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FROM MILITARY SERVICE TO SMALL BUSINESS OWNERS: SUPPORTING AMERICA'S VETERAN ENTREPRENEURS

HEARING

BEFORE THE

COMMITTEE ON SMALL BUSINESS AND ENTREPRENEURSHIP UNITED STATES SENATE

ONE HUNDRED THIRTEENTH CONGRESS

SECOND SESSION

JUNE 4, 2014

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FROM MILITARY SERVICE TO SMALL BUSINESS OWNERS: SUPPORTING AMERICA'S VETERAN ENTREPRENEURS

WEDNESDAY, JUNE 4, 2014

UNITED STATES SENATE,
COMMITTEE ON SMALL BUSINESS
AND ENTREPRENEURSHIP,
Washington, DC.

The Committee met, pursuant to notice, at 3:04 p.m., in Room 428–A, Russell Senate Office Building, Hon. Maria Cantwell, Chairwoman of the Committee, presiding.

Present: Senators Cantwell, Pryor, Cardin, Shaheen, Heitkamp, Risch, and Fischer.

OPENING STATEMENT OF HON. MARIA CANTWELL, CHAIRWOMAN, AND A U.S. SENATOR FROM WASHINGTON

Chairwoman CANTWELL. The Small Business Committee will come to order.

Today, we are having a hearing on "Military Service to Small Business Ownership: Supporting America's Veteran Entrepreneurs." Good afternoon and welcome to all of the witnesses. We have a distinguished panel here today. I thank each of them for making the time to be here.

I also want to thank my colleague, Senator Pryor, for his leadership on helping get this important hearing underway today and for proposing legislation to strengthen the SBA program for veterans. Our colleague, Senator Shaheen, I know, will be joining us, and she also has legislation that she is proposing. And, my colleague, the Ranking Member, I understand is on his way, so we will hear from him when he arrives.

The men and women who serve our nation deserve the best opportunities and care when they return home. It is our solemn duty as the U.S. Government to meet those obligations to our veterans.

And, there are significant problems, as we have all been hearing about, at the Veterans Administration, and that is why we need to immediately prioritize getting veterans access to health care they need, and at the same time, ensuring that the VA identifies the structural reforms that are important to helping our veterans in the long run so the situation does not occur again.

Today's hearing is about another issue facing our veterans. It is ensuring that they have economic opportunities when they come back from military service. Senator Risch and I want to see more veterans have a chance to become entrepreneurs, to open up busi-

nesses and create jobs, giving veterans the training and tools and resources they need to start small businesses and ensure that they will be able to make ends meet. I say this because we know that 75 percent of small businesses—that small businesses create 75 percent of the job growth in America, and we think with veterans at the helm, they will also hire more veterans. They will be able to provide for themselves and their families and transition back to civilian life.

I am particularly concerned about the amount of new veterans that we are seeing. There are 2.8 million veterans returning from Iraq and Afghanistan. With continued withdrawal of U.S. forces from Afghanistan, the population of returning veterans will increase, and by some estimates, we will have another million veterans over the next five years.

Last year, the Bureau of Labor Statistics reported that the unemployment rate for post-9/11 veterans was nine percent, so that is compared to the national unemployment rate of 7.4 percent. So, while there has been some improvement this year in our economy, employment for new veterans remains a very, very serious issue. The Iraq and Afghanistan Veterans of America, which represent these new veterans, indicate that employment opportunities is the top concern for its members.

Today's hearing is about what the Small Business Administration can do to help support small business ownership and entrepreneurial development for our nation's veterans, particularly those returning from Iraq and Afghanistan. We need to give our veterans the chance to become creators. Supporting veteran entrepreneurs will be part of our tool kit to ensure that veterans have a successful transition to civilian life and make ends meet, and we want to make sure that we are helping them become the small business owners of the future.

We have lots of great examples. In my State, Seattle-based VECA, which stands for Veterans Electrical Contractor Association, was founded by World War II veterans and has a long history of training veterans. Over the last ten years, the company has employed more than 300 veterans, and we had a very proud moment at that company a year and a half ago when I was able to take Senator Inouye there, and they were all so happy to be with him and to have their picture taken with a war hero.

In 1971, Jim Lea, of Veterans of the United States Air Army Corps in World War II, which is now the U.S. Air Force, along with Neil Anderson and John Burroughs, started another company in Seattle called Cascade Designs to better provide mattresses and greater comfort for hiking and camping. So, a lot of people may know them or have slept on one of their air mattresses. But, over the last 40 years, this company has become a household name of innovation and continues to hire veterans, as well.

Spokane-based Quantum Solutions provides building products from floor to ceiling, and Quantum is owned by Dale Storr, a former service member and prisoner of war who was shot down in an A–10 during Operation Desert Storm. He recently retired as a Lieutenant Colonel from the Washington Air National Guard.

And, of course, we will have another witness here, Trena Payton, who started a technology company in Lacey, Washington.

The Small Business Administration has a number of programs that provide training and resources to our veterans to help them start these small businesses, and in fiscal year 2013, the SBA provided assistance to more than 144,000 veterans through the Small Business Development Centers, through the Women's Business Centers, and through the service corps of retired executives called SCORE and the Veterans Business Outreach Centers. I want more veterans to have a chance of getting this important help through the SBA programs and I want to explore what we can do to make sure that we are raising the awareness so that veterans know that these programs exist in our country.

Again, not every veteran will want to pursue these SBA programs or opportunities, but we want to make sure that they know about them, and I want to make sure SBA programs for those veterans are streamlined so that they are very easy to use once veterans do know about them.

I am pleased that today the SBA will be announcing that they are running Public Service Announcements about these veteran entrepreneur programs on the Worldwide Armed Forces Network. This TV and radio network reaches our military bases. I also urge the SBA to reach out to television stations in military communities across the United States to encourage them to run these Public Service Announcements in hopes of getting the word out. You never know where the next great idea is going to come from, but we know that the talent of the men and women who serve our country is great and we know that they can add to the opportunities for economic development in our country.

Senator Pryor introduced S. 2396, the Veteran Entrepreneur Training and Opportunities Act of 2014. The bill would expand the SBA's existing entrepreneurial development initiative targeted to veterans and it would codify SBA programs like Boots to Business, and the Veterans Women Ignition and Spirit of Entrepreneurship, and the Entrepreneur Bootcamp for Veterans. And so I want to thank him for all of his leadership in trying to make the best of these programs, solid programs, in allowing us to really further communicate the opportunities that veterans have in seeking these programs. Having the specificity and the concrete nature of these programs in statute, I think, will help, so thank you for your leadership with that.

So, now, I am going to turn it over to my colleague, Senator Risch, and ask him for an opening statement, and then any of our colleagues who would like to make a statement before we go to our witnesses.

OPENING STATEMENT OF HON. JAMES E. RISCH, RANKING MEMBER, A U.S. SENATOR FROM IDAHO

Senator RISCH. Madam Chairman, first of all, let me say, thank you for holding this timely meeting.

Obviously, there are a lot of things going on right now as far as veterans are concerned and with the Veterans Administration and some of the shabby treatment that veterans are getting. I think it is really important that every American live out the commitment we have made. The veterans have given us their absolute best. We owe it to them to give them our absolute best.

As veterans come back and reintegrate into the free market and free enterprise system, they need help at times, and the VA, as we have seen, has fallen down on the job, badly in some instances. And here, we have an opportunity in a little different area, namely the area of reintegration, to actually do something about it.

We have some programs that have started. They are somewhat small. They have been pilot programs. And we need to see what is working and what is not working.

I have every confidence that through the SBA, we can do this a lot more efficiently and a lot better than has been done in some of the other Federal agencies, not the least of which is because we are smaller and we do give them substantially closer oversight through this committee.

We have a great panel here of people who are going to address those issues. I have Gary Multanen here from Idaho. He is an Army veteran and serves on the Board of Directors of the Boise SBDC. I am anxious to hear his insight into these important issues.

Madam Chairman, thank you very much.

Chairwoman CANTWELL. Thank you. Thank you, Senator Risch, and again, thank you for helping us get this hearing set and for your——

Senator RISCH. Madam Chairman, can I—one other thing. Senator Fischer has to leave at 3:30, and I know she has some input and some questions, so when we get to that, if I could yield my space to her, and anybody else——

Chairwoman CANTWELL. Very gentlemanly of you. Very gentlemanly of you.

Senator RISCH. Thank you.

Chairwoman CANTWELL. Senator Pryor, did you want to make a statement?

OPENING STATEMENT OF HON. MARK L. PRYOR, A U.S. SENATOR FROM ARKANSAS

Senator PRYOR. Thank you, Madam Chair. I really want to thank you and Senator Risch for your leadership on this, and I want to thank our panelists. Many of you all are veterans and we appreciate your service and just appreciate what you are doing here today.

Last November, in Arkansas, I was honored to host a Small Business Committee field hearing with a group of Arkansas veterans, and they shared their experiences and challenges that they face in starting and expanding their small businesses. And veterans, in my view, are natural entrepreneurs. They already have the skills, the experience, the leadership necessary to start a business and to create jobs. For those who want to pursue the path of entrepreneurship, we should be there to support them as they get their businesses off the ground.

So, that is why I introduced the Veterans Entrepreneurship and Training Opportunities Act of 2014, or the VET Opportunities Act, as we call it. This legislation is cosponsored by Senator Landrieu, former Chairwoman of this committee, and is supported by the VFW, the American Legion, and the Association of the United States Navy. It is bipartisan legislation and it improves and ex-

pands upon successful Small Business Administration programs to ensure that our transitioning service member and veteran entrepreneurs have the tools they need to start their businesses with a solid foundation.

Ms. Payton, who is going to testify today, benefitted from one of these programs. The Veteran Women Igniting the Spirit of Entrepreneurship, also known as V–WISE, has a proven track record. During my time at the Arkansas field hearing, one witness described this program as "phenomenal." EBV, a similar program to V–WISE, focuses on the unique challenges veterans with disabilities face. These two programs alone have over half of participants going on to start small businesses. They do this all while leveraging limited Federal dollars with substantial private support.

So, again, Madam Chair, I want to thank you for doing this today, and all the panelists, I want to thank you for being here. Thank you.

Chairwoman CANTWELL. Thank you.

Senator Fischer.

OPENING STATEMENT OF HON. DEB FISCHER, A U.S. SENATOR FROM NEBRASKA

Senator FISCHER. Thank you, Madam Chair, for holding the hearing, and Senator Risch, thank you for your letting me ask questions first. And I would like to thank the members of the panel for being here today. I look forward to hearing your testimony and getting to our questions. Thank you.

Chairwoman CANTWELL. Senator Shaheen, would you like to make a statement before we go to the witnesses? And, I want to thank you for your leadership on this, as well. You have been great in giving us input on legislation that, hopefully, we will be acting on before the committee, and I know you represent a lot of veterans, so thank you.

OPENING STATEMENT OF HON. JEANNE SHAHEEN, A U.S. SENATOR FROM NEW HAMPSHIRE

Senator SHAHEEN. Well, thank you very much, and thank you also to Ranking Member Risch and Chair Cantwell for holding this hearing.

I really just want to take a minute and introduce the New Hampshire person who is here testifying on the panel, Dan Proulx. It is very nice to welcome you here, Dan. Dan is from a company called Monument Construction in Nashua, New Hampshire, and he is a Marine veteran who founded Monument in 2008. Dan and the employees at Monument provide complete construction services, including projects for Federal agencies, such as the VA, the Navy, the National Guard, and the Forestry Service.

And, he has really grown the business in a very impressive way in a very short time, from its first full year in 2009, when they saw $290,000 in revenues, to this year, when they expect $12 million in revenue. This is the kind of small business growth that is very good for New Hampshire, that creates jobs, and good for the country.

I know we are going to hear from Dan about the challenges and successes that he has faced, but I had the opportunity to visit the

business in Nashua back in January and it was very impressive to see not only what you have done in the business, Dan, but your commitment to hiring other veterans. So, thank you very much for being here, for all of your efforts, and we look forward to hearing what you have to say. And, thank you to all the panelists for being here.

Chairwoman CANTWELL. Thank you very much, Senator Shaheen. I know that your focus has been particularly on making sure that the financial fees that are paid by veterans in these programs do not preclude getting veterans to participate, so we are happy to discuss that with people.

But, we are going to start and go right down the aisle, so, Mr. Jeppson, if you would start. Introduce yourself. Turn on your microphone, make sure the light is on, and, if you could, stick to five minutes and then we will let people ask questions after everyone has finished. But, thank you all very much for being here.

STATEMENT OF RHETT JEPPSON, ASSOCIATE ADMINISTRATOR, OFFICE OF VETERANS BUSINESS DEVELOPMENT, U.S. SMALL BUSINESS ADMINISTRATION, WASHINGTON, DC

Mr. JEPPSON. Chairwoman Cantwell and Ranking Member Risch and distinguished members of the committee, thank you for inviting me to testify on SBA's ongoing work to serve our veteran entrepreneurs across the country. We greatly appreciate this committee's support to our SBA's efforts to assist our nation's heroes and job creators.

As small business owners, veterans continue to serve our country by creating critical employment opportunities and driving economic growth. They possess the skills, discipline, and leadership to start and operate small businesses in our communities. In fact, veterans over-index in entrepreneurship and are 45 percent more likely than those with no active duty military experience to be self-employed. According to the most recent U.S. Census data, nearly one in ten small businesses are veteran owned. These businesses generate over $1.2 trillion annually in receipts and employ nearly 5.8 million Americans.

With over 21 million veterans in America and more than 250,000 service members transitioning from the military annually, SBA is focused on ensuring that they have the access to counseling, capital, contracting needed to start and grow successful businesses. In fiscal year 2013, SBA supported more than $1.1 billion in 7(a) and 504 loans to more than 2,400 veteran-owned small businesses.

In order to further expand access to capital for veterans, we also challenged the top 120 national and regional SBA lenders to increase their lending activity to veterans by five percent per year for the next five years. With this support from our lending partners, SBA will serve an additional 2,000 veterans and increase lending by an additional $475 million.

Moreover, in January of 2014, we launched the Veterans Advantage, which reduced the up-front borrower fee to zero for qualified veteran-owned businesses receiving SBA Express loans up to $350,000. In the fiscal year 2015 budget request, we outlined a plan to continue this program and to reduce the fee by half for all 7(a) loans over $350,000 to veterans.

We also connect veteran entrepreneurs with contracting opportunities across the Federal Government. I am very proud to report that, for the first time ever, we met the three percent government-wide contracting goal for service disabled veteran-owned small businesses in fiscal year 2012. We helped these veterans access more than $12 billion in Federal prime contracts, and despite budget cuts, we expect good numbers on the fiscal year 2013 scorecard.

In terms of training and counseling, in fiscal year 2013, our nationwide resource partner network of VBOCs, SBDCs, WBCs, and the volunteer SCORE mentors reached over 144,000 veterans in the U.S. In addition to these services, SBA also offers entrepreneur training, including Boots to Business, V–WISE, EBV for service-disabled veterans, active duty service members, and their spouses.

V–WISE and EBV are high-touch programs focused on the under-served communities. V–WISE helps women veterans, active duty servicewomen, and female spouses learn the business skills necessary to turn an idea or a start-up into a growth venture. As of next Friday, V–WISE will have trained over 1,300 women.

EBV offers cutting-edge entrepreneurship training in small business management for post-9/11 veterans and active duty service members with service-connected disabilities. Through EBV, over a thousand veterans have been trained, and within six months of completing both EBV and V–WISE programs, there is a 56 percent start rate for new business ventures, and within three years, that rate increases to 72 percent.

In January of 2013, SBA launched Boots for Business, the entrepreneurship track of the Department of Defense Transition Assistance Program. The curriculum provides valuable assistance to exploring self-employment opportunities by leading participants through the key steps of evaluating business concepts and the foundational knowledge required for developing a business plan. With the funding provided in the fiscal year 2014 budget, SBA plans to expand the Boots to Business program to more military installations within the U.S. and launch the program at bases around the world.

Boots to Business just achieved a milestone of training 10,000 transitioning service members in the last two-day Introduction to Entrepreneurship portion of the program. We project that we will train an additional 12,000 to 15,000 participants through Boots to Business in fiscal year 2014.

As of this week, we began airing PSAs about Boots to Business on the military television channels, including the Armed Forces Network and the Pentagon Channel. I would like to show you two video clips of about 30 seconds each.

The first is Tony Turin, an EBV graduate who is in the process of transitioning from the Army and will be starting an optometry clinic back in his home State of Oregon.

[Pause.]

Chairwoman CANTWELL. Demos never work when you want them to, so it is okay. They will get it in a second.

Mr. JEPPSON. I promise you, it is worth the wait. It really is good. And let me just—I mentioned Tony is the first——

Chairwoman CANTWELL. No, keep talking, and when they are ready, they will cue us.

Mr. JEPPSON. Okay. So, Tony is a Boots to Business graduate, optometrist, spent his time in the service, and had participated in one of our business plan competitions that we had recently and did very well.

The second person that you will see is Sandra Gonzales. She is not only an Army veteran, was an Army nurse, but is also married to an active duty military member. She went through the Boots to Business program and started a business focused on providing home schooling to learning disabled children. She is the mother of six. She had a child with a learning disability and she had come up with some innovative ways of teaching her own child, and so she has turned that into a business idea and leveraged not only Boots to Business, but V–WISE, as well, so——

Chairwoman CANTWELL. Okay. Now, we just need volume.

[Pause.]

Mr. JEPPSON. And, I will also mention, while we are waiting for the volume, that we produce these with a small amount of money. We only had to pay for the travel to the production studio. We partnered with the Defense Media Activity to produce these videos, so we did not spend any SBA money on these, other than——

[A video was played.]

We really believe that, now, that this will help build awareness with the transitioning service members. We have reached 10,000 with really no marketing at all to the service members or to build awareness, and so with this playing on those military channels, we believe that we will see our numbers really grow.

[A video was played.]

At SBA and across the administration, we are committed to helping our servicemen and women achieve the American dream that they fought so valiantly to defend.

Thank you for this opportunity to testify and I look forward to answering your questions.

[The prepared statement of Mr. Jeppson follows:]

U.S. Small Business Administration
Washington, D.C. 20416

Testimony of
Rhett Jeppson
Associate Administrator
Office of Veterans Business Development
U.S. Small Business Administration

Before the
U.S. Senate Committee on Small Business and Entrepreneurship

From Military Service to Small Business Owners:
Supporting America's Veteran Entrepreneurs

Wednesday, June 4, 2014

Chairwoman Cantwell, Ranking Member Risch, and distinguished members of the Committee, thank you for inviting me to testify on the U.S. Small Business Administration's (SBA) ongoing work to serve veteran entrepreneurs across the country. We greatly appreciate this Committee's continued support of SBA's efforts to assist our nation's heroes and job creators.

As small business owners, veterans continue to serve our country by creating critical employment opportunities and driving economic growth. They possess the skills, discipline, and leadership to start and operate businesses in our communities. In fact, veterans over-index in entrepreneurship and are at least 45 percent more likely than those with no active-duty military experience to be self-employed.[i] According to the most recent U.S. Census data, nearly one in 10 small businesses are veteran-owned. And these businesses generate over $1.2 trillion in receipts annually and employ nearly 5.8 million Americans.[ii]

With 23 million veterans in America and more than 250,000 service men and women transitioning from the military annually, SBA is focused on ensuring that they have access to the capital, counseling, and contracting opportunities needed to start and grow successful businesses.

In FY 2013, SBA supported $1.1 billion in 7(a) and 504 loans to more than 2,400 veteran-owned small businesses. In order to further expand access to capital for veterans, we also challenged the top 120 national and regional lenders to increase their lending activity to veterans by five percent each year for the next five years. With this support from our lending partners, SBA will serve an additional 2,000 veterans and increase lending by $475 million.

Moreover, in January 2014, we launched Veterans Advantage, which reduced the up-front borrower fee to zero for qualified veteran-owned businesses receiving SBA Express loans up to

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$350,000. In the FY 2015 budget request, we outlined plans to continue this program and to reduce the fee by half for all loans over $350,000.

We also connect veteran entrepreneurs with contracting opportunities across the Federal government. I am proud to report that, for the first time ever, we met the three percent government-wide contracting goal for service-disabled veteran-owned small businesses in FY 2012. We helped these veterans access over $12 billion in Federal prime contracts, and despite budget cuts, we expect good numbers on the FY 2013 scorecard.

Finally, in terms of counseling and training, our nationwide network of Small Business Development Centers (SBDCs), Women's Business Centers (WBCs), Veteran Business Outreach Centers (VBOCs), and volunteer SCORE mentors provides invaluable services to current and aspiring veteran entrepreneurs. In FY 2013, our resource partners counseled and trained over 144,000 veterans in the U.S.

SBA also offers entrepreneurship training courses for veterans, service-disabled veterans, active duty service members, and their spouses or partners. "Operation Boots to Business: From Service to Startup" (Boots to Business), Veteran Women Igniting the Spirit of Entrepreneurship (V-WISE), and Entrepreneurship Bootcamp for Veterans with Disabilities (EBV) provide these men and women with the tools and training they need to make the transition from military service members to successful business leaders.

In January 2013, SBA launched Boots to Business, the entrepreneurship track of Department of Defense's Transition Assistance Program (TAP). The Boots to Business curriculum provides valuable assistance for exploring self-employment opportunities by leading participants through the key steps for evaluating business concepts and the foundational knowledge required for developing a business plan. With the funding provided for FY 2014, SBA plans to expand Boots to Business to more military installations within the United States and launch the program at bases around the world. Last month, Boots to Business hit a milestone of training 10,000 transitioning service members to date. We project that we will train additional 12,000 – 15,000 participants through Boots to Business in FY 2014.

V-WISE and EBV are high-touch programs focused on underserved communities. V-WISE helps women veterans, active duty service women, and female partners and spouses learn the business skills necessary to turn an idea or start-up into a growth venture. Since its inception in 2010, V-WISE has trained 1,175 women.

EBV offers cutting edge, experiential training in entrepreneurship and small business management for post-9/11 veterans and active duty service members with service-connected disabilities. Through EBV, an additional 1,081 veterans have been trained.

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Washington, D.C. 20416

Within six months of completing the EBV and V-WISE programs, there is a 56 percent new business start rate among graduates; and within three years, the start rate increases to 72 percent.

There is no doubt that investing in our veterans is an investment in America's future. We know that our veterans helped reshape our economy following World War II, building one of the longest periods of growth in U.S. history. And, we know that they can do it again.

At SBA, and across the Administration, we are committed to helping our service men and women achieve the American Dream they fought so valiantly to defend. As they return home and transition into civilian life, we will be there to support their entrepreneurial aspirations and provide the resources they need to start and grow companies and create jobs.

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

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[i] "Factors Affecting Entrepreneurship among Veterans," Office of Advocacy, U.S. Small Business Administration, March 2011.

[ii] "Survey of Business Owners - Veteran-Owned Firms, 2007," U.S. Census Bureau, Department of Commerce, May 2011.

Rhett Jeppson
Associate Administrator
U.S. Small Business Administration (SBA)

Rhett Jeppson's wide range experience includes extensive military service, small business management, and directing a state's procurement activities. As a result, he was appointed as the Associate Administrator for the U.S. Small Business Administration's Office of Veterans Business Development in April of 2012.

In 1988, Mr. Jeppson completed the Basic Officer Course and The Infantry Officer Course and then reported to the 1st Marine Division at Camp Pendleton, California where he served as a Rifle Platoon Officer, a Company Executive Officer, and a principal Battalion Staff officer. During this time, Rhett first experienced combat with 3rdBattalion 9th Marines during Operation Desert Storm.

Following Desert Storm, Rhett left active duty with the Marine Corps to return to Florida in 1991 and tend to his family and father's business while his father underwent a bone marrow transplant for Leukemia. While running the family business, Rhett learned first-hand the rewards and challenges of managing a small business.

Four years later, Rhett returned to active service with Special Operations Command Central. The position honed his skills as a leader and, in 1999, lead him to an opportunity with the State of Florida's Department of Business and Professional Regulation, first as the Deputy Director of Pari-Mutuel Wagering and then as the Special Assistant to the Secretary. In 2000, Rhett became the Director of State Purchasing, overseeing the execution of all state contracts and statewide procurement vehicles.

In the wake of the September 11, 2001, attacks, Rhett was recalled to service and reported to U.S. Marine Forces Europe. Later he joined the U.S. Special Operations Command in Tampa, Florida, with subsequent assignments with the U.S. Forces Afghanistan, and the U.S. European Command.

Rhett is a graduate of the University of Florida, and a Lieutenant Colonel in the United States Marine Corps Reserve.

Chairwoman CANTWELL. Thank you. Thank you very much.

So, Ms. Duso, again, welcome from Seattle. Thank you very much for being here.

STATEMENT OF JULIANNA DUSO, PROGRAM DIRECTOR, VETERANS BUSINESS OUTREACH CENTER, SBA REGION X, SEATTLE, WA

Ms. DUSO. Chairwoman Cantwell, from my great State of Washington, and Ranking Member Risch and distinguished members of the committee, thank you for allowing me to be here today.

I want to talk to you about my job. I have a great job. I am the Director of the Region X Veterans Business Outreach Center. I have the great honor of serving our country's heroes and families. Our center serves four States, Washington, Oregon, Alaska, and Idaho, and seven active military bases. We provide technical business assistance and training to veteran entrepreneurs and business owners as well as other members of the military community.

I could talk to you today about the facts. I could tell you that our small team of two has provided over 3,200 hours of free individualized business assistance to over 1,600 veterans since its opening in 2010. I could tell you how we have provided training for over 1,000 individuals, ranging in topics from general management, entrepreneurial skills, financial planning, marketing, sales, and government contracting. I could tell you that our clients have started over 50 businesses, received $45 million in contracting, generated $19 million in revenue, provided 1,500 jobs throughout our four-State region.

All of these facts are important. However, I would rather tell you about the cornerstone of what I do, the people I serve and the companies they built.

I would like to talk to you about Rich. Rich is an eight-year veteran of the Air Force and Air Force Reserves. Rich and his brother were seasoned professionals in the construction industry when it saw a drastic slow-down in activity in 2007. In 2011, Rich and his brother came to us with a dream of starting a new business in an area they were both passionate, craft beer. We worked with them to develop a business plan, create a marketing plan, and develop a strong financial road map.

They invested every nickel they had and used the assistance from an SBA 7(a) loan to open Triplehorn Brewing Company. They finished 2013 with $700,000 in gross sales, created ten new jobs, and are one of the fastest growing breweries in the State. Rich has utilized the skills he learned during his service, such as organization, goal setting, problem solving, confidence, and resolve, to successfully grow his business. It should also be noted that Rich and his brother are second-generation small business owners. Their father was the recipient of a small business loan, himself.

I would also like to talk to you about Sam, a decorated Army veteran of both Iraq and Afghanistan. Sam's company, Strideline Spokane, imports and sells a popular line of socks sporting the skyline of his hometown, Spokane, Washington. In their first year of operation, Strideline Spokane generated $110,000 in revenue and secured contracts in 41 different retail stores in Washington and Idaho, projected to increase sales by $56,000 in the next six

months. Strideline Spokane employs a team that includes a graphic designer, sales associate, and events staff. Sam has the rights to the designs for Denver, Salt Lake City, and Boise, where he plans to expand his business.

I would like to end by telling you about Janell. Janell has served her country for over 20 years, including deployment in Afghanistan and current service in Washington Army National Guard's 81st Brigade, Special Troops Battalion. We partnered with Janell as she completed her business plan, conducted market research, and learned how to properly budget and utilize her resources. In November of that same year, she opened Janell's Gluten Free Market in her hometown of Everett, Washington.

Last year, Janell's store recognized over $561,000 in top-line sales. She has five full-time employees and plans to double her staff in the next year. She also participated in the V–WISE program, where she began planning for a second location. Janell's Gluten Free Market successfully launched its second store in Kirkland, Washington, three years after opening her first location, and we are currently working with her on the feasibility of a third location.

Janell's service to her community did not end in the Army or National Guard. She has designed her business to serve as a resource to the celiac community and brings in doctors and other guest speakers to assist customers in finding resources for their ailments. Janell advocates for all veteran entrepreneurs to take advantage of SBA's resources. She emphasizes the value of classes offered at SBA and the VBOC, which guided her business decisions and helped her develop a well-grounded business plan.

These are just a few of the extraordinary individuals I have the honor of working with. I have learned through working with them that veterans possess skills that make them uniquely prepared to be savvy business owners. During their service, they learn how to solve problems, work calmly under pressure, effectively utilize resources, and work tirelessly to achieve their goals. The veteran and military community is diverse and with a unique set of challenges. With your continued support and investment, we will not only sustain the work we are doing, but grow the breadth and reach of our assistance.

Thank you for allowing me to share these stories with you and taking your time to listen to me.

[The prepared statement of Ms. Duso follows:]

Julianna Duso, MBA
Director
Veterans Business Outreach Center

Thank you for allowing me to be here today.

I would like to talk to you about my job. I have a great job! I am the Director for the Region X Veteran's Business Outreach Center and I have the great honor of serving our Country's heroes and their families. Our center serves 4 states; Washington, Oregon, Alaska, and Idaho, and seven active military bases. We provide technical business assistance and training to veteran entrepreneurs and business owners, as well as members of the military community.

I could talk to you about the facts. I could tell you that our small team of two has provided over 3200 hours of free, individualized business assistance to over 1600 veterans since it's opening in 2010. This assistance covers topics such as; analyzing the feasibility of a business idea, creating a business plan, understanding and developing financial statements, creating a marketing plan, participating in contract procurement, and establishing profitable business management. We also help clients to understand funding options in starting, improving, or expanding their business, preparing loan applications, and gaining access to capital.

I could tell you how we have provided training for over 1000 individuals; ranging in topics from general management, entrepreneurial skills, and financial planning; to marketing, sales, and government contracting, among others.

I could tell you that our clients have started over 50 businesses, received over $45M in government contracts, generated $19M in revenue, and provided 1500 jobs throughout our 4 state region. All of these facts are important and can seem impressive.

However, I would rather tell you about the cornerstone of what I do: the people I serve and the companies they have built.

I would like to talk to you about Rich. Rich is an 8 year veteran of the Air Force and Air Force Reserves. Rich and his brother were seasoned professionals in the construction industry when it saw a drastic slowdown in activity beginning in 2007. In 2011 Rich and his brother came to us with a dream of starting a new business in an area they were both passionate, craft beer. We worked with them to develop a business plan, create a marketing plan, and develop a strong financial roadmap. They invested every nickel they had to open a brewery in the wine country of Woodinville, WA. Their company, Triplehorn Brewing Company, received a $170K SBA 7a loan and used it to build a successful company. They finished 2013 with $700K in gross sales and created 10 new jobs. With continued support and financial assistance from the Small Business Administration, they have plans to quadruple their production and are one the fastest growing breweries in the state. You can get a Triplehorn beer on tap at many local restaurants and bars, including Whole Foods Market. Rich has utilized the skills he learned during his

service such as organization, goal setting, problem solving, confidence, and resolve to successfully grow his business. It should also be noted that Rich and his brother are second generation small business owners. Their father was the recipient of a small business loan himself.

I would also like to talk to you about Sam. Sam is a decorated Army veteran who fought for our country in both Operation Iraqi Freedom and Operation Enduring Freedom. During his four years in the Army, Sam received the Purple Heart, Army Commendation Medal w/ Oak Leaf, Army Achievement Medal, and Good Conduct Medal, among others. Sam's company, Strideline Spokane, imports and sells a popular line of socks sporting the skyline of his hometown, Spokane, WA. In their first year of operations Strideline Spokane generated $110K in revenue and secured contracts in 41 different retail stores projected to bring in an additional $56,000 in top line growth in the next 6 months. Strideline Spokane employs a team that includes a graphic designer, sales associates, and events staff. Sam has the rights to the designs for Denver, Salt Lake City, and Boise, where he plans to expand his business.

I would also like to tell you about Walter. Walter founded Veterans Northwest Construction, LLC in 2009. He came to us in 2012 seeking assistance in securing prime contractor awards. We assisted Walter in the process of applying for his Center for Verification and Evaluation certification to enable him to with the Department of Veteran Affairs as well as building a strong profile in SAM. In 2013 Walter's company received that CVE, along with a $5M VA contract in 2014. His company, Veterans Northwest Construction LLC, also received two more prime contracting awards with a total value over $40M. These contracts allow Walter to provide employment and security to countless others in the Oregon and Washington area, including many out of work veterans. Veterans Northwest Construction, LLC has put in bids for several more projects, including renovations to a Naval Base.

I would like to end by telling you about Janell. Janell has served her country for over 20 years. During her 14 years of active duty service Janell was deployed in Operation Enduring Freedom. Today she serves in the Army National Guard where she is an intelligence officer in the Washington Army National Guard's 81st Brigade Special Troops Battalion. In 2009 Janell was diagnosed with celiac disease. Having just returned from her service in the Army she was determined to accommodate her diet and keep herself as healthy as possible. Realizing there were limited options and tools available in reaching her goal, Janell decided to start her own business. We partnered with Janell as she completed her business plan, conducted market research, and learned how to properly budget and utilize resources. In November of that year she opened Janell's Gluten Free Market in her hometown of Everett, WA and sales have been increasing ever since. In 2013 Janell's store recognized over $561k in top line sales. She has 5 full time employees and plans to add 4 more members to her staff in the next year. In 2013 she participated in and graduated from the V-Wise program; where she began planning for a second location. Janell's Gluten Free Market successfully launched its second store in Kirkland, WA; three years after opening her original location. We are currently working with Janell on the feasibility of a third location that could come complete with a commercial kitchen and taps flowing with gluten free beer. Janell's service to her community did not end in the Army or

National Guard. She has designed her business to serve as a resource to the celiac community and brings in doctors and other guest speakers to assist customers in finding resources for their ailments. Whether it is a gluten-free market or other business, Farnsworth advocates for all Veteran entrepreneurs to take advantage of SBA's resources. This Army Captain with 20-years of service, including a deployment to Afghanistan in 2006, emphasizes the value of classes offered by SBA and the VBOC, which guided her business decisions and helped her develop a well-grounded business plan.

These are just a few of the extraordinary individuals I have the honor of working with. I have learned through working with them that veterans possess skills that make the uniquely prepared to be savvy business owners. During their service they learn how to solve problems, work calmly under pressure, effectively utilize resources, and work tirelessly to achieve their goals. The military community is diverse. It is not limited to any specific race, gender, or age. The work we do requires us to be agile and relentless in our efforts to relate and assist this unique and growing population. With your continued support and investment, we can not only sustain the work we are doing, but grow the breadth and reach of assistance.

Thank you for allowing me to share these stories with you and for taking your time listen to me today.

Julianna Duso Bio

Julianna Duso, MBA, is the Director, Region Ten Veterans Business Outreach Center (VBOC). She leads the VBOC, and, in a cooperative agreement with the U.S. Small Business Administration (SBA) provides business training, counseling and mentoring to veterans who own or who are considering starting a small business. Julianna joined the VBOC in 2013 as a business counselor and was promoted to Director in May, 2014. .

Prior to joining the VBOC Julianna had extensive experience in the private sector, working for Fortune 500 Companies for over a decade. Her resume includes management and business analysis positions with Starbucks Coffee and Whole Foods Market. She has seen first-hand the advantages of access to sophisticated operations, financial analysis, and a management support team and incorporates these lessons in the training she conducts for aspiring and existing small business owners.

Julianna received her Masters in Business Administration with an emphasis in Project Management and is currently a Doctoral candidate in Business Administration. Before making it her career, Julianna studied entrepreneurship and small business management as a hobby. She became the go-to person among her friends for questions related to business planning and financing.

Julianna believes that small businesses are the heart of the American economy. Julianna was born on Cannon Air Force Base in Clovis, NM and grew up in a military family. She has a passion for the military community and loves doing her part to serve those who served our country She grew up in a small Texas town, where many of her friends and neighbors were small business owners. In 2010 her mother became Julianna's first client when she invested her retirement fund to start a small retail shop. Having parents as small business owners, Julianna has seen personally how difficult small businesses have it trying to compete in the competitive market with bigger players. Her personal mission as a business service provider is to work to bring access to these same advantages to Main Street America's small businesses.

Chairwoman CANTWELL. Thank you very much. Thank you for being here, and we look forward to asking you some questions about that, too, both the data and the stories.

So, Ms. Payton, welcome. Thank you very much for being here.

STATEMENT OF TRENA PAYTON, PRESIDENT, ABN TECHNOLOGIES, LACEY, WA

Ms. PAYTON. Thank you. Good afternoon, Chair Cantwell, Ranking Member Risch, and members of the committee. Thank you for inviting me to testify today.

My name is Trena Payton and I am President of ABN Technologies, located in Lacey, Washington. I am also a member of Women Impacting Public Policy, WIPP, Women's Presidents Organization, WPO, and the Washington State Women's Veterans Advisory Committee.

ABN Technologies is a veteran, women, and minority-owned company that I founded in 2003. We provide clients with IT solutions in three core areas: Operational support, hardware and software procurement, and professional services. Today, ABN employs 12 employees, and in fiscal year 2013, we had revenues of $8.1 million.

But, I would not be where I am today without the skills I learned in V–WISE and the SBA's Express Loan program. As the committee considers veteran entrepreneurship programs and how to enhance opportunities for our nation's veterans, I want to discuss my experience with some of the SBA programs available to entrepreneurs.

Like many young people, I joined the Army to serve my country. The time I spent in the military opened up a new world to a young 19-year-old from the projects of Los Angeles. My experiences widened the possibilities of what life could hold beyond anything imaginable to me at the time. Once my enlistment was completed, I worked for organizations like the U.S. Army, Nordstrom, and Washington Mutual, until I came to a crossroad that led me to consider opening my own business.

Like most people, I had no idea where to start or where to turn to to get information. Luckily for me, a few blocks from my Washington Mutual office in downtown Seattle was the local SBA office. I began daily visits to the office during lunch breaks, because each time I went, more and more questions were answered and I generated more and more questions. The SBA is a great resource for information.

Well, I took the leap, and in the span of six months, I started my business out of my second bedroom, quit my job, and was living on my savings—which I do not recommend.

[Laughter.]

When I started my business, I made good and bad decisions, like most start-up businesses. However, most of the bad decisions I made were due, in part, to the piecemeal information that entrepreneurs get coupled with that soldiers' enthusiasm to get things done. I did not know what I did not know.

It took over a year to land my first contract. From there, I had enough success to sustain myself and grow the business, but without consistent, repeatable results. Frustrated with my progress, in

2011, I saw an announcement for the V–WISE conference that was targeted for veteran women. It delivered an intensive immersion into entrepreneurship and a chance to be part of an ongoing educational experience and networking opportunities with industry experts.

The other critical piece of growing my business was the line of credit I obtained through the SBA's Express Loan program. As the committee knows, bidding on a project and then attempting to secure financing is a painstaking process. The line of credit that we have through the SBA's Express Loan program means that we can bid on opportunities, knowing that we have the backing when we win.

The Veterans Entrepreneurship Act, Senator Shaheen's legislation to make this fee waiver permanent, is an excellent idea, one that many veterans like me will embrace.

In addition, the Veterans Entrepreneurship and Training Opportunities Act of 2014, Senator Pryor's legislation to make permanent several veteran entrepreneurship programs, such as V–WISE, Boots to Business, and to double the number of Veterans Business Outreach Centers from 15 to 30 over the next five years, would be very helpful to veteran entrepreneurs.

I personally know that many veterans consider starting and owning a business at some point in their career transition, and having resources there to make the connection for them would be a critical component to their decision making process.

As my story reflects, Federal programs for veterans have been critical to my company's success. Small business programs, especially contracting programs, have leveled the playing field, allowing veteran entrepreneurs to thrive.

As the head of a woman-owned business, I can tell you that access to the Federal marketplace is a huge issue. That is why I have been a strong supporter of the Women-Owned Small Business Federal Contracting Program. Removing the award caps for the WOSB program in 2013, which this committee supported, was a great improvement. The Senate will have the opportunity to improve it further by adding sole source authority to the program. This change would help millions of women break through barriers of accessing Federal contracts, if enacted. The House version of the 2015 National Defense Authorization Act contains this change.

I implore the committee to continue funding V–WISE and the other SBA veteran entrepreneurship programs for all those people like me who are just starting, in a growth plateau, or are being challenged by business issues.

Thank you, and I look forward to answering any questions you may have.

[The prepared statement of Ms. Payton follows:]

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Testimony of Trena Payton, President

ABN Technologies
Lacey, WA

Good afternoon. Chair Cantwell, Ranking Member Risch, and Members of the Committee, thank you for inviting me to testify today. My name is Trena Payton, and I am President of ABN Technologies, located in Lacey, WA. I am also a member of Women Impacting Public Policy (WIPP), Women Presidents Organization (WPO) and the Washington Women Veterans Advisory Committee (WWVAC).

ABN Technologies is a Veteran-, Women-, and Minority-owned company that I founded in 2003. We provide clients with IT solutions in four core areas: Project Management, Operational Support, Hardware and Software procurement, and Professional Services.

As the Committee considers veteran entrepreneurship programs and how to enhance opportunities for our nation's veterans, I want to discuss my experience with some of the U.S. Small Business Administration (SBA) programs available to entrepreneurs, including the V-WISE Program (Veteran Women Igniting the Spirit of Entrepreneurship) and the SBA Express Loan Program.

Like many young people, I joined the Army to serve my country. The time I spent in the military opened up a new world to a young 19 year-old from the Projects of Los Angeles. My experiences widened the possibilities of what life could hold beyond anything imaginable for me at the time. Once my enlistment was completed, I set my sites on obtaining a Bachelor of Science degree and ever increasing career goals in public and private organizations like U.S. Army, Nordstrom and Washington Mutual. While serving in the private sector, I came to crossroads that led me to consider opening my own business. Like most people, I had no idea where to start or where to turn to get information. Luckily for me, a few blocks from my WAMU office in downtown Seattle was the local SBA office. I began daily visits to the office during lunch breaks because each time I went more questions were answered and I generated more and more questions. The SBA is a great resource for information. Well, I took the leap, and in the span of six months, I started my business out of my second bedroom, quit my job and was living on my savings.

Today, ABN employs 12 employees and last year, 2013, we had revenues of $8.1 million. But I would not be where I am today without the skills I learned in V-WISE and the SBA's Express Loan Program.

When I started my business in 2003, I made good and bad decisions like most start-up businesses. However, most of the bad decisions I made were due to in part to the piecemeal information that entrepreneurs get, coupled with that soldier's enthusiasm to "get things done." I didn't know what I didn't know. It took over a year to land my first contract. From there, I had enough success to sustain myself and grow the business, but without consistent, repeatable results. Frustrated with my progress, in 2011, I saw an announcement for the V-WISE conference that was targeted for veteran women.

It promised an intensive immersion into entrepreneurship and a chance to be part of an on-going educational experience and networking opportunities with key industry experts.

I cleared my calendar, bought a ticket and went to the conference, which turned out to be just the thing I needed. I came back from the conference with clarity on how a business plan is not just a document to get you funding, but a road map to future success. The marketing information I received from the federal contracting sessions helped me understand the perspective of the contracting officer and how to market to their requirements. The matchmaking sessions with industry experts gave me a chance to discuss and specify challenges I had and solutions to implement.

The V-WISE program was unique for me because it leveraged the training I received as a soldier to communicate the necessary steps I needed to be successful as an entrepreneur. We shared common experiences on how teamwork lessons learned in basic training and field exercises correlate to the staff meetings and project reviews of the business world. These were things that I thought I knew since my service was long ago and I had had a successful career since that time. But, participating gave me a chance to reconnect to those core principles and refresh my experiences and inspire my challenges with new options and ideas.

The session on government contracting gave me a new perspective on the procurement process and gave me answers to lingering questions. While responding to government solicitations can be overwhelming for the most seasoned company, for those that do not have a dedicated staff, the task can be debilitating. The training I received at V-WISE was what I needed at the time. I was no longer a start-up but not yet a mature business – I was in the middle.

Because only women were in attendance at V-WISE, I felt an atmosphere that was largely one of openness, connecting, partnering, and sharing instead of competition, suspicion, and one-upmanship. Additionally, being at a conference with likeminded women with a shared experience was truly inspiring to me and left me with a kinship that lasts to this day. We were all former soldiers and we wanted to help each other. If there is anything I would add to the program today, it would be have more women share the V-WISE experience and to establish alumi chapters so that the sharing can continue.

Recently, I attended the local V-WISE event in Seattle, WA as a panel member to share my story with other attendees. I also moderate an online website for attendees of the original conference to stay in touch, share information, knowledge and successes.

A critical piece of growing my business was the line of credit I obtained through the SBA's Express Loan Program. As this Committee knows, bidding on a project and then attempting to secure financing is a painstaking process. The line of credit that we have through the Express Loan Program means that we can bid on opportunities, knowing that we have the backing when we win. A development that I was not able to take advantage of but wholeheartedly support is the SBA's decision to temporarily waive fees on Express Loans for veterans up to $350,000. The Veterans Entrepreneurship Act (S. 2143), Senator Shaheen's legislation to make this fee waiver permanent, is an excellent idea. One that many veterans like me will embrace.

In addition, the Veteran Entrepreneurship and Training (VET) Opportunities Act of 2014 (S. 2396), Senator Pryor's legislation to make permanent several veteran entrepreneurship programs, such as V-WISE and Boots to Business, and to double the number of Veteran Business Outreach Centers (VBOCs) from 15 to 30 over the next five years, would be very helpful to veteran entrepreneurs. I

personally know that many veterans consider starting and owning a business at some point in their career transition and having resources there to make the connection for them would be a critical component to their decision-making process. My service on the Washington Women Veterans Advisory Committee (WWVAC) has led me to believe that entrepreneurship could also be a viable option for women veterans with a record of incarceration in their history. Something we are exploring as committee.

As my story reflects, federal programs for veterans have been critical to my company's success. Small business programs, especially contracting programs, have leveled the playing field allowing veteran entrepreneurs to thrive. As the head of a women-owned business, I can tell you that access to the federal marketplace is a huge issue. That is why I have been strong supporter of the Women-Owned Small Business (WOSB) Federal Contract Program and the improvements – such as the removal of award caps, which this Committee supported – to make it function effectively. The Senate will have the opportunity to improve it further by adding sole-source authority to the program. This change would help millions of women break through barriers of accessing federal contracts if enacted. The House version of the FY2015 National Defense Authorization Act (NDAA) contains this change.

I would be remiss if I did not take this opportunity to mention a few elements of the procurement process that would make a huge impact to leveling of the playing field for businesses like mine.

1) Change in procurement language that would require prime contractor to set-aside a percentage of the total contract dollars to small business instead of the current rule that only requires that a percentage of the subcontracted value be set-aside for small businesses.
2) Address the cost of proposing on government contracts set-aside for small businesses. The massive amount of proposal volumes and effort required causes a huge and unnecessary burden on small businesses.
3) Commoditizing of support services contracts. The government currently uses the same techniques on support services contracts that were meant for materials. This hurts small businesses only because most large businesses do not bid on work that is procured this way.

I implore the Committee to continue funding V-WISE and the other SBA veteran entrepreneurship programs for all those people like me that are just starting, in a growth plateau, or are being challenged by business issues. I have met and mentored others that found me through the program and am partnering with some of them to work together on new opportunities. In that way, V-WISE is still paying off for me. I know that those who make the time to attend and stay with it will benefit in the same ways I did.

Thank you, and I look forward to answering any questions you may have.

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ABN TECHNOLOGIES

Trena S. Payton, President
ABN Technologies

Trena Payton showed strong signs of leadership as an ambitious young woman. From her childhood upbringing in the Los Angeles, CA area of Compton, to the time she enlisted in the Army at age 19, she demonstrated talent in the world of electronics and communications. Her keen understanding of how these instruments operated and worked would serve her well in the military, and in her future business.

After serving as a soldier on active duty for three years, she developed those talents while serving as a Telecommunications Specialist and later as Information Technology Project Manager, where she worked as a US Army civilian employee for the next seventeen years. Traveling the world, she took assignments at various army bases gaining experience and knowledge while also working to earn her Bachelor of Science degree through the University of Maryland, University College while working for Nordstrom.

Trena eventually landed coveted positions at Nordstrom, Inc. as a Senior Project Manager and Washington Mutual as an Information Technology Program Manager where she began her stint with the private sector. After a casual conversation with a friend, she began to take the leap into business ownership and decided to start by taking classes with the Small Business Administration. During that time, she learned about the Express Loan Program and 8A Business Development Program and its qualification criteria and enrollment. From there, the sky was the limit for her, and she began her venture as an entrepreneur.

While uncertain at first as to what type of business she wanted, she decided to use her natural abilities and talents and sell her services as an IT consultant. She converted her second bedroom into an office, and never looked back. The first year and a half was marked by challenges, but determination won out. By fall of 2006, ABN Technologies had developed, and within a few years she already had several employees in the field as employee consultants.

Today, Trena runs a successful operation out of her Lacey, Washington office. Serving clients nationally and she builds upon her niche in tailoring services to her clients, and being known as a multi-faceted professional services solutions provider.

Chairwoman CANTWELL. Thank you. Thank you very much, Ms. Payton. Thank you for being here.

Mr. Multanen—is that the right pronunciation?

Mr. MULTANEN. Madam Chairwoman, if you are Scandinavian, you say "Molt'-a-nan." If you are not Scandinavian, you say "Mul-tan'-en." So, it works. My wife says "Mul-tan'-en."

Chairwoman CANTWELL. Ya, sure.

[Laughter.]

Thank you.

STATEMENT OF GARY MULTANEN, CHIEF EXECUTIVE OFFICER, BEST BATH SYSTEMS, INC., CALDWELL, ID

Mr. MULTANEN. Thank you, Madam Chairwoman, Ranking Member Risch, and Senators. I have submitted a document for the record that talks about six businesses in Idaho, and so I think I will spend a couple minutes here not reading that but responding to what I have already heard.

I believe it is really important that veterans have skin in the game when they choose to start a business. There has to be a mechanism to where they need to bring some capital to the program.

Running a business is hard, every day, and most days, it is harder. Once you reach a level of success, those challenges change. So, I am on my third SBA loan. I got my first one in 1981 to buy the business, to buy out my two partners, and I am now on my third loan. And so my personal goals today are significantly different than they were when I first started out. I am concerned about how do we keep a family business in the family and not have to sell to a third party so the old guy can have some money to retire on. And so I would like to make sure the SBA loan packages allow for legacy transition of businesses.

The other issue that I have had the opportunity to be involved in twice is to repay a loan early. It is really irritating to have to pay a penalty to prepay the loan early. The whole idea of the loan is to help someone become successful in their business. So, my comment would be, do not penalize them if they want to repay the loan early. Let them repay the loan and move on.

In Idaho, we have—the program in Idaho works and works well, and that is because SBDC does a great job and they partner with SCORE, and the Boots to Business program is led by SCORE in Idaho. I do not know if that is the case around the country.

For the last three years, SBDC has averaged 150 veteran consultations each year, and they total about 11.5 hours per veteran. Of that, 45 percent are looking to start a new business and 55 percent are already in an existing business and looking for guidance and help, and probably loans, to continue to grow their business.

What is frustrating from my—and I have served on the SBDC Advisory Board for 20 years, or right at 20 years—what is frustrating to me is that only six percent of the people who are engaged and involved in the program have true sustaining programs where they intend to grow their business year after year after year. That is where I think some effort needs to be spent, is how do you—it is okay if you want a lifestyle loan, a lifestyle business and all you want to do is take care of yourself and two or three people. But,

the goal here is to employ veterans, and so we need to have more veteran businesses that are really focused on growing and have a business plan that allows sustainable growth.

Madam Chairman, those are my comments for now.

[The prepared statement of Mr. Multanen follows:]

Gary Multanen
CEO
Best Bath Systems Inc.

Senators,

I am pleased to let you know that Idaho veterans utilize SBDC. Statewide veterans are 8% of the clients. That means 150 veterans receive an average of 11 hours of assistance each year. SCORE is taking the lead in the state for the Boots to Business program which trains military personnel during their discharge process on starting a business. One of the clients, WMD Tech is located at the TECenter incubator in Nampa, Idaho. They are not a typical small business. Started in 2008 by Rick and Eva Bowman, along with their son, Robert Brown, this family-owned business has only one competitor nationwide. WMDTech develops and provides advanced training for local, state and federal agency first responder bomb squads to use when handling explosive devices. They are on target to achieve sales at the 5 million annual sales level this year.

Idatec, Inc. is a Boise, based C Corporation specializing in the areas of Information Technology Solutions. It was incorporated in November of 2009. Its first major endeavor was a 4.5 year contract with the U. S. Air Force at Mountain Home Air Force Base.

HASCO is a SDVOSB working in Idaho, Oregon, Washington, Montana and Wyoming. Fifty percent of their work has consisted of set asides. Seventy percent of their set aside work as been awarded by the VA with the remaining 30% from BLM. Founded in 2009 Greg Hayes says Idaho PTAC has been very helpful in guiding his company in finding presolicitations and solicitations.

Tom LaJoie, an Air Force veteran started e Trip Trader with his son in 2002. In the fall of 2011, Tom attended an SBA-sponsored Veterans Conference. He made a follow-up appointment with SBA Boise Office and in May of this year his loan was funded. Currently eTrip Trader employs 13 professionals and Tom anticipates the need for additional staff.

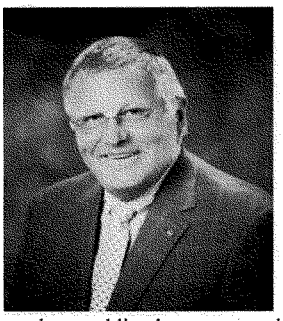
David Porter, a Navy veteran and his wife Catherine run Porter House Inc. which they started in 1996. They have locations in Augusta, Georgia and Shelly, Idaho. An SBA loan guarantee, secured last year has afforded the Porters to purchase, expand and furnish a larger training facility with classroom space.

My company, Best Bath Systems was founded in 1969. After my Army career and completing my undergraduate degree I became their plant manager in 1972. In 1981 I purchased the company with two investors. In 1983 with my first SBA guaranteed loan I bought out the investors. I currently have my third SBA guaranteed loan. We employ 104 people. Our sales in 2014 will top 22 million. We ship bathing units throughout the United States and Canada. Fifty-five percent of our product is installed in commercial applications; primarily assisted living facilities, student housing and hospitals. The balance is sold through a dealer network for home renovation.

As I said Idaho veterans use SBDC and SBA loan guarantees. Military Service to Small Business Owners is working in Idaho. There are two items that are of interest to me concerning SBA guaranteed loans. First remove the penalty for early repayment of the loan. Their purpose is to help a company achieve the desired goal – success. When success is achieved and the owners have the ability to repay early, why penalize them for doing so? Second, is the need for a financial vehicle for transferring ownership to the next generations. A SBA "Legacy Loan," backed by the assets of the company would allow the next generation to purchase the company and shoulder the fiduciary responsibility of ownership. To often, for current ownership to realize the rewards of their years of hard work, they end up selling to third parties. This practice significantly changes the dynamics of the business and eliminates the potential for multiple generation family businesses.

Thank you for the opportunity to spend this time with you.

Gary B. Multanen, President, CEO, Owner:



Gary began his career in the fiberglass industry in 1972 as plant manager of Component Structures, Inc. after serving in the U.S. Army and receiving a BS from Portland State University. Nine years later, as Executive Vice President of the firm, with the help of two investors Gary, and his wife Susan purchased Component Structures Inc's Boise Operation. In 1983 with the help of an SBA guaranteed loan they bought out their two investors. He has served as President and as CEO of the company since 1981.

Today, Best Bath Systems leads the industry in innovative product enabling home renovations and commercial construction to provide quality products that make bathing safer. With sales of over 20 million in 2013, Best Bath Systems is recognized as a leading American manufacturer dedicated to making bathing units that are safe for people of all abilities.

As the founding member of the Composite Fabricators Association, a trade organization serving over 1500 active members of the composites industry, Gary served on the Board of directors from 1994-2002 and as president from 1999-2001. The Composite Fabricators Association is now known as the American Composites Manufactures Association and in 2004 honored Gary with the annual student scholarship the "Gary B Multanen Applied Research Student Scholarship". As service is important to Gary, he has been active in civic and trade association leadership throughout his career. Gary has served on the Treasure Valley Air Quality Council, and Idaho Small Business Development Council, and Boise City Parks Board. Currently, Gary is serving on the College of Western Idaho Foundation Board, and Idaho Business Coalition for Education Excellence.

Since 1987 Gary has been a major contributor and active volunteer for the Hope Christian Academy (HCA) in Marsing, Idaho. In the last year, he has donated over 100 hours of his time to the 80 children and young adults who live there. For the last 4 years, Gary and his son Jay, have run the HCA basketball program. Currently, Gary is serving as head coach for both the boys and girls jr varsity and varsity leagues. As a charter member of the Sunrise Rotary in Boise, Gary and his wife Susan, have been consistent supporters of Project Amigo, a Rotary sponsored program in Colima, Mexico. Mexico Project Amigo seeks to end poverty in Mexico through access to quality education. Gary and Susan fund the entire education expense for two students at the University of Colima.

At sixty-seven years of age Gary has been married to his wife Susan for 45 years and has two children, and four grandchildren.

Chairwoman CANTWELL. Thank you very much. Again, thank you for being here.

And, certainly not least in this, but last, we will have Mr. Proulx. Thank you very much for being here.

STATEMENT OF DAN PROULX, JR., MEMBER MANAGER, MONUMENT CONSTRUCTION, LLC, NASHUA, NH

Mr. PROULX. Thank you, Chair Cantwell, Ranking Member Risch, and Senator Shaheen and members of the Small Business Committee. Thank you for the opportunity for me to testify today.

My name is Dan Proulx and I am a managing member of Monument Construction out of Nashua, New Hampshire. I speak to you today as a proud Marine veteran who, following my discharge in 1994, experienced the same types of challenges finding quality post-service employment being faced by many veterans today.

I explored several paths in those years, some more promising than others, fortunately culminating with earning a Master Electrician's License followed by a General Contractor's License. Today, the construction firm I founded in 2008, along with three employees, Monument Construction, directly employs up to 44 professionals seasonally, in addition to providing many more quality jobs for our subcontractors.

Monument Construction is a verified service-disabled veteran-owned and certified HUBZone small business delivering complete construction services, including new construction and renovation, plus full-service electrical, mechanical, plumbing, carpentry, site work, concrete, and project management. Our work includes over 70 Federal projects on both design-build and bid-build, and frequently with a focus on environmental sustainability components.

Monument Construction in 2012 celebrated delivery of our largest project to date, the $6.5 million Psychiatric and Poly Trauma Facility at the Veterans Affairs Medical Center in White River Junction, Vermont, and was also awarded our largest project to date, a $7.8 million exterior renovation at the Department of Veterans Affairs in Jamaica Plain in Massachusetts. While some found Monument's initial growth predictions wildly optimistic in 2008, with support from our team, quality subcontractors, customers, agencies such as the New Hampshire PTAP, and the Small Business Administration, Monument exceeded those initial goals.

At the beginning, Monument Construction's first project was a small one with the Department of Veterans Affairs in Togus, Maine. With no past performance, we constantly pestered many of New England's Federal contracting offices until one took a leap of faith to give us a chance to succeed with a $22,000 ventilation project.

Our success would not have been possible without the help of the PTAP and SBA. In fact, we would not have gotten off the ground without their expert advice of their advisors or without their finance programs. Our PTAP and SBA consultants guided us through the thicket of acronyms, paperwork, and registrations that enabled us to appear on contracting officers' radar in the first place, such as obtaining a CAGE code, registering for ORCA, and signing up for a DUNS number.

In 2009, the SBA contacted us with a bank familiar with the Patriot Express Loan program, which from then until now has provided us liquidity to grow, and our Patriot Express Loans have grown with us. At the start, without any past performance to demonstrate, with no track record, obtaining conventional financing was an impossibility, as you can imagine. I believe Senator Shaheen's Veterans Entrepreneur Act, which, among other things, makes the SBA loan fee waiver fees permanent, deserves speedy passage.

Our next major step forward came in 2009, when the Department of Veterans Affairs in New England awarded us a coveted spot on a five-year multi-award construction contract known as a MATOC. This MATOC award boosted us in two ways. First, we were awarded five of the MATOC's initial seed projects, providing critical cash flow for a new business. Second, and more importantly for the long term, receiving the MATOC Award let other contracting officers know that Monument Construction had passed an unusually rigorous vetting. Since that initial MATOC award, Monument has been awarded an additional 14 MATOCs, from Albuquerque to Maine.

That year, in 2009, our first full year in business, we saw about $290,000 in revenue. This year, Monument Construction anticipates $12 million in revenue.

This year, we saw another milestone for our firm when we completed renovations to our building. Once again, the SBA played a role, supporting our renovation with a 504 loan. Finally, even as I testify here, we are finalizing on an SBA CAPline 7(a) loan to fuel our ongoing growth.

I am happy to testify today in the spirit of sharing our road to success in the hope that some of what worked for us will help other veteran entrepreneurs to succeed.

In addition to my own post-service employment challenges, I have witnessed other veterans encountering difficulty in jump-starting their post-service careers while serving on the Board of Directors of Harbor Homes, a New Hampshire Veterans Housing Organization. In addition to employing veterans and veteran-owned subcontractors when possible, my door has always been open to mentor local veterans to encourage them on to the road to success. We subcontracted to another service-disabled veteran-owned construction firm, technically a competitor, when they encountered a temporary problem with their CVE certification. The reason behind this was so that they could continue to run their business until the issue was corrected, because I believe veterans should help each other out.

All of us at Monument Construction are grateful for the programs that helped us succeed, from SBA and PTAP, veterans' only contracting set-asides, to the Veterans Affairs CVE process that has streamlined an easier certification process for legitimate veteran and service-disabled veteran-owned small businesses. We fully support your efforts to enhance and strengthen these programs so that other veterans may also find success.

I thank you today for focusing on a most important issue and hope to assist your work wherever possible. Thank you.

[The prepared statement of Mr. Proulx follows:]

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TESTIMONY: DAN PROULX, JR.

Chair Cantwell, Ranking Member Risch, Senator Shaheen and members of the Small Business Committee, thank you for the opportunity to testify today.

I speak to you today as a proud Marine veteran who, following my discharge in 1994, experienced the same types of challenges finding quality post-service employment being faced by many veterans today. I explored several paths in those years, some more promising than others, fortunately culminating with earning a master electrician's license followed by my general contractor's license.

Today, the construction firm I founded in 2008 along with three employees, Monument Construction, directly employs up to 44 professionals seasonally, in addition to providing many more quality jobs for our subcontractors. We're headquartered around the corner from Senator Shaheen's office in Nashua, New Hampshire, and perform work throughout the country, primarily for federal agencies and particularly the Department of Veterans Affairs.

Monument Construction is a verified Service-Disabled Veteran-Owned and certified HUBZone Small Business delivering complete construction services including new construction and renovation, plus full-service electrical, mechanical, plumbing, carpentry, site work, concrete and project management. Our work includes over 70 federal projects, both design-build and bid-build, and frequently with a focus on environmental sustainability components. Our federal customers have been the Department of Homeland Security, Department of Veterans Affairs, US Department of the Navy, US Army, US Army Corps of Engineers, USDA Forestry Service, National Guard, and the US Coast Guard.

The firm in 2012 celebrated delivery of our largest project to date, the $6.5 million psychiatric and polytrauma facility at the Veterans Affairs Medical Center in White River Junction, Vermont; and was also awarded our largest project to-date, a $7.8 million exterior renovation at the Department of Veterans Affairs in Jamaica Plain, Massachusetts. While some found Monument's initial growth predictions wildly optimistic in 2008, with support from our team, quality subcontractors, customers, and agencies such as the New Hampshire Procurement Technical Assistance Program (NH-PTAP) and the Small Business Association (SBA), Monument exceeded those initial goals.

But, back at the beginning, Monument Construction's first project was a small one with the Department of Veterans Affairs in Togus, Maine. It resulted after we constantly pestered many of New England's federal contracting officers, when one took a leap of faith to give us a chance to succeed on this tiny $22,000 ventilation project.

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We rented 1,000 square feet of space, with an opportunity to purchase our entire building down the road. SBA connected us with a bank familiar with the Patriot Express loan program, which from then until now has provided us the liquidity to grow, and our Patriot Express loans have grown with us. At the start, without any past performance to demonstrate, with no track record, obtaining conventional financing was an impossibility. As you can imagine, I believe Senator Shaheen's Veterans Entrepreneurship Act, which among other things making SBA loan fee waivers permanent, deserves speedy passage.

Our experience with federal contracting officers has been overwhelmingly favorable, in that once we began to establish our track record of reliable past performance, they became willing to entrust us with gradually larger projects.

Our next major step forward came in 2009, when the Department of Veterans Affairs in New England awarded us a coveted spot on a five-year multiple-award construction contract, known as a MATOC. This MATOC award boosted us in two ways: first, we were awarded five of the MATOC's initial seed projects, providing critical cash flow for a new business; second, and more importantly for the long term, receiving the MATOC award let other contracting officers know that Monument Construction had passed an unusually rigorous vetting. Since that initial MATOC award, Monument has been awarded an additional fourteen MATOC contracts from Albuquerque to Maine.

That year, 2009, our first full year in business, saw about $290,000 in revenue. This year we anticipate about $12 million in revenue.

This year saw another milestone for our firm, when we completed renovations on our building. The same building that housed our initial modest 1,000 square feet of rental space has grown into 5,000 square feet of high-quality office space, plus another 4,000 thousand square feet for tenants. Once again, the SBA played a role, supporting our renovation with a 504 loan.

Finally, even as I testify here, we're finalizing an SBA CAPline 7(a) loan to fuel our ongoing growth.

I'm happy to testify today in the spirit of sharing our road to success, in the hope that some of what worked for us will help other veteran entrepreneurs to succeed. In addition to my own post-service employment challenges, I've

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witnessed other veterans encountering difficulty in jump-starting their post-service careers while serving on the board of directors of Harbor Homes, a local veterans housing organization.

In addition to employing veterans and veteran-owned subcontractors when possible, my door has always been open to mentor local veterans to encourage them onto the road to success. We've even hired another service-disabled veteran-owned construction firm, technically a competitor, when they encountered a temporary problem with their CVE certification.

All of us at Monument Construction are grateful for the programs that helped us to succeed, from SBA and PTAP, to veterans-only contracting set-asides, and we fully support your efforts to enhance and strengthen these programs so that other veterans may also find success.

I thank you today for focusing on this important issue and hope to assist your work however possible.

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U.S. Senate Committee on Small Business and Entrepreneurship

"From Military Service to Small Business Owner: Supporting America's Veteran Entrepreneurs."

SR-428A, June 4, 2014 3:00 pm

BIOGRAPHY: DAN PROULX, JR.

Managing Member

Daniel Proulx, Jr., is the founder and managing member of **Monument Construction, LLC**, a prime general construction contractor primarily serving federal clients nationwide, based in **Nashua, New Hampshire**.

He was honorably discharged from the Marine Corps after four years' active service at Camp Pendleton with a deployment to Okinawa, Japan, and four years' inactive reserve service. Following his 1994 discharge, Mr. Proulx earned his master electrician's license, general contractor license, and ultimately founded Monument Construction in 2008.

Since then, Monument Construction's work has included over 70 federal projects at a variety of agencies, and continues to grow in scope geographically, in terms of project size and complexity, and into private sector construction.

Mr. Proulx has also mentored veteran entrepreneurs and served on the board of directors of a local veterans housing organization.

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Chairwoman CANTWELL. Thank you. And, thank you to all the witnesses. We so appreciate you being here and the testimony and experience you bring.

I want to start with a round of questions, and we will just go in order here, but I wanted to start with you, Ms. Duso, since you had seen so many people. And my question is on the kinds of veterans' consultations you are seeing in the Northwest. Is this people who come with specific expertise that are a part of their military experience that they want to try to capitalize on, or are you seeing people who have a variety of ideas and really want the entrepreneurial and access to capital issues and information about that?

Ms. DUSO. Yes, I am happy to answer your question. So, a majority of the clients that we do see fall into the second category that you mentioned. I get a lot of e-mails and phone calls with veterans and a lot of them are post-9/11 veterans and they just say, "I want to start a business and I really do not know what to do." So, it goes anywhere from walking them through, here is how you get a license, what kind of business entity is going to be a best fit for you, let us talk about how much money you need to make to be financially secure in your own self and for your own family and to be sustainable for your business, and then how much is it going to cost you to run a business, you know, what do all those numbers look like, and do those things line up together. And, that is really where we go. I would say that is probably 80 percent or more. I have not done any kind of analysis on that. But, a majority of my phone calls are that.

And then we do see some that come to us that have businesses that are looking to expand, so they want—they need capital for expansion purposes, capital for start-up purposes, and then they do have some kind of expertise. I have one guy that was in the military and now he is working at Amazon and he does robotics, so he wants some robotics contracting and things like that.

So, you know, it is a variety, but I would say most of ours fall into that second category.

Chairwoman CANTWELL. And primarily the technical and the help and support first and foremost, as opposed to access to capital?

Ms. DUSO. Oh, yes. So, I mean, the most important thing for us is to make sure that an idea is feasible for somebody, to help them write a good business plan, and to get a good financial road map, because I do not want to help somebody start a business that is just going to leave them three years later, four years later, with a lot of debt and in a worse situation than they were to start with. It takes a lot of time and energy to start a business, so I want to make sure that they are started off—that they are starting off on the right foot and that they have a real idea that can be successful and successful for the life that they need or that their family needs.

Chairwoman CANTWELL. And, you mentioned one of the veterans going into the brewing business and having one of the fastest growing breweries. What was that about, because, obviously, we have a lot of Northwest breweries in general.

Ms. DUSO. Yes.

Chairwoman CANTWELL. So, to claim that you have one of the fastest growing means they are doing something right. What do you think was the success there?

Ms. DUSO. I think it was a few things. They produce a really high-quality product. Rich's brother is—he has informally been called, like, the Brewing Savant. They have won some awards for——

Chairwoman CANTWELL. What is the name of the company?

Ms. DUSO. Triplehorn. So, they are Triplehorn. They are in Woodinville. Tom Douglas wanted them in a lot of his restaurants, and so they are talking about maybe partnering with the Seahawks next year. So, I think it is a combination of they have a really high-quality product. They work really hard. Rich is a perfectionist, and so is his brother, and so they do not want to put out a product that is low quality. And, they have done a lot of networking in the craft brewery world. I think the latest statistics say Oregon has the number one number of craft breweries and Washington has the number two, so it is a really competitive field.

Chairwoman CANTWELL. And so their background in the military probably gave them that ability to be very drilled down on the specificity that is required in brewing.

Ms. DUSO. Yes. I mean, and that is what Rich talks about all the time, you know, that his relentless pursuit of the best product possible is part of what has made him so successful, and their organization, as well, you know, just staying organized in their back office. Everything they did from the beginning of setting their back office up to be sustainably successful is pretty phenomenal.

Chairwoman CANTWELL. Great. Thank you. We will have more questions, but I want to give my colleagues a chance.

Senator Risch.

Senator RISCH. Thank you, Madam Chairman.

First of all, Senator Fischer indicated she did have some questions, but she will submit them for the record, so thank you very much.

Chairwoman CANTWELL. Great. Thank you.

Senator RISCH. Gary, it was interesting to hear you note the difference that businesses face and the challenges as they start versus the challenges as they become successful, particularly when it comes to transitioning to the next generation or what have you. My observation, and I would like your thoughts on this, is the SBA plays, I think, a very legitimate role as businesses get going, but usually by the time they get to the point where they are successful and they have the questions of legacy and moving to the next generation, usually, the businesses have gone into the private sector and found what they need, whether it be legal help or accountant help or what have you. Is that a fair assessment of what happens as a business matures?

Mr. MULTANEN. Senator Risch, that is a fair assessment, and we are there as a company and a family. We will accomplish the transition to the next generation.

Senator RISCH. By the way, I know your next generation and I believe that to be the fact.

Mr. MULTANEN. Well, I have two adult children who are both very smart and very good and work hard.

Senator RISCH. And good lobbyists, too.

Mr. MULTANEN. And good—correct. But, another option through SBA would just make it better. Here is what—here is the big—the most trouble comes from this approach. You have a successful business, and if you are really successful in what you do, there are lots of people that want to buy you. Most of them are those who are managing large buy-out funds. They want to buy you. They want to strip everything out of the business but the profits and then flip it in four or five or six years. Well, that totally removes the next generation from any successful path. Some of those buyout firms will let the next generation own three or four or five percent, but that is not owning the business.

But, the first generation, or the second generation wanting to transfer to the third, you know, after you have spent 47 years making a business successful, it would be nice to have the rewards from doing that. And so if the assets are there in the company, then the second generation, or the third generation, needs to carry the fiduciary responsibility of becoming owners of that business. And so I am just looking for another option besides the ones that are available through the private market.

Senator RISCH. Interesting observation.

Ms. Duso and Mr. Jeppson, I appreciate your testimony, and it is always great to hear those success stories, but I would like to see some metrics on this, something that—I mean, we all know they are not all successes. There are failures in there, and then there is the middle of the road that probably did move forward somewhat well, but maybe did not set the world on fire. What can you tell me about the metrics available for these programs that you have talked about, starting with Mr. Jeppson, please.

Mr. JEPPSON. Yes, sir. Happy to. So, let me just break down a couple of the programs and the metrics. So, on our lower-touch programs, like EBV and V–WISE, we have some pretty good metrics because they have been around about three years. So, we look at the start rate in the first year. It is well over 50 percent. And then the start rate is over 70 percent at year three.

When we look at the employment that they have produced, we only have that on EBV, not V–WISE yet, but on EBV, it is about one employee for every new start. So, a thousand new businesses started, a thousand jobs created, and that is still pretty good. When we consider that 80 percent of small business is self-employment and that it is only the other 20 percent that employs one or more employee, I think that that is a pretty good range of where we are going as veteran small business owners.

With EBV, or, excuse me, with Boots to Business, we are still within that first year window, so all we are measuring right now is the throughput through the program. The way the transition assistance has been redesigned is that you actually go through transition assistance a year before you leave the service, ideally, and you receive educational benefit training. You receive training on getting a job from the Department of Labor. VA is there to give benefits briefings, et cetera.

But, the optional track that we have, the Boots to Business, we still are within that first year window. We have just reached the

10,000th person to go—service member to go through the two-day training. Then they can opt into that eight-week online training.

So, we are watching what the cohort looks like, and I can tell you about what the demographic of that looks like, but it will be sometime next year. With the $7 million in the budget that we have next year, we reserved a portion of that to be able to put in a mechanism so that we can actually provide to you what the new starts are, what the failure rate, and we can do that measurable. And, we will do it at the one-year mark, we will do it at the three-year mark for the service member, and then we will look at the mortality rate at the five-year mark on that. But, we are still a little bit ahead of ourselves on that piece.

Senator RISCH. Very helpful, Mr. Jeppson. It is unfortunate every Federal program did not have those kind of metrics.

Ms. Duso, what can you add to the conversation here?

Ms. DUSO. I can tell you—very similar to what Mr. Jeppson has said. So, the Boots to Business program—the VBOC program just started in 2010. Our office itself just opened in September of 2010 itself. We do not, right now, we do not track any kind of mortality rate or anything like that. What we do track is most of the numbers I gave you. How many new starts do we have? How many employees? You know, are they hiring? We do our best to get updated information from our clients, but it is not always as easy to get some of those updates from them. And, you know, we do our best to keep in touch with them, but it does not always happen.

Senator RISCH. Thank you. My time is up. Thank you, Madam Chairman.

Chairwoman CANTWELL. Thank you.

Senator Shaheen.

Senator SHAHEEN. Thank you very much.

Dan, one of the things you talked about is some of the challenges that you had as you started, and access to credit being one of those. Can you talk a little bit more about what you think would be helpful to ensure that start-up businesses can get access to credit.

Mr. PROULX. Yes. I think a lot of the access to credit, as far as in the construction side of things, it is a little tougher, because we are more like a management company. But, when you are talking to the SBA and then the banks, I think it would be a little bit more advantageous for a bank to actually—it seems that they come up short a little bit with the SBA program. They do not know the SBA program. They do not do a lot of SBA loans, so even though the percentage that you are guaranteed, whether it is 75, 85 percent, the banks still are not—they are not looking to really give you the lending because they are not familiar with the program. So, I think a little bit of education on the bank's part to try to educate themselves more with the SBA program and how the programs work.

I mean, like I said, with the construction side of things, it is a little bit tougher to access capital. When you are bonding projects or anything like that, the bonding company wants to see lines of credit in place, and unfortunately, I mean, Gary here said that you have skin in the game, which I believe is correct. But, on some of these other things that you are actually trying to do with the construction side, it is not as easy as it sounds, because that is where the challenges are with us as far as lending.

Senator SHAHEEN. Well, and one of the things that is in the legislation that we just proposed would make permanent the fee waivers for SBA loans to veterans.

But, Mr. Jeppson, can you talk a little bit about the kinds of things that you are doing to work with banks to address the credit piece?

Mr. JEPPSON. Yes, ma'am. If I could talk about the fee waivers just quickly.

Senator SHAHEEN. Sure.

Mr. JEPPSON. So, if you look at 2011, which is our biggest lending year ever to veterans, we did about $118 million in the Patriot Express Loan, which had a higher fee, which we do not have anymore.

Senator SHAHEEN. Right.

Mr. JEPPSON. And then we had—we did—out of the $1.2 billion that we did, we saw a lot of veterans go to the lower-fee loan. So, we believe that the fee will be a reduction, because that is a cash benefit up front. So, we support that.

And, as I mentioned in my testimony, in the 2015 budget, we have asked for a continuation of that, the same as in your bill, and then to reduce that fee on 7(a) loans to half above 350. That is a real tangible dollar savings up front that the veterans sees. So, we believe that that will have an impact.

We continue to look at ways to improve the lending program for them, and we are really trying to dig into what are the biggest lending challenges facing veterans right now. We know anecdotally that credit score affects and challenges some of our veterans, as well as equity. You are not making a lot of money in the service. I have got a daughter who is in the Marine Corps, and I will tell you that with her $1,400 a month in pay, she is not building a big nest egg to invest in a start-up.

So, those two things, credit, in some cases with the deployment schedules, it is hard for a service member to take a ding. But, that equity piece remain challenges.

What we are also looking at is working with the traditional lenders to encourage them to reach out to the veterans' community to see where they can increase their lending. But, we have also started with my deputy to focus on the use of the nontraditional lending, if you will, through the Community Development Corporations and through the micro lending community, as well.

I would mention, just briefly, that I recently attended a Vet Cap, which is a new program offered in partnership with Vets in Tech, where we are actually running panels across the nation where we will be bringing venture capital together along with angel investors, traditional lending, and SBA to focus on that and to actually talk to the veterans' communities where they can bring their business ideas. So, it is very exciting.

Senator SHAHEEN. Good. You know, this a question that came really from New Hampshire, because what we have seen is that Boots to Business has really been limited in New Hampshire, and either you or Ms. Duso may want to answer this. But, can the kinds of initiatives that we have talked about to try and support veteran-owned businesses, can those services not be made available through existing programs? Like, is there an impediment to vet-

erans to going to the SBDCs, for example, to get the same kinds of services that the Boots to Business provides? And, why are we setting up another program that may duplicate services that already exist for people?

Mr. JEPPSON. Yes, ma'am. If I could just answer that, and then I will let Ms. Duso fill in the details. Boots to Business is the actual transition program where we actually go on base and offer that for the transitioning service members. And so it is actually taught by the resource partners. There is about 20 percent of the courses are actually taught by members of the District Office, but the rest of the courses are taught by the SBDCs, the WBCs, and the people local to the base. So, this is focused on the transitioning members.

One of the single most important things we do is we teach them how to do a feasibility analysis and then help them write a business plan. But, key to all of that is that we introduced them to the resource partner network, because when they transition out of the service at the end of that year, they are going to go home to their locale and then they will look for those resource partners. They will engage the SBDC.

And, I will tell you that, from personal experience, when I left the service the first time to go home and run a family business, I wish I would have known that there was an SBDC and a VBOC 45 minutes away. It would have kept me from making a few of those mistakes.

So, I think it really enhances the existing programs and gets our service members an earlier introduction and helps set them off on the right footstep.

Ms. DUSO. And, you know, I think for me, from the VBOC perspective, there are a few things that I love about the program. First, I think it adds a lot of credibility to the military community that we are a veteran outreach organization and that that is our number one priority, as opposed to everybody. But, a veteran business owner faces all the same challenges that all other small business owners do, but they also face challenges that other small business owners do not face. And so we understand those challenges. We speak the language of a lot of the veteran business owners. And, we are experts in the benefits and advantages of being specifically a veteran-owned business. And so I think that that is where the advantages of the VBOC come in versus SBDC or WBC.

Senator SHAHEEN. Thank you. My time is up.

Chairwoman CANTWELL. Senator Heitkamp.

Senator HEITKAMP. Thank you so much, to both you and the Ranking Member.

I love this subject matter because it combines a couple of things that are critically important, which is welcoming home our veterans and giving them an opportunity, but also building American businesses. And so I am really excited about what you do and love hearing, Mr. Jeppson, about that you are not just looking at SBA, you are advising on angel funds, on Kickstarter, on the other kinds of alternative mechanisms, and there was one I wanted to talk to you about, but I do not remember the name of it, where you actually have a sponsor that brings you to the dance, so to speak, to

the Web site and really—I just heard about this program from an SBA roundtable I just did in Dickinson, North Dakota.

But, I want to touch on kind of two issues that are unique to those of us who have a lot of Indian Country in our territory. You know, Native Americans serve at a record number, and when they come home, there frequently is not a job back where they live, where their family lives in Indian Country. Capitalization of businesses in Indian Country is always very, very difficult, and making those transitions. And so I am wondering if you, in conjunction with the Native American portion of the VA, have collaborated on how we can build out more small businesses in Indian Country, for veterans in Indian Country.

Mr. JEPPSON. So, a great question, and it is one area that we have just turned our focus to. As we look at how we can expand entrepreneurial education to the 21 million veterans that exist, you know, we have this great program of Boots to Business for veterans who transition. We are looking into how we leverage this type of capability to those veterans through our resource partner network. We have started discussions not only with White House Native American Affairs, but also with our Office of Native American Affairs here, and we will be running a pilot on that in August of this year. So, we are in the formative stages of focusing on that under-served community.

Senator HEITKAMP. Well, it would be absolutely critical, I think. Probably in North Dakota, about ten to 15 percent of all the residents and Tribal members who live in Indian Country are, in fact, veterans. And frequently, they are under-served with veterans' services because of the remoteness or because there is not something that recognizes they are in a unique situation.

My second question is, expanding on your capacity beyond just what SBA can do, and you guys do a great job trying to bring in all the partners, I am wondering if you found any State that has approached you or that you have approached to build out a greater development of this capability by working within State organizations, either Veterans Service Organizations or looking at one-stop shopping and various kind of State capacities.

Mr. JEPPSON. We have, and let me give three specific examples, and I will be quick. So, if you look at Montana, right now, one of our VBOCs is actually on a Reservation with a Veterans Service Organization, Rocky Boy Veterans Service Organization.

If you look at the State of New Mexico, we have a VBOC that is actually hosted by the State Department of Veterans Affairs there, where they receive a lot of in-kind support and they leverage a lot of the State resources in their VBOC there.

And then, thirdly, if you look at Illinois with Secretary Borggren [sic] and her team there, they have taken a lot of proactive initiatives, and they shared best practices with us and us with them on providing entrepreneurial education and training at the State level, using State funding. So, we partner and share best practices with them, and where appropriate, we use grant relationships to strengthen them.

I would mention, if I could just briefly, as well, that if you look at EBV and V–WISE, those are both done as public-private partnerships. You know, if you take an example for V–WISE, we have

almost a one-to-one match out of the private sector from great companies to V–WISE. By using that public-private partnership, we are actually able to really execute at a much higher level than we could ever with public funding alone.

Senator HEITKAMP. Well, and just to put a fine point on it, North Dakota is blessed because we have something called the State-Owned Bank and a huge commitment to veterans, and I think there would be some great collaboration at the State Bank, looking at kind of building out capacity. And, I think, Jeanne made a great point, which is we have got all of these kinds of services out there. How do we utilize what we have? It sounds like you are already doing that. But, I certainly hope that you are looking at what are the State-based services, the State-based commitments that we can do for all of our veterans and work that out.

And, finally, I just have a little bit of time and just a quick suggestion. I think there are a lot of people out there who are at that point where they would like to invest in someone, and they sure would like to invest in a veteran. And, looking at angel funds or looking at trying to develop Kickstarters just for veterans, I think, would be an interesting idea, because I think it would be a lot of investors would be motivated to help American returning veterans.

Chairwoman CANTWELL. Thank you. Thank you.

Senator Cardin.

Senator CARDIN. Well, Madam Chair, first of all, thank you for this hearing, and I thank all of our witnesses. This is an extremely important subject in which all of us are reaching out to our veterans' community to see how we can be more effective in helping them, particularly in the jurisdiction of the Small Business Committee.

Mr. Jeppson, are you familiar with the Veterans Institute for Procurement at Montgomery County?

Mr. JEPPSON. I most certainly am. It is a great program.

Senator CARDIN. That is what I wanted you to say.

[Laughter.]

We are off to a good start.

Mr. JEPPSON. Sir, it absolutely is, and I think it fills a very, very needed niche, if you will, in where we are at. For those of you who are not familiar with it, VIP takes businesses that have been around for a while, have a minimum amount of revenue, and then helps them make the jump into government contracting here. It is really unique and they do a great job at it. Like everyone else, they struggle with the funding, but we work closely with Barbara——

Senator CARDIN. Do you want to explain how much money of the Small Business Administration goes to this program?

Mr. JEPPSON. We do not provide any money to that.

Senator CARDIN. That is what I wanted you to say.

Mr. JEPPSON. It is——

Senator CARDIN. This is 100 percent——

Mr. JEPPSON. It is——

Senator CARDIN [continuing]. Sponsored by the Montgomery County Chamber of Commerce.

Mr. JEPPSON. It is, and it is a fantastic program, sir.

Senator CARDIN. And it is nationwide in its help. It is not restricted to the businesses or veterans that live in Montgomery

County, Maryland. They are helping veteran businesses throughout the country and doing this because of their patriotic sense that they should do something to help our veteran community.

And, I have looked at some of the numbers. There were some early numbers in the program. These numbers have gone up dramatically since. But, they showed through surveys that they helped create 1,600 jobs, and most of those jobs were veterans, because veteran-owned businesses tend to be more likely to hire veterans and mentor veterans.

And my point is this. I am very supportive of the programs we have. I think we need to build on them and we need to make sure we get the value. But here, we have a program that is totally privately run that is helping with a natural area that we can in Montgomery County, Maryland, on government procurement, because of our location and our expertise, are helping provide the wherewithal that veteran-owned businesses can get the type of help through government procurement to grow and create more jobs, et cetera.

So, I guess my point is, there seems to me there should be some way that the SBA can take this model and try to leverage. You point out they are having difficulty in continuing this program year in, year out, because of the budget problems, et cetera. But, to the extent that we can leverage private sector involvement to help our veteran community where they have a proven record of success, it seems to me this is a natural for us to try to build partnerships with so that we can do more to help our veteran community.

That is a lead for you to agree with me.

[Laughter.]

Mr. JEPPSON. Sir, I could not agree more. We have had—we have had a lot of people go up there, from my office, go up there and actually participate in the program and observe the program, and it is a great program, and Barbara Ashe does a fantastic job there. In a less resource-constrained environment for us, they are certainly one of the types of programs that we would look to replicate across the nation. They do—I cannot really speak highly enough of the program.

Senator CARDIN. Well, I appreciate that, and I would just urge you—one thing you could do that would not cost any money is to promote what is being done by the private sector to help our veteran community. It is interesting. I think they tried to work with DOD and did not receive a lot of cooperation in trying to promote these programs and they were directed to the SBA. So, I would hope that the SBA would be a friendly environment to figure out how these types of programs can be expanded. And, again, it is not so much looking for money, it is looking for ways to make these sustainable programs and helping the private sector direct their own funds in the most constructive way.

Mr. JEPPSON. Yes, sir. And, I would add to that, if I may, that as we see successful businesses come out of the new starts, from Boots to Business, it is going to be essential that we have programs like this that can help them with that growth, because, as I mentioned earlier, it is that 20 percent of small businesses actually go to that growth. That is where the job generation happens.

They are a lot of self-employment, and that is a wonderful thing. There are a lot of guys who leave the service, are going to go to,

like a, you know, like my hometown of Blountstown, Florida, and they are going to be a welder and a small business owner and that is fantastic. But, there is that 20 percent that are going to be the job creators, and there is a good segment that will be in the government contracting arena and others who will need that help to make it from that. The needs of a start-up are certainly different than the needs with a two or three or a couple million dollars revenue trying to make that jump, and we need to be there with them for that.

Senator CARDIN. Thank you. Thank you, Madam Chair.

Chairwoman CANTWELL. Thank you.

I am going to ask another round of questions, so if any members want to, you are welcome to stay to do that. But, I am going to ask you, Ms. Payton, you made some testimony about removing the Federal caps and the sole source authority. Can you expand on that, about why you think that is so important in helping small businesses?

Ms. PAYTON. From my experience, the competition and the market in the Federal contracting arena is extremely difficult for small women-owned businesses. So, when you get the audience of a program manager in a Federal agency and you get the audience of a contracting person that is willing to set aside opportunities because of the products that you provide, those caps can impede that progress which turns that into a real opportunity for business. So, removing those caps in places where it does not really make sense is, I think, going to open up the market for women-owned small businesses and allow the government to reach the goals that they have set and have tried to expand.

Chairwoman CANTWELL. Okay. And, do you have any comments on the waiving of the fee on the financial side that Mr. Proulx and other people have testified to?

Ms. PAYTON. Well, yes. My fee was waived under the Recovery Act, and so I continue to renew my line of credit that I have had from years ago. So, if you have to pay that fee and you have to add that to your overhead, every little bit counts, especially as a small business. You are competing amongst other small businesses that have very lean operations. So, the fee is another thing that you have to work to build into your product, and it can be very difficult when the bank has their set of fees and then the SBA has fees that you have to pay, as well.

Chairwoman CANTWELL. And so, Ms. Duso, are you seeing this as a key issue in some of the things that you have seen in the Pacific Northwest, the fee as a barrier to actually getting businesses financed?

Ms. DUSO. I think any expense to a business is a barrier to getting them financed. The fee, you know, having the fee waived specifically is a great idea. I love it. It is more money into the pockets of those veterans up front. And Trena said, you know, she quit her job and kind of took the, I like to call it, burning the boats approach to starting her own business. And so a lot of times, people are living off of their savings, or they have just transitioned out of the military and maybe they have some kind of money that they have received, and so they are trying to live off of that money up front at the beginning, and any of that up-front beginning savings

is a gateway for them to be able to more quickly create more revenue and add that money back into their business operations.

Chairwoman CANTWELL. Mr. Jeppson, Senator Risch brought up this very important point about metrics, and I understand from your answer about some of these programs are just getting underway. But, do you have any metrics on how many people may have gotten to that point on the financial thing but decided to turn back because of the fee?

Mr. JEPPSON. We do not, and I will be honest. On the fee piece with the Veterans Advantage, we have only had about—we have only got a first quarter, because we just started it at the first of the year. So, we are still a little new into that. We looked at the overall total lending. It is consistent with what we have seen in the past two years. So, we think that with a little more time and a little more outreach to the veterans' community, let them know about this advantage and the fact that the new—with the new piece that we will implement at the beginning of the fiscal year with the reduction above 350, we think that we will see kind of an acceleration of lending back on veterans.

Chairwoman CANTWELL. What was the higher amount?

Mr. JEPPSON. So, the fee will be reduced to half for 7(a) loans above $350,000 for veterans. So, right now, on a loan up to $350,000, a veteran can save over $5,000 on that loan. They will pay half the fee above that. So, if a veteran was looking for a million-dollar line of credit, that could be a $50,000 savings to him.

Chairwoman CANTWELL. I think measuring, having some assessment, even if you can just on that portfolio of packages that have been approved on this program, I think would give us some understanding about what the market demand is, so to speak, for SBA loans under this program and give us some idea. It is hard to think, and the stories that I have heard today, that people are going to have $50,000 laying around for financing of an idea. You are talking about Boots to Business. To me, I just think about bootstrapping in general, and any small business is more in the bootstrapping mode. So, coming up with $50,000 seems like a huge barrier. But, anyway, I would love to know more.

Mr. Proulx, did you have any comment on that before I turn it back over to my colleagues?

Mr. PROULX. Yes. On that loan that he was talking about, the million dollars, I am actually going through the CAPline right now and that SBA fee/cost is roughly $30,000, is what I have got to pay up front right now, where I am looking at, just to secure a million-dollar line. So, right now, they are looking for a $30,000 fee.

Chairwoman CANTWELL. Okay. Good.

Senator Risch.

Senator RISCH. Thank you, Madam Chair. I am going to pass on any further questions.

Chairwoman CANTWELL. Okay. Senator Shaheen.

Senator SHAHEEN. We have been talking about procurement, and I know, Dan, one of the things you talked about in your testimony was the support from PTAP, the New Hampshire Procurement Technical Assistance Program, to help guide you through the process initially. Can you talk about what, from your perspective, we

could do to improve the Federal procurement process in a way that would be more user friendly?

Mr. PROULX. You know, the PTAP and the SBA have been very helpful in my region. I think with the procurement on the Federal side of things, with the DOD, they are still doing the self-verification, unlike the VA, which is doing the CVE. And, I think that with the fraud possibly on the DOD side, because they do not have that extra—with DOD being self-verification, not actually putting the teeth in DOD contracting I think on the DOD side, you would have a little bit more where the veteran or the service-disabled veteran-owned company would have a better procurement process on the DOD side.

Right now, the VA kind of weeded out a lot of the fraud, which, when I started in 2008, there were approximately 6,500 companies registered in the VA CVE, in our construction NAICS code and that was self-verification. In 2010, President Obama put the teeth into it. We are looking at, right now, 1,280, approximately, veteran-owned businesses that are actually registered in that CVE. So, you are looking at almost 5,000 companies that were potentially fraud or had just disappeared.

And I am sure, on the procurement DOD side, you are probably looking at—there has got to be potential fraud on that end. So, on the DOD procurement side, I would like to see some type of legislation with the veterans on that end, and also with the procurement process, with bonding fees and things like that. We find that when we do an RFP, some of these agencies are not promptly awarding these projects. So, it could be pushed out a year. So, by then, a job that is a million or two million dollars, I am actually tying up my bonding for one to two million dollars until that project is awarded, and that could take up to a year. When you are talking a small business whose bonding is being strung out for a year or two, that is painful. You have a business to run and that can really hurt your business.

So, on the DOD side, if the fraud issue would be looked at, and then if the RFPs and the awards could go out more quickly on the procurement end, that would be great.

Senator SHAHEEN. Good. Thank you.

Ms. Payton, I know that you talked about the challenges that women face. As we looked at our Veterans Entrepreneurship Act, one of the things we learned is that even though women now make up 14 percent of the military, only about four percent of veteran-owned businesses are owned by women. So, one of the things that we have included in our Act are a requirement that SBA examine whether the counseling programs are actually reaching women veterans to help them as they think about what options might be available to them. Can you talk a little bit about what some of the hurdles are that women veterans might be facing as they are looking at trying to start a small business?

Ms. PAYTON. Yes. You know, there is a camaraderie that comes with being in the military, and then when I experienced the V–WISE program, the camaraderie sort of extended to other women that wanted the business. So, I think that when you create a community of people with like interests, what happens is they tend to

support each other and they tend to lend themselves as being a resource.

So, I know that there are plenty of programs out there that provide counseling, that provide education, but that missing link was the networking and the camaraderie and the support that came at the V–WISE conference. And so that, coupled with the learning and education with the industry experts, that sort of clicked for me. I normally do not think of my service on a day-to-day basis, but when we got together as soldiers, that natural sort of kinship really sort of clicked for me.

Senator SHAHEEN. Thank you.

Mr. JEPPSON. Senator, if I could just briefly add——

Senator SHAHEEN. Sure.

Mr. JEPPSON [continuing]. Along that, just two points, quickly. V–WISE is—it is a great program, and when I first came in, I thought, well, why do we have to have something—a veteran is a veteran. Why are we differentiating? But, after having been to one, I clearly see the value in it. And, one of the things that we asked the private partners to give as well as money is their mentors to come along there.

I would point out that with Boots to Business, as we track the cohort that goes through Boots to Business right now, a quarter of the participants in Boots to Business are female. And so when you consider that 14 percent of the service is female, they are over-indexing, or we have a lot more female veterans choosing the entrepreneurship track than are in the service. So, we think that this will help increase the number of female small business owners.

Senator SHAHEEN. Good. Thank you very much. Thank you all.

Chairwoman CANTWELL. Good. Well, I want to thank all the witnesses. Obviously, as usual in a hearing, we will leave the record open for two weeks. So, if any of my colleagues who are not here wanted to submit questions for the witnesses, they can do so, and we will keep that for the official record.

But, I thank all of you very much for being here and for your testimony and for your leadership on this important issue. You certainly have told us a lot of inspirational things today about what veterans are doing to help our economy grow, and we certainly want to partner with you all in making that happen even at a higher rate through the more efficient and effective use of these programs.

So, if nothing else, we are adjourned.

[Whereupon, at 4:28 p.m., the committee was adjourned.]

APPENDIX MATERIAL SUBMITTED

SEN. HEITKAMP OPENING STATEMENT

Small Business Committee Hearing
4 June 2014
"From Military Service to Small Business Owner: Supporting America's Veteran Entrepreneurs"

I would like to first thank Chairwoman Cantwell and Ranking Member Risch for putting this hearing together and for highlighting such a critical issue, our duty to our veterans does not end once they step away from the action … we must provide them with the necessary care and workforce opportunities that they require and that they have earned.

And I want thank each of the witnesses for taking the time out of your busy schedules, to come in this afternoon to discuss the impacts of the government shutdown on your businesses. **And to all of those veterans on the panel I want to thank you from the bottom of my heart for your service to this great country.** You are the reason that America is the greatest nation in the world.

I assure you that your testimony here is vitally important, your voices will be heard, and those of us here on the Small Business Committee will take your stories to our colleagues when we leave this hearing today. Your stories will also serve as an inspiration to those here in Washington and to your fellow veterans and those currently serving in the active duty military. Your bios are impressive and your experiences in small business should serve as a template to other veterans who may look to carve out a similar path.

I am incredibly proud of North Dakota's history of service to this country and of our states longstanding tradition of providing the necessary support and services to our vets when they return home. North Dakota is also unique in that a large percentage of our population is Native American, and Native American men and women serve our country at a higher percentage than any other ethnicity, and when they return home they face even greater hurdles in receiving proper care and seem to have great difficulty accessing the opportunities that we will be discussing here today.

As many on this Committee know, rural issues and Indian Country are two of my priorities, not just on this Committee but as a Senator. So I look forward to hearing from our two representatives from the Small Business Administration about how the programs you have place have worked when it comes to engagement and successful outcomes for our rural and Indian veterans.

And from our veteran small business owners, I am interested to hear about their interaction with the SBA and how they successfully utilized the programs offered by the SBA to achieve their goals, recommendations on how these programs could potentially work better to serve our veterans needs, and also their experience with the private sector as they worked to open and build their small businesses … in particular access to capital issues.

I thank you all again for being here today and I look forward to today's hearing and hope that we can all walk away from here with a better understanding of the needs of our veterans when it comes to accessing these opportunities and how we can work to increase participation and make these programs even better.

Statement for the Record
Senator Jeanne Shaheen
June 4, 2014
Senate Small Business Committee
"From Military Service to Small Business Owner: Supporting America's Veteran Entrepreneurs"

Thank you, Madame Chair and Ranking Member Risch, for holding this important hearing.

We owe it to our veterans to support them in every possible way when they come home. And we need to make sure our veterans have access to good-paying jobs.

We can meet both of those goals by supporting our veteran-owned small businesses. And I'm proud to welcome one here today.

I'd like to introduce Dan Proulx (pronounced "pru") from Monument Construction in Nashua, New Hampshire, to the Committee.

Dan is a Marine veteran who founded Monument Construction in 2008. Dan and the employees at Monument provide complete construction services, including projects for federal agencies such as the VA, the Navy, the National Guard, and the Forestry Service.

Dan has impressively grown the business in a short period of time. In its first full year of business, 2009, Monument Construction saw $290,000 in revenues. This year, they expect $12 million in revenue. This is the kind of small business growth that fuels New Hampshire's economy.

As we will hear from Dan, that growth has been aided by federal contracting set-aside programs, SBA loans, and counseling assistance aimed at veterans.

I had the opportunity to visit Dan's company this January, and I was impressed to learn about the company's efforts – not only to provide quality products to its customers, but also to hire veterans and employ veteran-owned subcontractors.

Dan's story is a great success story, and I'm glad he will be able to share it with us as we consider ways to support veteran companies and hiring.

As Dan's testimony will show, there are a number of steps we can take to help veterans who are looking to become entrepreneurs or to grow their small businesses.

First, we can make sure veteran small business owners have access to credit. SBA loans have been critical for many veteran-owned firms, including Dan's, to help them get the loans they need to grow.

Second, we can make sure that federal agencies are looking to veteran-owned small businesses for their contracting needs. Helping veteran firms compete for federal contracts is an important way to boost veteran small business growth, and Monument Construction is a prime example.

In addition, we need to make sure that our counseling programs are providing guidance and information to veterans to help them become entrepreneurs, cut through red tape and get their businesses up and running. In Monument Construction's case, counseling and technical assistance from federal partners helped guide them "through the thicket of acronyms, paperwork and registrations that enabled [Monument Construction] to appear on contracting officers' radar in the first place."

I've introduced legislation, the **Veterans Entrepreneurship Act**, which would help provide these important resources to veteran small businesses.

The bill would help more veterans get access to credit through the SBA by providing fee waivers on SBA loans. Fees can cost borrowers thousands of dollars, and these fees can add up as businesses need additional loans to grow. Providing fee relief for veteran small businesses is a simple and effective way to support these firms as they're looking to grow.

The bill also requires the SBA to report on an underutilized lending program, the Military Reservists Economic Injury Disaster Loan (MREIDL) program. This program provides direct loans to small business owners who are unable to obtain credit because an essential employee has been called up to active duty. MREIDL is targeted at a real problem, but very few loans have been made under the program.

We also need to make sure our counseling programs are helping veterans become small business owners. The bill would require the SBA to take a hard look at its existing counseling programs to ensure that they are reaching our veteran communities. In particular, the bill requires the SBA to study the feasibility of offering National Guard and Reserve small business owners with financial planning and counseling prior to deployment, so that they can plan ahead.

In addition, the bill requires the SBA to examine whether its counseling programs are adequately reaching women veterans. Women currently make up more than fourteen percent of U.S. military personnel, yet only operate four percent of veteran-owned small businesses – compared to 30 percent of non-veteran owned small businesses.

The bill, which is cosponsored by Senator King, makes these and other common-sense steps to support veterans' entrepreneurship. I'm hoping we will be able to move it through this Committee soon.

Thank you, Madame Chair, and I'm looking forward to hearing from Dan and the other witnesses today.

Questions for the Record

Committee on Small Business & Entrepreneurship, Hearing entitled "From Military Service to Small Business Owner: Supporting America's Veteran Entrepreneurs"—June 4, 2014

Submitted by Senator Deb Fischer

1. A frequent complaint I receive from veterans who own small businesses in Nebraska is confusion and difficulty to becoming eligible to participate in government set asides for Veteran Owned and Small Disabled Veterans Owned Businesses. The Department of Veterans Affairs has its own "verification" program that demands more information and paperwork than many small businesses can deal with and applies only to VA contracts.

   On the other hand the process of certification through the SBA does not seem well defined. There seems to be overlap of responsibilities between the SBA and the Department of Veterans Affairs and is confusing to veterans and causes unnecessary paperwork. Has the SBA examined establishing a standardized certification program for Veteran Owned and Small Disabled Veterans Owned Businesses that would apply to all programs and agencies? What about using the Veterans Affairs to certify veteran status while using the SBA expertise to establish compliance with requirements such as ownership and management?

   Response:

   As you've stated, the DVA administers its own DVA Veteran and Service-Disabled Veteran-Owned Small Business set-aside program pursuant to its statute, Public Law 109-461, which is applicable only to DVA issued contracts. Their program requires DVA to "verify" a participant's status as veteran and/or service-disabled veteran-owned small business.

   The Small Business Act establishes a Government-wide (except for the DVA's program) Service-Disabled Veteran-Owned Small Business Concern (SDVOSBC) set-aside program. (15 U.S.C. 632(q)). SBA's regulations go into great detail defining status, ownership, control, contracting requirements and protests. See 13 CFR 125.9 thru 125.30. SBA's implementing regulations require an SDVOSBC to self-represent its size and status for each federal acquisition for which it submits an offer. As it concerns small business status and status as a veteran-owned or service-disabled veteran-owned small business, the DVA's implementing regulations generally mirror those of SBA.

   SBA is aware of past and current legislation which would rest responsibility for determining size and program status with SBA. SBA does not take positions on proposed legislation, including those proposing to move the VA verification process to SBA. SBA would need considerable resources that are currently unavailable, to execute the full verification process for Veteran-Owned Businesses.

2. Data from 2012 shows that the federal government finally reached the goal of three percent of procurement dollars to SDVOBs (a goal established by the Small Business Development Act 1999) That is the good news. But, of 21 federal agencies only half exceeded the 3 percent goal. Agencies such as NASA and OPM hovered around 1 percent. What is being done to help all federal government agencies get to the 3 percent goal?

Response:

SBA is focused on a number of initiatives to assist agencies in meeting and exceeding their small business goals, including those for SDVOSBCs. This is of paramount importance to SBA as we strive to educate agencies on balancing their small business awards across programs. To that end:

- *Implementation of the Small Business Procurement Legislation. SBA has implemented many of the contracting provisions contained in the Small Business Jobs Act of 2010 and the National Defense Authorization Act of 2013 related to increasing opportunities for small business contracting and minimizing fraud, waste and abuse in the programs. SBA is in the final stages of implementing rule changes relating to subcontracting, setting aside multiple award contracts and orders for small businesses, prime/sub teaming efforts on set aside contracts and implementing a small business mentor protégé programs. These rules will give agencies the tools they need to increase small business utilization.*

- *Collaboration with White House and Senior Administration Officials. SBA is collaborating with the White House and Senior Officials at each agency to ensure agencies are being held accountable for the government-wide small business contracting goal. This unprecedented amount of collaboration has ensured top-level leadership commitment from across the federal government to utilize small businesses, and we are seeing results.*

- *GC Classroom. SBA realizes that selling to the government requires a very different approach than selling in the commercial sector. SBA continues to provide small businesses with contracting training tools including a series of online contracting courses to help prospective and existing small businesses understand the basics about contracting with federal agencies. The GC Classroom can be accessed at www.sba.gov/gcclassroom.*

- *Small Business Outreach Events. SBA knows that for agencies to award contracts to small businesses, they need qualified small businesses ready to succeed in the federal procurement arena. To that end, SBA has increased its outreach efforts to ensure that small businesses are aware of its contracting programs and educate small businesses on the nuances of federal contracting.*

- *SBA continues its collaboration with Women Impacting Public Policy (WIPP) and American Express OPEN on the ChallengeHER campaign, to inform Woman-Owned Small Businesses about the opportunities available within the federal supply chain.*

- *To support a robust portfolio of businesses in the HUBZone and 8(a) Business Development Programs, SBA has focused on recruiting new firms into both programs that better meet the needs of the federal procurement marketplace.*

- *Promoting Small Business Partnerships. While the federal government is an enormous source of opportunity to small business contractors, SBA is working to support subcontracting relationships between large prime contractors and subcontracting small businesses. At the same time, small business suppliers face a number of challenges as they seek to break into both federal and commercial supply chains. SBA's American Supplier Initiative (ASI) is a federal government-wide initiative that uses best practices to strengthen, build capacity and increase opportunities in America's supply chains for small businesses.*

SBC Hearing on Veterans Assistance Programs
Questions for the Record for Mr. Rhett Jepson
Submitted by Ranking Member Risch

1. In November 2013, the SBA announced they would be waiving the borrowing fees on loans up to $350,000 made to veterans through the SBA Express program. This waiver was in addition to the SBA's policy of waiving fees on loans made under $150,000. Since the implementation of this policy, how has the number or dollar amount of loans made to veteran small business owners changed?

   Response:

   SBA Answer: *SBA implemented the fee waiver policy change for Veterans affecting loan sizes $150k to $350K beginning January 1, 2014. SBA has experienced a net increase in 7(a) loan volume of 33 loans for $10.2M between January 1 and July 31 of 2014 versus the same period in 2013 for loan sizes 150K to $350K.*

   SBA's average loan size to the veteran community within the 7a program for loan sizes $150k-350K has grown 2.8% up to $259K from $251K the prior year.

   While the increases are not huge, the fee waivers are still relatively new, and the hope is that more veterans will continue to take advantage of this incentive.

2. How do you foresee this policy affecting the ability of the SBA to efficiently process loan applications? If this policy was to be made permanent, as Senator Shaheen's bill provides, how does the SBA expect this will affect their ability to service these loans in a cost-effective manner without the benefit of the service fees?

   Response:

   SBA Answer: *Setting the guarantee fees on SBAExpress loans to veterans to zero, as currently implemented for FY14 and proposed on a permanent basis in Senator Shaheen's bill, does not impact the administration or servicing of the loans. These fees are used to offset future purchases on defaulted loans, so they do have impact on potential subsidy costs, but are not used for administrative purposes.*

3. During your testimony in response to a question from Senator Heitkamp, you mentioned a coordinated effort between your office, the White House Office of Native American Affairs, and the SBA Office of Native American Affairs to implement a new pilot program in August 2014 focusing on the Native American veteran community.

   Please provide my office with the specifics on this new program including, but not limited to: a detailed outline of the program, anticipated participation numbers, target

locations/communities, delivery methods, mission statement, the amount and sources of funding, and a timeline for implementation.

Response:

OVBD coordinated and led the Re-boot to Business effort. ONAA partnered with OVBD and the White House Office of Native American Affairs to conduct one workshop targeting Native American veterans. This training took place in Albuquerque, NM, August 6 to 7, 2014. The program employs the existing Boots to Business curriculum and materials with emphasis on procurement and lending opportunities available to Native American veteran entrepreneurs. There were 135 Veterans signed up for the Albuquerque event. The estimated number of actual participants was 100 for the two day training. Overall, the participants felt the training was what they were looking for to get their businesses started; the learning materials and training guides were very helpful. The big takeaway was knowing they were not alone in the is process of getting started from local & nationals resource partners. The additional feedback was benefit for the added commitment to our Veteran business community.

4. Please provide my office with a complete line-item budget for the Office of Veterans Business Outreach including the current and past two fiscal years.

Response:

2014		
Account	Program/Purpose	Budget Authority
Entrepreneurial Development Programs[1\]	VBOC	$2,500,000
	VWISE[2\]	$ 500,000
	Boots to Business	$7,000,000
Salaries and Expenses	Veterans Business Development:	
	Operating	$ 482,000
	Compensation & Benefits	$1,500,000
	2014 Total Budget Authority	$11,982,000

1\Entitled Non-Credit Account in fiscal years 2013 and prior.
2\$500,000 was transferred from the Salaries and Expenses account to the Entrepreneurial Development Account for the VWISE program.

2013		
Account	Program/Purpose	Budget Authority
Non-Credit Programs	VBOC	$2,497,000
Salaries and Expenses	Veterans Business Development:	

	Operating	$ 329,000
	Compensation & Benefits	$1,500,000
	2013 Total Budget Authority	$4,326,000

2012		
Account	Program/Purpose	Budget Authority
Non-Credit Programs	VBOC	$2,500,000
	Administrator's Entrepreneurial Development Initiative[3\]	$ 650,000
Salaries and Expenses	Veterans Business Development:	
	Operating	$ 674,000
	Compensation & Benefits	$1,500,000
	2012 Total Budget Authority	$5,324,000

3\SBA reprogrammed $650K in Jobs Act funding to support the development and piloting of the Boots to Business program.

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Questions for the Record
Submitted by Senator Jeanne Shaheen
June 4, 2014
Committee on Small Business & Entrepreneurship
Hearing entitled "From Military Service to Small Business Owner: Supporting America's Veteran Entrepreneurs"

Access to Credit

Mr. Jeppson, I've introduced legislation to make the fee waiver for SBA Express loans for veteran-owned small businesses a permanent part of our strategy for helping veterans get access to credit. The goal of this legislation is to honor the service of our veterans while making it easier for veterans to start or grow small businesses, which helps our economy and the veteran's community. Can you discuss the SBA's rationale for putting these fee waivers in place through the Veterans Advantage program? Is the SBA trying to address any unique challenges faced by veteran small business owners?

Response:

The program recognizes the service of our veterans, and the economic challenges they face when returning to civilian life, disabled or not. Given their demonstrated leadership and team skills, it is often the preferred choice for veterans to operate their own company. Starting and/or acquiring a small business requires significant commitment of capital, which the 7(a) program seeks to provide. Through reduced up-front guaranty fees, SBA enhances the prospect for success of the veteran-owned small business that receives an SBA-guaranteed loan.

Mr. Jeppson, can you provide information about the demand for veteran small business loans? Do you anticipate an increase in demand based on your efforts with the Boots to Business and other initiatives designed to boost interest in the veteran's community for entrepreneurship?

Response:

As more veterans transition from public service, SBA anticipates a general increase in loans to veterans. All SBA 7(a) and 504 loans are available to veterans seeking capital for small businesses, and as the Agency does outreach through the veteran's entrepreneurship programs, more informed veterans are expected to participate. In addition to the fee reduction for SBA Express loans to veterans, SBA has recently implemented streamlined processing for the 7(a) small loans of $350,000 or less. This enables participating lenders to deliver loans to veterans outside of the SBA Express program more timely and at reduced cost.

Mr. Jeppson, one of the best ways we can ensure that this program is effective is to ensure that banks are aware and can help veteran small business owners take advantage. Please describe any outreach your office or the SBA has conducted with large banks, community banks and other lending partners.

Response:

SBA works with the largest lending trade associations, NAGGL and NADCO, which represent lenders participating in two of SBA's business loan programs (7(a) and 504), to ensure that lending to veteran-owned businesses is included in their annual conferences. SBA currently assists veterans through its 68 local SBA district offices, 15 Veterans Business Outreach Centers nationwide, its partnership with approximately 1,000 Small Business Development Centers and approximately 12,000 SCORE counselors.

Mr. Jeppson, for this program to be effective, we must ensure that those who are not eligible for assistance do not falsely take advantage of the program. To ensure the program's integrity, it is critical that the SBA can verify the borrower's status. Can you describe the SBA's verification efforts to ensure that the program supports those who have served our country?

Response:

SBA has a strong verification process in place to ensure the program reaches the intended recipients. To be eligible for SBA Veterans Advantage loans, businesses must be 51% or more owned and controlled by an individual or individuals in one or more of the following groups:
• Veterans (other than dishonorably discharged);
• Service-Disabled Veterans;
• Active Duty Military service member participating in the military's Transition Assistance Program (TAP);
• Reservists and National Guard Members; or
• Current spouse of any Veteran, Active Duty service member, or any Reservist or National Guard member; or widowed spouse of a service member who died while in service or of a service-connected disability.

Lenders must document in their loan file a borrower's eligibility using the documentation identified below and must present copies of that documentation with any request to SBA to purchase its guaranty.

SBA Veterans Advantage Documentation Requirements:
1) Veteran: Copy of Form DD 214, which is provided for other than dishonorably discharged veterans.
2) Service-Disabled Veteran: Copy of Form DD 214 or documentation from the DVA that the veteran has been determined as having a service-connected disability.
3) Transitioning Active Duty Military Member: DD Form 2, "U.S. Armed Forces Identification Card (Active)," or DD Form 2, "Armed Forces of the United States Geneva Conventions Identification Card (Active)" and, DD Form 2648 (Active Duty Military member) or DD Form 2648-1 (Reserve Component member).
4) Reservists and National Guard: DD Form 2, Armed Forces of the United States Identification Card (Reserve).
5) Current Spouse of Veteran: The veteran's Form DD 214 and evidence of status as a current spouse.

6) Current Spouse of Transitioning Active Duty Military Member or Current Reservist/National Guard Member: DD Form 1173, Department of Defense Guard Reserve Family Member Identification Card and evidence of status as the current spouse.
7) Widow of Active Duty Service Member who died in service or Widowed Spouse of Veteran who died of a service connected disability: Documentation from DOD or from DVA clearly showing this to be the case.

Alternatives:
In the event that the veteran's DD 214 is unavailable, a "Certification of Military Service" (NA Form 13038) is an acceptable equivalent.

For any category listed above that requires a photocopy of a military ID, as an alternative to photocopying the military ID, the Service member may provide a "statement of service" signed by, or by the direction of, the adjutant, personnel office, or commander of the unit or higher headquarters they are attached to. There is no one unique form used by the military for a statement of service. While statements of service are typically on military letterhead, some may be computer-generated. The statement of service must clearly show:

1. The Service member's full name;
2. The Service member's Social Security Number (SSN) or the last 4 digits of SSN;
3. The entry date on active duty or the entry date of applicant's Reserve/Guard duty, as applicable (depending on whether the applicant is on active duty or is a current member of the Reserves or National Guard);
4. The duration of lost time, if any (for active duty); and
5. The name of the command providing the information.

For Current Reserve/Guard Members: The statement must clearly indicate that the applicant is an "active" reservist and not just in a control group (inactive status).

QUESTIONS FOR THE RECORD
Senator Maria Cantwell, Chairwoman
June 4, 2014
U.S. Senate Committee on Small Business & Entrepreneurship
"From Military Service to Small Business Owner: Supporting America's Veteran Entrepreneurs"

The Boots to Business program is an entrepreneurial education initiative offered by the U.S. Small Business Administration (SBA) as an elective track within the Department of Defense's revised Training Assistance Program called Transition Goals, Plans, Success (Transition GPS). Boots to Business (B2B) was just launched by the Small Business Administration (SBA) in 2013. Testimony provided to the Committee through hearings and meetings details the program's development and growth in demand.

1. **Given that the program is meant to provide an introduction to separating service men and women about federal resources supporting small business ownership and entrepreneurship, how does the SBA evaluate the program's success and what metrics does the agency utilize to determine the program's effectiveness?**

Response:

We continuously monitor results of surveys administered by DoD to solicit feedback on the Entrepreneurship track. In addition, we conduct site visits to assure the quality of the delivery of courses and address any operational issues. To facilitate continuous improvement of the curriculum and maximum customization to the unique needs of Transitioning Service Members (TSMs), SBA conducts annual focus groups including representatives from Resource Partners and other stakeholders. Curriculum development is coordinated with the annual review cycle for the all of Transition Assistance Program (TAP) administered by the Veterans Employment Interagency Task Force.

Our initial success metrics are based on throughput. We track the participation for all two-day and eight-week courses; the enrollment and graduation rates for the eight-week course.

In addition, we are applying recently appropriated resources to designing methodologies and infrastructure to assess the long term outcomes of the program as TMSs become veterans and start or operate small businesses. There are challenges inherent to establishing these long-term metrics including:

1) The process of business formation can occur over many years and is not linear;
2) Many TSMs may learn through the program that entrepreneurship is not the correct post-service choice for financial, lifestyle or other reasons – this is a successful but not quantifiable outcome;
3) Integrating and aligning data collection, storage, and reporting across multiple internal and external databases within SBA, our grantees / Resource Partners;

4) *Building information technology infrastructure that is Personally Identifiable Information (PII) compliant and able to share data with the Defense Manpower Data Center – the host for all DOD TAP survey; and,*
5) *Establishing way to identify and collect data from TSMs once they become private citizen / veterans when and if the decide to form new businesses, expand existing businesses, and hire other veterans, and in ways that do not violate their privacy rights.*

Since 2010, the Veteran Women Igniting the Spirit of Entrepreneurship (V-Wise) program has trained 1,175 women veterans. Like Entrepreneurship Bootcamp for Veterans with Disabilities (EBV), V-Wise focuses on underserved communities.

2. **How is success by participants in V-Wise tracked, evaluated and determined?**

Response:

Success for VWISE is tracked by the grant recipient, Syracuse University via surveys to graduates of VWISE. The results of these surveys are reported as outcomes to the Office of Veterans Business Development. Success is based on the percentage of candidates starting new small ventures and sustaining/growing established small ventures; the number of employees, including the owners; the dollar value of these firms; and the percentage of graduates seeking additional services from SBA.

Veteran Business Outreach Centers (VBOCs) provide the largest small business counseling resource for veterans across the country.

3. **Do VBOCs vary in the services and programs they offer? If so, how does the SBA ensure that veterans receive quality counseling, training and mentoring consistently, regardless of geographic location? What metrics does the agency utilize to determine the effectiveness of VBOCs broadly?**

Response:

VBOCs are charged with the responsibility of providing regional assistance to veteran small business owners and entrepreneurs inclusive of both service-disabled veterans and reserve component members returning from Title 10 Activations.

To ensure veteran clients are receiving quality training and counseling consistently, VBOCs query veterans throughout their regions with assessment questionnaires designed to identify their counseling and training needs. VBOCs then tailor the counseling and training to the veteran clients to address these entrepreneurship and small business management areas which the clients indicated as areas of interest. In addition, through the Client Satisfaction Survey which the centers use to evaluate the effectiveness of their delivery of service and programs, veteran clients indicate on the questionnaire additional training and counseling subject matter they need to further build their skills to operate competitive small enterprises. These efforts assure veteran clients of VBOCs receive

counseling and training consistent with their needs as small business owners and entrepreneurs.

In addition, VBOCs have unique services that further advance the skills of veteran small business owners in acquiring the knowledge and expertise needed to operate sound, solvent small firms. One such program is "VBOC on the Road." With this particular program, the New Mexico VBOC travels throughout the state providing counseling and training to veteran clients in both urban and rural areas inclusive of Native American Reservations. These activities ensure that underserved communities throughout the state in both urban and rural setting are aware of and have access to the full-range of entrepreneurship/small business management programs and services the VBOC offers while simultaneously meeting at counseling and training needs for mainstream veteran small business owners and entrepreneurs.

Another such programs is the Entrepreneurship Boot Camp for Veterans with Disabilities (EBV) and the Entrepreneurs Boot Camp for Veterans (EBC) both delivered by the VBOC at Fayetteville State University. The EBV program is uniquely different in that it does not offer online entrepreneurship training as part of the initial phase of delivery. Instead this program at FSU offers an intense week long classroom training delivered by accomplished entrepreneurship educators from FSU complemented with presentations by real-time successful entrepreneurs locally and regionally. Graduates of the program then become clients of the VBOC of additional assistance and service. The program is designed to provide entrepreneurship training to veterans only within Region IV. The structure of both programs are such that graduates immediately become VBOCs clients when additional start up or advanced assistance is provided; thereby ensuring consistency in the quality of the counseling and training services veterans and service-disabled veterans receive. The EBC is tailored similar to the EBV program at FSU with on focus on veterans and their spouses rather than service-disabled veterans.

The hallmark of the success of any program is the metrics that are indicators of success or failure. In all programs and services VBOCs provide their success is measured by the metrics outlined below:

- *Number of veterans trained*
- *Number of veterans counseled*
- *Number of contracts awarded*
- *Number of loans approved*
- *Change in sales*
- *Change in profit margins*
- *Change in exports as applicable*
- *Number of jobs created and retained and new business startups*

The Office of Veterans Business Development (OVBD) supports several programs aimed at supporting veteran small business ownership and entrepreneurship, including the Boots to Business program, the Veteran Women Igniting the Spirit of Entrepreneurship program, and the Veterans Business Outreach Centers.

4. **How does the OVBD coordinate services offered through these programs to ensure that they are effective and efficient, without being duplicative?**

Response:

The audiences for each of the programs are different, which each group referred directly to the local district office and resource partners for additional services once their initial training is completed.

The Veterans Business Outreach Centers (VBOCs) help market and promote both the Veteran Women Igniting the Spirit of Entrepreneurship (V-WISE) program and the Entrepreneurship Boot Camp for Veterans with Disabilities (EBV) by disseminating information both electronically and via hardcopy about these programs and training opportunities to their clients. They also participate in VWISE events in the Office Hours segments where VWISE candidates meet directly with VBOC providers to discuss their businesses, business ideas and the services these Centers deliver. This helps prepare the VBOCs to tailor their program and services to address the operational needs of these potential clients should they seek more advanced or specialized help when they graduate for the short-term training VWISE and EBV deliver.

Neither VWISE nor EBV offers business counseling support, which the VBOCs and other SBA resource partners provide. Both the VWISE and EBV programs differ in that these programs are not designed to provide aid in securing loans, government contracts, or long term entrepreneurial or small business training or assistance. Thus, clients from both programs are referred to SBA's resource partners for long term and advanced assistance.

The Boots to Business program is for transitioning service members. Please refer to the answer to your question on Boots to Business on page 1.

5. **How does the OVBD coordinate with other offices within the SBA – such as the Office of Capital Access and the Office of Government Contracting and Business Development – as well as other federal departments and agencies, to leverage all available federal resources aimed at supporting veterans' entrepreneurship and small business ownership?**

Response:

When OVBD is coordinating an event or other outreach effort, we work closely with our Office of Field Operations to bring in the local SBA district office. We also go to the other program offices within SBA to coordinate a joint effort with them, or at least inform them that we are working on something that their office might be interested in.

OVBD works with the OSDBUS at other federal agencies, as well as our VSOs and other organizations.

OVBD also facilitates the Interagency Task Force for Veterans Business Development meetings at SBA. The SBA Administrator/Designee is the Task Force Chair. The Associate Administrator for OVBD is a member of the Task Force.

6. What statutory authority does the agency have to administer and implement these programs?

Response:

Section 8(b)(17) of the Small Business Act (15 U.S.C. 637(b)(17)) authorizes the U.S. Small Business Administration "to make grants to, and enter into contracts and cooperative agreements with, educational institutions, private businesses, veterans' nonprofit community-based organizations, and Federal, State, and local departments and agencies for the establishment and implementation of outreach programs for disabled veterans (as defined in section 4211(3) of title 38), veterans, and members of a reserve component of the Armed Forces." Boots to Business, VBOCs, EBV, and V-WISE are outreach programs authorized under this section.

Additionally, with regard to the VBOCs, section 105 of P.L. 110-186, approved Feb. 14, 2008 (122 Stat. 626) provides that the Administrator shall use the authority in Section 8(b)(17) of the Small Business Act (15 U.S.C. § 657b (d) (1)) to "increase veteran outreach by ensuring that Veteran Business Outreach Centers regularly participate, on a nationwide basis, in the workshops of the Transition Assistance Program of the Department of Labor." These Veterans Business Outreach Centers are also authorized under 15 U.S.C. § 657b (d) (2) to ". . . provide grants to entities located in Transition Assistance Program locations to make presentations on the opportunities available from the Administration for recently separating or separated veterans."

SEN. HEITKAMP - QUESTIONS

Small Business Committee Hearing
4 June 2014
"From Military Service to Small Business Owner: Supporting America's Veteran Entrepreneurs"

Rhett Jeppson, *Associate Administrator, Office of Veteran's Business Development, U.S. Small Business Administration, Washington, D.C.*

- In your testimony, you discuss the programs through the Small Business Administration has to assist veterans in becoming entrepreneurs. These are important and critical programs which have a large impact on boosting both our veterans and our economy. However, many veterans, especially those in my state of North Dakota, live in small towns all across the nation.

    - What steps do you take to conduct outreach to veterans in small communities which may not be close to larger and more urban areas where SBA may have office?

Response:

The SBA has resource partners, such as SCORE, SBDC and WBC to assist entrepreneurs, including veterans, across the country. SBA Resource Guide – North Dakota

Both VWISE and EBV are marketed by SBA's resource partners in rural areas, by the district offices and by Syracuse University through participation in local events for veterans. Information on each program is included on the Agency's website, as well. The VBOCs and Veterans Business Development Officers have access to marketing materials to distribute to veterans in rural communities either through scheduled training events, workshops or to walk-ins to their district offices or training/counseling Centers.

    - If I am a veteran in a small town, what would I need to do to begin accessing entrepreneur assistance?

Response:

The best place to start is at the SBA website – www.sba.gov. You can look up the local SBA District Office for you state to find out what resources are closest to where you operate your business.

For both VWISE and EBV, the veteran would have to apply online for admission to either of these specialized training programs. Each program has an online application process. With access to a computer candidates can access the online segments of each program.

For EBV are expenses are paid by Consortium members for service-disabled veteran candidates to attend the 9-day Residency segment. Once this segment is completed, candidates enter into a 12-month mentorship segment.

With VWISE candidates pay a $75 registration fee; for those unable to pay the fee, this cost is off-set by private-sector funding for this purpose. Candidates must cover their transportation to and from the 3-day comprehensive conference one the 15-day online course is completed. Lodging/meal costs are covered as well. Once this segment is completed, candidates have a 12-month mentorship segment to complete and are then referred to SBA's district offices and resource partners for additional assistance.

- What steps would you recommend SBA take to increase access to these programs in rural areas?

<u>Response</u>:

Both VWISE and EBV are marketing by SBA's resource partners in rural areas, by the district offices and by Syracuse University through participation in local events for veterans, establishment of strategic alliances with organizations that advocate and promote entrepreneurship opportunities for female veterans, etc. Information on each program is included on the Agency's website, as well. Each program is effectively marketed and promoted.

- As I touched upon briefly in my opening remarks, our Native American veterans, especially those that return home to Indian Country, have unique challenges above and beyond those faced by other veterans. Employment opportunities are few, yet these veterans have the same skill set that has made other veterans successful small business owners and entrepreneurs.

  - Do you have specific outreach plans for Native vets and Indian Country? Have they been successful? Are there improvements that you think can be made that would make these programs more accessible to, and gain higher participation from, Native American veterans?

<u>Response</u>:

On August 6 – 7, 2014, a Boots to Business – Reboot program was conducted in Albuquerque, New Mexico specifically to reach Native American veterans. The efficacy of the program will be evaluated post-event and, if favorable, will be a model for future programming. There were 135 Veterans signed up for the Albuquerque event, which was held on August 6th and 7th of this year. The estimated number of actual participants was 100 for the two day training. Overall, the participants felt the training was what they were looking for to get their businesses started, and the learning materials & training guides were very helpful. The big takeaway was knowing they were not alone in the is process of getting started from local & nationals resource partners. The

additional feedback was benefit for the added commitment to our Veteran business community.

We also are continuing to provide SBA's business tools and resources throughout Indian Country. For example, our 15 one-day workshops, "Native American Business Development Empowerment Workshops", provide specialized training and technical assistance to two Native American groups: (1) new and established businesses that are positioned to grow and/or expand and (2) trainers who are qualified to teach business development subjects. This training focuses on developing operational and leadership strategies to build capacity, foster growth and expansion and ensure sustainability of Native American community-based businesses nationwide. In addition, we are conducting 30 one-day 8(a) business development workshops to educate Alaska Native Corporations, Native Hawaiian Organizations and tribally-owned small businesses about the 8(a) Program and provide technical assistance.

In FY 2013, ONAA collaborated with the U.S. Department of Veterans Affairs/Office of Tribal Government Relations, and participated in six Veterans Training Summits in Indian Country that emphasized economic sustainability for Native American veterans. These events provided training and presentations from key federal, state and private partners focused on sharing resources and information about economic opportunities available to veterans based on their military service.

In Fiscal Years 2010 and 2011, ONAA implemented a project that targeted Native American Veterans, Disabled Veterans and Reserve National Guard Members. It provided outreach, education and technical assistance to help address the challenges of starting a business in Indian Country and accessing loan capital and other financial assistance.

- I was interested to learn more about your Boots to Business initiative.
    - When a new veteran leaves that program, what do they take with them beyond the knowledge learned at the training? What is the follow-up from the program to the veterans who go through it, and what access do program participants have to additional counsel and assistance as they develop their potential business plans?

<u>Response</u>:

The Boots to Business Entrepreneurship track of the DOD's Transition Assistance Program (TAP) has three parts:

1. *The Entrepreneurship Track Overview – an introductory video shown before or during the mandatory five-day TAP course;*
2. *Introduction to Entrepreneurship – a two day classroom course offered as one of the three Transition GPS elective tracks; and,*

3. *Foundations of Entrepreneurship – an eight week instructor led online course that offers in-depth instruction on the elements of a business plan and tips and techniques for starting a business.*

As a result of FY 14 funding appropriated by Congress Introduction to Entrepreneurship course is available to transitioning Service members (TSMs) and their spouses on military installations worldwide. The Program has four key learning objectives:

1. *Develop an understanding of the opportunities and challenges of entrepreneurship.*
2. *Learn the first steps required to pursue business ownership and entrepreneurship.*
3. *Learn elements of and practice evaluating the feasibility of a business concept and completing market research and analysis.*
4. *Understand the services provided by SBA and its Resource Partners to support small business formation and ownership in the areas of counseling, access to capital, and government contracting.*

At the conclusion of the two-day course, TSMs or their spouses can enroll in the follow on eight-week Foundations of Entrepreneurship course at no charge if they choose to continue on the path to small business ownership as a post-service career. This course is high touch and interactive. TSMs are able to develop relationships and get feedback on their evolving business plans from professors of entrepreneurial practice from Universities such as Syracuse and Cornell, as well as from their peers. The goal is to educate and assist participants as they develop an actionable business plan. As a result of FY14 funding appropriated by Congress the Foundations of Entrepreneurship course was able to significantly increase capacity and enroll all interested TSMs. (Prior to FY14 funding, this course was constrained and had a long waiting list.) From the 2nd quarter of FY14 to the 3rd quarter of FY14 enrollment increased 345%.

Beyond the curriculum itself, the most important objective of the course is to introduce Service members to SBA resource partners [Small Business Development Centers (SBDCs), Women's Business Centers (WBCs), SCORE, and Veterans Business Outreach Centers (VBOCs)] who they can call on for counseling, and help accessing capital and contracting opportunities wherever and whenever they operate or start a small business.

United States Senate

WASHINGTON, DC 20510

June 4, 2014

The Honorable Maria Cantwell
Chairman
Committee on Small Business and Entrepreneurship
United States Senate
428 Russell Senate Office Building
Washington, DC 20510-6200

The Honorable James Risch
Ranking Member
Committee on Small Business and Entrepreneurship
United States Senate
428 Russell Senate Office Building
Washington, DC 20510-6200

Dear Chairman Cantwell and Ranking Member Risch,

Chairman Cantwell and Ranking Member Risch, the subject of today's hearing is an important one not just to Maine and North Carolina's many veteran small business owners and entrepreneurs, but to veterans, military personnel and their families across the nation. As the Committee reviews existing policies and new programs to provide support to America's veteran entrepreneurs, we urge you to consider and report favorably on S. 2334, the Improving Opportunities for Service-Disabled Veteran-Owned Small Businesses Act of 2014. We strongly believe that the simplified processes established by this legislation will provide clear-cut rules and regulations that do not hinder a business's ability to prosper, ensuring that our veterans don't have to fight massive bureaucracy after returning home from war.

We owe it to our service-disabled veteran owners to give them the opportunity to thrive not just in the private marketplace, but in the federal marketplace as well. The Veterans Entrepreneurship and Small Business Development Act of 1999 (Public Law 106–50) established an annual government-wide goal of awarding 3 percent of federal agencies' contracting dollars to businesses owned by service-disabled veterans. The federal target demands that the U.S. government act as an effective and permanent business partner for our service-disabled veterans, and yet a confusing set of differences between veterans contracting programs at the Department of Veterans Affairs (VA) and the U.S. Small Business Administration (SBA) actively contributes to the U.S. government struggling to reach the 3% target year after year[1].

The VA and SBA utilize differing definitions of a SDVOSB, which often results in inconsistent decisions about which firms qualify for contracts. Additionally, the VA allows surviving spouses of 100 percent service disabled veterans to retain SDVOSB status for up to ten years while the SBA does not, creating uncertainty for the families of service-disabled veterans.

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[1] In 2009, the percentage of federal contracting dollars awarded to service-disabled veteran-owned small businesses was 1.97%; in 2010, the percentage was 2.49%; in 2011, the percentage was 2.65%; and in 2012, the prime contracting percentage was 3.03% while the subprime contracting percentage was 1.80%.

S. 2334 would make it easier for service-disabled veterans to do business with the federal government by eliminating confusing differences between veterans contracting programs at the Department of Veterans Affairs and the U.S. Small Business Administration. The bill would:

- Unify the definition of a SDVOSB between the SBA and VA;
- Allow surviving spouses of 100 percent disabled veterans or who died as a result of a service connected disability to retain SDVOSB status for ten years for both programs;
- Allow surviving spouses of disabled veterans rated less than 100 percent or who did not die as a result of a service connected disability to retain SDVOSB status for three years;
- Request that the GAO conduct a study to evaluate whether the SBA or the VA could or should assume responsibility for a government-wide verification program for SDVOSBs.

A similar bill in the House, H.R. 2882, recently passed as part of H.R. 4435, the fiscal year 2015 National Defense Authorization Act. To start helping our service-disabled veteran business owners now, we urge that the Committee take up and pass S. 2334 so that we may reconcile the two bills and send legislation to President's desk for his signature as soon as possible.

We commend your efforts to improve and advance programs aimed at supporting our veteran small business owners and entrepreneurs, and we thank Chairman Cantwell and Ranking Member Risch for their continued attention to this important issue.

Sincerely,

RICHARD BURR
United States Senator

ANGUS S. KING, JR.
United States Senator

The National Association of State Agencies for Surplus Property, Inc
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Mechanicsburg, PA 17050
(717) 389-5100
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June 5, 2014

The Honorable Maria Cantwell
Chairwoman
Committee on Small Business and Entrepreneurship
428A Russell Senate Office Building
Washington, DC 20515

The Honorable Jim Risch
Ranking Member
Committee on Small Business and Entrepreneurship
428A Russell Senate Office Building
Washington, DC 20515

Dear Chairwoman Cantwell and Ranking Member Risch,

On behalf of the National Association of State Agencies for Surplus Property (NASASP), we are submitting this testimony for the record relating to the June 4, 2014 Full Committee hearing on "From Military Service to Small Business Owners: Supporting America's Veterans Entrepreneurs."

NASASP represents approximately 67,000 eligible donee organizations, 56 state agencies for surplus property (SASP) including all 50 states, the 5 U.S. territories and the District of Columbia. As the sole conduit for transferring Federal surplus personal property to states and local communities throughout the United States of America, NASASP is the worldwide leader in Federal surplus personal property asset management. During last year alone, NASASP saved the taxpayers approximately $200 million dollars with donations to our eligible donee organizations.

We are very proud of the fact that President Obama signed into Public Law last year (P.L. 113-26) a bill that urged passage by Congress to permit Veterans Service Organizations to receive Federal surplus property for their various programs to benefit their members.

We commend you for holding this hearing to highlight those Veterans who own approximately 2.5 million small businesses, or 9% of all small firms in the United States. In addition, some 200,000 Veterans own firms by service connected disabled veterans. The NASASP works very closely with the Small Business Administration to assist through a memorandum of agreement (MOA) section 8(a) small businesses around the country.

In addition to the legislation that the committee will discuss at this hearing, including legislation authored by Pryor, and Shaheen, we would like to take this opportunity to recommend legislation that would enhance the SBA's assistance to Veterans around the country and provide the Veteran owners of these small businesses with an opportunity to access federal surplus property.

We propose at this hearing, and will seek to secure Senate Sponsors and Cosponsors, a bill to be titled, "Veteran's Small Business Access to Federal Personal Property Bill of 2014" which would allow Veteran owned businesses to have a priority access to Federal financial funds for a period of five years after certification. Federal financial assistance would include Federal excess and surplus property.

During 2013 while working on the Surplus Property for Veteran's Bill of 2013 with Congressman Benishek's Office the NASASP worked with several national level Veteran's groups and reached out to numerous Veterans across the United States. It was then that we realized that according to organizations like the American Legion, during the next five years, over 1 million Veterans will be unemployed due to the draw downs from Iraq, Afghanistan and even Veterans coming out of the VA Hospitals. This is unacceptable in America and we met a number of Veterans who are or have started their own businesses using the skills they learned while defending this country.

The NASASP has for over 15 years been working in partnership with the General Services Administration (GSA) to provide Federal financial assistance to our minority businesses, known as 8(a) businesses. We believe that this effort has helped sustain thousands of small minority businesses during the tough economic times during the last decade and could do the same for Veteran owned businesses now and in the future. This Federal financial assistance has come in the form of Federal surplus and excess property. Who has earned the right to this benefit more than our Veterans?

If enacted this Bill would allow eligible Veteran owned businesses to access Federal surplus and excess property through the State Agencies for Surplus Property (SASPs) who comprise the 56 members of NASASP. The procedure would follow the same procedure as for all donees served by our SASPs. Eligible businesses would select property with proper justification for its use from our SASPs warehouses or directly from Federal depots and civilian offices. There is no cost for the property but each item has a service and handling charge attached to it. This is due to little or no appropriations from our State administrations or the Federal government to administer the Federal surplus personal property program throughout the United States.

The authority for this effort must come from Congress through the passage of a Bill allowing the Veteran owned businesses access to Federal personal property. Eligible businesses must be owned by an honorably discharged Veteran. They must meet all criteria assigned by the Small Business Administration (SBA) and the GSA. Since they are for-profit organizations they will fall outside of Title 40, section 549 which regulates the Federal surplus personal property program. What the NASASP proposes once the Bill is passed is to put separate Memorandums of Agreement in place in each state with the SBA to allow eligible Veteran owned businesses in that particular state to use the Program. This is exactly how the NASASP services minority 8(a) businesses and has since 1999. Finally the Veteran owned businesses would be under the same type of restrictions for property usage as the 8(a) businesses and the NASASP and the SBA would share oversight responsibilities.

program. What the NASASP proposes once the Bill is passed is to put separate Memorandums of Agreement in place in each state with the SBA to allow eligible Veteran owned businesses in that particular state to use the Program. This is exactly how the NASASP services minority 8(a) businesses and has since 1999. Finally the Veteran owned businesses would be under the same type of restrictions for property usage as the 8(a) businesses and the NASASP and the SBA would share oversight responsibilities.

We urge members of this committee to support passage of our proposed legislation and we look forward to working with you in this Congress and in the 114th Congress to make this a public law with the signature of President Obama.

Sincerely,

Scott E. Pepperman

Scott Pepperman
Executive Director

The Veterans Entrepreneurship Act (S.2143)
Senator Jeanne Shaheen

To honor the service of the men and women who have sacrificed in the defense of the United States, we must make sure they have good-paying, quality jobs when they come home. One of the best ways we can do that is by helping veterans become entrepreneurs or grow their small businesses when they return. The skills developed through military training and service are the same qualities that make great entrepreneurs and employees, yet veteran unemployment rates remain unacceptably high.

The Veterans Entrepreneurship Act would do so by lowering the cost of Small Business Administration (SBA) loans that help veterans start their own small businesses. It would also improve our current small business counseling programs to respond to veterans' needs.

Small Business Administration Express Loan Fee Waiver for Veterans
The Veterans Entrepreneurship Act makes permanent a currently temporary fee waiver for Small Business Administration (SBA) Express loans for veterans. The SBA Express loan program provides streamlined loan approvals for both banks and small businesses. The SBA is currently waiving fees for veteran-owned small businesses on Express loans between $150,000 and $350,000 for FY14 (which are typically 3 percent of the loan).

The Shaheen bill would simply make this fee waiver permanent, which will make it easier for veteran-owned businesses to get access to credit. SBA guarantee fees, which are calculated as a percentage of the loan based on maturity and loan value, typically cost borrowers thousands of dollars. Providing additional fee waivers for veteran-owned small businesses is a simple and effective way of supporting veteran entrepreneurship.

Reports on Improvements to Existing SBA Veterans Programs
The Veterans Entrepreneurship Act would require the SBA to review two existing veterans support programs to enhance their reach to veteran-owned small businesses:

1. Pre-Deployment Financial Counseling for National Guard/Reserve. The legislation requires the SBA to study the feasibility of offering National Guard and Reservists small business owners financial planning and counseling prior to deployment. Most of SBA's current programs offer loan guaranties or emergency funding for veterans once they return. Pre-deployment training and support, however, could potentially address many problems before they arise, which would save money for both the veteran and the taxpayer.
2. Outreach to Women Veterans Entrepreneurs. Women currently make up more than fourteen percent of U.S. military personnel. However, according to the U.S. Bureau of the Census, women operate only four percent of veteran-owned small businesses compared to 30 percent of non-veteran owned small businesses. This provision requires the Small Business Administration to conduct a comprehensive review and make recommendation to improve its outreach and services for female veterans, particularly by its Women Business Centers and Veteran Business Outreach Centers.
3. Military Reservists Economic Injury Disaster Loan Program (MREIDL). SBA's MREIDL Program provides disaster assistance in the form of direct loans of up to $2 million to help small business owners who are not able to obtain credit elsewhere because an essential employee has been called-up to active duty in their role as a military reservist or member of the National Guard due to a period of military conflict. The program was authorized in 2001, but to date has been underutilized. The Veterans Entrepreneurship Act requires the SBA to report to Congress on how this program is administered and ways to address program outreach, utilization, and effectiveness.

Veteran Entrepreneurship and Training (VET) Opportunities Act of 2014

According to Census data, over 2.4 million businesses in the United States are veteran-owned, generating over $1 trillion in sales. With the U.S. drawing down from overseas operations, the veteran population entering the U.S. labor pool is at 12 million and will continue to grow by approximately 250,000 service members each year.

The "Veteran Entrepreneurship and Training Opportunities Act of 2014" addresses the need for modern, targeted entrepreneurial development programs that meet veterans at the beginning of the transition process and provide the support necessary for them to create jobs and grow the U.S. economy. The legislation authorizes and improves several programs run by the Small Business Administration's Office of Veteran Business Development to help these transitioning service members adjust to the civilian world and gain the skills necessary to start and expand their small businesses.

The bill authorizes the following Small Business Administration (SBA) programs for five years:

Boots to Business:

- Boots to Business (B2B) is a free, elective three-part entrepreneurial course offered by the SBA in conjunction with the DoD's redesigned Transition Assistance Program for transitioning service members.
- The program helps transitioning service members explore self-employment by teaching them how to evaluate business concepts and develop a business plan. Participants are introduced to SBA programs and resources, which are able to help participants after B2B concludes.

Women Veterans Igniting the Spirit of Entrepreneurship (V-WISE):

- Started in 2011, approximately 56% of program participants have gone on to start their own business.
- V-WISE is an entrepreneurial training/support program offered to women veterans, active duty female service members, and female partners/spouses of active duty service members/veterans.
    - Three phases include: 1) 15 day online "business learning" training; 2) three day residency phase/training conference; and 3) Connecting graduates to ongoing entrepreneurial support.
- V-WISE is a public-private partnership with $1 million in private support raised to date.

Entrepreneurship Bootcamp for Veterans with Disabilities (EBV):

- Started in 2008, approximately 65% of program participants have gone on to start their own business.
- EBV is three phases of training and support over 14 months for service-disabled veterans.
- The program focuses on steps and stages of creating a business, with an emphasis on the unique situations faced by veteran business owners.
- In general, only four percent of EBV funding comes from the SBA; other funding comes from private sources.

Veterans Business Outreach Centers (VBOCs):

- Established in 1999, the VBOC program provides a network of coordinated and interactive outreach, counseling, training, and mentoring programs for veteran small business owners. These centers understand the veteran community, and many veterans have expressed support of having a dedicated center to meet the needs of veterans.
- In FY 2012, 15 VBOCs counseled 73,226 veterans, for an average of 4,882 veterans per center.
- This legislation would authorize the funds necessary to double, from 15 to 30, the number of VBOCs across the country

113TH CONGRESS
2D SESSION

S. _____

To establish the veterans' business outreach center program, to improve the programs for veterans of the Small Business Administration, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. PRYOR (for himself and Ms. LANDRIEU) introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To establish the veterans' business outreach center program, to improve the programs for veterans of the Small Business Administration, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Veteran Entrepreneurship and Training Opportunities Act of 2014".

1 **SEC. 2. VETERANS' BUSINESS OUTREACH CENTER PRO-**
2 **GRAM; OFFICE OF VETERANS BUSINESS DE-**
3 **VELOPMENT.**
4 (a) IN GENERAL.—Section 32 of the Small Business
5 Act (15 U.S.C. 657b) is amended—
6 (1) by striking subsection (d);
7 (2) by striking subsection (f);
8 (3) by redesignating subsection (e) as sub-
9 section (f);
10 (4) by inserting after subsection (c) the fol-
11 lowing:
12 "(d) BOOTS TO BUSINESS PROGRAM.—
13 "(1) DEFINITIONS.—In this subsection the
14 term 'covered individual' means—
15 "(A) a member of the Armed Forces;
16 "(B) an individual who separated from the
17 Armed Forces during the 1-year period ending
18 on the date on which the individual receives as-
19 sistance under this subsection; and
20 "(C) a spouse or dependent of an indi-
21 vidual described in subparagraph (A) or (B).
22 "(2) ESTABLISHMENT.—There is established a
23 program to be known as the 'Boots to Business Pro-
24 gram' to provide entrepreneurship training to cov-
25 ered individuals, which shall be carried out by the
26 Administrator.

"(3) GOALS.—The goals of the Boots to Business Program are to—

"(A) provide exposure, introduction, and in-depth training for covered individuals interested in business ownership; and

"(B) provide covered individuals with the tools and knowledge necessary to identify a business opportunity, draft a business plan, connect with local small business resources, and launch a small business concern.

"(4) PROGRAM COMPONENTS.—

"(A) IN GENERAL.—The Boots to Business Program may include—

"(i) a brief presentation providing exposure to the considerations involved in self employment and small business ownership;

"(ii) an in-person classroom instruction component providing an introduction to the foundations of self employment and small business ownership; and

"(iii) in-depth training delivered through online instruction, including an online course that leads to the creation of a business plan.

1 "(B) COLLABORATION.—The Adminis-
2 trator may—
3 "(i) collaborate with public and pri-
4 vate entities to develop a course curriculum
5 for the Boots to Business Program; and
6 "(ii) design the course curriculum to
7 allow participants to receive college credit
8 or a certificate through an educational in-
9 stitution upon completion of all compo-
10 nents of the Boots to Business Program.
11 "(C) AVAILABILITY TO DOD.—The Admin-
12 istrator shall make available electronically all
13 course materials created for the Boots to Busi-
14 ness Program to the Secretary of Defense for
15 inclusion in the Transition Assistance Program
16 manual.
17 "(e) VETERAN WOMEN IGNITING THE SPIRIT OF EN-
18 TREPRENEURSHIP.—
19 "(1) DEFINITION.—In this section, the term
20 'covered woman' means an individual who—
21 "(A) is female; and
22 "(B) is—
23 "(i) a member of the Armed Forces;
24 "(ii) a veteran; or

1 "(iii) the spouse or dependent of a
2 member of the Armed Forces or a veteran.
3 "(2) ESTABLISHMENT.—The Administrator
4 shall establish a program, to be known as the Vet-
5 eran Women Igniting the Spirit of Entrepreneurship
6 Program, to provide specific training for covered
7 women interested in exploring careers as owners of
8 small business concerns.
9 "(3) GOALS.—The goals of the Veteran Women
10 Igniting the Spirit of Entrepreneurship Program are
11 to—
12 "(A) help covered women by providing the
13 tools to become successful entrepreneurs; and
14 "(B) integrate the leadership, integrity,
15 focus, and drive of covered women into a pre-
16 mier education training program taught by ac-
17 complished entrepreneurs and entrepreneurship
18 educators from across the United States.
19 "(4) PROGRAM COMPONENTS.—
20 "(A) IN GENERAL.—The Veteran Women
21 Igniting the Spirit of Entrepreneurship Pro-
22 gram may include—
23 "(i) an online, self-study course fo-
24 cused on the basic skills of entrepreneur-
25 ship and the language of business;

"(ii) a conference where participants are exposed to accomplished entrepreneurs and entrepreneurship educators from across the United States; and

"(iii) a plan to provide ongoing support and mentorship.

"(B) COLLABORATION.—The Administrator may collaborate with public and private entities to develop a course curriculum for the Veteran Women Igniting the Spirit of Entrepreneurship Program."; and

(5) by adding at the end the following:

"(g) ENTREPRENEURSHIP BOOTCAMP FOR VETERANS WITH DISABILITIES PROGRAM.—

"(1) IN GENERAL.—The Administrator shall establish a program, to be known as the Entrepreneurship Bootcamp for Veterans with Disabilities Program, to provide specific training for service-disabled veterans interested in exploring careers as owners of small business concerns.

"(2) GOALS.—The goals of the Entrepreneurship Bootcamp for Veterans with Disabilities Program are to—

"(A) help service-disabled veterans by providing the tools to become successful entrepreneurs; and

"(B) integrate the leadership, integrity, focus, and drive of service-disabled veterans into a premier education training program taught by accomplished entrepreneurs and entrepreneurship educators from across the United States.

"(3) PROGRAM COMPONENTS.—

"(A) IN GENERAL.—The Entrepreneurship Bootcamp for Veterans with Disabilities Program may include—

"(i) an online, self-study course focused on the basic skills of entrepreneurship and the language of business;

"(ii) a conference where participants are exposed to accomplished entrepreneurs and entrepreneurship educators from across the United States; and

"(iii) a plan to provide ongoing support and mentorship.

"(B) COLLABORATION.—The Administrator may collaborate with public and private entities to develop a course curriculum for the

1 Entrepreneurship Bootcamp for Veterans with
2 Disabilities Program.
3 "(h) ONLINE COORDINATION.—
4 "(1) DEFINITION.—In this subsection, the term
5 'veterans' assistance provider' means—
6 "(A) a veterans' business outreach center
7 established under subsection (i);
8 "(B) an employee of the Administration
9 assigned to the Office of Veterans Business De-
10 velopment; or
11 "(C) a veterans business development offi-
12 cer designated under subsection (i)(11)(B).
13 "(2) ESTABLISHMENT.—The Associate Admin-
14 istrator shall establish an online mechanism to—
15 "(A) provide information that assists vet-
16 erans' assistance providers in carrying out the
17 activities of the veterans' assistance providers;
18 and
19 "(B) coordinate and leverage the work of
20 the veterans' assistance providers, including by
21 allowing a veterans' assistance provider to—
22 "(i) distribute best practices and
23 other materials;
24 "(ii) communicate with other vet-
25 erans' assistance providers regarding the

1 activities of the veterans' assistance pro-
2 vider on behalf of veterans; and
3 "(iii) pose questions to and request
4 input from other veterans' assistance pro-
5 viders.
6 "(i) VETERANS' BUSINESS OUTREACH CENTER PRO-
7 GRAM.—
8 "(1) DEFINITIONS.—In this subsection—
9 "(A) the term 'active duty' has the mean-
10 ing given that term in section 101 of title 10,
11 United States Code;
12 "(B) the term 'Reservist' means a member
13 of a reserve component of the Armed Forces, as
14 described in section 10101 of title 10, United
15 States Code;
16 "(C) the term 'small business concern
17 owned and controlled by veterans'—
18 "(i) has the same meaning as in sec-
19 tion 3(q); and
20 "(ii) includes a small business con-
21 cern—
22 "(I) not less than 51 percent of
23 which is owned by one or more
24 spouses of veterans or, in the case of
25 any publicly owned business, not less

1 than 51 percent of the stock of which
2 is owned by one or more spouses of
3 veterans; and
4 "(II) the management and daily
5 business operations of which are con-
6 trolled by one or more spouses of vet-
7 erans;
8 "(D) the term 'spouse', relating to a mem-
9 ber of the Armed Forces on active duty, vet-
10 eran, service-disabled veteran, or Reservist, in-
11 cludes an individual who, on the date on which
12 the member of the Armed Forces on active
13 duty, veteran, service-disabled veteran, or Re-
14 servist died, is the spouse of the member of the
15 Armed Forces on active duty, veteran, service-
16 disabled veteran, or Reservist; and
17 "(E) the term 'veterans' business outreach
18 center program' means the program established
19 under paragraph (2)(A).
20 "(2) PROGRAM ESTABLISHED.—
21 "(A) IN GENERAL.—The Administrator,
22 acting through the Associate Administrator,
23 shall establish a veterans' business outreach
24 center program, under which the Associate Ad-
25 ministrator may provide financial assistance to

1 educational institutions, veterans' nonprofit
2 community-based organizations, and Federal,
3 State, and local departments and agencies to
4 conduct a 5-year project for the benefit of small
5 business concerns owned and controlled by vet-
6 erans, which, upon application by the entity re-
7 ceiving financial assistance, may be renewed for
8 one or more additional 5-year periods.
9 "(B) FORM OF FINANCIAL ASSISTANCE.—
10 Financial assistance under this subsection may
11 be in the form of a grant, a contract, or a coop-
12 erative agreement.
13 "(3) VETERANS' BUSINESS OUTREACH CEN-
14 TERS.—Each entity that receives financial assistance
15 under this subsection shall establish or operate a
16 veterans' business outreach center (which may in-
17 clude establishing or operating satellite offices in the
18 region described in paragraph (5) served by that en-
19 tity) that provides to veterans (including service-dis-
20 abled veterans), Reservists, and the spouses of mem-
21 bers of the Armed Forces on active duty, veterans
22 (including service-disabled veterans), and Reserv-
23 ists—
24 "(A) financial advice, including training
25 and counseling on applying for and securing

1 business credit and investment capital, pre-
2 paring and presenting financial statements, and
3 managing cash flow and other financial oper-
4 ations of a small business concern;
5 "(B) management advice, including train-
6 ing and counseling on the planning, organiza-
7 tion, staffing, direction, and control of each
8 major activity and function of a small business
9 concern;
10 "(C) marketing advice, including training
11 and counseling on identifying and segmenting
12 domestic and international market opportuni-
13 ties, preparing and executing marketing plans,
14 developing pricing strategies, locating contract
15 opportunities, negotiating contracts, and using
16 public relations and advertising techniques; and
17 "(D) advice, including training and coun-
18 seling.
19 "(4) APPLICATION.—
20 "(A) IN GENERAL.—An entity desiring to
21 receive financial assistance under this sub-
22 section shall submit an application to the Asso-
23 ciate Administrator at such time and in such
24 manner as the Associate Administrator may re-
25 quire.

1 "(B) 5-YEAR PLAN.—Each application de-
2 scribed in subparagraph (A) shall include a 5-
3 year plan on proposed fundraising and training
4 activities relating to the veterans' business out-
5 reach center.
6 "(C) DETERMINATION AND NOTIFICA-
7 TION.—Not later than 90 days after the date
8 on which applications for a fiscal year are re-
9 quired to be submitted under subparagraph (A),
10 the Associate Administrator shall approve or
11 deny any application submitted and notify the
12 applicant of the determination.
13 "(D) AVAILABILITY OF APPLICATION.—
14 The Associate Administrator shall make every
15 effort to make the application under subpara-
16 graph (A) available online.
17 "(5) ELIGIBILITY.—The Associate Adminis-
18 trator may select to receive financial assistance
19 under this subsection—
20 "(A) a Veterans Business Outreach Center
21 established by the Administrator under section
22 8(b)(17) on or before the day before the date
23 of enactment of this subsection; or
24 "(B) educational institutions, veterans'
25 nonprofit community-based organizations, and

1 Federal, State, and local departments and
2 agencies located in various regions of the
3 United States, as the Associate Administrator
4 determines is appropriate.
5 "(6) SELECTION CRITERIA.—
6 "(A) IN GENERAL.—The Associate Admin-
7 istrator shall establish selection criteria, stated
8 in terms of relative importance, to evaluate and
9 rank applicants under paragraph (5)(B) for fi-
10 nancial assistance under this subsection.
11 "(B) CRITERIA.—The selection criteria es-
12 tablished under this paragraph shall include—
13 "(i) the experience of the applicant in
14 conducting programs or ongoing efforts de-
15 signed to impart or upgrade the business
16 skills of veterans (including service-dis-
17 abled veterans), Reservists, and the
18 spouses of members of the Armed Forces
19 on active duty, veterans (including service-
20 disabled veterans), and Reservists who own
21 or may own small business concerns;
22 "(ii) for an applicant for initial finan-
23 cial assistance under this subsection—
24 "(I) the ability of the applicant
25 to begin operating a veterans' busi-

1 ness outreach center within a min-
2 imum amount of time; and
3 "(II) the geographic region to be
4 served by the veterans' business out-
5 reach center;
6 "(iii) the demonstrated ability of the
7 applicant to—
8 "(I) provide managerial coun-
9 seling and technical assistance to en-
10 trepreneurs; and
11 "(II) coordinate services provided
12 by veterans services organizations and
13 other public or private entities;
14 "(iv) ability to leverage and coordinate
15 with existing resources and infrastructure
16 of the Administration; and
17 "(v) for any applicant for a renewal of
18 financial assistance under this subsection,
19 the results of the most recent examination
20 under paragraph (10) of the veterans'
21 business outreach center operated by the
22 applicant.
23 "(C) CRITERIA PUBLICLY AVAILABLE.—
24 The Associate Administrator shall—

"(i) make publicly available the selection criteria established under this paragraph; and

"(ii) include the criteria in each solicitation for applications for financial assistance under this subsection.

"(7) AMOUNT OF ASSISTANCE.—The amount of financial assistance provided under this subsection to an entity for each fiscal year shall be—

"(A) not less than $100,000; and

"(B) not more than $300,000.

"(8) FEDERAL SHARE.—

"(A) IN GENERAL.—

"(i) INITIAL FINANCIAL ASSISTANCE.—Except as provided in clause (ii) and subparagraph (E), an entity that receives financial assistance under this subsection shall provide non-Federal contributions for the operation of the veterans' business outreach center established by the entity in an amount equal to—

"(I) in each of the first and second years of the project, not less than 33 percent of the amount of the fi-

1 nancial assistance received under this
2 subsection; and
3 "(II) in each of the third through
4 fifth years of the project, not less
5 than 50 percent of the amount of the
6 financial assistance received under
7 this subsection.
8 "(ii) RENEWALS.—An entity that re-
9 ceives a renewal of financial assistance
10 under this subsection shall provide non-
11 Federal contributions for the operation of
12 the veterans' business outreach center es-
13 tablished by the entity in an amount equal
14 to not less than 50 percent of the amount
15 of the financial assistance received under
16 this subsection.
17 "(B) FORM OF NON-FEDERAL SHARE.—
18 Not more than 50 percent of the non-Federal
19 share for a project carried out using financial
20 assistance under this subsection may be in the
21 form of in-kind contributions.
22 "(C) TIMING OF DISBURSEMENT.—The
23 Associate Administrator may disburse not more
24 than 25 percent of the financial assistance
25 awarded to an entity before the entity obtains

1 the non-Federal share required under this para-
2 graph with respect to that award.
3 "(D) FAILURE TO OBTAIN NON-FEDERAL
4 FUNDING.—
5 "(i) IN GENERAL.—If an entity that
6 receives financial assistance under this
7 subsection fails to obtain the non-Federal
8 share required under this paragraph dur-
9 ing any fiscal year, the entity may not re-
10 ceive a disbursement under this subsection
11 in a subsequent fiscal year or a disburse-
12 ment for any other project funded by the
13 Administration, unless the Administrator
14 makes a written determination that the en-
15 tity will be able to obtain a non-Federal
16 contribution.
17 "(ii) RESTORATION.—An entity pro-
18 hibited from receiving a disbursement
19 under clause (i) in a fiscal year may re-
20 ceive financial assistance in a subsequent
21 fiscal year if the entity obtains the non-
22 Federal share required under this para-
23 graph for the subsequent fiscal year.
24 "(E) WAIVER OF NON-FEDERAL SHARE.—

1 "(i) IN GENERAL.—Upon request by
2 an entity, and in accordance with this sub-
3 paragraph, the Administrator may waive,
4 in whole or in part, the requirement to ob-
5 tain non-Federal funds under subpara-
6 graph (A) for a fiscal year. The Admini-
7 trator may not waive the requirement for
8 an entity to obtain non-Federal funds
9 under this subparagraph for more than a
10 total of 2 fiscal years.
11 "(ii) CONSIDERATIONS.—In deter-
12 mining whether to waive the requirement
13 to obtain non-Federal funds under this
14 subparagraph, the Administrator shall con-
15 sider—
16 "(I) the economic conditions af-
17 fecting the entity;
18 "(II) the impact a waiver under
19 this subparagraph would have on the
20 credibility of the veterans' business
21 outreach center program;
22 "(III) the demonstrated ability of
23 the entity to raise non-Federal funds;
24 and

1 "(IV) the performance of the en-
2 tity.
3 "(iii) LIMITATION.—The Adminis-
4 trator may not waive the requirement to
5 obtain non-Federal funds under this sub-
6 paragraph if granting the waiver would un-
7 dermine the credibility of the veterans'
8 business outreach center program.
9 "(9) CONTRACT AUTHORITY.—A veterans' busi-
10 ness outreach center may enter into a contract with
11 a Federal department or agency to provide specific
12 assistance to veterans, service-disabled veterans, Re-
13 servists, or the spouses of members of the Armed
14 Forces on active duty, veterans, service-disabled vet-
15 erans, or Reservists with prior written approval of
16 the Associate Administrator. Performance of such
17 contract shall not hinder the veterans' business out-
18 reach center in carrying out the terms of the grant
19 received by the veterans' business outreach center
20 from the Administrator.
21 "(10) EXAMINATION AND DETERMINATION OF
22 PERFORMANCE.—
23 "(A) EXAMINATION.—
24 "(i) IN GENERAL.—Not later than
25 180 days after the date of enactment of

1 this subsection and every year thereafter,
2 the Associate Administrator shall conduct
3 an annual examination of the programs
4 and finances of each veterans' business
5 outreach center established or operated
6 using financial assistance under this sub-
7 section.
8 "(ii) FACTORS.—In conducting the ex-
9 amination under clause (i), the Associate
10 Administrator shall consider whether the
11 veterans' business outreach center has
12 failed—
13 "(I) to provide the information
14 required to be provided under sub-
15 paragraph (B), or the information
16 provided by the center is inadequate;
17 "(II) to comply with a require-
18 ment for participation in the veterans'
19 business outreach center program, as
20 determined by the Associate Adminis-
21 trator, including—
22 "(aa) failure to acquire or
23 properly document a non-Federal
24 share;

1 "(bb) failure to establish an
2 appropriate partnership or pro-
3 gram for marketing and outreach
4 to small business concerns;
5 "(cc) failure to achieve re-
6 sults described in a financial as-
7 sistance agreement; and
8 "(dd) failure to provide to
9 the Administrator a description
10 of the amount and sources of any
11 non-Federal funding received by
12 the center;
13 "(III) to carry out the 5-year
14 plan under in paragraph (4)(B);
15 "(IV) to meet the eligibility re-
16 quirements under paragraph (5); or
17 "(V) to serve small business con-
18 cerns in the geographic region served
19 by the veterans' business outreach
20 center.
21 "(B) INFORMATION PROVIDED.—In the
22 course of an examination under subparagraph
23 (A), the veterans' business outreach center shall
24 provide to the Associate Administrator—

1 "(i) an itemized cost breakdown of ac-
2 tual expenditures for costs incurred during
3 the most recent full fiscal year, including
4 the amount spent on administrative ex-
5 penses;
6 "(ii) documentation of the amount of
7 non-Federal contributions obtained and ex-
8 pended by the veterans' business outreach
9 center during the most recent full fiscal
10 year;
11 "(iii) with respect to any in-kind con-
12 tribution under paragraph (8)(B),
13 verification of the existence and valuation
14 of such contribution; and
15 "(iv) any additional information the
16 Associate Administrator determines nec-
17 essary.
18 "(C) DETERMINATION OF PERFORM-
19 ANCE.—
20 "(i) IN GENERAL.—The Associate Ad-
21 ministrator shall analyze the results of
22 each examination under subparagraph (A)
23 and, based on that analysis, make a deter-
24 mination regarding the performance of the

1 programs and finances of each veterans'
2 business outreach center.
3 "(ii) NONDELEGATION OF DETER-
4 MINATION.—The duty under clause (i) to
5 make a determination regarding the per-
6 formance of the programs and finances of
7 a veterans' business outreach center may
8 not be delegated.
9 "(D) DISCONTINUATION OF FUNDING.—
10 "(i) IN GENERAL.—The Associate Ad-
11 ministrator may discontinue an award of
12 financial assistance to an entity at any
13 time for poor performance as determined
14 under subparagraph (C).
15 "(ii) RESTORATION.—The Associate
16 Administrator may continue to provide fi-
17 nancial assistance to an entity in a subse-
18 quent fiscal year if the Associate Admini-
19 strator determines under subparagraph (C)
20 that the veterans' business outreach center
21 has taken appropriate measures to improve
22 its performance and it is viable.
23 "(11) COORDINATION OF EFFORTS AND CON-
24 SULTATION.—

1 "(A) COORDINATION AND CONSULTA-
2 TION.—To the extent practicable, the Associate
3 Administrator and each entity that receives fi-
4 nancial assistance under this subsection shall—
5 "(i) coordinate outreach and other ac-
6 tivities with other programs of the Admin-
7 istration and the programs of other Fed-
8 eral agencies;
9 "(ii) consult with technical representa-
10 tives of the district offices of the Adminis-
11 tration in carrying out activities using fi-
12 nancial assistance under this subsection;
13 and
14 "(iii) provide information to the vet-
15 erans business development officers des-
16 ignated under subparagraph (B) and co-
17 ordinate with the veterans business devel-
18 opment officers to increase the ability of
19 the veterans business development officers
20 to provide services throughout the area
21 served by the veterans business develop-
22 ment officers.
23 "(B) VETERANS BUSINESS DEVELOPMENT
24 OFFICERS.—

1 "(i) DESIGNATION.—The Adminis-
2 trator shall designate not fewer than one
3 individual in each district office of the Ad-
4 ministration as a veterans business devel-
5 opment officer, who shall communicate and
6 coordinate activities of the district office
7 with entities that receive financial assist-
8 ance under this subsection.
9 "(ii) INITIAL DESIGNATION.—The
10 first individual in each district office of the
11 Administration designated by the Adminis-
12 trator as a veterans business development
13 officer under clause (i) shall be an indi-
14 vidual that is employed by the Administra-
15 tion on the date of enactment of this sub-
16 section.
17 "(12) EXISTING CONTRACTS.—An award of fi-
18 nancial assistance under this subsection shall not
19 void any contract between any entity and the Ad-
20 ministration that is in effect on the date of such
21 award.
22 "(j) AUTHORIZATION OF APPROPRIATIONS.—There
23 are authorized to be appropriated—
24 "(1) to carry out subsection (d), $7,000,000 for
25 each of fiscal years 2015 through 2019;

1 "(2) to carry out subsection (e), $500,000 for
2 each of fiscal years 2015 through 2019;
3 "(3) to carry out subsection (g), $450,000 for
4 each of fiscal years 2015 through 2019; and
5 "(4) to carry out subsection (i)—
6 "(A) $3,000,000 for fiscal year 2015;
7 "(B) $3,500,000 for fiscal year 2016;
8 "(C) $4,000,000 for fiscal year 2017;
9 "(D) $4,500,000 for fiscal year 2018.; and
10 "(E) $5,000,000 for fiscal year 2019.
11 "(k) REPORTS.—Not later than 180 days after the
12 date of enactment of this subsection and every year there-
13 after, the Associate Administrator shall submit to the
14 Committee on Small Business and Entrepreneurship of
15 the Senate and the Committee on Small Business of the
16 House of Representatives a report, which may be included
17 as part of another report submitted to the Committee on
18 Small Business and Entrepreneurship of the Senate and
19 the Committee on Small Business of the House of Rep-
20 resentatives by the Associate Administrator, and which
21 shall include the following:
22 "(1) BOOTS TO BUSINESS.—For the Boots to
23 Business Program under subsection (d)—

1 "(A) the number of program participants
2 using each component of the Boots to Business
3 Program;
4 "(B) the completion rates for each compo-
5 nent of the Boots to Business Program;
6 "(C) the demographics of program partici-
7 pants, to include gender, age, race, relationship
8 to military, and years of service;
9 "(D) to the extent possible—
10 "(i) the number of small business con-
11 cerns formed or expanded with assistance
12 under the Boots to Business Program;
13 "(ii) the gross receipts of small busi-
14 ness concerns receiving assistance under
15 the Boots to Business program; and
16 "(iii) the number of jobs created with
17 assistance under the Boots to Business
18 program;
19 "(E) the number of referrals to other re-
20 sources and programs of the Administration;
21 "(F) the number of program participants
22 receiving financial assistance under loan pro-
23 grams of the Administration;

1 "(G) the type and dollar amount of finan-
2 cial assistance received by program participants
3 under loan programs of the Administration;
4 "(H) results of participant satisfaction
5 surveys, including a summary of any comments
6 received from program participants;
7 "(I) the range of percentage of disability
8 and the average percentage of disability, as
9 identified by the Department of Veterans Af-
10 fairs, of program participants;
11 "(J) an evaluation of the effectiveness of
12 the program in each region of the Administra-
13 tion during the most recent fiscal year;
14 "(K) an assessment of additional perform-
15 ance outcome measures for the Boots to Busi-
16 ness Program, as identified by the Associate
17 Administrator;
18 "(L) any recommendations of the Adminis-
19 trator for improvement of the Boots to Busi-
20 ness Program, which may include expansion of
21 the types of individuals who are covered individ-
22 uals;
23 "(M) a discussion of how the Boots to
24 Business program has been integrated with

1 other resources and programs of the Adminis-
2 tration; and
3 "(N) any additional information the Ad-
4 ministrator determines necessary.
5 "(2) VETERAN WOMEN IGNITING THE SPIRIT
6 OF ENTREPRENEURSHIP.—For the Veteran Women
7 Igniting the Spirit of Entrepreneurship Program
8 under subsection (e)—
9 "(A) the number of program participants
10 using each component of the Veteran Women
11 Igniting the Spirit of Entrepreneurship Pro-
12 gram;
13 "(B) the completion rates for each compo-
14 nent of the Veteran Women Igniting the Spirit
15 of Entrepreneurship Program;
16 "(C) the demographics of program partici-
17 pants, to include gender, age, race, relationship
18 to military, and years of service;
19 "(D) to the extent possible—
20 "(i) the number of small business con-
21 cerns formed or expanded with assistance
22 under the Veteran Women Igniting the
23 Spirit of Entrepreneurship Program;
24 "(ii) the gross receipts of small busi-
25 ness concerns receiving assistance under

1 the Veteran Women Igniting the Spirit of
2 Entrepreneurship Program; and
3 "(iii) the number of jobs created with
4 assistance under the Veteran Women Ig-
5 niting the Spirit of Entrepreneurship Pro-
6 gram;
7 "(E) the number of referrals to other re-
8 sources and programs of the Administration;
9 "(F) the number of program participants
10 receiving financial assistance under loan pro-
11 grams of the Administration;
12 "(G) the type and dollar amount of finan-
13 cial assistance received by program participants
14 under loan programs of the Administration;
15 "(H) the results of participant satisfaction
16 surveys, including a summary of any comments
17 received from program participants;
18 "(I) the range of percentage of disability
19 and the average percentage of disability, as
20 identified by the Department of Veterans Af-
21 fairs, of program participants;
22 "(J) an assessment of additional perform-
23 ance outcome measures for the Veteran Women
24 Igniting the Spirit of Entrepreneurship Pro-

1 gram, as identified by the Associate Adminis-
2 trator;
3 "(K) any recommendations of the Adminis-
4 trator for improvement of the Veteran Women
5 Igniting the Spirit of Entrepreneurship Pro-
6 gram;
7 "(L) a discussion of how the Veteran
8 Women Igniting the Spirit of Entrepreneurship
9 Program has been integrated with other re-
10 sources and programs of the Administration;
11 and
12 "(M) any additional information the Ad-
13 ministrator determines necessary.
14 "(3) ENTREPRENEURSHIP BOOTCAMP FOR VET-
15 ERANS WITH DISABILITIES PROGRAM.—For the En-
16 trepreneurship Bootcamp for Veterans with Disabil-
17 ities Program under subsection (g)—
18 "(A) the number of program participants
19 using each component of the Entrepreneurship
20 Bootcamp for Veterans with Disabilities Pro-
21 gram;
22 "(B) the completion rates for each compo-
23 nent of the Entrepreneurship Bootcamp for
24 Veterans with Disabilities Program;

1 "(C) the demographics of program partici-
2 pants, to include gender, age, race, relationship
3 to military, and years of service;
4 "(D) to the extent possible—
5 "(i) the number of small business con-
6 cerns formed or expanded with assistance
7 under the Entrepreneurship Bootcamp for
8 Veterans with Disabilities Program;
9 "(ii) the gross receipts of small busi-
10 ness concerns receiving assistance under
11 the Entrepreneurship Bootcamp for Vet-
12 erans with Disabilities Program; and
13 "(iii) the number of jobs created with
14 assistance under the Entrepreneurship
15 Bootcamp for Veterans with Disabilities
16 Program;
17 "(E) the number of referrals to other re-
18 sources and programs of the Administration;
19 "(F) the number of program participants
20 receiving financial assistance under loan pro-
21 grams of the Administration;
22 "(G) the type and dollar amount of finan-
23 cial assistance received by program participants
24 under loan programs of the Administration;

1 "(H) the results of participant satisfaction
2 surveys, including a summary of any comments
3 received from program participants;
4 "(I) the range of percentage of disability
5 and the average percentage of disability, as
6 identified by the Department of Veterans Af-
7 fairs, of program participants;
8 "(J) an assessment of additional perform-
9 ance outcome measures for the Entrepreneur-
10 ship Bootcamp for Veterans with Disabilities
11 Program, as identified by the Associate Admin-
12 istrator;
13 "(K) any recommendations of the Adminis-
14 trator for improvement of the Entrepreneurship
15 Bootcamp for Veterans with Disabilities Pro-
16 gram;
17 "(L) a discussion of how the Entrepre-
18 neurship Bootcamp for Veterans with Disabil-
19 ities Program has been integrated with other
20 resources and programs of the Administration;
21 and
22 "(M) any additional information the Ad-
23 ministrator determines necessary.

1 "(4) VETERAN BUSINESS OUTREACH CENTER
2 PROGRAM.—For the veterans' business outreach cen-
3 ter program under subsection (i)—
4 "(A) an evaluation of the effectiveness of
5 the veterans' business outreach center program
6 in each region of the Administration during the
7 most recent full fiscal year;
8 "(B) for each veterans' business outreach
9 center established or operated using financial
10 assistance provided under subsection (i)—
11 "(i) the number of individuals receiv-
12 ing assistance from the veterans' business
13 outreach center, including the number of
14 such individuals who are—
15 "(I) veterans or spouses of vet-
16 erans;
17 "(II) service-disabled veterans or
18 spouses of service-disabled veterans;
19 "(III) Reservists or spouses of
20 Reservists; or
21 "(IV) spouses of members of the
22 Armed Forces on active duty;
23 "(ii) the number of small business
24 concerns formed by individuals receiving

1 assistance from the veterans' business out-
2 reach center, including—
3 "(I) veterans or spouses of vet-
4 erans;
5 "(II) service-disabled veterans or
6 spouses of service-disabled veterans;
7 "(III) Reservists or spouses of
8 Reservists; or
9 "(IV) spouses of members of the
10 Armed Forces on active duty;
11 "(iii) to the extent possible—
12 "(I) the gross receipts of small
13 business concerns receiving assistance
14 from the veterans' business outreach
15 center;
16 "(II) the employment increases
17 or decreases of small business con-
18 cerns receiving assistance from the
19 veterans' business outreach center;
20 and
21 "(III) the increases or decreases
22 in profits of small business concerns
23 receiving assistance from the veterans'
24 business outreach center;

1 "(iv) the number of referrals by the
2 veterans' business outreach center to other
3 resources and programs of the Administra-
4 tion;
5 "(v) the results of satisfaction sur-
6 veys, including a summary of any com-
7 ments received from small business con-
8 cerns receiving assistance from the vet-
9 erans' business outreach center;
10 "(vi) the range of percentage of dis-
11 ability and the average percentage of dis-
12 ability, as identified by the Department of
13 Veterans Affairs, of individuals receiving
14 assistance from the veterans' business out-
15 reach center;
16 "(vii) the number of small business
17 concerns receiving assistance from the vet-
18 erans' business outreach center that re-
19 ceived financial assistance under loan pro-
20 grams of the Administration;
21 "(viii) the type and dollar amount of
22 financial assistance received under loan
23 programs of the Administration by small
24 business concerns receiving assistance from
25 the veterans' business outreach center;

1 "(ix) an assessment of additional per-
2 formance outcome measures for the vet-
3 erans' business outreach center, as identi-
4 fied by the Associate Administrator;
5 "(x) whether the Administrator
6 waived, in whole or in part, the require-
7 ment to obtain non-Federal funds under
8 subsection (i)(8) and, if so, the justifica-
9 tion for the waiver; and
10 "(xi) the results of the examination of
11 the veterans' business outreach center
12 under subsection (i)(10);
13 "(C) any recommendations of the Adminis-
14 trator for improvement of the veterans' busi-
15 ness outreach center program;
16 "(D) a discussion of how the veterans'
17 business outreach center program has been in-
18 tegrated with other resources and programs of
19 the Administration; and
20 "(E) any additional information the Ad-
21 ministrator determines necessary.
22 "(5) OTHER ACTIVITIES AND PROGRAMS AD-
23 MINISTERED BY THE OFFICE OF VETERANS BUSI-
24 NESS DEVELOPMENT.—An evaluation of the effec-
25 tiveness of any other activities and programs admin-

1 istered by the Office of Veterans Business Develop-
2 ment, including using the metrics identified in para-
3 graphs (1) through (4).".
4 (b) GAO REPORTS.—
5 (1) DEFINITIONS.—In this subsection—
6 (A) the term "covered individual" means—
7 (i) a veteran;
8 (ii) a service-disabled veteran;
9 (iii) a Reservist;
10 (iv) the spouse of an individual de-
11 scribed in clause (i), (ii), or (iii); or
12 (v) the spouse of a member of the
13 Armed Forces;
14 (B) the terms "Reservist" and "veterans'
15 business outreach center program" have the
16 meanings given those terms in section 32(h) of
17 the Small Business Act, as added by this sec-
18 tion;
19 (C) the terms "service-disabled veteran",
20 "small business concern", and "veteran" have
21 the meanings given those terms under section 3
22 of the Small Business Act (15 U.S.C. 632); and
23 (2) REPORT ON ACCESS TO CREDIT.—
24 (A) IN GENERAL.—Not later than 1 year
25 after the date of enactment of this Act, the

1 Comptroller General of the United States shall
2 submit a report regarding the ability of small
3 business concerns owned and controlled by cov-
4 ered individuals to access credit to—
5 (i) the Committee on Veterans' Af-
6 fairs and the Committee on Small Business
7 and Entrepreneurship of the Senate; and
8 (ii) the Committee on Veterans' Af-
9 fairs and the Committee on Small Business
10 of the House of Representatives.
11 (B) CONTENTS.—The report submitted
12 under subparagraph (A) shall include an anal-
13 ysis of—
14 (i) the sources of credit used by small
15 business concerns owned and controlled by
16 covered individuals and the percentage of
17 the credit obtained by small business con-
18 cerns owned and controlled by covered in-
19 dividuals that is obtained from each
20 source;
21 (ii) the default rate for small business
22 concerns owned and controlled by covered
23 individuals separately for each source of
24 credit described in clause (i), as compared

1 to the default rate for the source of credit
2 for small business concerns generally;
3 (iii) the Federal lending programs
4 available to provide credit to small busi-
5 ness concerns owned and controlled by cov-
6 ered individuals;
7 (iv) gaps, if any, in the availability of
8 credit for small business concerns owned
9 and controlled by covered individuals that
10 are not being filled by the Federal Govern-
11 ment or private sources;
12 (v) obstacles faced by covered individ-
13 uals in trying to access credit;
14 (vi) the extent to which deployment
15 and other military responsibilities affect
16 the credit history of veterans and Reserv-
17 ists; and
18 (vii) the extent to which covered indi-
19 viduals are aware of Federal programs tar-
20 geted towards helping covered individuals
21 access credit.
22 (3) REPORT ON VETERANS' BUSINESS OUT-
23 REACH CENTER PROGRAM.—
24 (A) IN GENERAL.—Not later than 60 days
25 after the end of the second fiscal year beginning

1 after the date on which the veterans' business
2 outreach center program is established, the
3 Comptroller General of the United States shall
4 evaluate the effectiveness of the veterans' busi-
5 ness outreach center program, and submit to
6 Congress a report on the results of that evalua-
7 tion.
8 (B) CONTENTS.—The report submitted
9 under subparagraph (A) shall include—
10 (i) an assessment of—
11 (I) the use of amounts made
12 available to carry out the veterans'
13 business outreach center program;
14 (II) the effectiveness of the serv-
15 ices provided by each entity receiving
16 financial assistance under the vet-
17 erans' business outreach center pro-
18 gram;
19 (III) whether the services de-
20 scribed in subclause (II) are duplica-
21 tive of services provided by other vet-
22 eran service organizations, programs
23 of the Small Business Administration,
24 or programs of another Federal de-
25 partment or agency and, if so, rec-

1 ommendations regarding how to al-
2 leviate the duplication of the services;
3 and
4 (IV) whether there are areas of
5 the United States in which there are
6 not adequate entrepreneurial services
7 for small business concerns owned and
8 controlled by veterans and, if so,
9 whether there is a veterans' business
10 outreach center established under the
11 veterans' business outreach center
12 program providing services to that
13 area; and
14 (ii) recommendations, if any, for im-
15 proving the veterans' business outreach
16 center program.

17 **SEC. 3. REPORTING REQUIREMENT FOR INTERAGENCY**
18 **TASK FORCE.**

19 Section 32(c) of the Small Business Act (15 U.S.C.
20 657b(c)) is amended by adding at the end the following:
21 "(4) REPORT.—Not less frequently than once
22 each year, the Administrator shall submit to Con-
23 gress a report—
24 "(A) discussing the appointments made to
25 and activities of the task force; and

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