ASSOCIATES
A VETERAN OWNED AND OPERATED SMALL BUSINESS

Military & Civilian Personnel, Medical & Other Records Research, Acquisition & Retrieval Services & Veteran Program Development

Good morning Chairman Talent and other members of this Committee.

It is a great honor for me to appear before you this morning to provide you my comments regarding HR 1568.

For me, H.R. 1568 is a culmination of more than 20 years of work in my local community assisting veterans and their families. In 1978, as the Director of the community based "Saint Louis Area One Stop Veterans Service Center", we prepared plans for and submitted a grant application for funding to establish a Veterans Business Development Center in St. Louis Missouri. Our grant application was denied.

In 1986, the Small Business Administration approached me as the Executive Director of our not for profit Corporation and asked us to prepare a grant application to establish and operate a Veterans Entrepreneur Training (VET) program in St. Louis. This program was funded, ran for two years, and became the National Model for the SBA.

In 1988, we received a small grant from Southwestern Bell Telephone Corporation to establish a modest Veterans Business Development Program providing business consulting and other services to approximately 50 veteran entrepreneurs.

In 1996, after 22 years in the not for profit community, my own small business (started in 1983) demanded my full time attention. Since then, most of my voluntary advocacy efforts for veterans have regarded achieving equal access to small business and self employment opportunities for Americas veterans and their families. H.R. 1568 reflects those efforts.

In 1998, I was appointed to the U.S. Small Business Administration's Veterans Affairs Task Force for Entrepreneurship. Also in 1998, I was appointed to serve a three year term as a member of the SBA's National Advisory Board for the Small Business Development Centers. Through my small business, I am presently a member of the University of Massachusetts Joiner Center research team, engaged in the Comprehensive Study of the Status and Needs of Service Disabled Veteran Entrepreneurs required by Title VII of the Small Businesses Programs Reauthorization And Amendments Act Of 1997.

The following are my comments regarding H.R. 1568.

I believe that this legislation, when enacted will serve as a turning point in how our nation, views, interacts with, and invests in veterans, including those injured and disabled while preserving our freedoms. I think a quote from the January 14, 1999 "Report of the Congressional Commission on Service Members and Veterans Transition Assistance" says it best, I quote. "In order to prosper, our country must make maximum use of the skills, experience, and character that both define veterans of military service and equip them, as civilians, to be a unique national resource".

Right now, Americas veterans are an underutilized resource, largely left out of Federal small business policy and initiative, H.R. 1568 begins to remedy this.

The wisdom of H.R. 1568 is that it institutionalizes the idea of investing in America's Citizen Soldiers following their service to our nation, enabling their opportunity to fully participate in providing for themselves, their families and our communities. It finishes the cycle of Federal investment in some of our best, brightest, most motivated and deserving citizens.

It treats veterans as the national asset that they are. This represents a significant change from our present public policy that has the effect of ignoring and diminishing the sacrifice that embodies a citizens military service to America.

H.R. 1568 builds on the best examples of public policy from our nations history. Following the Revolutionary War, our founders, in the Continental Congress provided self enabling, self employment resources to returning Revolutionary War veterans thru grants of land at the frontiers of America.

Almost 200 years later, the 1944 Servicemen's Readjustment Act, or "GI Bill of Rights of World War Two" provided small business loan guarantees for returning World War Two, and later for returning Korean War Veterans. The impact of this investment for America and her veterans, is undeniable. In just 10 years, (between 1944 and 1954) the Federal Government guaranteed or provided 280,800 small business & farm loans to Americas veterans, enabling the unprecedented prosperity, stability, and growth enjoyed by America, and previous generations of Americas veterans & their families.

H.R. 1568 as written is admirable and well thought out legislation. It addresses many needs, & opportunities presently neglected in Federal Policy.

These include;

Section 402 will create loans specifically for individuals who's existing small business is harmed by an owners mobilization, or return to active duty. This should help minimize economic disruption for patriotic Americans who serve us in our Reserves, & who are called up during times of national need. This should also assist the nation, by helping to retain in the reserves, those who's background and training lend themselves to self employment, including Doctors, Attorneys, and other professionally self employed reserve members.

All of the various Section's in Titles's III, IV, and V will establish focus on veteran's as entrepreneurs in many of the specific programs offered by the SBA, & other federal agencies and departments. Federal statute, for decades has required "Special Consideration" for veterans in all SBA programs, but in practice, it simply doesn't exist. These provisions of H.R. 1568 will develop specific initiatives to ensure that veterans receive at least equal consideration in specified programs.

Title VI will ensure that the President, the Congress, veteran business owners, and the American public will have access to, or receive, each year reports detailing not only results of actions and activities undertaken in the private and public sector, but also recommendations regarding how to improve actions and activities. This will result in a quality of oversight, not now seen in the federal sector for veterans. This can only enhance the long term impact and effectiveness of resources that are available to Americas veteran entrepreneurs.

Title VII requires the SBA Administrator to revisit the ignored Special Consideration statute, and to fully implement a realistic, and effective order. The good and timely work of the SBA Veterans Affairs Task Force for Entrepreneurship, especially the details of the various Tasks Force Committees recommendations provides a strong basis for a comprehensive Administrators Order. The inclusion of veterans specific oversight functions by the SBA Office Of Advocacy will provide the Agency and Congress an ongoing independent oversight of veterans programs and activities.

I do suggest that Section 703 include a requirement that an evaluation be conducted regarding the impact of the small business and farm loan portions of the GI Bill of World War Two on World War Two veterans, Korean War Veterans, and the American Economy. I would also like some evaluation of the impact on veterans, and the nations economy of the lack of concerted small business initiatives for entrepreneurial veterans by the Federal Sector since the expiration of eligibility for Korean & World War Two Veterans in the GI Bill.

I believe Title II contains the most important provisions in H.R. 1568. An upgrade in the placement of, the activities of, and responsibility for veterans programing at the SBA is vital to healthy, functioning resources for veteran at the agency. Without this, much of the good work of the past three years, including this Bill will have been for naught. Federal policy has a direct impact on State and local government policy, and in the private sector as well. Presently, veterans are usually ignored, or left out. The elevation of this responsibility and office will help remedy this.

Section 202 of H.R. 1568, the National Veterans Business Development Corporation is the most important and innovative of all the provisions of this Bill. It places the responsibility for initiative squarely in the hands of the veterans and the business community. My experience is that the veterans themselves will hold the actions and results of the Corporation to a higher standard than any mandated or legislated bureaucracy can be held to. Americas Veterans are a proud group. Their real world experience requires no more than an honest effort, efficiency and effectiveness from those who serve them. This proposed Corporation comes the closest to the ideals of public policy that were achieved by the GI Bill of World War Two. It puts the resources and the responsibilities most directly into the hands of the veterans themselves. The Corporation also provides a direct voice to, and a vehicle for oversight squarely with Congress, the peoples house. It challenges the veterans, the business community and Congress to create public/private initiative and partnerships that work. Initiatives that meet both the aspirations, and the needs of veteran entrepreneurs. All at a minimal cost to our Government. I for one would be proud to be part of such an endeavor. I commend and thank this Committee for promoting such thoughtful public policy.

There are two areas of H.R. 1568 that do concern me somewhat. I am not entirely comfortable with the provision that vests all the power of the initial appointments to the National Veterans Business Development Corporations Board Of Directors Solely with the President of the United States. I would prefer an appointment process that gives more specific appointing authority to the Chairs and ranking members of the Committees referenced in the Bill. It is vital that initial appointments to the Corporation include persons appointed for all the right reasons, including a strong grounding in the history of the development of this legislation. Appointments made for political purposes only would be a great disservice to our nations heros.

My other concern is the initial appropriations for the Corporation. It is my hope that there is some assurance that appropriations will be forthcoming this year for the establishment, development and implementation of the Corporation. A great Idea with out any resource is just that, A great idea.

In closing, Mr. Chairman, and other Committee members, I thank you for your initiative in developing this bi partisan approach to focusing attention to this deserving, and unique segment of America. This Bill contains good work. I for one will be proud to have been a part of its creation.

That concludes my remarks, I welcome any questions.



William D. Elmore

**Statement Of Charles Foster
SBC Communications, Inc.**

**Before the
Committee on Small Business
House of Representatives**

**Hearing on H.R. 1568
June 23, 1999**

Thank you, Mr. Chairman and Members of the Committee for this opportunity to testify on the Veterans Entrepreneurship and Small Business Development Act of 1999. My name is Charles Foster and I am Group President for SBC Communications. SBC is one of the leading telecommunications companies in the world, with more than 130,000 employees, a market capitalization of more than \$100 Billion, and interests in local, long distance, wireless, and data services worldwide. Our subsidiaries include Southwestern Bell, Pacific Bell, Southern New England Telecommunications, and Cellular One. SBC is also one of the top 10 Internet Service Providers in the U.S.

As SBC's Group President, I am responsible for the company's information technology, directory operations and real estate management functions. I also lead the merger integration efforts for SBC's acquisition of Pacific Telesis and Southern New England Telecommunications, as well as our pending merger with Ameritech.

SBC has long valued the contributions of veterans. I'm particularly proud to note that just last month SBC was recognized by the Association for Service Disabled Veterans, who you heard from earlier, as America's leading company in promoting disabled veteran enterprises.

SBC established its Supplier Diversity Program in the mid-1970s, and today is a leader in the telecommunications industry with more than \$1 billion in spending with minority, women and disabled veteran-owned businesses -- more than 20 percent of all goods and services the company purchased in 1998.

In fact, SBC's Pacific Bell subsidiary leads the industry with 30 percent of procurement dollars going to diversity suppliers and more than \$40 million of that goes to disabled veteran-owned businesses.

Pacific Bell has also partnered with the Small Business Administration to create a series of seminars and workshops on small business development which we continue to provide in California to thousands of entrepreneurs, including a great many veterans.

As a result of our experience, Mr. Chairman, I am pleased to speak here today on behalf of my company and to offer SBC's strongest support for this legislation.

It is particularly appropriate that we gather this week to consider this bill. It was 49 years ago this week – June 25, 1950 – that North Korea invaded South Korea, beginning one of the costliest conflicts in our nation’s history.

The thousands of disabled veterans that returned from that conflict returned to a nation embarking on the greatest period of prosperity in its history.

Yet, many of those men and women must have found it difficult to contribute to this prosperity in any meaningful way. With serious disabilities and limited job placement assistance, they were often left to their own devices. Of course, a great many of them succeeded in spite of these challenges.

But how many more of these disabled veterans might have gone on to form successful businesses had they had a resource available like the National Veterans Business Development Corporation?

Forty years later too many veterans are still left to their own devices when they leave the service. With the high-tech nature of today’s military, the average soldier, sailor, airman, Marine and coast guardsman has far more marketable skills than their predecessors ever did.

They are far more educated than their predecessors ever were. They represent an abundant pool of talent and expertise for companies large and small.

And American businesses need their skills and talents more than ever. SBC certainly does. Yet, there is no adequate structure or process in place to align the skills of the American veteran, especially the disabled veteran, with the rapidly evolving needs of American business.

This simply must change. We must establish a vehicle that will channel this infusion of talent into the areas where it is needed most within our economy.

The National Veterans Business Development Corporation is such a vehicle. And along with the other provisions of this bill, we believe it stands to dramatically enhance opportunities for veterans and afford companies like SBC much greater access to the expertise that they offer.

Mr. Chairman, America has always had a sacred bond with its veterans -- an unspoken pact -- that if you risk life and limb by going to war for America, then America has a duty to make sure that you have every opportunity to prosper from the peace.

Through veterans programs, millions of Americans have been given a chance to get started on that path to prosperity.

I might add, Mr. Chairman, that I was one of them. I frankly would not be here today without that support.

When I left the Army as a corporal in the mid-1950s, I was in no position to pursue higher education. Because of the cost, college was not in the cards for me. Yet, ultimately I was able to attend college, through the GI Bill, which not only opened doors of opportunity for me but for millions of others in uniform.

That same spirit is alive and well in this legislation. Like the GI Bill, it does far more than simply recognize the contributions veterans have made. And it goes further than honoring those men and women who fought for our country.

It rewards them for the sacrifice they made in a tangible way by giving them unparalleled opportunities to contribute their talents where they are needed most. And that, in turn, will benefit companies like SBC and, of course, our economy as a whole.

SBC has clearly benefited from the relationship we've built with disabled veterans. They add a great deal of value to our business. To that point, Mr. Chairman, I would like to address

the 5 percent goal that the current legislation establishes for federal government procurement.

SBC is of course not in a position to determine whether that is a fair and reasonable target for the federal government. I can only speak for SBC – and, after a great deal of analysis and discussion of this issue, we have established a goal of 1.5 percent.

To be very candid our studies in California showed there would simply not be enough qualified firms out there capable of fulfilling a five percent target. That is simply the reality, again speaking only in terms of SBC strategic sourcing requirements.

So, again, while the five percent figure may be reasonable for other entities and perhaps the federal government, it is certainly well above what SBC could deliver on, and I suspect a good many other companies would feel the same way.

Of course, with this legislation, many more disabled veteran businesses will likely emerge and broaden the field of potential suppliers.

I'd like to finish today right back where I started, by offering SBC's support of this outstanding legislation that will do so much for America's veterans.

Mr. Chairman, how can we ever adequately repay America's veterans, especially our disabled veterans for the sacrifices they've made for this country? The fact is that we cannot. Their contributions cannot be measured in conventional terms and certainly not in terms of dollars and cents.

The only thing we can do is to do right by them. And doing right by them means making sure they and their families have every opportunity to live productive, meaningful lives.

We believe this legislation will take us one step closer to delivering on that commitment, while also promoting our nation's economic growth. Thank you very much.

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The Honorable James M. Talent
 Chairman, Committee on Small Business
 House of Representatives
 Congress of the United States
 Rayburn House Office Building
 Washington, DC 20515

June 23, 1999

Dear Congressman Talent,

Thank you for this opportunity to testify before the Committee on Small Business on behalf of veteran entrepreneurs and business owners. I think that my experience as a combat veteran, banker, SBA Management Assistance Officer, entrepreneur and business owner supports your invitation. Also lending credence is the fact that I developed and managed an entrepreneurial training program for veterans in New York City and for years have been generating support for my concept of a nationwide association of veteran business owners.

I would like to thank you and the other Representatives for the support for veterans that you have demonstrated in introducing H.R. 1568. This bill is way overdue and I fully support the goals as described. Assisting business growth and development creates long term solutions to many social and economic problems. By following the guidelines defined by this bill, I would also suggest that it will be extremely cost effective.

I am very pleased with the concept of a "Veterans Corporation" as described in the bill and particularly with the prohibition of federal employees on the Board of Directors and the Advisory Committee. Veterans, particularly combat veterans, do not trust the government and this will allow the "Corporation" to be managed as a business and should become self sufficient in a relatively short time.

One of my suggestions to the SBA for improving technical and entrepreneurial assistance to veterans while serving on the SBA's Veterans Task Force was to simply add "AND VETERANS" to any and all of their programs. I find it very difficult to understand why veterans would be excluded from any federally funded assistance program. This bill is taking a big step towards adding those two words.

Entrepreneurial training and technical assistance can be invaluable tools in the success or failure of a new or struggling business. I have included a copy of a flow chart of The Veterans Business Assistance Center which I designed a few years ago for your review. I would be pleased to discuss this and the other programs we developed for veterans with any interested parties if it would be helpful. Currently there are many excellent programs offered through the SBA, SCORE, SBDC and many schools and universities. I would suggest that, if possible, that the training be offered to groups of veterans as opposed to veterans individually attending programs.

As the Director of Entrepreneurship for the Veterans Leadership Program in New York City from 1993-1997, I found that veterans were very supportive of each other and that our programs were more effective because the attendees were all veterans. We started our 12 week Starting and Managing Your Business program with a unique session called The Military Experience. In this session the attendees were reminded about all of the skills, responsibilities and qualities they demonstrated while fulfilling their duties in the military. Besides bonding with the others, they realized that these are the same qualities needed to become a successful business owner.

By expanding on the theory that due to the military experience, veterans should be better at managing a business than their non-veteran counterparts, I have been researching the feasibility of building a national membership association of veteran business owners. The research included hosting networking events sponsored by a variety of financial institutions, numerous surveys, and meetings with veterans, government agencies, private businesses and public corporations.

I met with a number of veteran business owners and executives that literally jumped at the chance to help both financially and as volunteers (instructors, mentors, trainers, etc.). It soon became apparent to me that there was a deep seated "feeling" that was unique to only veterans. It might not have been touched or felt in years but when I would describe the program and our ideas for helping veterans it quickly came to the surface. I call it the "Vet Connection" and in the business environment it translates into actions such as:

- * a desire to work with other veterans on a vendor/purchaser basis
- * a willingness to hire other veterans
- * a desire to network with other veteran business owners
- * being very receptive to solicitations from financial institutions that targeted business owners due to their veteran status.

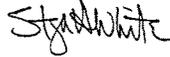
Since my firm produces marketing programs and materials for banks targeting small businesses, the above findings were of great interest. These basic findings, coupled with the estimated size of the veteran business community of 4 million, shows the potential for become a targeted market niche for financial institutions.

I have had numerous discussions with a number of banks and I can confirm that at least two of the biggest banks in the country have expressed a keen interest in being involved in the development of the Veterans Business Network, a membership association of veteran business owners with the goal of growing the members businesses.

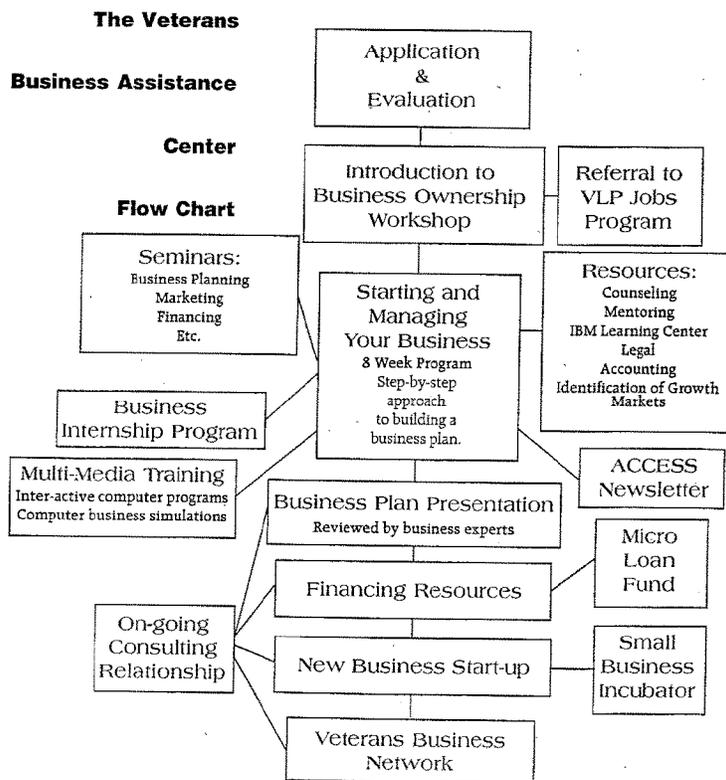
The concept and goals of the Veterans Business Network are totally compatible and fully supportive of the purpose and goals of H.R. 1568 and I will do everything I can to assist and support you in the passage of this bill.

On behalf of myself and the veterans who are or would like to be in business, I thank you for your continued interest and support for veterans. By focusing on business development and growth, the benefit will be greatly enhanced and felt throughout the economy.

Sincerely,



Stephen H. White
President



106TH CONGRESS
1ST SESSION

H. R. 1568

To provide technical, financial, and procurement assistance to veteran owned small businesses, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES.

APRIL 27, 1999

Mr. TALENT (for himself, Mr. STUMP, Mrs. MCCARTHY, of New York, Mr. EVANS, Mr. QUINN, Mr. PHELPS, Mr. MORAN of Kansas, Mr. FILNER, Mr. BARTLETT of Maryland, Mrs. KELLY, and Mr. PASCRELL) introduced the following bill; which was referred to the Committee on Small Business, and in addition to the Committee on Veterans' Affairs, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide technical, financial, and procurement assistance to veteran owned small businesses, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Veterans Entrepre-
5 neurship and Small Business Development Act of 1999".

6 **SEC. 2. TABLE OF CONTENTS.**

Sec. 1. Short title.

Sec. 2. Table of contents.

TITLE I—GENERAL PROVISIONS

- Sec. 101. Findings.
- Sec. 102. Purpose.
- Sec. 103. Definitions.

TITLE II—VETERANS BUSINESS DEVELOPMENT

- Sec. 201. Veterans business development in the Small Business Administration.
- Sec. 202. National Veterans Business Development Corporation.
- Sec. 203. Advisory Committee on Veterans Business Affairs.

TITLE III—TECHNICAL ASSISTANCE

- Sec. 301. SCORE program.
- Sec. 302. Entrepreneurial assistance.

TITLE IV—FINANCIAL ASSISTANCE

- Sec. 401. General business loan program.
- Sec. 402. Loans to individuals called to active duty in the Armed Forces.
- Sec. 403. Microloan program.
- Sec. 404. Delta loan program.
- Sec. 405. State development company program.

TITLE V—PROCUREMENT ASSISTANCE

- Sec. 501. Subcontracting.
- Sec. 502. Participation in Federal procurement.

TITLE VI—REPORTS AND DATA COLLECTION

- Sec. 601. Reporting requirements.
- Sec. 602. Report on small business and competition.
- Sec. 603. Annual report of the Administrator.
- Sec. 604. Data and information collection.

TITLE VII—MISCELLANEOUS PROVISIONS

- Sec. 701. Administrator's order.
- Sec. 702. Small Business Administration Office of Advocacy.
- Sec. 703. Study of fixed-asset small business loans.

1 TITLE I—GENERAL PROVISIONS

2 SEC. 101. FINDINGS.

3 Congress finds the following:

- 4 (1) Veterans of the United States Armed
- 5 Forces have been and continue to be vital to the
- 6 small business enterprises of the United States;

1 (2) In serving the United States, veterans often
2 faced great risks to preserve the American dream of
3 freedom and prosperity.

4 (3) The United States has done too little to as-
5 sist veterans, particularly service-disabled veterans,
6 in playing a greater role in the economy of the
7 United States by forming and expanding small busi-
8 ness enterprises.

9 (4) Medical advances and new medical tech-
10 nologies have made it possible for service-disabled
11 veterans to play a much more active role in the for-
12 mation and expansion of small business enterprises
13 in the United States.

14 (5) The United States must provide additional
15 assistance and support to veterans to better equip
16 them to form and expand small business enterprises,
17 thereby enabling them to realize the American
18 dream that they fought to protect.

19 **SEC. 102. PURPOSE.**

20 The purpose of this Act is to expand existing and es-
21 tablish new assistance programs for veterans who own or
22 operate small businesses. This Act accomplishes this pur-
23 pose by—

24 (1) expanding the eligibility for certain small
25 business assistance programs to include veterans;

1 (2) directing certain departments and agencies
2 of the United States to take actions that enhance
3 small business assistance to veterans; and

4 (3) establishing new institutions to provide
5 small business assistance to veterans or to support
6 the institutions that provide such assistance.

7 **SEC. 103. DEFINITIONS.**

8 (a) **SMALL BUSINESS ACT.**—Section 3 of the Small
9 Business Act (15 U.S.C. 632) is amended by adding at
10 the end the following:

11 “(q) **DEFINITIONS RELATING TO VETERANS.**—For
12 the purposes of this Act the following definitions shall
13 apply:

14 “(1) **SERVICE-DISABLED VETERAN.**—The term
15 ‘service-disabled veteran’ means a veteran with a
16 disability that is service-connected (as defined in sec-
17 tion 101(16) of title 38, United States Code).

18 “(2) **SMALL BUSINESS CONCERN OWNED AND**
19 **CONTROLLED BY SERVICE-DISABLED VETERANS.**—
20 The term ‘small business concern owned and con-
21 trolled by service-disabled veterans’ means a small
22 business concern—

23 “(A) not less than 51 percent of which is
24 owned by 1 or more service-disabled veterans
25 or, in the case of any publicly owned business,

1 not less than 51 percent of the stock of which
2 is owned by 1 or more service-disabled veterans;
3 and

4 “(B) the management and daily business
5 operations of which are controlled by 1 or more
6 service-disabled veterans or, in the case of a
7 veteran with permanent and severe disability,
8 the spouse or permanent caregiver of such vet-
9 eran.

10 “(3) SMALL BUSINESS CONCERN OWNED AND
11 CONTROLLED BY VETERANS.—The term ‘small busi-
12 ness concern owned and controlled by veterans’
13 means a small business concern—

14 “(A) not less than 51 percent of which is
15 owned by 1 or more veterans or, in the case of
16 any publicly owned business, not less than 51
17 percent of the stock of which is owned by 1 or
18 more veterans; and

19 “(B) the management and daily business
20 operations of which are controlled by 1 or more
21 veterans.

22 “(4) VETERAN.—The term ‘veteran’ has the
23 meaning given the term in section 101(2) of title 38,
24 United States Code.”

1 (b) APPLICABILITY TO THIS ACT.—In this Act, the
2 definitions contained in section 3(q) of the Small Business
3 Act, as added by this section, shall apply.

4 **TITLE II—VETERANS BUSINESS**
5 **DEVELOPMENT**

6 **SEC. 201. VETERANS BUSINESS DEVELOPMENT IN THE**
7 **SMALL BUSINESS ADMINISTRATION.**

8 (a) IN GENERAL.—Section 4(b)(1) of the Small Busi-
9 ness Act (15 U.S.C. 633(b)(1)) is amended—

10 (1) in the 5th sentence, by striking “four Asso-
11 ciate Administrators” and inserting “five Associate
12 Administrators”; and

13 (2) by inserting after the 5th sentence the fol-
14 lowing: “One such Associate Administrator shall be
15 the Associate Administrator for Veterans Business
16 Development, who shall administer the Office of Vet-
17 erans Business Development established under sec-
18 tion 32.”.

19 (b) OFFICE OF VETERANS BUSINESS DEVELOP-
20 MENT; ASSOCIATE ADMINISTRATOR.—The Small Business
21 Act (15 U.S.C. 631 et seq.) is further amended—

22 (1) by redesignating section 32 as section 34;
23 and

24 (2) by inserting after section 31 the following:

1 **“SEC. 32. VETERANS PROGRAMS.**

2 “(a) OFFICE OF VETERANS BUSINESS DEVELOP-
3 MENT.—There is established in the Administration an Of-
4 fice of Veterans Business Development, which shall be ad-
5 ministered by the Associate Administrator for Veterans
6 Business Development (in this section referred to as the
7 ‘Associate Administrator’) appointed under section
8 4(b)(1).

9 “(b) ASSOCIATE ADMINISTRATOR FOR VETERANS
10 BUSINESS DEVELOPMENT.—The Associate
11 Administrator—

12 “(1) shall be an appointee in the Senior Execu-
13 tive Service;

14 “(2) shall be responsible for the formulation,
15 execution, and promotion of policies and programs of
16 the Administration that provide assistance to small
17 business concerns owned and controlled by veterans
18 and small business concerns owned and controlled by
19 service-disabled veterans. The Associate Adminis-
20 trator shall act as an ombudsman for full consider-
21 ation of veterans in all programs of the Administra-
22 tion; and

23 “(3) shall report to and be responsible directly
24 to the Administrator.”.

1 **SEC. 202. NATIONAL VETERANS BUSINESS DEVELOPMENT**
2 **CORPORATION.**

3 The Small Business Act (15 U.S.C. 631 et seq.) is
4 further amended by adding after section 32 (as added by
5 this Act) the following:

6 **“SEC. 33. NATIONAL VETERANS BUSINESS DEVELOPMENT**
7 **CORPORATION.**

8 “(a) ESTABLISHMENT.—There is established a feder-
9 ally chartered corporation known as the National Veterans
10 Business Development Corporation (in this section re-
11 ferred to as the “Corporation”) which shall be incor-
12 porated under the laws of the District of Columbia and
13 which shall have the powers granted in this section.

14 “(b) PURPOSES OF THE CORPORATION.—The pur-
15 poses of the Corporation shall be—

16 “(1) to expand the provision of and improve ac-
17 cess to technical assistance regarding entrepreneur-
18 ship for the Nation’s veterans; and

19 “(2) to work with and organize public and pri-
20 vate resources, including but not limited to those of
21 the Small Business Administration, the Department
22 of Veterans Affairs, the Department of Labor, the
23 Department of Commerce, the Department of De-
24 fense, the Service Corps of Retired Executives (de-
25 scribed in section 8(b)(1)(B) of this Act), the Small
26 Business Development Centers (described in section

1 21 of this Act), and the business development staffs
2 of each department and agency of the United States,
3 to assist veterans, including service-disabled vet-
4 erans, with the formation and expansion of small
5 business concerns.

6 “(c) BOARD OF DIRECTORS.—

7 “(1) IN GENERAL.—The management of the
8 Corporation shall be vested in a Board of Directors
9 composed of 9 voting members and 3 nonvoting ex
10 officio members.

11 “(2) APPOINTMENT OF VOTING MEMBERS.—
12 The President shall appoint United States citizens
13 to be voting members of the Board of Directors as
14 follows:

15 “(A) 1 from a list of individuals nominated
16 by the chairman of the Committee on Small
17 Business of the House of Representatives.

18 “(B) 1 from a list of individuals nominated
19 by the chairman of the Committee on Small
20 Business of the Senate.

21 “(C) 1 from a list of individuals nominated
22 by the ranking minority member of the Com-
23 mittee on Small Business of the House of Rep-
24 resentatives.

1 “(D) 1 from a list of individuals nominated
2 by the ranking minority members of the Com-
3 mittee on Small Business of the Senate.

4 “(E) 1 from a list of individuals nominated
5 by the chairman of the Committee on Veterans’
6 Affairs of the House of Representatives.

7 “(F) 1 from a list of individuals nominated
8 by the chairman of the Committee on Veterans’
9 Affairs of the Senate.

10 “(G) 1 from a list of individuals nominated
11 by the ranking minority member of the Com-
12 mittee on Veterans’ Affairs of the House of
13 Representatives.

14 “(H) 1 from a list of individuals nomi-
15 nated the ranking minority member of the
16 Committee on Veterans’ Affairs of the Senate.

17 “(I) 1 of the President’s own choosing.

18 “(3) EX OFFICIO MEMBERS.—The Adminis-
19 trator of the Small Business Administration, the
20 Secretary of Defense, and the Secretary of Veterans
21 Affairs shall serve as the nonvoting ex officio mem-
22 bers of the Board of Directors.

23 “(4) CHAIRPERSON.—The members of the
24 Board of Directors appointed under paragraph (2)

1 shall elect one such member to serve as chairperson
2 of the Board of Directors for a term of 2 years.

3 “(5) TERMS OF APPOINTED MEMBERS.—

4 “(A) IN GENERAL.—Each member of the
5 Board of Directors appointed under paragraph
6 (2) shall serve a term of 6 years, except as pro-
7 vided in subparagraph (B).

8 “(B) TERMS OF INITIAL APPOINTEES.—As
9 designated by the President at the time of ap-
10 pointment, of the members first appointed—

11 “(i) 3 shall be for a term of 2 years;

12 and

13 “(ii) 3 shall be for a term of 4 years.

14 “(C) UNEXPIRED TERMS.—Any member of
15 the Board of Directors appointed to fill a va-
16 cancy occurring before the expiration of the
17 term for which the member’s predecessor was
18 appointed shall be appointed only for the re-
19 mainder of the term. A member may serve after
20 the expiration of that member’s term until a
21 successor has taken office.

22 “(6) VACANCIES.—Any vacancy on the Board
23 of Directors shall be filled in the manner in which
24 the original appointment was made. In the case of
25 a vacancy in the office of the Administrator of the

1 Small Business Administration or the Secretary of
2 Veterans Affairs, and pending the appointment of a
3 successor, an acting appointee for such vacancy may
4 serve as an ex officio member.

5 “(7) INELIGIBILITY FOR OTHER OFFICES.—No
6 voting member of the Board of Directors may be an
7 officer or employee of the United States while serv-
8 ing as a member of the Board of Directors or during
9 the two-year period preceding such service.

10 “(8) IMPARTIALITY AND NONDISCRIMINA-
11 TION.—The Board of Directors shall administer the
12 affairs of the Corporation fairly and impartially and
13 without discrimination.

14 “(9) OBLIGATIONS AND EXPENSES.—The
15 Board of Directors shall prescribe the manner in
16 which the obligations of the Corporation may be in-
17 curred and in which its expenses shall be allowed
18 and paid.

19 “(10) QUORUM.—5 voting members of the
20 Board of Directors shall constitute a quorum, but a
21 lesser number may hold hearings.

22 “(d) CORPORATE POWERS.—

23 “(1) IN GENERAL.—On October 1, 1999 the
24 Corporation shall become a body corporate and as
25 such shall have the authority to do the following:

1 “(A) To adopt and use a corporate seal.

2 “(B) To have succession until dissolved by
3 an Act of Congress.

4 “(C) To make contracts or grants.

5 “(D) To sue and be sued, and to file and
6 defend against lawsuits in State or Federal
7 court.

8 “(E) To appoint, through the actions of its
9 Board of Directors, officers and employees of
10 the Corporation, to define their duties and re-
11 sponsibilities, fix their compensations, and to
12 dismiss at will such officers or employees.

13 “(F) To prescribe, through the actions of
14 its Board of Directors, bylaws not inconsistent
15 with Federal law and the law of the State of in-
16 corporation, regulating the manner in which its
17 general business may be conducted and the
18 manner in which the privileges granted to it by
19 law may be exercised.

20 “(G) To exercise, through the actions of its
21 Board of Directors or duly authorized officers,
22 all powers specifically granted by the provisions
23 of this section, and such incidental powers as
24 shall be necessary.

1 “(H) To solicit, receive, and disburse funds
2 from private, Federal, State and local organiza-
3 tions.

4 “(I) To accept and employ or dispose of in
5 furtherance of the purposes of this section any
6 money or property, real, personal, or mixed,
7 tangible or intangible, received by gift, devise,
8 bequest, or otherwise.

9 “(J) To accept voluntary and uncompen-
10 sated services.

11 “(e) CORPORATE FUNDS.—

12 “(1) DEPOSIT OF FUNDS.—The Board of Di-
13 rectors shall deposit all funds of the Corporation in
14 federally chartered and insured depository institu-
15 tions until such funds are disbursed under para-
16 graph (2).

17 “(2) DISBURSEMENT OF FUNDS.—Funds of the
18 Corporation may be disbursed only for purposes that
19 are—

20 “(A) approved by the Board of Directors
21 by a recorded vote with a quorum present; and

22 “(B) in accordance with the purposes of
23 the Corporation as specified in subsection (b).

24 “(f) NETWORK OF INFORMATION AND ASSISTANCE
25 CENTERS.—In carrying out the purpose described in sub-

1 section (b), the Corporation shall establish and maintain
2 a network of information and assistance centers for use
3 by veterans and the public.

4 “(g) ANNUAL REPORT.—On or before October 1 of
5 each year, the Board of Directors shall transmit a report
6 to the President and Congress describing the activities and
7 accomplishments of the Corporation for the preceding year
8 and the Corporation’s findings regarding the efforts of
9 Federal, State and private organizations to assist veterans
10 in the formation and expansion of small business concerns.

11 “(h) USE OF MAILS.—The Corporation may use the
12 United States mails in the same manner and under the
13 same conditions as the departments and agencies of the
14 United States.

15 “(i) AUTHORIZATION OF APPROPRIATIONS.—

16 “(1) IN GENERAL.—There are authorized to be
17 appropriated to the Corporation to carry out this
18 section the following amounts:

19 “(A) \$2,000,000 for fiscal year 2000;

20 “(B) \$4,000,000 for fiscal year 2001;

21 “(C) \$4,000,000 for fiscal year 2002; and

22 “(D) \$2,000,000 for fiscal year 2003.

23 “(2) PRIVATIZATION.—The Corporation shall
24 institute and implement a plan to raise private funds
25 and become a self-sustaining corporation.”

1 **SEC. 203. ADVISORY COMMITTEE ON VETERANS BUSINESS**

2 **AFFAIRS.**

3 (a) IN GENERAL.—There is established an advisory
4 committee to be known as the “Advisory Committee on
5 Veterans Business Affairs” (in this section referred to as
6 the “Committee”), which shall serve as an independent
7 source of advice and policy recommendations to—

8 (1) the Administrator of the Small Business
9 Administration (in this section referred to as the
10 “Administrator”);

11 (2) the Associate Administrator for Veterans
12 Business Development of the Small Business Admin-
13 istration;

14 (3) Congress;

15 (4) the President; and

16 (5) other United States policymakers.

17 (b) MEMBERSHIP.—

18 (1) IN GENERAL.—The Committee shall be
19 composed of 15 members, of whom—

20 (A) 8 shall be veterans who are owners of
21 small business concerns (within the meaning of
22 the term under section 3 of the Small Business
23 Act (15 U.S.C. 632)); and

24 (B) 7 shall be representatives of veterans
25 organizations.

26 (2) APPOINTMENT.—

1 (A) IN GENERAL.—The members of the
2 Committee shall be appointed by the Adminis-
3 trator in accordance with this section.

4 (B) INITIAL APPOINTMENTS.—Not later
5 than 60 days after the date of enactment of
6 this Act, the Administrator shall appoint the
7 initial members of the Committee.

8 (3) POLITICAL AFFILIATION.—Not more than 8
9 members of the Committee shall be of the same po-
10 litical party as the President.

11 (4) PROHIBITION ON FEDERAL EMPLOY-
12 MENT.—

13 (A) IN GENERAL.—Except as provided in
14 subsection (B), no member of the Committee
15 may serve as an officer or employee of the
16 United States.

17 (B) EXCEPTION.—A member of the Com-
18 mittee who accepts a position as an officer or
19 employee of the United States after the date of
20 the member's appointment to the Committee
21 may continue to serve on the Committee for not
22 more than 30 days after such acceptance.

23 (5) TERM OF SERVICE.—

1 (A) IN GENERAL.—Subject to subpara-
2 graph (B), the term of service of each member
3 of the Committee shall be 3 years.

4 (B) TERMS OF INITIAL APPOINTEES.—As
5 designated by the Administrator at the time of
6 appointment, of the members first appointed—

7 (i) 6 shall be appointed for a term of
8 4 years; and

9 (ii) 5 shall be appointed for a term of
10 5 years.

11 (6) VACANCIES.—The Administrator shall fill
12 any vacancies on the membership of the Committee
13 not later than 30 days after the date on which such
14 vacancy occurs.

15 (7) CHAIRPERSON.—

16 (A) IN GENERAL.—The members of the
17 Committee shall elect one of the members to be
18 Chairperson of the Committee.

19 (B) VACANCIES IN OFFICE OF CHAIR-
20 PERSON.—Any vacancy in the office of the
21 Chairperson of the Committee shall be filled by
22 the Committee at the first meeting of the Com-
23 mittee following the date on which the vacancy
24 occurs.

1 (c) DUTIES.—The duties of the Committee shall be
2 the following:

3 (1) Review, coordinate, and monitor plans and
4 programs developed in the public and private sec-
5 tors, that affect the ability of small business con-
6 cerns owned and controlled by veterans to obtain
7 capital and credit and to access markets.

8 (2) Promote the collection of business informa-
9 tion and survey data as they relate to veterans and
10 small business concerns owned and controlled by vet-
11 erans.

12 (3) Monitor and promote plans, programs, and
13 operations of the departments and agencies of the
14 United States that may contribute to the formation
15 and growth of small business concerns owned and
16 controlled by veterans.

17 (4) Develop and promote initiatives, policies,
18 programs, and plans designed to foster small busi-
19 ness concerns owned and controlled by veterans.

20 (5) In cooperation with the National Veterans
21 Business Development Corporation, develop a com-
22 prehensive plan, to be updated annually, for joint
23 public-private sector efforts to facilitate growth and
24 development of small business concerns owned and
25 controlled by veterans.

1 (d) POWERS.—

2 (1) HEARINGS.—Subject to subsection (e), the
3 Committee may hold such hearings, sit and act at
4 such times and places, take such testimony, and re-
5 ceive such evidence as the Committee considers ad-
6 visable to carry out its duties.

7 (2) INFORMATION FROM FEDERAL AGENCIES.—

8 Upon request of the Chairperson of the Committee,
9 the head of any department or agency of the United
10 States shall furnish such information to the Com-
11 mittee as the Committee considers to be necessary to
12 carry out its duties.

13 (3) USE OF MAILS.—The Committee may use
14 the United States mails in the same manner and
15 under the same conditions as other departments and
16 agencies of the United States.

17 (4) GIFTS.—The Committee may accept, use,
18 and dispose of gifts or donations of services or prop-
19 erty.

20 (e) MEETINGS.—

21 (1) IN GENERAL.—The Committee shall meet,
22 not less than three times per year, at the call of the
23 Chairperson or at the request of the Administrator.

24 (2) LOCATION.—Each meeting of the full Com-
25 mittee shall be held at the headquarters of the Small

1 Business Administration located in Washington, Dis-
2 trict of Columbia. The Administrator shall provide
3 suitable meeting facilities and such administrative
4 support as may be necessary for each full meeting
5 of the Committee.

6 (3) TASK GROUPS.—The Committee may, from
7 time to time, establish temporary task groups as
8 may be necessary in order to carry out its duties.

9 (f) COMPENSATION AND EXPENSES.—

10 (1) NO COMPENSATION.—Members of the Com-
11 mittee shall serve without compensation for their
12 service to the Committee.

13 (2) EXPENSES.—The members of the Com-
14 mittee shall be reimbursed for travel and subsistence
15 expenses in accordance with section 5703 of title 5,
16 United States Code.

17 (g) REPORT.—Not later than 30 days after the end
18 of each fiscal year beginning after the date of enactment
19 of this section, the Committee shall transmit to Congress
20 and the President a report describing the activities of the
21 Committee and any recommendations developed by the
22 Committee for the promotion of small business concerns
23 owned and controlled by veterans.

(h) Sunset -

1 **TITLE III—TECHNICAL**
2 **ASSISTANCE**

3 **SEC. 301. SCORE PROGRAM.**

4 (a) IN GENERAL.—The Administrator of the Small
5 Business Administration shall enter into a memorandum
6 of understanding with the Service Core of Retired Execu-
7 tives (described in section 8(b)(1)(B) of the Small Busi-
8 ness Act (15 U.S.C. 637(b)(1)(B)) and in this section re-
9 ferred to as “SCORE”) to provide for the following:

10 (1) The appointment by SCORE in its national
11 office of an individual to act as National Veterans
12 Business Coordinator, whose duties shall relate ex-
13 clusively to veterans business matters, and who shall
14 be responsible for the establishment and administra-
15 tion of a program to coordinate counseling and
16 training regarding entrepreneurship to veterans
17 through the chapters of SCORE throughout the
18 United States.

19 (2) The assistance of SCORE in the estab-
20 lishing and maintaining a toll-free telephone number
21 and an Internet website to provide access for vet-
22 erans to information about the counseling and train-
23 ing regarding entrepreneurship available to veterans
24 through SCORE.

1 (3) The collection of statistics concerning serv-
2 ices provided by SCORE to veterans, including serv-
3 ice-disabled veterans, for inclusion in each annual
4 report published by the Administrator under section
5 4(b)(2)(B) of the Small Business Act (15 U.S.C.
6 633(b)(2)(B)).

7 (b) RESOURCES.—The Administrator shall provide to
8 SCORE such resources as the Administrator determines
9 necessary for SCORE to carry out the requirements of the
10 memorandum of understanding specified in paragraph (1).

11 **SEC. 302. ENTREPRENEURIAL ASSISTANCE.**

12 Not later than 180 days after the date of enactment
13 of this Act, the Secretary of Veterans Affairs, the Admin-
14 istrator of the Small Business Administration, and the
15 head of the association formed pursuant to section
16 21(a)(3)(A) of the Small Business Act (15 U.S.C.
17 648(a)(3)(A)) shall enter into a memorandum of under-
18 standing with respect to entrepreneurial assistance to vet-
19 erans, including service-disabled veterans, through Small
20 Business Development Centers (described in section 21 of
21 the Small Business Act (15 U.S.C. 648)) and facilities of
22 the Department of Veterans Affairs. Such assistance shall
23 include the following:

24 (1) Conducting of studies and research, and the
25 distribution of information generated by such studies

1 and research, on the formation, management, fi-
2 nancing, marketing, and operation of small business
3 concerns by veterans.

4 (2) Provision of training and counseling to vet-
5 erans concerning the formation, management, fi-
6 nancing, marketing, and operation of small business
7 concerns.

8 (3) Provision of management and technical as-
9 sistance to the owners and operators of small busi-
10 ness concerns regarding international markets, the
11 promotion of exports, and the transfer of technology.

12 (4) Provision of assistance and information to
13 veterans regarding procurement opportunities with
14 Federal, State, and local agencies, especially such
15 agencies funded in whole or in part with Federal
16 funds.

17 (5) Establishment of an information clearing-
18 house to collect and distribute information, including
19 by electronic means, on the assistance programs of
20 Federal, State, and local governments, and of the
21 private sector, including information on office loca-
22 tions, key personnel, telephone numbers, mail and
23 electronic addresses, and contracting and subcon-
24 tracting opportunities.

1 (6) Provision of Internet or other distance
2 learning academic instruction for veterans in busi-
3 ness subjects, including accounting, marketing, and
4 business fundamentals.

5 (7) Compilation of a list of small business con-
6 cerns owned and controlled by service-disabled vet-
7 erans that provide products or services that could be
8 procured by the United States and delivery of such
9 list to each department and agency of the United
10 States. Such list shall be delivered in hard copy and
11 electronic form and shall include the name and ad-
12 dress of each such small business concern and the
13 products or services that it provides.

14 **TITLE IV—FINANCIAL** 15 **ASSISTANCE**

16 **SEC. 401. GENERAL BUSINESS LOAN PROGRAM.**

17 (a) DEFINITION OF HANDICAPPED INDIVIDUAL.—
18 Section 3(f) of the Small Business Act (15 U.S.C. 632(f))
19 is amended to read as follows:

20 “(f) For purposes of section 7 of this Act, the term
21 ‘handicapped individual’ means an individual—

22 “(1) who has a physical, mental, or emotional
23 impairment, defect, ailment, disease, or disability of
24 a permanent nature which in any way limits the se-

1 section of any type of employment for which the per-
2 son would otherwise be qualified or qualifiable; or

3 “(2) who is a service-disabled veteran.”

4 (b) AUTHORIZATION TO MAKE LOANS.—Section
5 7(a)(10) of the Small Business Act (15 U.S.C.
6 636(a)(10)) is amended ^{by inserting “guaranteed” after “provide”} by inserting, “, including service-
7 disabled veterans,” after “handicapped individual”.

8 **SEC. 402. LOANS TO INDIVIDUALS CALLED TO ACTIVE DUTY**
9 **IN THE ARMED FORCES.**

10 Section 7(b) of the Small Business Act (15 U.S.C.
11 636(b)) is amended by inserting after the undesignated
12 paragraph that begins with “*Provided*, That no loan” the
13 following:

14 “(3) The Administration is empowered to make
15 loans to qualified individuals to assist with potential
16 losses and disruptions caused by mobilization or the
17 return to active duty in the Armed Forces. For the
18 purposes of this paragraph, qualified individuals are
19 individuals—

20 “(A) who are self-employed or who are
21 owners of small business concerns; and

22 “(B) who are called to active duty under
23 section 688, 12301, 12302, or 12303 of title
24 10, United States Code.

1 Loans made under this paragraph shall have the
2 same terms and rates of interest as loans made
3 under paragraph (2).”.

4 **SEC. 403. MICROLOAN PROGRAM.**

5 Section 7(m)(1)(A)(i) of the Small Business Act (15
6 U.S.C. 636(m)(1)(A)(i)) is amended by inserting “veteran
7 (within the meaning of such term under section 3(q)),”
8 after “low-income,”.

9 **SEC. 404. DELTA LOAN PROGRAM.**

10 Section 7(a)(21)(A) Small Business Act (15 U.S.C.
11 636(a)(21)(A)) is amended in subclause (ii) by inserting
12 “or a veteran” after “qualified individual”.

13 **SEC. 405. STATE DEVELOPMENT COMPANY PROGRAM.**

14 Section 501(d)(3) of the Small Business Investment
15 Act (15 U.S.C. 696(d)(3)) is amended—

16 (1) by redesignating subparagraphs (E), (F),
17 and (G) as subparagraphs (F), (G), and (H), respec-
18 tively; and

19 (2) by inserting after subparagraph (D) the fol-
20 lowing:

21 “(E) expansion of small business concerns
22 owned and controlled by veterans, as defined in
23 section 3(q) of the Small Business Act (15
24 U.S.C. 632(q)), especially service-disabled vet-
25 erans, as defined in such section 3(q).”.

1 **TITLE V—PROCUREMENT**
2 **ASSISTANCE**

3 **SEC. 501. SUBCONTRACTING.**

4 (a) STATEMENT OF POLICY.—Section 8(d)(1) of the
5 Small Business Act (15 U.S.C. 637(d)(1)) is amended by
6 inserting “small business concerns owned and controlled
7 by service-disabled veterans,” after “small business con-
8 cerns,” the first place it appears in the first and second
9 sentences.

10 (b) CONTRACT CLAUSE.—The contract clause speci-
11 fied in section 8(d)(3) of the Small Business Act (15
12 U.S.C. 637(d)(3)) is amended as follows:

13 (1) Subparagraph (A) of such clause is amend-
14 ed by inserting “small business concerns owned and
15 controlled by veterans,” after “small business con-
16 cerns,” the first place it appears in the first and sec-
17 ond sentences.

18 (2) Subparagraphs (E) and (F) of such clause
19 are redesignated as subparagraphs (F) and (G), re-
20 spectively, and the following new subparagraph is in-
21 serted after subparagraph (D) of such clause:

22 “(E) The term ‘small business concern
23 owned and controlled by veterans’ shall mean a
24 small business concern—

1 “(i) which is at least 51 per centum
2 owned by one or more eligible veterans; or,
3 in the case of any publicly owned business,
4 at least 51 per centum of the stock of
5 which is owned by one or more veterans;
6 and

7 “(ii) whose management and daily
8 business operations are controlled by such
9 veterans. The contractor shall treat as vet-
10 erans all individuals who are veterans with-
11 in the meaning of the term under section
12 3(q) of the Small Business Act.”.

13 (3) Subparagraph (F) of such clause, as reded-
14 ignated by paragraph (2) of this subsection, is
15 amended by inserting “small business concern owned
16 and controlled by veterans,” after “small business
17 concern,” the first place it appears.

18 (c) CONFORMING AMENDMENTS.—Section 8(d) of
19 the Small Business Act (15 U.S.C. 637(d)) is further
20 amended by inserting “small business concerns owned and
21 controlled by veterans,” after “small business concerns,”
22 the first place it appears in paragraphs (4)(D), (4)(E),
23 (6)(A), (6)(C), (6)(F), and (10)(B).

1 **SEC. 502. PARTICIPATION IN FEDERAL PROCUREMENT.**

2 (a) GOVERNMENT-WIDE PARTICIPATION GOALS.—

3 Subsection (g)(1) of section 15 of the Small Business Act

4 (15 U.S.C. 644(g)(1)) is amended—

5 (1) in the first sentence, by inserting “small
6 business concerns owned and controlled by service
7 disabled veterans,” after “small business concerns,”
8 the first place it appears;

9 (2) by inserting after the second sentence the
10 following:

11 “The Government-wide goal for participation by
12 small business concerns owned and controlled by
13 service-disabled veterans shall be established at not
14 less than 5 percent of the total value of all prime
15 contract and subcontract awards for each fiscal
16 year.”; and

17 (3) in the second to last sentence, by inserting;

18 “small business concerns owned and controlled
19 by service-disabled veterans,” after “small business
20 concerns,” the first place it appears.

21 (b) AGENCY PARTICIPATION GOALS.—Subsection

22 (g)(2) of section 15 of the Small Business Act (15 U.S.C.

23 644) is amended—

24 (1) in the first sentence, by inserting “by small
25 business concerns owned and controlled by service-

1 disabled veterans,” after “small business concerns,”;
2 the first place it appears;

3 (2) in the second sentence, by inserting “small
4 business concerns owned and controlled by service-
5 disabled veterans,” after “small business concerns,”
6 the first place it appears; and

7 (3) in the fourth sentence, by inserting “small
8 business concerns owned and controlled by service-
9 disabled veterans, by” after “including participation
10 by”.

11 **TITLE VI—REPORTS AND DATA** 12 **COLLECTION**

13 **SEC. 601. REPORTING REQUIREMENTS.**

14 (a) REPORTS TO SMALL BUSINESS ADMINISTRA-
15 TION.—

16 Subsection (h)(1) of section 15 of the Small Business
17 Act (15 U.S.C. 644(h)(1)) is amended by inserting “small
18 business concerns owned and controlled by veterans (in-
19 cluding service-disabled veterans),” after “small business
20 concerns,” the first place it appears.

21 (b) REPORTS TO THE PRESIDENT AND CONGRESS.—

22 Subsection (h)(2) of section 15 of the Small Business Act
23 (15 U.S.C. 644(h)(2)) is amended—

24 (1) by inserting “and Congress” before the pe-
25 riod at the end of first sentence; and

1 (2) in subparagraphs (A), (D), and (E), by in-
2 serting “small business concerns owned and con-
3 trolled by service-disabled veterans,” after “small
4 business concerns,” the first place it appears.

5 **SEC. 602. REPORT ON SMALL BUSINESS AND COMPETITION.**

6 Section 303(e) of the Small Business Economic Pol-
7 icy Act of 1980 (15 U.S.C. 631b(e)) is amended—

8 (1) in paragraph (1), by striking “and” after
9 the semicolon;

10 (2) in paragraph (2), by striking the period at
11 the end and inserting “; and”; and

12 (3) by adding at the end the following:

13 “(3) small business concerns owned and con-
14 trolled by veterans, as defined in section 3(q) of the
15 Small Business Act (15 U.S.C. 632(q)), and small
16 business concerns owned and controlled by service-
17 disabled veterans, as defined in such section 3(q).”.

18 **SEC. 603. ANNUAL REPORT OF THE ADMINISTRATOR.**

19 The Administrator of the Small Business Administra-
20 tion shall transmit annually to the Committees on Small
21 Business and Veterans Affairs of the House of Represent-
22 atives and the Senate a report on the needs of small busi-
23 ness concerns owned and controlled by veterans and small
24 business concerns owned and controlled by service-disabled
25 veterans, which shall include information on—

1 (1) the availability of Small Business Adminis-
2 tration programs for such small business concerns
3 and the degree of utilization of such programs by
4 such small business concerns during the preceding
5 12-month period;

6 (2) the percentage and dollar value of Federal
7 contracts awarded to such small business concerns
8 during the preceding 12-month period; and

9 (3) proposals to improve the access of such
10 small business concerns to the assistance made avail-
11 able by the United States.

12 **SEC. 604. DATA AND INFORMATION COLLECTION.**

13 (a) INFORMATION ON FEDERAL PROCUREMENT
14 PRACTICES.—The Administrator of the Small Business
15 Administration shall, for each fiscal year—

16 (1) collect information concerning the procure-
17 ment practices and procedures of each department
18 and agency of the United States having procurement
19 authority; and

20 (2) make such information available to any
21 small business concern requesting such information; *and*

22 (b) IDENTIFICATION OF SMALL BUSINESS CONCERNS
23 OWNED BY ELIGIBLE VETERANS.—Each Fiscal year the
24 Secretary of Veterans Affairs shall, in consultation with
25 the Assistant Secretary of Labor for Veterans' Employ-

1 ment and Training and the Administrator of the Small
2 Business Administration, identify small business concerns
3 owned and controlled by veterans in the United States.
4 The Secretary shall inform each small business concern
5 identified under this paragraph that information on Fed-
6 eral procurement is available from the Administrator.

7 (c) SELF-EMPLOYMENT OPPORTUNITIES.—The Sec-
8 retary of Labor, the Secretary of Veterans Affairs, and
9 the Administrator of the Small Business Administration
10 shall enter into a memorandum of understanding to pro-
11 vide for coordination of vocational rehabilitation services,
12 technical and managerial assistance, and financial assist-
13 ance to veterans, including service-disabled veterans, seek-
14 ing to employ themselves by forming or expanding small
15 business concerns. The memorandum of understanding
16 shall include recommendations for expanding existing pro-
17 grams or establishing new programs to provide such serv-
18 ices or assistance to such veterans.

19 **TITLE VII—MISCELLANEOUS** 20 **PROVISIONS**

21 **SEC. 701. ADMINISTRATOR'S ORDER.**

22 The Administrator of the Small Business Administra-
23 tion shall strengthen and reissue the Administrator's order
24 regarding the 3rd sentence of section 4(b)(1) of the Small
25 Business Act (15 U.S.C. 633(b)(1)), relating to non-

1 discrimination and special considerations for veterans, and
2 take all necessary steps to ensure that its provisions are
3 fully and vigorously implemented.

4 **SEC. 702. SMALL BUSINESS ADMINISTRATION OFFICE OF**
5 **ADVOCACY.**

6 Section 202 of Public Law 94-305 (15 U.S.C. 634b)
7 is amended—

8 (1) in paragraph (10), by striking “and” at the
9 end;

10 (2) in paragraph (11), by striking the period at
11 the end and inserting “; and”; and

12 (3) by adding at the end the following:

13 “(12) evaluate the efforts of each department
14 and agency of the United States, and of private in-
15 dustry, to assist small business concerns owned and
16 controlled by veterans, as defined in section 3(q) of
17 the Small Business Act (15 U.S.C. 632(q)), and
18 small business concerns owned and controlled by
19 serviced-disabled veterans, as defined in such section
20 3(q), and make appropriate recommendations to the
21 Administrator of the Small Business Administration
22 and to Congress in order to promote the establish-
23 ment and growth of those small business concerns.”.

1 **SEC. 703. STUDY OF FIXED-ASSET SMALL BUSINESS LOANS.**

2 (a) IN GENERAL.—The Comptroller General shall
3 conduct a study on whether there would exist any addi-
4 tional risk or cost to the United States if—

5 (1) up to 10 percent of the loans guaranteed
6 under chapter 37 of title 38, United States Code,
7 were made for the acquisition or construction of
8 fixed assets used in a trade or business rather than
9 for the construction or purchase of residential build-
10 ings; and

11 (2) such loans for acquisition or construction of
12 fixed assets were for a term of not more than 10
13 years and the terms regarding eligibility, loan limits,
14 interest, fees, and down payment were the same as
15 for other loans guaranteed under such chapter.

16 (b) REPORT.—

17 (1) IN GENERAL.—Not later than 180 days
18 after the enactment of this Act, the Comptroller
19 General shall transmit the report described in sub-
20 section (a) to the Committees on Veterans' Affairs
21 and the Committees on Small Business of the House
22 of Representatives and the Senate.

23 (2) CONTENTS OF REPORT.—The report re-
24 quired by paragraph (1) shall specifically address
25 the following:

1 (A) With respect to the change in the vet-
2 erans' housing loan program contemplated
3 under subsection (a):

4 (i) The increase or decrease in admin-
5 istrative costs to the Department of Vet-
6 erans Affairs.

7 (ii) The increase or decrease in the
8 degree of exposure of the United States as
9 the guarantor of the loans.

10 (iii) The increase or decrease in the
11 Federal subsidy rate that would be pos-
12 sible.

13 (iv) Any increase in the interest rate
14 or fees charged to the borrower or lender
15 that would be required to maintain present
16 program costs.

17 (B) Information regarding the delinquency
18 rates, default rates, length of time required for re-
19 covery after default, for fixed-asset business loans,
20 of a size and duration comparable to those con-
21 templated under subsection (a), made available in
22 the private market or under section 503 of the Small
23 Business Investment Act.

VETERANS OF FOREIGN WARS

OF THE UNITED STATES



June 22, 1999

House Small Business Committee
2361 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Talent and Members of the House Committee on Small Business:

On behalf of the 1.9 million men and women of the Veterans of Foreign Wars of the United States, I would like to take this opportunity to voice our support for HR 1568 the "Veterans Entrepreneurship and Small Business Development Act of 1999."

Since 1990, the number of veterans receiving assistance from the Small Business Administration has drastically declined. H.R. 1568 will provide substantial assistance to our nation's veterans, especially service-connected disabled and separating veterans, who aspire to become entrepreneurs by mandating that veterans will deservedly receive a fair share of assistance through the Small Business Administration. This legislation ensures that veterans are included in the full range of programs and services at SBA. In addition, H.R. 1568 would establish the National Veterans Business Development Center; strengthen the Office of Veterans Business Development at SBA; allow veterans to utilize the MicroLoan and Delta Loan programs; provide economic injury disaster assistance loans to reservists, members of the National Guard and military retirees who are self-employed or small business owners, when called to active military service; and, establish a database of all veteran owned small businesses.

The VFW commends you for introducing HR 1568 and supports its swift enactment ensuring that those who have sacrificed in serving our nation may fulfill an American dream—entrepreneurship.

Sincerely,


JAMES N. MAGILL, Director
National Veterans Employment

**STATEMENT OF
MICHAEL P. CLINE
MASTER SERGEANT (RET)
EXECUTIVE DIRECTOR**

**BEFORE THE
COMMITTEE ON SMALL BUSINESS**

June 23, 1999

*Enlisted Association of the
National Guard of the United States*



1219 Prince Street
Alexandria, VA 22314-2916
703/519-3846

DISCLOSURE OF FEDERAL GRANTS OR CONTRACTS

The Enlisted Association of the National Guard of the United States (EANGUS) does not currently receive, nor has the Association ever received, any federal money for grants or contracts. All of the Association's activities and services are accomplished completely free of any federal funding.

INTRODUCTION

Mr. Chairman, Members of the Committee on Small Business:

I am honored to have this opportunity to present the views of the Enlisted men and women of the National Guard of the United States. Our members are very confident that you will, through your diligent and conscientious efforts, give serious consideration to an important issue facing the National Guard today.

The citizen soldiers of today are truly the finest ever. Today, the Guard is being called upon more and more to provide peacetime and combat-ready support for contingencies around the world. The Army and Air National Guard represent a stable force that acts as a storehouse for skilled professional personnel and an effective structure to retain skilled personnel departing the active services. The Army and Air National Guard need to assure its members that it can recognize them for the contributions that they make to national defense and protect them from financial harm when they are called to active duty.

Mr. Chairman, you are probably aware that the Armed Forces can't deploy for any kind of significant confrontation without reliance upon the Guard and Reserves.

This became very clear during the Persian Gulf conflict. More than 246,000 National Guard and Reserve members were called up to serve during the conflict.

Approximately 15,500 of the 246,000 Reservists activated in for Operation Desert Shield/Desert Storm were self-employed. Many of these self-employed and owners of small businesses experienced severe economic hardships as a result of their activation. In a DoD survey, more than 47 percent reported serious or moderate damage to their business or practice. In order to cope with the financial impact, the self-employed Reservists borrowed money, used savings, or sold assets. Unfortunately, bankruptcy was the final outcome for some.

Although there were three legislative initiatives proposed during the Persian Gulf conflict to provide economic relief to self-employed Reservists, none was enacted. Guard and Reserve members who are self-employed face a unique situation and currently have no solution to the problem of being away from their small business when mobilized for active duty.

Now Reservists activated to support Operation Allied Force in Kosovo are facing the same problems. H.R. 1568 would allow Small Business loans for self-employed individuals and small business owners called to active duty. This is a

well-deserved and long overdue action. The Enlisted Association of the National Guard of the United States (EANGUS) is very appreciative of this legislation.

EANGUS believes that provisions of H.R. 1981, H.R. 1614 and S. 918 should be rolled into H.R. 1568 as they would significantly assist Guard and Reserve members who are self-employed or small business owners when they are called to active duty.

Both H.R. 1614 and the Senate bill S. 918 amend the Small Business Act to require the Small Business Administration (SBA), upon written request, to defer repayment of principal and interest due on a direct general business or disaster loan made to a member of the Reserves ordered to active duty during a period of military conflict, as long as the Reservist: (1) received the loan before being ordered to such duty; and (2) is the owner, manager, or key employee of a small business for which the loan was made. The deferral period is extended until 180 days after the Reservist is discharged or released from active duty. The bills also direct the SBA to encourage lenders and loan intermediaries participating in other SBA loan programs to defer repayment of similar loans as well as loans made under the Small Business Investment Act of 1958. This could be invaluable to the deployed Guard or Reserve members – to not have to worry about making loan

payments while on active duty.

As with H.R. 1568, H.R. 1614 and S. 918 would authorize the SBA to make disaster loans to assist a small business that has or is likely to suffer economic injury as the result of the owner being ordered to active duty during a period of military conflict. However, H.R. 1614 and S. 918 go a little farther by allowing the loan if not only the owner is ordered to active duty but also if the manager or key employee of the business is ordered to active duty. This additional coverage may make the difference for many a small business. H.R. 1614 and S. 918 applies such assistance to periods of military conflict occurring on or after March 24, 1999.

H.R. 1614 and S. 918 direct the SBA to utilize its entrepreneurial development and management assistance programs to provide business counseling and training to any small business adversely affected by the deployment of units of U.S. armed forces in support of a period of military conflict. The bills also require the SBA, for the duration of Operation Allied Force and 120 days thereafter, to enhance its publicity of the availability of such assistance. EANGUS believes these initiatives would be greatly beneficial to self-employed, activated Guard and Reserve members.

H.R. 1981 would allow the disaster loan assistance for Guard and Reserve members beginning who were activated for any period of military conflict beginning on or after August 1, 1990. This would cover those self-employed Guardsmen and Reservists who were activated during the Persian Gulf conflict. The Persian Gulf self-employed Reservists are no less deserving of a chance to salvage their businesses than those who will be activated in the future.

Please consider adding these provisions in your markup of H.R. 1568.

CLOSING

Mr. Chairman, it is our Association's belief that the National Guard represents the most cost-effective weapon at our disposal to defend our nation. The National Guard stands ready, willing and accessible to meet our defensive needs.

Mr. Chairman, the National Guard is your next door neighbor, he or she may be a truck driver, your lawyer, your son or daughter, or your grandchildren's teacher. When the National Guard is called, America goes to war. The National Guard is family, Americans at their best. The National Guard - protectors of freedom. and defenders of peace!

I would like to thank the Chairman and Members of this committee for the opportunity to provide testimony on Small Business loans for self-employed Guard and Reserve members.



NCOA

Non Commissioned Officers Association of the United States of America

225 N. Washington • Alexandria, Virginia 22314 • Telephone (703) 549-0311

STATEMENT OF

**LARRY D. RHEA
DEPUTY DIRECTOR OF LEGISLATIVE AFFAIRS**

TO THE

**COMMITTEE ON SMALL BUSINESS
U.S. HOUSE OF REPRESENTATIVES**

ON

**H.R. 1568
THE VETERANS ENTREPRENEURSHIP
AND
SMALL BUSINESS DEVELOPMENT ACT
OF 1999**

JUNE 23, 1999

Chartered by the United States Congress

DISCLOSURE OF FEDERAL GRANTS AND CONTRACTS

The Non Commissioned Officers Association of the USA (NCOA) does not currently receive, nor has the Association ever received, any federal money for grants or contracts.

Mr. Chairman and Distinguished Members of the Committee, the Non Commissioned Officers Association of the USA (NCOA) is sincerely grateful for this opportunity to formally express the Association's full, enthusiastic support for H.R. 1568, The Veterans Entrepreneurship and Small Business Development Act of 1999. NCOA salutes the extraordinary vision of the Distinguished Chairman in developing the bill under consideration today. Similarly, the Association admires and is deeply grateful for the inspirational leadership of the Chairman in building bipartisan support for this important measure. In short, NCOA believes that H.R. 1568 is an excellent piece of legislation, that is definitely needed, and which merits favorable consideration and strong endorsement by all members of the Committee on Small Business.

More than twenty-five years ago, Congress expressly stated its intent to provide special emphasis to veterans in the programs and services of the Small Business Administration. For several years following, the agency compiled a fairly good track record in reaching out to and assisting the veteran entrepreneur, most notably immediately following the end of the Vietnam War. In the last ten to fifteen years however, the Small Business Administration has almost completely ignored veterans in favor of other groups, predominately on the basis of race and gender. Despite the best efforts of NCOA and other major veterans' service organizations to revitalize veteran emphasis within the Administration, those efforts have been fruitless.

It was a major disappointment to this Association that the recommendations of the SBA Veterans Affairs Task Force for Entrepreneurship, a task force that was formed by the SBA Administrator, met the same stone wall tactics that have become the norm during the last ten years. Every measure that SBA currently maintains and uses to evaluate services to veterans shows a significant decline in all areas - business counseling, loans, outreach, and technical assistance - since 1993. In NCOA's view and plainly stated, it is this Association's impression that SBA now considers itself immune to its congressional mandate of assisting veteran owned small businesses.

For the reasons briefly cited above, and as captured in the Findings in Section 101 of Title I of the Act, NCOA is convinced that H.R. 1568 is absolutely necessary. The legislation is necessary to reaffirm the intent of Congress, stated nearly a quarter of a century earlier. H.R. 1568 is crucial, in this Association's view, to bring accountability in an Agency that has closed the door of opportunity on veterans while continually opening avenues of opportunity for other groups.

NCOA wants to be perfectly clear in stating our support for H.R. 1568. The Association is not pitting veterans against other deserving individuals or groups. NCOA is simply advocating and supporting the same opportunities for veteran entrepreneurs that SBA willingly and eagerly provides to everyone except veterans. The Association is tired of veterans, particularly service-connected disabled veterans, being denied opportunities to pursue their entrepreneurial aspirations,

opportunities that NCOA believes they have earned through their military service and sacrifice. In our view, that service and sacrifice has earned more than the lip service SBA now gives to veterans. Veterans, at least, have earned and deserve equality of emphasis and opportunity with other individuals and groups within SBA. It is time that the SBA is required to walk-the-walk with veterans and NCOA believes H.R. 1568 paves the roadway for that journey.

**H.R. 1568
The Veterans Entrepreneurship
And
Small Business Development Act of 1999**

Associate Administrator for Veterans Business Development - NCOA

fully supports the creation of this position at the Senior Executive Service level within the SBA. By have an Associate Administrator for veterans programs, who reports directly to the Administrator of the Small Business Administration, veterans are ensured full consideration in all programs and services provided by the SBA. In addition to the responsibilities stated in Section 201 of Title II of the Act, NCOA believes this position is crucial to removing the artificial barriers and institutional bias that now confronts veterans within the Administration.

National Veterans Business Development Corporation - The purpose of the

Corporation to be established by Title II, Section 202, of the Act, is to work with and organize public and private resources to assist veterans, including service-disabled

veterans, with the formation and expansion of small business concerns. The Corporation would be managed by a 12-member Board of Directors and seeded with start-up appropriations in Fiscal Years 2000-2003. Thereafter, the Corporation would become self-sustaining.

In a bill that contains numerous strong features, NCOA believes the provision establishing the Corporation is one of the strongest and most promising. In addition to specifically enumerated responsibilities contained in the Act, NCOA envisions the Corporation as the guardian of veteran owned businesses that will hold the SBA accountable for its congressional mandate of outreach and assistance to veterans. NCOA wholeheartedly supports the creation of the National Veterans Business Development Corporation.

Advisory Committee on Veterans Business Affairs - Section 203 of Title II of the Act would establish a 15-member Advisory Committee as an independent source of advice and policy recommendations to the Administrator, Associate Administrator for Veterans Business Development, Congress, the President and other federal policymakers. Membership on the Advisory Committee on Veterans Business Affairs would be comprised exclusively of veterans who are owners of small business concerns and representatives of veterans' organizations. NCOA fully supports the creation of this Advisory Committee, including the duties and powers enumerated in the Act. The Association believes the creation of the

Advisory Committee on Veterans Business Affairs is consistent with current, similarly constituted advisory bodies for other areas of emphasis at the SBA.

Technical Assistance - Title III of the Act requires the SBA Administrator to enter into an agreement with the Service Core of Retired Executives to establish within the national office of SCORE a National Coordinator for Veterans Business. It is the NCOA's understanding that SCORE endorses this provision and is eager to lend its substantial experience and influence, as well as its counseling and training resources, in the promotion of veterans in small business. The Association endorses this provision of Title III.

Title III of the Act also requires the Administrator of the Small Business Administration and the Secretary of Veterans Affairs to close their ranks with respect to entrepreneurial assistance to veterans. NCOA supports the Entrepreneurial Assistance provisions in Section 302, Title III, of H.R. 1568.

Financial Assistance - The provisions in Title IV of H.R. 1568 would amend the Small Business Act by specifically including veterans in various financial assistance programs under the jurisdiction of the SBA, including the General Business Loan Program, Microloan Program, Delta Loan Program, and the State Development Company Program. NCOA strongly endorses each of the several changes made in Title IV of the Act.

Section 402 of Title IV, would, for the first time, make Economic Injury Disaster Assistance Loans available to reservists, National Guardsmen and military retirees, who are self-employed or small business owners, when called to active military service. As stated earlier, the Act has many strong features, and Section 402 is certainly among the very strongest.

For more than twenty-five years, the Nation has increasingly placed greater and greater reliance on the Reserve Components. That reliance, including the extent to which military retirees are relied upon, was vividly demonstrated during the Persian Gulf War and continues today in Armed Forces operations around the world. Although federal programs have existed for many decades to provide low-interest business loans and assistance to the general public in the aftermath of a disaster, those programs have never been available to military reservists and retirees who endure the disastrous consequences of unplanned, involuntary military service.

NCOA salutes the Distinguished Chairman for including Section 402 in the Act. This provision clearly recognizes the substantial defense role that reservists and retirees have in providing for the national defense and is visionary of the role they will continue to have in the future. The Association enthusiastically supports Section 402. It is the right thing to do.

Procurement Assistance - Reports and Data Collection - Miscellaneous

Provisions - Titles V, VI and VII of the Act contain provisions relating to subcontracting, participation in federal procurement, data collection, reporting requirements, amendments to the Small Business Administration Office of Advocacy, and requires a study of fixed-asset small business loans. NCOA supports each of the provisions contained in Titles V, VI and VII.

Conclusion

The Veterans Entrepreneurship and Small Business Development Act of 1999, H.R. 1568, can be summarized in one word - opportunity. Many veterans, including those disabled through military service, have the skill, talent and motivation to own and successfully operate a small business, yet lack the resources for such an endeavor. This bipartisan legislation will provide a substantial boost - an opportunity - to the entrepreneurial aspirations of the Nation's veterans, especially service-connected disabled and separating veterans. The Act ensures that those who have helped sustain the American economy, through their military service and sacrifice, will deservedly receive a fair share of assistance through the Small Business Administration.

The Non Commissioned Officers Association of the USA urges the Committee to favorably report H.R. 1568 to the full House where the Association is dedicated to ensuring its swift consideration and passage. The Committee's support for this Act is sincerely and deeply appreciated.

Thank you.

LARRY D. RHEA
COMMAND MASTER CHIEF
UNITED STATES NAVY (RETIRED)
DEPUTY DIRECTOR OF LEGISLATIVE AFFAIRS

As Deputy Director of Legislative Affairs for the Non Commissioned Officers Association, Master Chief Rhea is responsible for veteran and reserve component legislative activities of a 160,000 member Congressionally Chartered military association and veteran service organization.

Master Chief Rhea began his Navy career in August 1960 and following graduation from recruit training as Company Honorman, he served with Patrol Squadron Forty-Six, U. S. Pacific Fleet, and the Navy Training Publications Center, until his release from active duty in September 1963. After a two-year service break, Master Chief Rhea returned to active duty where he served continuously until his retirement in March 1992.

Master Chief Rhea's military assignments were numerous and varied including: Command Master Chief, Naval Air Station, Willow Grove, Pennsylvania; Officer-in-Charge, Naval Reserve Management School; Special Assistant to the Deputy Chief of Staff for Surface Readiness; and the staffs of Commander, Naval Reserve Readiness Command Region Twenty-Two and Commandant, Thirteenth Naval District. He served an unprecedented four-year term on the Secretary of the Navy's National Naval Reserve Policy Board (1982-1985) and is a graduate of the U.S. Army Sergeant's Major Academy, Class Fifteen.

From November 1986 to September 1991, Master Chief Rhea served as the Senior Enlisted Advisor to the Assistant Secretary of Defense for Reserve Affairs as the senior enlisted representative of the 1.6 million enlisted men and women of the seven national guard and reserve components. He was selected as the outstanding senior enlisted member for the Department of Defense in 1987.

Master Chief Rhea is married to the former Wanda Ann Johnson of New Orleans, Louisiana. They currently reside in Fredericksburg, Virginia, with their son Larry, Jr.



Vietnam Veterans of America

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A Not-For-Profit Veterans Service Organization Chartered by the United States Congress

STATEMENT OF

VIETNAM VETERANS OF AMERICA

SUBMITTED FOR THE RECORD BY

**GEORGE C. DUGGINS
PRESIDENT**

BEFORE THE

HOUSE SMALL BUSINESS COMMITTEE

**H.R. 1568 "VETERANS ENTREPRENEURSHIP AND
SMALL
BUSINESS DEVELOPMENT ACT OF 1999"**

JUNE 23, 1999

Vietnam Veterans of America

**House Small Business Committee
H.R. 1568 "Veterans Entrepreneurship and Small
Business Development Act of 1999"
June 23, 1999**

Mr. Chairman and distinguished members of the Committee, I thank you for giving Vietnam Veterans of America (VVA) this opportunity to formally express our views regarding H.R. 1568, the "Veterans Entrepreneurship and Small Business Development Act of 1999." VVA believes this proposed legislation to be an important milestone in veterans legislation as well as in legislation that affects assistance to those who seek to succeed in small business, one that will serve to create opportunities for veterans to better their employment situations and economic well being and substantially contribute to the national economy. VVA applauds your vision and the leadership that led to moving this legislation, and the forging of the extraordinary bipartisan coalition that backs this vitally needed measure.

The Small Business Administration (SBA) has a congressional mandate to assist veterans in their small business endeavors. This assistance is provided in varying forms, such as business counseling, loans, and management and technical assistance. H.R. 1568 serves to ensure that SBA thoroughly carries out this mandate by expanding access for veterans to pre-existing SBA programs from which veterans are currently de facto largely excluded, as well as creating a few key programs focusing on veterans in small business.

Title III of H.R. 1568 concentrates on business development for veterans. Section 301 establishes the National Veterans Business Development Corporation (NVBDC). This will be a federally chartered corporation that will guide and monitor both public and private initiatives to assist veterans in their small business efforts. The primary mission of the corporation will be to develop, with the cooperation from the public and private sectors, an independent nationwide network of business assistance and information centers for veterans. A Board of Directors, appointed by Congress and the President, will manage the Corporation.

The Corporation will have the power to establish initiatives, raise and disburse funds, and provide grants in order to further its goal of establishing a veterans small business network. It is envisioned that the NVBDC will only have a tiny staff in Washington, and largely function by means of performance-driven contracts with existing small business development centers and other appropriate private and public sector entities that can and do produce the highest yield on the public dollar spent. Furthermore, the Corporation will be the catalyst for a "re-emphasis" on assisting veteran-owned businesses by the SBA, as it will keep accurate and thorough databases of information that can be easily accessed. We envision the NVBDC as the guardian of veteran-owned businesses, an institution that will hold the SBA accountable for its congressional mandate of assisting those businesses.

A minimum amount of federal funding will be required to give birth to the NVBDC. The Corporation will have an initial authorization of \$2 million in the first year, \$4 million in the second, third, and fourth years, and \$2 million in the fifth and last year of federal funding. After the fifth year, the

Vietnam Veterans of America**House Small Business Committee
H.R. 1568 "Veterans Entrepreneurship and Small
Business Development Act of 1999"
June 23, 1999**

Corporation will be completely self-funded from the private sector. VVA believes this minimum funding to be a wise investment by the federal government that will benefit not only veterans, but the nation's economy as a whole. When compared to the recent commitment of yet another \$8 million to create another 25 Women's Small Business Development Centers, this looks like a very lean investment indeed for veterans.

An Office of Veterans Business Development will be established by section 302. This office will be a part of the SBA and will be headed by an Associate Administrator for Veterans Business Development at the Small Business Administration. The Associate Administrator will be responsible for implementing and maintaining programs of assistance to small business owned and controlled by veterans.

Section 303 establishes an SBA Advisory Committee on Veterans Affairs. This eight-member committee will provide independent advice and policy recommendations to the SBA, Congress, and the President. VVA envisions a strong and active advisory committee, as this committee will conduct hearings; collect information from federal agencies; and develop, monitor, and promote programs to assist veterans' business development. The committee shall issue an annual report to the Congress.

Title IV deals with technical assistance. Section 401 mandates the Service Corps of Retired Executives (SCORE), along with the SBA, to establish a nationwide program of free management and technical assistance to veteran-owned small businesses and veterans trying to establish a small business. Section 402 requires the Small Business Development Center (SBDC) of the SBA to implement outreach and assistance to veterans and veteran-owned businesses. VVA believes both of these sections complement each other and will serve to create a vital and immediate base of assistance at the local level.

Section 501 of Title V makes veterans eligible for assistance under the SBA's Microloan Program. This program provides small loans (under \$25,000) to people seeking initial financing for small business start-up or expansion. VVA believes this program will especially help recently separated veterans trying to start a small business.

Section 502 requires the Government Accounting Office (GAO) to determine the feasibility of the VA home ownership loan being used by a veteran as a source of fixed-asset financing for a veteran's small business. Sections 503, 504, and 505 ensure that veterans will be eligible for key, pre-existing SBA programs. Section 503 includes the formation and creation of veteran-owned small businesses in the public policy goals stated in the 504 loan program. Section 504 makes veteran-owned small businesses eligible for assistance under the DELTA loan program at the SBA. Section 505 ensures

Vietnam Veterans of America

**House Small Business Committee
H.R. 1568 "Veterans Entrepreneurship and Small
Business Development Act of 1999"
June 23, 1999**

that service-disabled veterans will be included with all disabled persons in provisions requiring loan making decisions.

VVA believes that section 506 is a most essential component of H.R. 1568. This section makes SBA economic injury disaster loans available to self-employed individuals who are called to active duty for National Guard and Reserves. Too many Guardsmen and Reservists have returned home from Desert Storm, Somalia, and other activations this decade to find their small businesses in economic ruin due to their absence. We find it unconscionable for the government not to provide some kind of economic safety net for these committed men and women who are willing to sacrifice their livelihood for this nation's defense.

Section 601 requires the SBA to establish a five percent goal for contracting with small businesses owned and maintained by service-disabled veterans. VVA emphasizes that this is not a quota but a *goal*. We support this goal as it should result in the SBA undertaking a more aggressive outreach to disabled veteran-owned businesses. Section 602 also will reinforce SBA's commitment to veteran-owned businesses. Under this section, veteran-owned small businesses will be included in the mandatory subcontracting clause in all government contracts that establish subcontracting plans.

Title VII pertains to Reports and Data. It ensures that information and statistics regarding veteran-owned small businesses will be included in SBA reports and data dealing with small business in general. Section 701 requires all federal agencies to report to the SBA on contracting with veteran-owned small businesses. Section 702 requires the SBA to submit an annual report to Congress on the state of veteran-owned small businesses, and the state of all programs with a mandate to assist and promote veteran-owned small businesses. This measure will, in effect, hold all SBA programs more accountable in their efforts to assist veterans, since all SBA programs have a mandate to assist veterans and disabled veterans.

Section 704 requires that a database on veteran-owned small businesses be jointly developed by the SBA and the Department of Veterans Affairs (VA). Also, the collection of procurement data on veteran-owned small businesses and the collection of information on the procurement practices of each federal agency will be required of the SBA.

Section 705 requires the SBA's "The State of Small Business" annual report to include information concerning veteran-owned small businesses. Section 706 mandates that veterans organizations be given notice prior to any White House Conference on Small Business and that veterans organizations submit delegates. Any White House Conference on Small Business will include issues on veteran-owned small businesses on its agenda. VVA strongly supports Title VII as it will result in veteran-owned small businesses no longer being placed on the "back burner" of overall federal government

Vietnam Veterans of America

**House Small Business Committee
H.R. 1568 "Veterans Entrepreneurship and Small
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policy concerning small business. VVA believes that veterans and disabled veterans are an essential part of America's small businesses, and Title VII will ensure that the federal government recognizes this.

For too many years, the SBA has not lived up to its congressional mandate of assisting this nation's veterans and disabled veterans in their small business endeavors. Time and time again, VVA and several other veteran service organizations have appealed to the SBA to reach out to veterans and offer effective assistance, only to be met with unfulfilled promises. VVA vigorously contends that veterans and disabled veterans, by virtue of their true sacrifice for the nation, deserve to be offered the same assistance by the SBA that is offered to other specific groups of the population. This is not a bill that creates new benefits for veterans. It is a bill of equal opportunity for veterans, one that will ensure that this government opens the same doors for veterans that it opens for an array of other groups.

In particular, H.R. 1568 will be a boon for disabled veterans and young veterans who have recently been discharged from the service. Thousands of these veterans have the talent, discipline, and skills to successfully own and operate a small business. For many service-connected, disabled veterans, ownership of a small business offers a real opportunity to be a significant part of the economy that is not to be found elsewhere.

Again, VVA stresses that this is not a bill about benefits. H.R. 1568 is about real opportunity for veterans, and a real investment by the government that will yield a high return on the future of our economy.

Any doubt about the need for speedy enactment of H.R. 1568 should be erased by simply reviewing the statistics in Appendix I to this statement. You will note that virtually every measure that SBA currently maintains to measure services to veterans show a significant drop since 1993. Enactment of H.R. 1568 and rigorous oversight and implementation of the provisions of this proposal will help reverse this trend of not so benign neglect.

Mr. Chairman, Appendix II is a copy of a letter (with attachment) that a broad range of veterans' organizations all signed and sent to the Administrator. As noted in said letter, much of what is contained in your fine legislation reflects the findings and recommendations of the "SBA Veterans Affairs Task Force for Entrepreneurship" that was completed on October 16, 1998, and formally delivered to the Administrator on November 9, 1998.

VVA has separately submitted a copy of this report to the committee for inclusion in the formal record of this hearing. VVA would further note that to our knowledge not a single one of the recommendations made in that report has been implemented. In fact, VVA and other Task Force members have never received any reply to our collective recommendations to the SBA.

Mr. Chairman, this concludes my remarks. VVA thanks you for this chance to offer our views regarding H.R. 1568.



Vietnam Veterans of America

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World Wide Web: <http://www.vva.org>

A Not-For-Profit Veterans Service Organization Chartered by the United States Congress

VIETNAM VETERANS OF AMERICA

Funding Statement

June 23 , 1999

The national organization Vietnam Veterans of America (VVA) is a non-profit veterans membership organization registered as a 501(c)(19) with the Internal Revenue Service. VVA is also appropriately registered with the Secretary of the Senate and the Clerk of the House of Representatives in compliance with the Lobbying Disclosure Act of 1995.

VVA is not currently in receipt of any federal grant or contract, other than the routine allocation of office space and associated resources in VA Regional Offices for outreach and direct services through its Veterans Benefits Program (Service Representatives). This is also true of the previous two fiscal years.

For Further Information, Contact:
Director of Government Relations
Vietnam Veterans of America.
(202) 628-2700, extension 127

SBA LOAN STATISTICS TO VETERANS

Percentage of 7(A) Loans to Veterans - Number

YEAR	TOTAL SBA	TOTAL VETERANS	% TO VETERANS
1993	26,810	3,998	14.91%
1994	36,480	5,789	15.87%
1995	55,597	8,288	14.91%
1996	45,845	6,684	14.58%
1997	45,288	6,271	13.85%
1998	47,198	5,912	13%

Percentage of 7(A) Loans to Veterans - Dollars

YEAR	TOTAL SBA	TOTAL VETERANS	% TO VETERANS
1993	\$6,734,260	\$995,225	14.78%
1994	\$8,176,001	\$1,306,058	15.97%
1995	\$8,259,304	\$1,294,200	15.67%
1996	\$7,691,013	\$1,191,690	15.49%
1997	\$9,461,353	\$1,390,439	14.70%
1998	\$10,795,337	\$1,370,910	13%

SCORE TRAINING AND COUNSELING

SCORE Training to Veterans by
Percentage

SCORE Counseling to Veterans by
Percentage

YEAR	TOTAL SBA	TOTAL VETS	% to VETS	TOTAL SBA	TOTAL VETS	% TO VETS
1993	113,053	19,219	17.0%	“	“	“
1994	112,567	16,885	15.0%	“	“	“
1995	99,623	12,951	13.0%	“	“	“
1996	24,117	1,447	6.0%	“	“	“
1997	31,580	1,579	5.0%	115,700	5,785	5.0%
1998	107,532	7,378	6.9%	197,289	14,919	7.6%

SBDC TRAINING AND COUNSELING

SBDC TRAINING TO VETERANS
BY PERCENTAGE

SBDC COUNSELING TO
PERCENTAGE

YEAR	TOTAL SBA	TOTAL VETS	% TO VETS	TOTAL SBA	TOTAL VETS	% TO VETS
1993	295,560	29,556	10.0%	234,627	25,809	11.0%
1994	293,290	29,329	10.0%	227,090	22,709	10.0%
1995	347,013	27,761	8.0%	208,064	22,887	11.0%
1996	315,263	25,221	8.0%	215,420	21,542	10.0%
1997	342,229	23,956	7.0%	212,000	21,200	10.0%
1998	309,385	22,443	7.0%	237,655	18,927	8.0%

May 25, 1999

The Honorable Aida Alvarez
Administrator, Small Business Administration
409 Third Street, S.W. Suite 7000
Washington, DC 20416

Dear Administrator Alvarez:

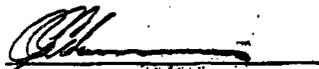
We the undersigned, on behalf of our combined membership of more than 10 million, would like to thank you for your leadership in forming the "SBA Veterans' Affairs Task Force" in June of last year. Your personal leadership in this regard is much appreciated throughout the veterans' community.

Many of the ideas that were crystallized and refined in Task Force meetings have been incorporated into the "Veterans' Entrepreneurship and Small Business Development Act of 1999," H.R. 1568. More than thirty four veterans and military organizations believe this legislation to be a most important and substantial bill, and have joined together to support this bi-partisan effort. Given your significant contribution to the process that led to the content of this proposed legislation, we respectfully request your enthusiastic public support for H.R. 1568.

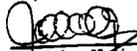
During Small Business Week, we would appreciate the opportunity to help you educate the public, and especially America's veterans about the opportunities this legislation presents this nation. We would be pleased to join you for a public event where you might announce your support for immediate passage of this legislation. Your strong commitment to the implementation of the law, once it is enacted, will be sought and appreciated.

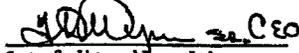
Again, please accept our appreciation for your personal commitment to veterans, so eloquently expressed on many occasions. We look forward to working closely with you in the future to ensure veterans, particularly disabled veterans, have the opportunity to earn their piece of the American Dream.

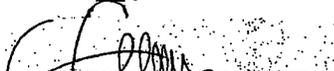
Sincerely,

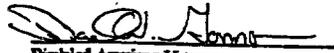

AMVETS

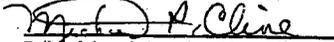
Appendix II
(page 1 of 2)

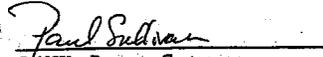

CHAIRMAN
Association of Service Disabled Veterans

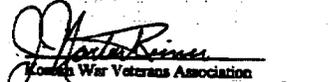

CEO
Center for Veterans' Issues, Ltd


Data-Force Associates

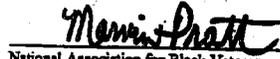

Disabled American Veterans

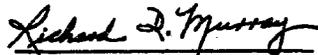

Enlisted Association of the National Guard

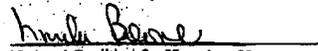

Gulf War Resource Center


Korean War Veterans Association


The Marine Corps League


National Association for Black Veterans

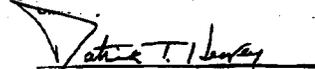

National Association for Uniformed Services


National Coalition for Homeless Veterans


Non Commissioned Officers Association
the USA


Paralyzed Veterans of America


The Retired Enlisted Association


Veterans Advocacy Foundation


Veterans Economic Action


Veterans of Foreign Wars


Veterans Widows International Network,
Inc.


Vietnam Veterans of America



Vietnam Veterans of America, Inc.

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A Not-For-Profit Veterans Service Organization Chartered by the United States Congress

George C. Duggins

George C. Duggins, the national president of Vietnam Veterans of America, is 54 years old and lives in Chesapeake, Virginia. Mr. Duggins served with the U.S. Army Security Agency (ASA) from July 1965 to April 1969, attaining the rank of Specialist Five. Mr. Duggins served two tours in Vietnam: with the ASA in Phu Bai from May 1966 to December 1967, and in Pleiku from April 1968 to April 1969. After his second tour, Mr. Duggins was honorably discharged.

A graduate of Tidewater Community College with a degree in computer technology, Mr. Duggins has been a long-time veterans advocate and has received numerous awards for his service to veterans. He is a life member of Vietnam Veterans of America, holding membership in VVA's Tidewater, Virginia, Chapter 48. Mr. Duggins has been on VVA's national Board of Directors, has served as national chair of VVA's membership, credentials, convention, scholarship, and minority affairs committees, and in 1995, was elected national Vice President. In 1996, he was a member of an official U.S. delegation sent to Vietnam, Laos, and Cambodia by President Clinton to investigate the POW/MIA issue. Mr. Duggins became national president of Vietnam Veterans of America in January 1997.

Mr. Duggins is the past chair of the City of Chesapeake's Mayors Committee on Veterans Affairs and is the chairman of the Board of Trustees at Metropolitan A.M.E. Zion Church. He also serves on the Citizens Advisory Board for Huntsman's Chemicals and the Aeolin Club.

Mr. Duggins is employed at ValueOptions, in Norfolk, Virginia, as a computer system engineer. ValueOptions is the second largest managed behavioral health company in the United States, offering "more choice for more people."

Married to the former Blanche L. Neal, a middle school teacher, they have two daughters. Stacey Davida is a graduate of Virginia Tech University, and Shana Tenille is a sophomore at the College of William and Mary in Williamsburg, Virginia.

Leading the Way:
What Veterans Need from the SBA



**Report of the
SBA Veterans Affairs Task Force for
Entrepreneurship**

October 16, 1998

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U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

The Honorable Aida Alvarez
Administrator
U.S. Small Business Administration
Washington Office Center
409 Third Street, S.W.
Washington, D.C. 20416

Dear Administrator Alvarez:

We are pleased to present to you the Small Business Administration's Veterans Affairs Task Force for Entrepreneurship report, which has brought together a number of America's best minds in the areas of entrepreneurship, investment, procurement and advocacy.

Task Force members agreed from the outset to build on the foundations of SBA's proud history of support for those who have served this nation so well. In the 1940s and 1950s, veterans who came home from Europe, from the Pacific, and later from Korea and Southeast Asia, and decided to use their skills in businesses of their own found in SBA a champion. Small Business Administration programs played a key role in both the nation's and the veterans' recovery from war.

The challenge of this Task Force was to set goals based on today's economy and on the future's demands. We organized ourselves into four subcommittees:

- Entrepreneurial Development
- Capital Access
- Government Contracting & Minority Enterprise Development
- Advocacy

In each set of recommendations, the Task Force has delineated what can be done within the authority of SBA at no cost, what SBA can do at a cost which is estimated, and what will require statutory or regulatory changes.

This Task Force report has one aim: to set out the measures that will ensure that veterans are part of the strategic goals of the Small Business Administration:

- Increase opportunities for small business success.
- Transform SBA into a 21st Century leading edge financial institution.
- Help businesses and families recover from disasters.
- Lead small business participation in welfare-to-work.
- Serve as a voice for America's small businesses.

The Small Business Administration has a respectable history of helping veterans become and succeed as entrepreneurs. On that foundation, SBA and its Office of Veterans Affairs can use this report and the workable agenda it sets forward as a road map to take our services for veterans into the future.

Sincerely,

Betsy Myers
Associate Deputy Administrator
for Entrepreneurial Development

Clifton Toulson, Jr.
Assistant Administrator
for Veterans Affairs

**THE VETERANS AFFAIRS TASK FORCE FOR
ENTREPRENEURSHIP**

Group I - SBA Officials

Name/Organization

Betsy Myers, ADA, Entrepreneurial Development
Jere Glover, Chief Counsel, Office of Advocacy / Sal Lauricella
Richard Hayes, ADA, Government Contracting & Minority Enterprise
Development
John Gray, ADA, Capital Access * sending Greg Diercics
John Gillman, Deputy Director / Small Business Development Centers
Joe Foglia, District Director, Little Rock District Office
Gene VanArsdale, District Director, Sioux Falls District Officer
Al Jones, District Director, Pittsburgh District Office
Michael Murray, Veterans Affairs Officer, Central Office
Andy LaMonica, Veterans Affairs Officer, Little Rock District Office
Jerry Dukauskas, Veterans Affairs Officer, Albuquerque District Office
Charles Atwood, Veterans Affairs Officer, Jacksonville District Office
Erika Fischer, Business Initiatives

Group II - Veteran Service Organizations

Name/Organization

Jim Magill, Veterans of Foreign Wars
Blake Ortner, Paralyzed Veterans of America
Emil Naschinski, American Legion
Richard F. Weidmann, Vietnam Veterans of America
Larry Rhea, Non-Commissioned Officers Association
Anthony Baskerville, Disabled American Veterans

Group III - Veteran Advocates

Name/Organization

Jim Conke, Disabled Veterans
Ron E. Armstead, Veterans Braintrust * sending Erwin Parson
Linda Boone, National Coalition for Homeless Veterans
John Lopez, Service Disabled Veterans Business Association
Bill Elmore, Data Services
Paul Camacho, The William Joiner Center Univ. of Massachusetts
Boston
Danny Devine, Devine Concepts

Jennifer Rechsteiner, US Coast Guard
Pat Heavey, Veterans Advocacy Foundation

Group IV - Veteran Business Owners

Name/Organization

James Klugh, ESET, Inc., VA
John Kyle, Kyle Consultants, Inc., MD
Tim Proctor, TEP Consulting, Inc., VA
John Peters, ESA Inc., DC
Steve White, White & Company, NH

Group V - SBA Resource Partners

Name/Organization

Ken Yancey, Service Corps of Retired Executives (SCORE)
Woodie McCutchens, Association of Small Business Development
Centers * sending Kathleen Kelly
Pat Peacock, Rutgers University/Small Business Development Centers
Julius Williams Jr., Department of Veterans Affairs
Scott Denniston, Department of Veterans Affairs
Rich Joseph, Department of Labor

VETERANS PRESS CONFERENCE TIMETABLE REQUIREMENTS

<u>DATES</u>	<u>ACTIVITIES</u>
10/9/98	Draft report due to SBA
10/9/98	Distribute Task Force draft report to Subcommittee Chairs for review (Comments are due NLT 10/13/98)
10/13/98	Provide Contractor with comments on Task Force draft report
10/16/98	Submit final Task Force to Administrator
10/16/98 to 10/23/98	Suggested period for Administrator to comment on report (To include all necessary program office clearances)
10/26/98 to 11/06/98	Distribute MOU to Task Force signees for review
11/09/98	Date of Veterans Press Conference

EXECUTIVE SUMMARY

- Administrator Alvarez established the SBA Veterans Affairs Task Force for Entrepreneurship on July 14, 1998, to provide advice and recommend ways the SBA can better serve the veteran-owned small business community, including self-employed veterans.
- The Task Force consisted of 39 representatives from the major veterans service organizations, veterans advocacy groups, veteran-owned small businesses, the Department of Veterans Affairs, the Department of Labor, the Coast Guard, SBA resource partners and SBA Management members and District Directors.
- The Task Force was formed into four working subcommittees, (1) Entrepreneurial Development, (2) Capital Access, (3) Government Contracting & Minority Enterprise Development, and (4) Advocacy.
- The Task Force findings and recommendations are based on examinations of all SBA operations and are reported within one of the above subcommittees.

In all four of these areas, Task Force members were unanimous in proposing two program recommendations:

- **Veterans strongly recommend that the Administrator of the SBA issue the Administrator's Order agreed to at the June 26 meeting, to implement Public Law 93-237's requirement that SBA give "special consideration to veterans of the Armed Forces in all agency programs." Task Force members see this as a commitment from the top, spelled out in an Administrator's Order, which will keep individual changes from withering without a vine, either never taking place or disappearing once enacted.**
- **Veterans recommend that SBA reorganize its own national office and field services for veteran-owned businesses, particularly those of its Office of Veterans Affairs, so as to make significant, cost-effective improvements. Veterans want a commitment of sufficient staffing and financial resources to SBA's Office of Veterans Affairs from Congress and SBA itself. Veteran-entrepreneurs need a staff of highly-trained and professional experts -- both in the national office and in the field -- to perform the outreach and coaching functions that will make SBA programs accessible to veterans who know nothing of them. The Office of Veterans Affairs must be readied for the Age of the Internet, for businesses whose products and services are delivered in ways unknown ten years ago. This would require the addition of 4 FTE in FY 1999 and another 4 in FY 2000, plus 10 full-time, regionally-based Veteran Contract/Program Development Officers in FY 1999.**

In addition, the Task Force assigned a **high priority** to the following recommendations:

- ④④④ We recommend that SBA seek legislation to allow guaranteed loans to veterans with certified service-connected disabilities or who were POWs to be guaranteed at the 80 percent and 85 percent level (5 percent above the current level.) In addition, we recommend that SBA seek legislation that reduces the guaranty fee on loans to veterans with service-connected disabilities (rated at 10 percent or more) or who were POWs (incarcerated 30 days or more) to a level not to exceed one percent of the guaranteed amount.
- ④④④ We recommend that SBA enter into a Memorandum of Understanding (MOU) with the Department of Veterans Affairs (VA) and the Department of Labor (DOL) to develop and implement a program of comprehensive outreach to assist disabled veterans which shall include business training and management assistance, employment and relocation counseling, and dissemination of information on veterans benefits and veterans entitlements as required by Title VII.
- ④④④ We recommend that SBA investigate the possibility of establishing a new Specialized Small Business Company for veterans, their spouses, dependants and widows as a new source of equity capital. SBA would report its findings to the Task Force.
- ④④④ We recommend that SBA promote goals for all federal agencies and contracts at 10 percent of agency procurement to be awarded to veteran-owned businesses and disabled veteran-owned businesses.
- ④④④ We recommend that SBA issue new SBA acquisition regulations including service-disabled veteran-owned businesses as a "socially and economically small disadvantaged business group" to be solicited for all federal contracts and subcontracts in a documented outreach program.
- ④④④ We recommend that SBA promote legislation establishing an additional category of "veteran-owned business" for preference under the subcontracting program of section (d) of the Small Business Act, with a goal of 10 percent. We recommend that SBA also promote legislation making veteran-owned businesses a targeted group in all HUBZONE regulations, and requiring that service-disabled veteran-owned businesses be included as participants in all small disadvantaged business initiatives.

④④④ -- High Priority

Report of the SBA Veterans Affairs Task Force for Entrepreneurship

The Small Business Administration (SBA) has a proud history of helping veterans with building enterprises of their own. This was, indeed, one of the purposes for which SBA was founded. Today America's 23 million small businesses account for the creation of virtually all the new jobs in our nation, and employ more than half the private workforce.

Veterans have always played a special role in this country. Their service is centered upon putting themselves at risk to defend the nation and to promote its ideals and purposes. Many return home with life-long disabilities. They share, in general, a spirit of determination and inventiveness. Small wonder, then, that America's veteran-entrepreneurs have so often turned out to be men and women who serve their fellow citizens again through their perseverance and acumen, whether by inventing things that will improve people's lives, or by developing jobs and boosting the economy.

Twenty-five years ago, and again in 1993, Congress enacted legislation requiring that the Small Business Administration give "special consideration to veterans of the Armed Forces in all agency programs." That is a mandate willingly accepted, but it has not been defined by the agency.

To determine how best to define "special consideration" to America's veterans, Administrator Aida Alvarez convened a day-long meeting at SBA on June 26, 1998. This meeting brought representatives of the national veterans service organizations (VSOs) and other veterans advocacy groups together with the Administrator and several Associate Deputy Administrators. A great many ideas were generated, many of which needed to be developed.

Administrator Alvarez established the SBA Veterans Affairs Task Force for Entrepreneurship on July 14, 1998, to provide advice and recommend ways the SBA can better serve the veteran-owned small business community. Veterans have always been an vital constituency of SBA. The Task Force consisted of 39 representatives from the major veterans service organizations, veterans advocacy groups, veteran-owned small businesses, Department of Labor, Department of Veterans Affairs, the Coast Guard, SBA resource partners and SBA Management and District Directors.

The Task Force was formed into four working subcommittees:

- Advocacy
- Capital Access
- Government Contracting & Minority Enterprise Development
- Entrepreneurial Development

The Task Force formed subcommittees accordingly, and these subcommittees conferred repeatedly to work on recommendations for SBA services to veterans to provide the special consideration required by Congress for veterans of the Armed Forces.

SBA's Office of Veterans Affairs must have advocates of a broad range of skills, engaged in face-to-face operations and within earshot of the Administrator, helping veterans and keeping them in agency programs. Veteran-entrepreneurs need a staff of highly-trained and professional experts -- both in the national office and in the field -- to perform the outreach and coaching functions that will make SBA programs accessible to veterans who know nothing of them. SBA needs to reshape its Office of Veterans Affairs as an investment in efficiency, creativity and community empowerment, to adequately serve those who have served this nation so well.

The subcommittee recommendations are as follows:

Entrepreneurial Development

Recommendation 1:

We recommend that SBA enter into a Memorandum of Understanding with the Department of Veterans Affairs (VA) and the Department of Labor (DOL) to develop and implement a program of comprehensive outreach to assist disabled veterans which shall include business training and management assistance, employment and relocation counseling, and dissemination of information on veterans benefits and veterans entitlements as required by Title VII.

Budgetary Considerations: \$430,000 which SBA has requested in its FY 1999 budget submission by the Office of Veterans Affairs.

Legislative Considerations: As required by Title VII.

Approve _____ Disapprove _____

Recommendation 2:

We recommend that SBA reorganize its own national office and field services for veteran-owned businesses, particularly those of its Office of Veterans Affairs, so as to make significant, cost-effective improvements. Veterans want a commitment of sufficient staffing and financial resources to SBA's Office of Veterans Affairs from Congress and SBA itself. Veteran-entrepreneurs need a staff of highly-trained and professional experts -- both in the national office and in the field -- to perform the outreach and coaching functions that will make SBA programs accessible to veterans who know nothing of them. The Office of Veterans Affairs must be readied for the Age of the Internet, for businesses whose products and services are delivered in ways unknown ten years ago. This would require the addition of 4 FTE in FY 1999 and another 4 in FY 2000, plus 10 full-time, regionally-based Veteran Contract/Program Development Officers in FY 1999.

Budgetary Considerations: At least \$2.3 million will be required for FY 1999 and \$3.5 million for FY 2000 for the Office of Veterans Affairs to operate at a level that will ensure special consideration for veterans in all programs and resource partners funded by SBA.

Creating the Veterans Business Development Centers suggested below will require specific additional funding for their creation, development, operation and oversight.

America's small businesses account for the creation of virtually all the new jobs in our nation, and employ more than half the private workforce. A serious improvement in the support for the thousands of small businesses owned by veterans would add significantly to our nation's output, productivity, and international trade. This investment of under \$6 million over the next two years would pay off, and the tracking of data suggested in this report would show that.

Legislative Considerations:

SBA Administrator and Office of Congressional and Legislative Affairs:

Work with appropriations committees to hold hearings and support significant, ear-marked appropriations increases.

Keep congressional staff, Task Force and Veterans Service Organizations fully informed.

Office of Veterans Affairs:

Plan and conduct major staff expansion over two-year period.

Direct and integrate regionally-based Veterans Contract/Program Development Officers.

Veterans Service Organizations:

Work with SBA and appropriations committees to testify before hearings and support significant, ear-marked appropriations increases.

Approve _____ Disapprove _____

Recommendation 3:

We recommend that SBA open up currently-existing resources such as the Capital Access Partner Company (CAPCO), the Work Opportunity Tax Credit (WOTC) and Capital Reinvestment Access (CAP) to make them more accessible to veteran entrepreneurs.

Budgetary Considerations: none

Legislative Considerations: none

Approve _____ Disapprove _____

Recommendation 4:

We recommend that SBA work to integrate existing services such as the Small Business Development Centers (SBDCs) and the Business Information Centers (BICs) in a holistic manner. This would permit the Office of Veterans Affairs to make significant, cost-effective improvements.

Budgetary Considerations: none

Legislative Considerations: none

Approve _____ Disapprove _____

Recommendation 5:

We recommend that SBA set objectives in support of veteran entrepreneurs that are both global and general. This includes writing service provider contracts for accountability, with specific veteran goals in performance standards from the District Director level upward. SBA should conduct a survey of all entrepreneurial development and self-employment assistance programs offered by all Federal agencies to any groups of persons.

Budgetary Considerations: none

Legislative Considerations: none:

Approve _____ Disapprove _____

Recommendation 6:

We recommend that SBA assume responsibility for gathering, keeping and disseminating accurate statistics about and needed by veteran entrepreneurs. SBA should mandate accurate data collection on veteran entrepreneurs by SBA resource partners, and require information gathered from Forms 641 and 641a to be submitted on standardized database.

Budgetary Considerations: none

Legislative Considerations: none

Approve _____ Disapprove _____

Recommendation 7:

We recommend that SBA create programs and policies that further community empowerment. Veterans must be a segment of all targeted programs funded in whole or in part by SBA, so that programs designed to support the efforts of women make certain they include women veterans, and so forth.

Budgetary Considerations: none

Legislative Considerations: none

Approve _____ Disapprove _____

Capital Access

Recommendation 8:

We recommend that SBA seek legislation to allow guaranteed loans to veterans with certified service-connected disabilities or who were POWs to be guaranteed at the 80 percent and 85 percent level (5 percent above the current level.) In addition, we recommend that SBA seek legislation that reduces the guaranty fee on loans to veterans with service-connected disabilities (rated at 10 percent or more) or who were POWs (incarcerated 30 days or more) to a level not to exceed one percent of the guaranteed amount.

Budgetary Considerations: small

Raising the SBA guarantee level will increase lending costs to SBA by potentially increasing payments to lenders when the guarantee is called in. Reducing the guarantee fee reduces cash flow into the agency by reducing fee income on these loans. The impact could raise the subsidy rate for 7(a) loans and/or lower the agency's 7(a) program authority. The loan volume is likely small, and the impact should also be small.

Legislative Considerations:

SBA Administrator and Office of Congressional and Legislative Affairs:

Work with congressional leaders to draft appropriate legislation and hold hearings.

Veterans Service Organizations:

Work with SBA and congressional leaders to draft appropriate legislation and testify before hearings.

Approve _____ Disapprove _____

Recommendation 9:

We recommend that SBA investigate the possibility of establishing a new Specialized Small Business Investment Company for veterans, their spouses, dependants and widows as a new source of equity capital. SBA should report its findings to the Task Force.

Budgetary Considerations: none

Legislative Considerations:

Depends on outcome of study.

Approve _____ Disapprove _____

Recommendation 10:

We recommend that SBA create, on a pilot basis, a new Veterans Loan Program for loans of \$150,000 or less using a one-page application, a three-day turn-around, with an 85 percent guarantee and a 2 percent guaranty fee. This will be available to all veterans. Processing/loan authorization will be done by the district office.

Budgetary Considerations:

- Could increase lending costs.
- Would reduce fee income.
- Depending on how broad pilot is, could require additional FTE to locally process veterans loans now processed at national centers.

Legislative Considerations:

SBA Administrator and Office of Congressional and Legislative Affairs:

- This would require a change in the SBA Act. Work with congressional leaders to draft appropriate legislation and hold hearings.

Veterans Service Organizations:

- Work with SBA and congressional leaders to draft appropriate legislation and testify before hearings.

Approve _____ Disapprove _____

Recommendation 11:

We recommend that SBA develop a Veterans Lender Recognition Program for the lenders which aggressively markets and makes loans to veterans and disabled veterans. This recognition could take the form of a plaque presented at a formal recognition ceremony with local media, veterans service organizations, and civic leaders.

Budgetary Considerations: under \$6,000

- Actual cost would depend on number of plaques awarded annually. Cost would be minimal even if SBA hosted the event. An impressive breakfast can cost up to \$5,000, including catering and rentals, and plaques can be procured for about \$50 each.

Legislative Considerations: none

Approve _____ Disapprove _____

Recommendation 12:

We recommend that SBA develop a program to assist veteran entrepreneurs to sustain their business or self-employment during times of absence due to military service in the Armed Forces during wartime or other contingent operations and/or to recover following such military service.

Budgetary Considerations: none

Legislative Considerations: none

Other Considerations:
Recognition of lenders who defer financial obligations.

Approve _____ Disapprove _____

Government Contracting & Minority Enterprise Development

Recommendation 13:

We recommend that SBA issue new SBA acquisition regulations including disabled veteran-owned businesses as a “socially and economically small disadvantaged business group” to be solicited for all federal contracts and subcontracts in a documented outreach program.

Budgetary Considerations: none

Legislative Considerations:
SBA Administrator and Office of Congressional and Legislative Affairs:
Draft appropriate regulations.
Alert and involve congressional committees as is prudent.

Veterans Service Organizations:
Work with SBA to draft appropriate regulations and comment in support of them.

Approve _____ Disapprove _____

Recommendation 14:

We recommend that SBA promote legislation establishing an additional category of “veteran-owned business” for preference under the subcontracting program of section (d) of the Small Business Act, with a goal of 10 percent. We recommend that SBA also promote legislation making veteran-owned business a targeted group in all HUBZONE regulations, and requiring that disabled veteran-owned businesses be included as participants in all small disadvantaged business initiatives.

Budgetary Considerations: none

Legislative Considerations:
SBA Administrator and Office of Congressional and Legislative Affairs:
Work with congressional leaders to draft appropriate legislation and hold needed hearings.

Veterans Service Organizations:

Work with SBA and congressional leaders to draft appropriate legislation and testify before hearings.

Approve _____ Disapprove _____

Recommendation 15:

We recommend that SBA promote goals for all federal agencies and contracts at 10 percent of agency procurement to be awarded to veteran-owned business and disabled veteran-owned businesses.

Budgetary Considerations: none

Legislative Considerations: none

Approve _____ Disapprove _____

Advocacy

Recommendation 16:

Veterans strongly recommend that the Administrator of the SBA issue a reaffirmed and strengthened version of the 1982 Administrator's Order, as agreed to at the June 26 meeting, to implement Public Law 93-237's requirement that SBA give "special consideration to veterans of the Armed Forces in all agency programs." Task Force members see this as a commitment from the top, spelled out in an Administrator's Order, which will keep individual changes from withering without a vine, either never taking place or disappearing once enacted.

Budgetary Considerations: none

Legislative Considerations: none

Approve _____ Disapprove _____

Recommendation 17:

We recommend that SBA become the primary champion of veteran-owned business opportunities, defining its role to advocate for veterans and assigning SBA regional advocates to assist community veterans advocates in drafting and advocating for legislation.

Budgetary Considerations: none

Legislative Considerations:

Office of Congressional and Legislative Affairs:

Support Work Opportunity Tax Credit (WOTC) for all veterans below poverty level.

Institute special consideration loans with lower guarantee fee and higher guarantee percentage.

Approve _____ Disapprove _____

Recommendation 18:

We recommend that SBA develop research which defines the universe of veteran-owned businesses. SBA would include veteran-owned business data in the annual SBA "State of Small Business" report and develop comprehensive research in areas specific to veteran-owned businesses.

Budgetary Considerations: \$362,000

Study has been funded by the Office of Entrepreneurial Development

Legislative Considerations:

Study required by Title VII.

Approve _____ Disapprove _____

Recommendation 19:

We recommend that SBA aggressively promote the formation of networks, marketing tools, and communication tools directed at veteran-owned businesses. These could include women and minority veteran websites, becoming a partner in the Transition Assistance Program (TAP) and the Disabled Transition Assistance Program (DTAP) and establishing a permanent Veterans Advisory Council.

Budgetary Considerations: none

Legislative Considerations: none

Approve _____ Disapprove _____

Conclusion

At the end of the day, the Task Force found a great deal done right at SBA -- existing approaches it wanted to get increased or parallel access to for veterans, staff and programs working effectively, leadership asking the right questions and willing to listen to veterans' answers. The recommendations the Task Force has put forward are grounded in a sense of hope.

There is a growing demand for excellent, forward-looking SBA services for veterans, whether they be for young or newly-retired men and women just leaving the Armed Forces, or from mature veterans who are taking the skills and training of a life's work into the forming and operating of their own businesses. Seasoned veteran-entrepreneurs, too, with superb track records in business, still need SBA's help to remain competitive, to expand, to re-vitalize. In addition, having programs targeted for veterans can give women and minority veterans additional avenues for success.

These veterans want SBA to become the primary champion of veteran-owned business opportunities. There is both a real need and a great opportunity for SBA's Administrator to issue an Administrator's Order that would finally implement Public Law 93-237's requirement that SBA give "special consideration to veterans of the Armed Forces in all agency programs."

Most of the cost will be determination. Task Force members see this as a commitment from the top, spelled out with the moral and legal authority of an Administrator's Order, which will require real changes. Such an Administrator's Order would underpin day-by-day efforts within SBA to provide the services a grateful nation still envisions.

But there will, the Task Force agreed, be budgetary costs as well. For the most part, veterans need a commitment of sufficient staffing and budgetary resources to SBA's Office of Veterans Affairs from Congress and from SBA itself. A highly-trained, professional staff in Washington and in the field will make SBA programs accessible to veterans and service-disabled veterans. The Office of Veterans Affairs can open many doors -- on the Internet, through coaching, and through making connections.

Support for veteran-run small business is more than the thanks of a grateful nation. Investment dollars -- which is what small business programs are -- are not only rewards for courageous service. They must go to good investments, and veterans in small business are just that. Veterans constitute a vital resource that this country has -- for the most part -- tapped only in wartime. Too often government and business leaders think of veterans as the pathetic wreckage of war.

A more realistic assessment would view veterans as those who, out of a dedication to things larger than themselves, went to the back of the career line. Veterans are men and women who understand teamwork, discipline, setting objectives and meeting them. They are seasoned at operating under pressure, at finding ways to do what needs doing even when they don't get much support. A veteran has a masters degree in organization, and a double degree in hard work. If you want to find a self-starter, find a veteran. They make great employees and outstanding entrepreneurs. With SBA leading the way, veterans can make the major contribution to America's economy that they have always been groomed to make.

LIST OF SIGNATORIES FOR THE MOU

Government Officials

SBA Administrator, Aida Alvarez
Department of Veterans Affairs Secretary, Togo West or designee
Department of Labor Secretary, Alexis Herman or designee

U.S. Coast Guard

Commandant James M. Loy or designee

Veteran Service Organizations

Mr. George C. Duggins President, Vietnam Veterans of America
Mr. Robert Carbonneau, Executive Director, AMVETS - American Veterans of WWII, Korea and Vietnam
Mr. Thomas A. Pouliot, Commander-In-Chief, Veterans of Foreign Wars
Mr. Butch Miller, National Commander, American Legion
Mr. Gordon Mansfield, Executive Director, PVA - Paralyzed Veterans of America
Mr. Andrew Kistler, National Commander, DVA - Disabled American Veterans
Mr. Roger W. Putnam, President, NCOAC - Non Commissioned Officers Association

Veteran Advocates

Linda Boone, National Coalition for Homeless Veterans
Ron Armstead, Veterans Braintrust
Bill Elmore, Data Services
Pat Heavey, Veterans Advocacy Foundation
Paul Camacho, The William Joiner Center, University of Massachusetts
Danny Devine, Devine Concepts
John Lopez, Service Disabled Veterans Business Association

Small Business Owners

John Peters, ESA, Inc.
Steve White, White & Company
John Kyle, Kyle Consultants
Tim Proctor, TEP Consulting

Resource Partners

Ken Yancey, Service Corps of Retired Executives
Woodrow C. McCutchen, Association of Small Business Development Centers

NEWS RELEASE

PRESS OFFICE

Release Date: July 2, 1998
Release No. 98-57

Contact: Patricia L. Young (202) 205-6740
SBA NEWS: www.sba.gov/news/

SBA FORMS TASK FORCE TO ADDRESS CONCERNS OF VETERAN-OWNED BUSINESSES

WASHINGTON – Aida Alvarez, Administrator of the U.S. Small Business Administration, announced today the establishment of a new veterans affairs task force to provide advice and recommend ways the agency can better serve the veteran-owned small business community.

“We need greater emphasis on assisting veteran-owned businesses,” Administrator Alvarez said. “Armed service veterans made incalculable contributions to the security of the United States during their years in the military. Those who wish to start or expand their own businesses will have the full support of SBA.”

Administrator Alvarez said the veterans affairs task force will look at specific needs of this community and help SBA improve its program and service delivery to veteran entrepreneurs.

Clifton Toulson, Jr., newly-appointed SBA Assistant Administrator for Veterans Affairs, said the task force “establishes a baseline for SBA to position itself as the leader in entrepreneurial development for veterans.”

The task force will be composed of representatives from the major veterans service organizations and veterans advocacy groups, veteran-owned businesses, SBA management board members, and SBA resource partners. Task force members will be announced soon.

The group will examine all aspects of the agency’s programs including business development, education and training, financial assistance, government contracting and advocacy. The objective is to determine ways to improve the delivery of SBA programs and services to veterans and make recommendations on how these programs can better serve this group.

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EDITORS NOTE: Please see attached -- Comments from members of Congress
List of veterans organizations & advocacy groups

-more-

Page 2 / Congressional Quotes

"As the senior ranking member on the Small Business Subcommittee on Government Programs and Oversight, and as a veteran myself, I applaud the SBA's dedication to organizing the Veterans' Task Force. I strongly support the SBA's efforts in this area, and I look forward to the implementation of initiatives such as this one for our distinguished veterans. Those who have borne the responsibility of protecting this country and our freedom deserve our assistance to ensure that their businesses achieve success. I hope to see productive dialogue on this issue, and to help develop more programs and services for our veterans."

Representative Glenn Poshard (D-IL)
Ranking Member
Subcommittee on Government Programs and Oversight
House Committee on Small Business

"I am very gratified to hear of the creation of the new Small Business Administration Veterans' Task Force. I view this as a positive response to some of the concerns that were raised in a recent hearing in the House Veterans' Affairs Committee and a step toward improved service and outreach to the needs of veterans and veteran-owned businesses."

Representative Bob Filner (D-CA)
Ranking Member
Subcommittee on Benefits
House Committee on Veterans' Affairs

"The SBA is well equipped to help all segments of the public in building small businesses. I am very pleased that the SBA will now be targeting veterans for assistance. I am pleased that the dedicated men and women of our armed services will, after their service, have additional opportunities to continue to make contributions to their country by becoming entrepreneurs. I commend the SBA for its efforts and its innovative approach to assisting the true job creators in our great country."

Senator Max Cleland (D-GA)
Ranking Member
Subcommittee on Personnel
Senate Committee on Armed Services



NEWS RELEASE

PRESS OFFICE

Release Date: November 9, 1998
Release Number: 98-98

Contact: Patricia L. Young (202) 205-6740
SBA News Releases: www.sba.gov/news/

VETERANS' ENTREPRENEURIAL TASK FORCE PRESENTS SBA WITH RECOMMENDATIONS FOR IMPROVED SERVICES TO VETERANS

WASHINGTON --Aida Alvarez, Administrator of the U.S. Small Business Administration (SBA), today met with members of the Veterans' Affairs Task Force For Entrepreneurship to receive the group's recommendations for improving the agency's program and service delivery to the veteran-owned small business community.

"The SBA has made a strategic commitment to ensure that the doors of economic opportunity and business ownership are open to those who have done so much to make this country strong," Administrator Alvarez said. "Veterans who wish to start or expand their businesses have the full support of SBA. These recommendations will serve as a catalyst for SBA's new veterans' initiative."

The task force, which Administrator Alvarez established last July, examined all aspects of the agency's programs, including business development, education and training, financial assistance, government contracting and advocacy, and made recommendations on how these programs can better serve veteran-owned small businesses. Top recommendations from the group include developing a comprehensive outreach program to assist disabled veterans, providing targeted business development training and assistance to veteran-owned businesses, and creating greater access to capital and credit.

Administrator Alvarez said the SBA will develop a concrete plan of action and make an announcement of the agency's new veterans' initiatives by early next year.

As an additional step in the SBA's efforts to assist veterans, Administrator Alvarez also announced the appointment of two veterans' advocates to the agency's top advisory boards -- the National Advisory Council (NAC) and the Small Business Development Center (SBDC) Program's national advisory board. The new appointments are Richard F. Weidman of Chevy Chase, Md. and William D. Elmore, owner of Data Services in Eureka, Mo.

Mr. Weidman brings 20 years of experience as a successful veterans program administrator, advocate and advisor to the National Advisory Council. His accomplishments include the establishment of the Veterans' Bill of Rights for Employment Services in New York, as well as a case management system, which has been emulated in more than 25 other states. Mr. Weidman managed the second largest employment services program for veterans in the nation. His career has also included work to obtain better quality health care, employment, small business development assistance, housing and other services for veterans.

--more--

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The SBA's National Advisory Council is made up of approximately 130 volunteers who serve as the eyes, ears and voice of the SBA. In addition to monitoring how SBA's policies and programs are impacting small business, NAC also helps to inform the public about SBA programs and services.

Mr. Elmore will serve on the SBDC national advisory board for a term of three years, providing advice and counsel on the administration and improvement of SBDC programs nationwide.

Mr. Elmore brings experience as both a successful entrepreneur and recognized national veterans' advocate to the board. He was honored as the SBA's Veteran Small Business Advocate of the Year for Missouri in 1984 and is the recipient of the Presidential Certificate for Outstanding Community Achievement of Vietnam Era Veterans. As an experienced businessman, Mr. Elmore developed the national model for the SBA's Veterans Entrepreneur Training Program.

Established in 1982, the SBDC national advisory board's mission is to advise the SBA on ways to advance and improve the national and local SBDC programs and operations.

The Service Corp of Retired Executives (SCORE), the SBA resource partner that provides counseling services to small business owners, also plans nominate a veteran to serve as an advisor to the SCORE board of directors.

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The U.S. Small Business Administration, established in 1953, provides financial, technical and management assistance to help Americans start, run, and grow their businesses. With a portfolio of business loans, loan guarantees and disaster loans worth more than \$45 billion, the SBA is the nation's largest single financial backer of small businesses. Last year, the SBA offered management and technical assistance to more than one million small business owners. The SBA also plays a major role in the government's disaster relief efforts by making low-interest recovery loans to both homeowners and businesses.

America's 23 million small businesses employ more than 50 percent of the private workforce, generate more than half of the nation's gross domestic product, and are the principal source of new jobs in the U.S. economy.

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Supported by Military and Veterans Service Organizations

VETERAN'S ENTREPRENEURSHIP AND SMALL BUSINESS DEVELOPMENT ACT OF 1999

Many veterans, including those disabled through military service, have the skill, talent and motivation to own and successfully operate a small business, yet lack the resources for such an endeavor. This bipartisan legislation will provide a substantial boost to the entrepreneurial aspirations of the Nation's veterans, especially service-connected disabled and separating veterans.

The "Veteran's Entrepreneurship and Small Business Development Act of 1999" will ensure that those who have helped sustain the American economy, through their military service and sacrifice, will deservedly receive a fair share of assistance through the Small Business Administration. This legislation ensures that veterans are included in the full range of programs and services at SBA and establishes some key additional programs specifically for these deserving Americans.

Highlights of the Act

NATIONAL VETERANS BUSINESS DEVELOPMENT CORPORATION

Would be created to establish a nationwide network of small business assistance to veterans through public and private sector initiatives and partnerships.

OFFICE OF VETERANS BUSINESS DEVELOPMENT

At the SBA would be strengthened to bolster SBA assistance and service to veterans. A permanent advisory committee on veteran's business affairs would be established.

MICROLOAN PROGRAM

Would be made available to veterans for loans (under \$25,000) for initial financing to start or expand a small business.

DELTA LOAN PROGRAM

Would be made available to assist veteran owned small businesses.

ECONOMIC INJURY DISASTER ASSISTANCE LOANS

Would be available to reservists, National Guardsmen, and military retirees, who are self-employed or small business owners, when called to active military service.

DATA COLLECTION

To establish a database of all veteran owned small businesses. Federal agencies would report procurement practices in relation to veteran owned small businesses and SBA would collect procurement data of small businesses owned by veterans.

Small Business

Backbone of the American Economy

**VETERAN'S ENTREPRENEURSHIP
AND
SMALL BUSINESS DEVELOPMENT ACT OF 1999**



*Supported by the Following
Military and Veterans Service Organizations*

And Veterans Advocates

*The American Legion
Air Force Sergeants Association
American Veterans of WWII, Korea and Vietnam (AMVETS)
Army Aviation Association of America
Association of Service Disabled Veterans
Black Veterans for Social Justice
Blinded American Veterans Foundation
Blinded Veterans Association
Center for Veterans Issues, Ltd.
Data Force Associates
Disabled American Veterans
Enlisted Association of the National Guard of the US
Fleet Reserve Association
Gold Star Wives of America
Gulf War Resource Center
Jewish War Veterans of the USA
Korean War Veterans Association
Military Order of the Purple Heart of the USA, INC
National Association for Black Veterans
National Association for Uniformed Services
National Coalition for Homeless Veterans
National Guard Association of the United States
National Order of Battlefield Commissions
Naval Enlisted Reserve Association
Naval Reserve Association
Non Commissioned Officers Association of the USA
Paralyzed Veterans of America
Reserve Officers Association
St. Louis Area Veterans Consortium, Inc.
The Marine Corps League
The Retired Enlisted Association
The Retired Officers Association
U.S. Army Warrant Officer's Association
Veterans Advocacy Foundation
Veterans Benefits Clearinghouse, Inc.
Veterans Economic Action
Veterans of Foreign Wars
Veterans Widows International Network, Inc.
Vietnam Veterans of America*

Representing Over 12 Million American Veterans