

**LEVELING THE PLAYING FIELD: EXAMINING THE
LANDSCAPE OF VETERAN OWNED SMALL
BUSINESSES**

HEARING
BEFORE THE
SUBCOMMITTEE ON CONTRACTING AND
INFRASTRUCTURE
JOINT WITH THE
SUBCOMMITTEE ON ECONOMIC
OPPORTUNITY
COMMITTEE ON VETERANS' AFFAIRS
OF THE
COMMITTEE ON SMALL BUSINESS
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**LEVELING THE PLAYING FIELD: EXAMINING
THE LANDSCAPE OF VETERAN OWNED
SMALL BUSINESSES**

TUESDAY, JULY 23, 2024

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
SUBCOMMITTEE ON CONTRACTING
AND INFRASTRUCTURE,
JOINT WITH THE
SUBCOMMITTEE ON ECONOMIC OPPORTUNITY,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC.

The Subcommittees met, pursuant to call, at 10:00 a.m., in Room 2360, the Rayburn House Office Building, Hon. Nick LaLota [chairman of the Committee on Small Business, Subcommittee on Contracting and Infrastructure] presiding.

Present from the Committee on Small Business, Subcommittee on Contracting and Infrastructure: Representatives LaLota, Bean, Maloy, Scholten, McGarvey, and Chu.

Present from the Committee on Veterans Affairs, Subcommittee on Economic Opportunity: Representatives Van Orden, Levin, and McGarvey.

Also Present: Representative Williams.

Mr. LALOTA. Good morning, everyone. I now call the Committee on Small Business to order. Without objection, the Chair is authorized to declare a recess of the committee at any time.

Prior to opening statements, I want to note that pursuant to committee rule 3E, the Democrat witness for today's hearing will be appearing remotely.

I ask unanimous consent to enter into the record the letter of approval of the Majority Leader Scalise. And without objection, so ordered.

I now recognize myself for my opening statements.

Welcome to today's joint subcommittee hearing entitled, "Leveling the Playing Field: Examining the Landscape of Veteran Owned Small Businesses."

First, I want to thank all of our witnesses for joining us here today. Your presence here and your time is very much appreciated and we all look forward to your testimonies.

I would like to specifically give a shout out to Stephen Hayduk, my constituent from Long Island from Suffolk County, a Vietnam veteran and my own constituent. Thank you, sir, for being here. We appreciate your service to our nation.

I would also like to thank the VA Subcommittee on Economic Development for joining us in this effort today, specifically Subcommittee Chairman, my friend and fellow Navy veteran, Congressman Van Orden, who will be chairing from time to time. We are going to swap out as we have other duties that require us to be elsewhere.

Today our subcommittees will be focusing on how we get our nation's veterans more involved in the contracting space and more involved in main street in general. We must address the alarming decline in the number of small businesses receiving federal contracts, having been cut in half over the last 10 years, with the number of small businesses entering the federal contracting system decreasing by nearly 60 percent in the same period.

We all know the crucial role main street plays in increasing competition, innovation, and stimulating our economy. Yet, they have been systematically squeezed out of federal contracting for decades. Unfortunately, this decline in small business contracting comes as no surprise as the Biden Administration actively steers our economy and national security in the wrong direction.

Veterans should have abundant opportunities in this space and our nation's veterans bring unique skills to the marketplace. We must ensure they have the resources they need to compete in the procurement marketplace. They possess innate leadership and entrepreneurial skills and qualities that cannot be taught.

Unfortunately, oftentimes a veteran's attempts to transition back to civilian life, that journey can be extremely challenging. Entrepreneurship is a fantastic way for veterans to regain mission focus, but it is no easy process, especially thanks to today's current economic landscape brought to you by leaders in our administration.

Veteran-owned small business should be able to easily operate in the contracting marketplace, too. Sadly, the bureaucratic red tape, and there is a heck of a lot of it, challenge small businesses who are forced to navigate this extremely harmful and burdensome process. Needless to say, this complexity of these barriers makes it even harder for small business to enter the federal marketplace.

For example, involvement in federal contracting requires a significant understanding of the long and cumbersome federal acquisition regulations, defense federal acquisition regulations, and the applicable regulations in the Federal Register. Together these documents are over 94,000 pages long and require thousands of staff hours to read. Veterans and small business owners at large should not have to do this just to merely compete. It is our job here in this subcommittee and the joint committee and Congress as a whole to give veterans a fighting chance after all that they have done for our great nation.

This subcommittee's mission is to create a pathway for small businesses to succeed and that is why today's hearing is absolutely paramount. I hope today's discussion will lead to real-world solutions that will enhance the lives and realities of our veteran-owned small businesses, and I thank you once again for joining us today. Your real-world experiences will help us make meaningful improvements to ensure small businesses are fully utilized in the federal procurement marketplace. We must work together, both parties, to

stop the decline of small business contracting and fight to keep main street open for business.

With that, I yield to my distinguished colleague, the Ranking Member from Michigan, Ms. Scholten.

Ms. SCHOLTEN. Thank you, Mr. Chair. And I want to say special thanks to the majority for allowing my witness, who I will introduce later, to appear remotely. The major flight cancellations that we have been experiencing across the country have, unfortunately, impacted him and his ability to be here in person today because he has got incredible perspective to share, and I thank you for that.

I am glad we can come together to discuss the issues facing our nation's veteran-owned small businesses as well as celebrate their successes. We all know that small businesses are the backbone of the American economy and veteran-owned small business make up a critical part of that foundation. The work these entrepreneurs do, all after serving our nation, is nothing short of remarkable. Moreover, the impact these small businesses have in our communities highlight the need for our Small Business Administration to support them. The hearing today affords us the opportunity to examine how well we in Congress are doing our part to serve those who have sacrificed so much for this great nation.

In order to determine how we can best serve our veteran-owned businesses we need to understand where they are in the landscape of Main Street America. According to the Census Bureau data in 2020, approximately 300,000 employer firms were veteran owned out of a total of approximately 6 million, accounting for 5 percent of all employer firms.

Veterans own approximately 1.7 million non-employer firms making up about 4.8 percent of non-employer firms nationwide. These numbers show that veteran entrepreneurs play a significant role on main street and historically they have done so for decades.

Studies also show that older generations of veterans are much more likely to be entrepreneurs compared to their civilian counterparts. However, veterans such as those that served in the first and second Gulf Wars are pursuing entrepreneurship at a much lower rate when compared to civilians at a similar age. This is why this hearing today is so important.

It is critical that we examine the barriers to entrepreneurship through the lens of these business owners to understand where the gaps in support exist. The Small Business Administration has a number of resources for veterans who are looking to start or grow their small business making significant progress in providing guidance and resources to veteran-owned small businesses.

The 7(a) Program for example provided more than \$1 billion in loans to veterans in fiscal year 2023 alone. Additionally, the Small Business Administration received \$8.5 million in fiscal year 2024 to fund a number of programs supporting veteran entrepreneurs, such as Boots to Business, the Women Veteran Entrepreneurship Training Program, and the Service-Disabled Veteran Entrepreneurship Training Program.

These programs provided support to thousands of veterans in fiscal year 2023. Notably Boots to Business alone served over 23,000 veterans, military spouses, and servicemembers. Based on the suc-

cess of these programs it is no wonder that the current administration requested \$19 million for them in fiscal year 2025.

These programs are just a few examples of this critical work the SBA is doing to serve our nation's veterans. However, it is also important to examine where we can do more. As with many entrepreneurs, access to capital remains a top issue for veteran-owned small businesses as well. Studies have shown that over half of veteran-owned small businesses don't receive the amount of financing they request, over half. These realities combined with the downward trend of young veterans pursuing entrepreneurship highlight an area where more support from Congress may be needed.

I look forward to hearing from our witnesses today with their unique perspective on how we can address the challenges faced by our veteran-owned small businesses. Thank you all.

Mr. LALOTA. I want to thank the Ranking Member for her statement for a partnership on our subcommittee together. This is one of the more functional committees in Congress that actually gets a couple of good things done and I am pleased that we have a good relationship.

I am going to pass the mic to my good friend who has a depth of experience. We are blessed to have some good witnesses here today who are going to help inform the subcommittee, but this Subcommittee Chairman from the VA committee has a breadth of experience himself, 25-year Navy man, retired senior chief combat veteran, who probably has one of the most unique senses of humor in Congress, too.

So, with that I pass it to my good friend, Congressman Van Orden.

Mr. VAN ORDEN. Thank you, Mr. Chairman. It is really great to be here. We have got some of our staff over here from our Subcommittee on Economic Opportunity. From the VA I would like to thank Mr. Levin, my Ranking Member, for being here. And I do need to note for the record, though, when anyone comes to our committee they are given cheese from the State of Wisconsin. That is correct. You know that, Mike?

Mr. LEVIN. Yes, I do.

Mr. VAN ORDEN. Yeah. So, just throwing that out there if anybody is taking notes.

I want to thank you guys for having us today. It is incredibly important that we are here because we must work together. And our committee, we do not run a bipartisan committee, we run a non-partisan committee. And I think that you guys have embraced that spirit and I really appreciate that. There is so much tomato thrown around here in Congress. It is about time we do some damn work together.

But veterans are the backbone of America's economy. They have been for a very long period of time. And unfortunately, the percentage of veteran-owned businesses in America has decreased from about 11 percent of all businesses in 2014 to just under 5.2 percent in 2021. And this downward trend concerns me as it does all of you.

We at Congress have got to do a better job to ensure that veteran-owned businesses are able to maintain a competitive advantage in this economy and have access to all the tools they need to

take risk, to take the risk to start a business, especially when veteran-owned businesses are contributing almost \$1 trillion to the economy annually.

Veterans should not be left behind by the broader population when they have done so much to protect us in this room now. The Subcommittee on Economic Opportunity that I Chair has worked very hard to ensure veterans have the opportunities they deserve in education, career development, and housing. And now we need to focus our efforts on ensuring that veterans can take full advantage of the programs that are available for starting and running a business.

I have made improvements in the Transition Assistance Program offered to servicemembers and one of my top priorities of Congress for transitioning veterans aspiring to own a business. The Boots to Business Program has proven to be an invaluable pathway.

I am concerned, though, that the future of the Boots to Business Program is uncertain because it is supposed to expire at the end of this Congress. And I implore all my colleagues, regardless of the side of the aisle you are on, to reauthorize this program to ensure our veterans have the knowledge and the skillset to succeed as entrepreneurs upon departure from the service.

As a former small business owner myself, I understand the difficulties associated with starting and running a small business. And I want to ensure that the TAP, Transition Assistance Program, is empowering veterans with the knowledge and tools they need to make the decision that is best for them to succeed.

I also want to ensure that when they leave TAP they are aware of other programs established to ensure their success, such as veterans mentoring and networking programs, SBA assistance programs, and state programs for veteran-owned small businesses.

Frequently the Committee on Veterans' Affairs hears about how the application to apply to be a veteran-owned small business or service-disabled veteran-owned small business is filled with bureaucratic paperwork and overly complicated and after three or four times they just stop trying to apply.

During the full committee hearing and the VA last year we also heard about the lack of opportunities in rural areas for veterans applying to be a VOSB or an SDVOSB. Wow, check that out. Huge acronyms.

It is difficult to get questions answered or fill out an application correctly when the nearest assistance available to you is over 100 miles away. And in today's day and age these government agencies must adapt to reach veterans or anyone wherever we can, and we are going to see an example of that by the Ranking Member's witness remoting in here.

Finally, the federal government has worked hard to create specific programs to help certain individuals achieve the American dream for various reasons, ensuring a veteran-owned business receives every advantage the federal government can afford should it be a priority for programs since just 1 percent of Americans serve in uniform.

These men and women should receive the same, if not preferential, treatment when it comes to government contracting, tax breaks, and streamlining the application process. And I look for-

ward to finding these solutions with my friends and colleagues, Ranking Member Levin, as well as my colleagues from the Small Business Committee.

I am very excited to hear your testimony today and see how we can help you better.

And with that, Mr. Chairman, I yield back.

Mr. LALOTA. Thank you, Mr. Van Orden.

I said before that we have some great witnesses and we also have some great Members here, too. Somebody who I got to know about 8 months ago when we worked together. He represents the Southern California, I think a Los Angeles area district. We worked together about 8 months ago to ensure that his constituent and a Navy man, Lieutenant Ridge Alkonis, was, after 500-and-something days in a Japanese prison, was able to get home rightfully to his family and met Mr. Levin along the way, who was a champion in that effort. He is the Ranking Member of the House Committee on Veterans' Affairs Subcommittee on Economic Opportunity, Representative Mike Levin. I will recognize him for this comments.

Mr. LEVIN. Well, thank you so much, Chairman LaLota and thank you to Chairman Van Orden, Ranking Member Scholten, three good friends in Congress, and this is how things are supposed to work around here. And I am really, really pleased to see us all getting together.

I had the honor to serve now in the Economic Opportunity Subcommittee for 5-1/2 years. I can tell you it is the most rewarding work that I have done in the House of Representatives and it has, Chairman Van Orden said, it has been nonpartisan work, working with Gus Bilirakis and Barry Moore and Chairman Van Orden.

We have gotten a ton accomplished and I am really excited to see this, you know, collaboration with the Small Business Committee. This is great. We should have done this 5-1/2 years ago, but better late than never.

Historically, veterans who have been more entrepreneurial than non-veterans. And my experience representing the Marine Corps Base Camp Pendleton has been that most of our veterans, they just want to find new ways to serve, you know, when they are transitioning from the military into civilian life, and starting a business is one of the very best ways to do that.

According to the Census Bureau, some of these statistics were given before, veterans own about 5.9 percent of all business that employ 3.9 million people and have an annual payroll of about \$177 billion. Pretty amazing.

The last Congress I was honored to lead legislation that was signed into law to expand veterans' eligibility for self-employment in the Veteran Readiness and Employment Program. I am really excited to work with the Committee on Small Business to support veterans who want to start small businesses and ensuring they have the resources available to support their endeavors.

I also look forward to hearing from today's witnesses on their experience as business owners and the resource they provide to assist veterans in starting and growing small businesses.

With that I yield back to my friend, the Chairman.

Mr. LALOTA. Thank you, sir. Just for time management's sake we are going to take about the next 10 minutes or so to introduce the witnesses and then we have been called to vote. So, after that, we are going to take a brief recess so the Members can vote and come back there. So, for staff and witnesses, just for your time management, we are going to do about 10 minutes and then take a break.

So, I want to introduce our witnesses. The first witness here today is Mr. Bill Belknap. Mr. Belknap is the president of AEONRG, LLC, located in Downingtown, Pennsylvania. Mr. Belknap founded the LLC in 2012, a general contractor providing construction on mechanical, electrical, and plumbing projects and services largely to governmental clients include the VA medical centers.

It is also certified as a service-disabled, veteran-owned small business. Prior to founding the company, Mr. Belknap served for 10 years as a global operations manager with Pfizer. Before joining Pfizer, he completed a 20-year Army career, thank you for your service, sir, including 10 years in the Tank Division in the United States and in Turkey.

Mr. Belknap graduated from the United States Military Academy at West Point, go Navy v. Army, sir, with a bachelor of science and later graduated from Wayne State University with an MBA in finance. Thank you for your service and we look forward to the conversation ahead.

Our next witness here with us today is my constituent, Mr. Stephen Hayduk. Mr. Hayduk is the founder and owner of Hayduk Engineering, LLC, located on Long Island in Ronkonkoma, New York. Founded by Mr. Hayduk in 1984 as a one-man operation, Hayduk Engineering has now grown up to over 40 employees.

In 2015, Hayduk Engineering, LLC was certified as a service-disabled, veteran-owned small business driving even more growth for the company. Mr. Hayduk has served as the commissioner of the Suffolk County Department of Public Works where he oversaw a department of over 900 employees and \$160 million operating budget.

A Vietnam veteran, Mr. Hayduk used the G.I. Bill to go to college, earning his associate degree from the Suffolk County Community College before attending the Rochester Institute of Technology where he earned his bachelor of science and civil engineering technology.

Mr. Hayduk, thank you for your service, sir, and for your travels here to Washington, and we look forward to the conversation ahead.

I want to recognize Chairman Van Orden to briefly introduce our third witness appearing before us today.

Mr. VAN ORDEN. Thank you, Mr. Chairman.

I would like to introduce Ms. Stephanie Brown, who I have known for, well, for quite a period of time. For a long time she says. She happens to be the widow of one of my dear friends, Admiral Tom Brown, who I served with and for on multiple continents and multiple combat tours and he is a fine man. And I thank you so much, Stephanie, for your service and sacrifice to our country.

Stephanie is the founder and Chairwoman and CEO of The Rosie Network, which is a group that has been established to help alleviate some of the economic hardships that military folks have and she has been helping hundreds and thousands of military spouses start businesses and run them so that their husband or wife can serve our country with a little less stress.

So, I want to thank you dearly for coming here from San Diego, California, for your testimony. And I am really looking forward to the rest of these people hearing your story and what you have done for our country, ma'am.

And with that, I yield back.

Mr. LALOTA. Thank you. I now recognize the Ranking Member from Michigan, Ms. Scholten, to briefly introduce our last witness appearing before us today.

Ms. SCHOLTEN. Thank you so much, Mr. Chairman, and again, thank you for allowing this witness to appear remotely. I am delighted to introduce our final witness, Jon Tellier. Mr. Tellier is a constituent of my district in Michigan's third congressional district. His company, JetCo Solutions, is based in Grand Rapids.

It assists other companies in entering the federal marketplace to bid on government contracts. JetCo Solutions provides research proposal management, grant writing, and business development for businesses, helping them win contracts valued at over \$4 billion.

Mr. Tellier is a former paratrooper and combat veteran, retiring from the Army after 23 years of service as a lieutenant colonel. He held a range of leadership positions in the military, including a deployment to Iraq in support of Operation Desert Shield and Storm.

Mr. Tellier is also deeply committed to his community serving on boards and committees supporting youth, families, veterans, and businesses. He represents several congressional districts in Michigan as military academy liaison officer and engages nationally on veterans and military issues.

I am grateful to him for his service to our great nation and his leadership to West Michigan. Thank him for appearing today and juggling through lots and lots of logistical hurdles. I yield back.

Mr. LALOTA. Thank you very much. As I mentioned earlier, votes have been called. The Committee stands in recess subject to the call of the Chair. We will resume after votes.

[Recess.]

Mr. WILLIAMS. [Presiding.] The Committee will now come to order and we will pick back up with the witnesses' testimony.

Now, before recognizing the witnesses, I would like to remind them that their oral testimony is restricted to 5 minutes in length. If you see the light turn red in front of you, it means your 5 minutes have concluded and you should wrap up your testimony. And if the red light doesn't phase you, you will hear this, okay? And that is a double red light.

All right. So, work with us on that and I know you will do great. I now recognize, Mr. Belknap for 5-minute opening remarks.

STATEMENTS OF WILLIAM J. BELKNAP SR., PRESIDENT, AEONRG LLC; STEPHEN G. HAYDUK, P.E., MANAGING MEMBER, HAYDUK ENGINEERING, LLC; STEPHANIE BROWN, FOUNDER AND CHIEF EXECUTIVE OFFICER, THE ROSIE NETWORK; AND JON TELLIER, PRESIDENT, JETCO SOLUTIONS

STATEMENT OF WILLIAM BELKNAP, PRESIDENT, AEONRG, LLC

Mr. BELKNAP. Chairman LaLota, Chairman Van Orden, Ranking Members Scholten and Levin, Subcommittee Members, thank you for holding today's hearing.

My name is Bill Belknap, I am the president of AEONRG, LLC, a VA-certified SDVOSB providing construction services for federal clients. I am grateful to be here today on behalf of the National Small Business Association testifying on an issue that is vitally important to our economy, national security, as well as to me personally.

Before my work in private sector, I completed a 20-year Army career, graduated from the United States Military Academy at West Point, and the Army's Ranger and Airborne schools before serving 10 years in command and staff positions with armor combat units.

Subsequently, I spent 10 years in the Army's Acquisition Corps serving in positions as construction contracting officer, deputy Army installation commander, assistant project manager of the M1A2 Abrams Tank. I culminated my career as director of the Army Science Board in the Pentagon.

My dream job, however, was starting and growing my own company. The training, assignments, and experiences I received in the military were a catalyst to becoming a veteran entrepreneur.

As you know, veterans make up a substantial portion of the small business community owning roughly 2 million businesses, employing 5.5 million Americans, payrolls exceeding quarter of a billion dollars. This substantial footprint illustrates the appeal of veterans entrepreneurship. Despite this allure, veteran businesses face unique and persistent challenges.

Actions that I recommend need to be taken, number one, simplification of government solicitations and contracts. We are competing against commercial entities. Many of the FAR and agency-specific clauses that sometimes take up 50 percent of a solicitation pages that maybe be up to 150 pages in length should be migrated to periodic, one-time registration entities such as SAM or SDVOSB renewal.

This relatively simple change will cut the paperwork associated with federal contracts in half. The federal government should also review corporate industry best practices and incorporate more of these in contracting.

Number two, count military service towards proposal past performance and experience. Too often federal agencies mandate in their solicitations that prior government contracting experience is required. But currently military service does not count. The federal government must mandate that each agency has a policy to ensure military experience and qualifications count toward acceptability and competitiveness in evaluating proposals.

Number three, accountability of federal agencies meeting and facilitating set-aside goals. It is too easy for agencies to lump services together into one very large contract that only large businesses could legitimately propose and win. The federal government should develop a carrot-and-stick approach to incentivize agencies meeting their various small business set-aside goals to include veteran set-asides. Make—hold them accountable.

Number four, promote veteran entrepreneurship mentorships. Leaving the military is a culture shock to many. In the military servicemen and -women are told where they will serve, what they will wear, how to address their superiors, et cetera.

A veteran entrepreneur will greatly benefit from mentoring by another veteran that successfully transitioned. Congress should mandate SBA or VA to organize a task force to develop veteran entrepreneurship mentorships.

Number five, self-reporting performance, all agencies incorporate modern, most efficient acquisition best practices. During the execution of federal contracts, agencies should emphasize contractors' self-reporting of their performance. Most companies take great pride in their work and want to earn the agency's trust and competence.

Number six, agency acquisition training, standardization, and incorporation of modern acquisition best practices and similar contracting and contract management methods among all agency officials will promote the liquidity of veteran entrepreneurs to serve during different agencies and increase and spread the flow of talent among them.

And number seven, increase maximum SDVOSB sole-source thresholds, use 8A regulations in SDVOSB sole-source award. The 5-year update schedule means that a sole-source contract awarded now may be worth \$1.5 million less if it were awarded after October 1, 2025, when the thresholds update. That is more than a 21 percent difference.

However, increasing the threshold without changing the rules by which sole-source can be used for SDVOSB set-asides is not effective or meaningful. Change the rules to match those of 8A sole-source requirements and you'll see the program become more effective.

In addition, this is suggestion from NSBA also encourages the Committee to look into. Development of the VOSB set-asides, one possible area of improvement would be the development of specific set-aside for VOSBs separate from existing SDVOSBs by increasing total pool of set-asides we help veterans regardless of injury status, ability to actively participate in federal government contracting, and more importantly would not dilute, disadvantage the currently SDVOSB program.

More detail of each of these items can be found in my written testimony.

In conclusion, on behalf of the NSBA, I want to reiterate that small business community's thanks to the Committee for its attention and to these issues. I look forward to answering any questions.

Mr. WILLIAMS. Thank you very much.

I now recognize Mr. Hayduk for 5 minutes, opening remarks.

Mr. HAYDUK. Good morning.

Mr. WILLIAMS. Can you turn your mic on?

**STATEMENT OF STEPHEN HAYDUK, SENIOR PRINCIPAL,
HAYDUK ENGINEERING, LLC**

Mr. HAYDUK. Good morning, and thank you to my congressman, Nick LaLota, and to all of you for inviting me to appear before you today.

I enlisted in the U.S. Army in 1968 and served as a helicopter crew chief in the Army's 57th Assault Helicopter Company in Vietnam, known as the Gladiators. I returned home, attended college on the G.I. Bill, and founded my own consulting engineering firm in 1984.

Hayduk Engineering is both a New York state-certified service-disabled, veteran-owned business as well as a federally certified service-disabled veteran-owned small business.

Our company is well-respected on Long Island in New York, and has grown significantly as a result of the SDVOB program.

Under the state program, however, all contracts issued by any state agency include a set-aside of about 6 percent, usually 6 percent, for service-disabled veteran-owned businesses. Under the state program, prime contractors have no choice but to set out—to seek out an SDVOB to serve as a subcontractor or a subconsultant in our case.

Our firm gets inquiries every single week from companies pursuing contracts with the state asking if we will agree to be part of them, on their teams, and many of these are very, very large contracts beyond the size that we would go after as a prime.

Getting work under the federal program has been much more challenging. So, I wanted to emphasize, I am not here to criticize the federal program, but instead to offer my observations about the differences between the state and the federal program and how the federal program might benefit from following some of the examples set by the state program which has been extremely beneficial to my firm.

The federal program apparently does not include the same requirements as the New York State program for winners of all contracts awarded to include an SDVOB on the project team.

Under the state program our firm has been awarded hundreds of engineering contracts helping to create dozens of jobs that Hayduk Engineering and helping to grow our firm from less than 10 employees in 2015 to nearly 50 today.

Under the federal program we have been awarded one contract for technical design of an upgrade to the sewage treatment plant at the VA medical center in Northport, New York. We completed that work successfully and we have a great working relationship with the staff at VA's Northport facility.

We would like to provide engineering support for other federal agencies that operate on Long Island and I did a quick search and we came up with a list of about 20 of the federal agencies that we are aware of. Our firm is well-respected and has been recognized for the high quality of our work on many levels.

We are notified regularly by local governments about opportunities for new work as it becomes available. Receiving the same type of notice about federal procurements in our region would be help-

ful. Instead, our staff is left to attempt to identify pending federal projects by navigating their way through the federal procurement notices on the internet.

That system, SAM.gov, is more complicated than it should be. The search engine is cumbersome and when you apply different search filters to try to identify opportunities by region or by business classification it either yields sometimes many irrelevant results or sometimes very few results. But not often are they applicable or relevant to our type of business.

Because it uses a national database our staff are searching through projects all over the world that we could never pursue. For small businesses paying staff to dedicate that type of work hours to that process is not an efficient or cost-effective use of resources.

Another issue that's common to the program and is intended to help small businesses is the need for sustained economic growth. If a program helps create dozens of new jobs we should have a shared goal of making sure that the people we hire can rely on those jobs to continue. The issue I'm raising is the need for a transition period from business that do grow as a result of the program.

Right now, there is no glide path for a transition to protect a business and its employees in the event that the veteran owner passes on, retires, or leaves the business. The intent of the program is to help business expand and create new jobs.

But if state SDVOB or a federal SDVOSB certification is lost abruptly the business could face instant reduction of workflow meaning instant loss of jobs for those who have benefited, but also for all the employees that work for that firm.

A transition process to allow companies to reduce their reliance on SDVOSB would protect businesses.

Mr. WILLIAMS. The gentleman's time is——

Mr. HAYDUK. In closing——

Mr. WILLIAMS. Go ahead, quickly.

Mr. HAYDUK. One, consider modifying the program to require a broader set asides for the contracts issued on federal agencies similar to approach taken by the state of New York. Consider, two, consider establishing a proactive notification system alerting SDVOBs of procurements.

Mr. WILLIAMS. The gentleman's time is up.

Mr. HAYDUK. Okay. Thank you.

Mr. WILLIAMS. Thank you.

And I now recognize Ms. Brown for her 5-minute opening remarks.

STATEMENT OF STEPHANIE BROWN, CEO AND FOUNDER, THE ROSIE NETWORK AND U.S. MILITARY SPOUSE CHAMBER OF COMMERCE

Ms. BROWN. Thank you for the invitation to be here. I'm just going to jump right in. I am the daughter of a Vietnam veteran turned small business owner. I was married to a retired Rear Admiral Tom Brown, who served 30 years in the SEAL teams, and I am the mother of two boys I raised in the military.

I founded The Rosie Network after Rosie the Riveter over 12 years ago and since then we have provided our national award-winning, college-accredited Service to CEO Program and mentoring to

tens of thousands of transitioning servicemembers, veterans, and military spouses, those that are seeking the American dream of small business ownership.

We represent over 30,000 veteran- and military-affiliated small businesses around the globe. While we serve Active-Duty veterans and military spouses, today I would like to speak on behalf of the 48 percent of military spouses who have chosen small business ownership and entrepreneurship as a viable and portable career.

Why? Because despite our best efforts, military spouse unemployment and underemployment described by DOD leaders a national security crisis has remained statistically unchanged for over a decade.

At 20 to 24 percent, the unemployment rate for military spouses is 4 times higher than that of the national average. The cost to American taxpayers is between \$700 million and \$1.2 billion a year. More importantly, it causes financial insecurity and stress on our military families and impacts mission readiness, retention, and recruitment.

When we are employed, we are paid up to 25 percent less for the same job as our civilian counterparts. However, small business ownership is changing the landscape for military spouse employment, but we need your help. Based on the U.S. Military Spouse Chamber of Commerce internal data from over 4,000 of its members we know that 87 percent of our members are women, 80 percent are married to spouses who are still serving. Collectively, they employ over 120,000 people, 80 percent of those are fellow military spouses and veterans, and they generate over \$1 billion a year in revenue.

The top challenges, you mentioned earlier, access to capital, 88 percent of our members are self-funded. The 12 percent that sought funding, 90 percent were turned down. Financial institutions often view military spouses as less than favorable due to our nomadic lifestyles.

Lack of mentoring and training, right now The Rosie Network has a 6-month wait list because we lack the resources to provide and hire more qualified instructors.

Rather than the government building yet another program that very few attend or would recommend, why not support service organizations who are doing the hard work on the ground? Hold them accountable, yes. But please do not make these reimbursable grants that are often paid up to 90 days later. No for-profit company would be expected to operate on those terms. Seventy-three percent of military spouses want government contracting opportunities.

Military spouses need to be designated as an economically disadvantaged category that will open us up for access to capital, contracting opportunities, and other resources.

I'd like to give a shout out to the Army's Office of Small Business who right now, today, are actively doing business with military spouse-owned companies and they're tracking their spend.

We need more federal agencies to step up. No federal agency will get credit for military spouse spend unless we are recognized. Three years ago, the Military Spouse Chamber rolled out the first

industry standard certification for military spouse-owned enterprises which we offer for free.

Today, we are the top 2 percent fastest growing chambers in the country and a number of Fortune 500 companies recognize and accept our certification, actively want to do business with military spouses.

If the private sector will not accept self-certification why should the government? There needs to be reciprocity with vetted third-party certifiers. Military spouses have earned a seat at the table through our silent service and sacrifice on behalf of this nation. In my many decades in this space, not one servicemember or veteran has ever said to me, don't help my spouse.

In conclusion, investing in our military spouse small business owners is an investment in our military families, it's an investment in our country and our economy.

Thank you and I look forward to your questions.

Mr. WILLIAMS. Thank you very much.

And now we recognize Mr. Tellier for 5 minutes. How do we have him set up? Okay. Mr. Tellier?

STATEMENT OF JON TELLIER, PRESIDENT, JETCO SOLUTIONS

Mr. TELLIER. Good morning. Mr. Chairman, Ranking Member Scholten, and other Subcommittee Members, thank you for inviting me to the Committee hearing and allowing JetCo Solutions the opportunity to discuss the entrepreneurial spirit of veterans and the challenges we face as small business owners. I apologize for not being in person and the airlines did not cooperate with me.

My name is Jon Tellier. I am a veteran business owner and a soldier for life. My soldier journey began as far back as I can remember, a young boy playing with green Army plastic men and keeping a scoresheet of Army trucks and jeeps I sighted during my annual visit to see my father at Camp Grayling in Northern Michigan.

Football allowed me to attend the United States Military Academy in 1985. That was the same year Army beat Michigan State in the inaugural Cherry Bowl at the Superdome. Ironically, my journey began the same leadership institution as my namesake, Jon Edward Bokovoy, who was a USMA Class of 1957 and a friend that my father served with in Vietnam. This learning experience was then followed by training at the Army's Airborne and Ranger School.

My first assignment was with the 3rd Armored Division in the Federal Republic of Germany, where I was to witness the fall of the Berlin Wall and the curtailment of communism. I also deployed to Iraq in support of Operation Desert Shield and Storm, and very proud to participate in the offensive in response to Saddam Hussein's invasion of Kuwait.

I also had the privilege of defending America's freedom as a member of the 82nd Airborne Division. We had several 2-hour recall notices and I exited active duty in the summer of 2000 after 8 moves in 11 years achieving the rank of major.

Some might say this is where my journey stops, but actually a new chapter was forged.

My transition from the Army was a blur. My boss insisted that I work 12-hour days up to my out-processing time, forcing me to go on sick call in order to buy a suit for interviews.

I landed in Kalamazoo, Michigan, and began working for a large, multibillion-dollar company. After a divorce and a move to Grand Rapids, Michigan, I worked for a small manufacturer.

In 2005, I was let go as the automotive industry took a dive. Faced with 6 months of unemployment, \$214 a week in subsidies, a kid in travel hockey, private school tuition, and no real job opportunities, I made a decision to start a business.

Echoes of, are you crazy, and do you know what you are getting into, to why can't you just get a normal job, were commonplace. In the early years there were a few supporters. After developing my business plan, I briefed the cadre at the Small Business Development Corporation, commonly referred to as the SBDC. It went so bad that I almost decided to look elsewhere.

Undeterred I made the changes and updates and continued on my purpose of starting a business that would sell packaging supplies to the Department of Defense.

Shortly afterwards, JetCo received its first order, a \$14,000 purchase order to McAlester Army Ammunition Plant for ammunition bags. But how was I going to pay for it since JetCo did not have a line of credit or any significant savings?

Jim Feeney, previously he had tried to hire me, told his staff to grant JetCo a small line of credit. And we were able to get our contracting officer, Susaneva Wade, her ammunition bags on time. Similar instances occurred with the Census Bureau, the United States Department of Agriculture, the Federal Prison Industries, and at last count, today over 248 different state and local government agencies.

My military training and experience was invaluable for problem solving and analysis. My mindset of if this, of this, it fails in comparison to any patrol in the mountains of Dahlonaga, Georgia, or blocking positions near Basrah helped me get up and go out and compete every day.

But I could never do it alone. My business partner and spouse compliments my strengths and weaknesses. PTAC, now known as APEX, was extremely helpful.

Mr. WILLIAMS. Twenty seconds, Mr. Tellier.

Mr. TELLIER. Today I believe I am living the American dream. I still worry about payroll, taxes, and healthcare. I am glad that I was fired in 2006 and forced to think creatively and start JetCo as a matter of survival, an accidental entrepreneur if you will.

I'm truly appreciative of all the programs, incentives, and assistance we have received in our 18 years of business. In some way, I feel like today is payment for serving in the Army and protecting our freedom both in peace and in war.

My hope is to pay that debt forward and that the next generation of veteran business owners share the same success we have and are afforded an even greater opportunities and resources. Thank you.

Mr. WILLIAMS. The reason I mentioned 20 seconds because he asked for that. Okay. So, I didn't want you to think we were doing anything different.

I will now move to the Member questions under the 5-minute rule. I recognize myself for 5 minutes.

For the last 10 years, I have had the privilege of representing Fort Hood, Texas, better known today as Fort Cavazos. During my many visits to the base I found it was not only the brave soldiers serving our country that are interested in pursuing entrepreneurship, but also their significant others.

Ms. Brown, your efforts to help military spouses are very important. And can you briefly discuss some of the major challenges military spouses face as small business owners?

Ms. BROWN. Thank you for that question. As I mentioned, access to capital is, of course, a big challenge, like it is for veteran-owned. Banks are hesitant because they're often—they look at their resume, they see gaps in their resume. Ninety percent of those that did—of our membership that did attempt to get funding were turned down, so they see a nomadic lifestyle access to capital.

Also, when it comes to—we find that over 70 percent of our military spouse members want to do business with the government, so getting access to capital, getting access to some of the training and resources that are available to veterans by designating—giving military spouses that designation of an economically disadvantage category will open that up to them.

So, I would encourage the Committee to consider that. It was attempted before, but—and we were engaged in that effort. It was the same time the SBA was taking over the CVE, the veteran certification, and they felt that they couldn't manage both. But I believe that now is the time to recognize our military spouses. It just makes a stronger military family. So, thank you.

Mr. WILLIAMS. Thank you.

Mr. Belknap, there are some programs, like Boots to Business, within the SBA, and we talked about it this morning, that look to teach servicemembers the basics of running a small business.

However, I have noticed that many veterans often turn to their friends and the people they served with for advice as they look to enter the private sector. So, can you describe the work you do in helping other veterans navigate small business ownership, and what advice would you have for servicemembers who are considering taking the leap of faith and starting their own small business as they embark on their next chapter?

Mr. BELKNAP. Thank you, Congressman Williams. So, there's a couple of thoughts about that. Number one is the veteran has got to decide what type of business they want to offer and that comes with what are their experiences, what are the skills they offer—they have to offer the customer, in this case the federal government.

Number 2, what is the passion they have to wake up every morning and they're excited to do their business? Once they have those two, of course, they need to come up with a business plan, and the enormity of opportunities for vetting that business plan for assistance needs to be more informed to veterans.

And number 3, I would suggest that the mentorship program that I talked about can have an enormous impact. You know, when I was transitioning out of the military one of the things that during the TAP program they said is talk to all your bosses to ask them

to be a reference to help you find a job, especially the ones that liked you. And it worked out perfectly for me.

I talked to a boss and I ended up working for a large corporation until I started my business 10 years later.

Mr. WILLIAMS. Some of you or most of you may not know but I have been in the car business for over 50 years, 53 years, and still in the car business. I took over the family business from my dad and I am going to ultimately pass it along to my two daughters who work in the business.

Small business ownership as we all know is a family affair. And when veterans are thinking about passing along their family business there are few more things they must consider. And when a veteran retires the business risks losing their veteran designation if they do business with the federal government.

While some protections exist for spouses who take over a company, allowing a transition phase to the company to find non-veteran business. However, this is not the case when a veteran passes down their business to a child.

So, Mr. Hayduk, briefly in the time I have got left, do you think we should look at expanding the surviving spouse designation to include the children of veterans as well?

Mr. HAYDUK. Yes. I think that would be extremely beneficial and that is absolute one of the four points that I made the transition process. My son is sitting behind me and is a licensed professional engineer in my consulting engineering practice. It's a professional practice only another licensed professional engineer can take over or be an owner, a principal.

But although we had built it up to 50 people, and he is a partner in the business, a short time after my demise the business will cease to exist if he doesn't find a different person to take over as the SDVOB owner.

Mr. WILLIAMS. Well, that is good and I would just say to your son, father knows best, remember that.

Mr. HAYDUK. Oh, I know that.

Mr. WILLIAMS. Okay. I yield my time back.

Now I recognize Ranking Member Scholten for 5 minutes of questions.

Ms. SCHOLTEN. Thank you so much Mr. Chair and Mr. Tellier, that worked out quite well. I have some follow-up questions for you if you are still there. It is wonderful to have a fellow—

Mr. TELLIER. Yes, I am still here.

Ms. SCHOLTEN.—West Michigander here providing some incredible insights. Your business assists other companies in winning contracts with the federal government, a critical service.

What are the most common barriers that you see with small businesses who are seeking a government contract?

Mr. TELLIER. There's really no playbook in terms of what you should do, where you should start, and who you should talk to, and it can be as simple as a SAM.gov registration and getting your CAC and your UEI to inputting a SPUR score into PIII, into determining which agencies and departments are actually buying products and services that you have to offer.

And then you are asked to write a multivolume proposal to respond to an RFP or a solicitation and there's—you know, unless

you hire somebody to specifically do that, you know, you're relying on your own skills.

So, in my mind it's almost like trying to eat an elephant and trying to figure out where to start. And there's multiple access points but I think that the enormity of the information is definitely a barrier to a small business owner.

Ms. SCHOLTEN. And specifically, you know, do you feel that veteran-owned small businesses face those same challenges to a greater or lesser degree or about the same?

Mr. TELLIER. I think that—I think veteran-owned, veteran businesses have the same challenges as small business owners. I would like potentially see, you know, and there's been lots of testimony about the different set-asides and small business goals and diverse goals.

But really I think veteran businesses, if we had more access to capital and the ability to fund, and it doesn't have to be an insurmountable amount of money, but, you know, right now we help veterans, you know, buy homes. Could we help them subsidize a business venture? And then talent and finding people and getting them to participate in your business.

Ms. SCHOLTEN. Thank you so much. And in my remaining time, Ms. Brown, I actually wanted to ask you a couple of follow-up questions. I appreciate your testimony so much and your incredible service to our country through your family, all of you, your incredible service.

And I wanted to go back to something you said that just the remarkably high unemployment rates among military spouses and how you said that you contributed generally to an overall sense of instability and military readiness. I can see clearly how that could be the case.

I am wondering if you could share, you know, a few stories to help us for the record here as we continue to look for ways to support heroes like you?

Ms. BROWN. Well, thank you. Thank you for that question. I can certainly share my own personal story, but I have many others. I was a small business owner here in Washington, D.C., on that fateful day that I met what would become my husband a year later. He received orders overseas to take command and I had to exit my business.

So, I exited my business at a loss and then moved overseas and found myself unemployed and unemployable. I can tell you that while I proudly served alongside and supported my husband's service to the nation, you can't help but have it impact your marriage when you are, you know, trying to find a job and you can't find one and you have no place or purpose and money is tight and then kids come along.

So, I do think it impacts marriage and we know statistically that it impacts retention and recruitment and I think that all we're, you know, really looking for is an opportunity, a seat at the table. And when I noticed other military spouses that were unemployed like me, it became my goal to then help them. Look, you have a college education, you have a skillset, you have a passion, turn that into a business. Right?

You're a teacher, licensed, you can't get a job teaching, I'm going to help you turn it into a business. And we've done that over and over and over again. So, it's been an absolute honor, some of the stories and people that we've helped have just—could write a book about it.

Ms. SCHOLTEN. Thank you. Thank you.

Ms. BROWN. Sorry, I went over.

Ms. SCHOLTEN. No. That is very, very helpful testimony. I really appreciate you being here today. Thank you.

Mr. WILLIAMS. The lady—

Ms. SCHOLTEN. I yield back.

Mr. WILLIAMS. The lady yields back. I now recognize the distinguished Chairman Van Orden for 5 minutes for questions.

Mr. VAN ORDEN. Thank you, Mr. Chairman.

Mr. Hayduk, you have been very clear that you have not come here to criticize these federal programs and I would like to take that burden for you.

You sat here and you are—I mean it is amazing that you are praising the acumen of the government of the State of New York and their ability to make sure that veterans are employed in comparison to the federal government, which is—without using vulgarity I don't know how to describe the federal government's process at this point.

So, I just want to ask some stuff. Ranking Member Levin and I were responsible for the Transition Assistance Program. And that is how I have chosen to try to prevent veteran suicide, taking people that are productive members of the military and then immediately transition them to productive members of society writ large as civilians. I think we are going to, if that 24-month window where our men and women decide to take a permanent solution to a temporary problem.

And so, I really want to know, I am going to ask all three of you this, how do you think that Mike and I can change the Transition Assistance Program using your subject matter expertise? Because we don't have to ask the DoD. We can tell them.

What could we possibly do if you could just have a couple suggestions that Mike and I can take back to our Subcommittee and put that into the TAP program so that we can help our veterans become productive members of society. And I would like to write these down if that is okay, Mr. Belknap?

Mr. BELKNAP. Sure. Thank you for this opportunity. You know, thank you, Congressman, for this opportunity. You know, a couple thoughts. Number one is transition program that you help found is amazing and an incredible service to our departing veterans from the service and transitioning into the commercial world.

You know, I mentioned, I talked about the mentorship and how that helped me find a job, a corporate job after I exited. I would suggest that a similar way can happen with encouraging veterans to become entrepreneurs after they leave as well. And what that takes is a couple things.

It takes, number one, their realization that it's another way to serve their country for all the right reasons. We need a strong industrial base and they're contributing to our security in another manner.

Mr. VAN ORDEN. Sir, I do not mean to cut you short.

Mr. BELKNAP. Oh, sure.

Mr. VAN ORDEN. But the coach there is going to whap me with that gavel if we don't hit it. So, I have small business mentorship.

Mr. BELKNAP. Sorry.

Mr. VAN ORDEN. So, do you have another suggestion?

Mr. BELKNAP. Yes. So, the mentorship is huge and letting—informing, encouraging veterans that there is another way to serve their country.

Mr. VAN ORDEN. Very well.

Mr. BELKNAP. That is huge.

Mr. VAN ORDEN. Mr. Hayduk, do you have any specific recommendations for Ranking Member Levin and I to bring into the TAP program?

Mr. HAYDUK. With respect to transition you are talking about?

Mr. VAN ORDEN. That is correct, sir.

Mr. HAYDUK. I really don't know what the answer to that is. It is one of the things I discussed with Mr. LaLota's staff when they called and I spoke with them. It's a vexing problem, especially in the case of a professional practice.

But I do think that there should be some consideration of being allowed to keep the designation of SDVOB going for a significant period of time that could allow the firm to continue to exist both to members of the family and/or to others that you may have started to transition into.

Mr. VAN ORDEN. Sir, thank you very much.

I would like to give Ms. Brown a minute. Ma'am?

Ms. BROWN. Thank you for that question. Yes. I absolutely—so what you refer to, Derrick, is a sense of purpose. I sort of feel like that is what we do is we are helping people find their sense of purpose after service. First of all, I've been to TAPS. I've been—they do offer an optional session on entrepreneurship.

In my experience, whether it's good or not totally depends on who is teaching it. I've literally been in one, ended up stepping up and teaching the class myself because the person that was assigned to teach it had never started a business and didn't really know what they were talking about.

They were regurgitating government programs that were available. Well, that's great and all well and good, but when you're boots on the ground, you've got to make payroll, you really—you need real-world answers and solutions.

So, my suggestion is engage. The government needs to engage with organizations that are doing the work on the ground. Right? There needs to be more of that collaboration. We're cut off.

The SBA just launched a Pathways to Business for military spouses. And I mean, nothing against my SBA partners, but they are—it is not well attended and it's not—so why would they do that?

The last thing really quick. Post the G.I. Bill, okay, not all veterans and their family members want to go to college. Right? Please start the conversation. Iver 80 percent of our business owners right now, veteran-owned are over 70 years old.

Mr. VAN ORDEN. Ms. Brown, my time has expired.

Ms. BROWN. Thank you.

Mr. VAN ORDEN. I yield back.

Mr. WILLIAMS. The gentleman yields back.

I now recognized distinguished Ranking Member Mike Levin for 5 minutes of questions.

Mr. LEVIN. Thank you, Mr. Chairman. And I just want to associate myself with Chairman Van Orden's question and obviously look forward to working together to figure this out.

Ms. BROWN, I want to thank you for everything that your company is doing, so much great stuff here, but I wanted to ask a couple specifics.

One about younger veterans, so a recent SBA report indicated that millennial veterans are less likely to start new businesses than non-millennial veterans. What do you think we need to do to ensure that younger veterans are starting small businesses?

Ms. BROWN. Another great question. So, millennial spouses are more likely to start a business than millennial veterans. Okay. So, I would argue, again, it's a family affair, as you described. Engage with those spouses.

Military spouses, whether veteran or Active Duty, make, we all know, the majority of final decisions, housing decisions, school decisions for military families. We are missing, we are coming in the 9th inning when it comes to engaging military spouses.

And again, the way to do that is not to create yet another government program necessarily, but really engage and get advice from those of us that have been doing it for almost 13 years. So, I think that's a huge part of it and the younger ones are—you know, they have a lot of advantages that the older folks like me in my 60s didn't.

We didn't have access to the internet or eComm and all that come of stuff. That's really what they're gravitating toward. So, build the TAP program and that training program to be meaningful to them. Right? To meet them where they are, that's my advice.

Mr. LEVIN. Yeah, any idea on further specifics? You know, obviously we really appreciate the feedback.

Good segue to my next question, which is about military spouses. We have been pushing the Bureau of Labor Statistics to work with the DOD to better track monthly employment data for military spouses over time similar to the data they collect on veterans.

We don't currently have reliable monthly data on military spousal employment. So, it is hard to track the success or failure of policies to support them. Can you share—and I know you work with tons of spouses. Can you share what barriers the spouses are facing when they are trying to start a new business?

Ms. BROWN. Well, as I mentioned before, access to capital being embraced by the federal government since that's definitely something that you can affect, but really at the end of the day it is a network. We've been training, like I said, tens of thousands for more than 12 years.

What we hear afterwards, those that graduate from our program, it's not just the quantifiable impact that we've made, right, helping them get started, make money. But it's the qualitative impact. They feel like they belong to a community. They're not afraid to, you know, move into becoming an entrepreneur, creating that kind

of support system is overwhelming what we get from them that that's what mattered.

It was almost for them that impact was greater than making money. And oftentimes these are just kitchen table small businesses. They just want to bring in enough money so they can make a car payment, maybe go on a family vacation.

We're not talking about the next Microsoft, although we do have military spouse businesses that are in the—you know, a lot of money, over millions, tens of millions, hundreds of millions of dollars. So, they are out there.

So, I hope did that answer your question?

Mr. LEVIN. That is helpful. I am going to turn to Mr. Tellier.

Can he hear me, maybe? There he is. Hello, can you hear me? Maybe not. I think we are having communication trouble with Mr. Tellier.

Mr. TELLIER. I can.

Mr. LEVIN. Oh, there. Can you hear me?

Mr. TELLIER. I can hear you.

Mr. LEVIN. All right. I will go—

Mr. TELLIER. Yes, sir.

Mr. LEVIN.—fast as I can.

Mr. TELLIER. I can hear you.

Mr. LEVIN. So, your company is a service-disabled veteran-owned small business helping other businesses obtain contracts with the federal government. Congress passed a law late last year eliminating the ability of a small business to self certify that it meets all the requirements of a service-disabled, veteran-owned small business.

So, a question for you is have you heard any concerns about SBA requiring businesses to submit their request for certification by December, this December when the SBA currently has no process to allow service-disabled veteran-owned small businesses to submit an application.

Mr. TELLIER. Yes. It's problematic if you're requiring certification and the body is—the agency does not have a mechanism for you to certify. I went through certification—

Mr. LEVIN. I am out of time. Maybe we can take this back for the record and work on it. And I appreciate it and yield back.

Mr. WILLIAMS. The gentleman yields back.

And now I recognize Representative Maloy from the great state of Utah for 5 minutes.

Ms. MALOY. Thank you, Mr. Chairman.

I am a Member of the Small Business Committee, so I am interested in keeping main streets vibrant and economies vibrant. I am also interested in supporting veterans so they can thrive after service and military families, they can thrive during service.

I am not a veteran. Two of my four brothers are. And I have watched my family go through multiple deployments. I have seen my brothers navigate two very different educational situations, one educated by the military, the other one having his education constantly interrupted by deployments. And I have watched my two sisters-in-law navigate very different family situations during service.

And so, I want to say thank you for being here. Thank you for talking about this. It is really important. We thank veterans for their service all the time and I think one of the best ways we can thank veterans for their service and their families for their sacrifice is to make sure that you can thrive in our economy.

So, since this is something that my colleague, Mr. Van Orden has a lot more experience with and I know he had questions he didn't get to, I am going to yield the rest of my time to him to follow up with you on the rest of the questions he has so that we can get the right answers. Thank you.

Mr. WILLIAMS. The gentlelady yields.

Mr. VAN ORDEN. All right. Thank you, gentlelady.

As I said, Mr. Levin and I are on the Economic Opportunity Subcommittee for the VA, Mr. Hayduk, and what we have noticed is that the VA is at its core the bureaucracy is incredibly incompetent. I get all my healthcare through the VA, including these raging glasses.

And everybody that claims that VA facility, the folks that check you in on the desk and provide medical care are aces. They are just—I am so proud of them. But when we get up to D.C., it becomes convoluted.

So, the VA is so dysfunctional that veteran suicide is increasing although we have given them \$120 billion since 9-11. So, they recognize their dysfunction and they started something called the Staff Sergeant Fox Grant Program, where we give the VA money, and then they find organizations that are functional and they give the money that we give them to the organizations that are actually doing the work.

And although I do not encourage this, I would not like to be an enabler, I am wondering if the small business—the SBA were to have a program like that was specifically designed to cater directly to veteran-owned businesses as a clearinghouse to kind of skip all the rest of this noise and the static that we hear.

Do you think that that would be beneficial to you guys? I will start with you, Mr. Belknap.

Mr. BELKNAP. I can see some—I can see some benefits to doing that, certainly. I think that a lot of this is awareness. Veterans, you have to make veterans aware of the programs that are out there. There are enormous amounts of opportunities, you know, SBA, SBDC, VOPC, et cetera.

So, they need some awareness to it and they also need some more awareness to some of the civilian organizations that offer free counseling and facilitation of veterans to start business, like NSVA, like National Veterans Small Business Coalition, I'm on the board of both of them. You know, somebody asked me for a scholarship to join an organization, as a Board Member I wouldn't hesitate to help him. And I know others feel the same way.

Mr. VAN ORDEN. Mr. Hayduk?

Mr. HAYDUK. I believe that this falls right into a project that we have a proposal into the VA right now for privatization of the operation and maintenance of the VA wastewater treatment facilities at Northport.

I was in government for a 5-year stint as the commissioner of Public Works, as the Chairman had mentioned. And I think that

there are many ways in which the private sector could do some of the work that government does better than the government does, and there some things that we shouldn't be involved in, but I do think that there are things like that that would work very well.

Mr. VAN ORDEN. I would love to follow up with you. Ms. Brown, do you think that it would be beneficial if the SBA had a cadre of people that are specifically assigned to helping military veterans and after duty servicemen and -women to get grants and facilitate starting and running small businesses, ma'am?

Ms. BROWN. And military spouse, of course.

Mr. VAN ORDEN. Of course.

Ms. BROWN. Absolutely.

Mr. VAN ORDEN. Yeah. I am married to one or was. I mean, I am still married to her, but I am not in the military any longer. Did you hear that, Sarah? Write that down.

Ms. BROWN. That's called a veteran spouse. And yes, absolutely. I mean I—again nothing against and I work closely with the SBA's Office of Veteran Business Development. I have applied multiple times to be on their advisory council and have been turned down every time. As far as I know they've never had a military spouse on that. So, that's one issue.

I also, again as I mentioned, there are the majority of—sorry, I'm looking at the time. To answer your question, yes. First of all, they need to be turning to the experts. Right.

Mr. VAN ORDEN. Yep. Ms. Brown, my time has expired. I will take that as yes. I appreciate that greatly.

Mr. Chair, I yield back.

Mr. WILLIAMS. The lady and gentleman yield back.

I now recognize Representative McGarvey from the great state of Kentucky for 5 minutes.

Mr. MCGARVEY. Thank you, Mr. Chairman. It is great to be here today. I have the honor of serving on both of these Committees, Small Business and Veterans. I am thrilled we are meeting together and not just simply at the same time. It is great to see this because I am going to take a little different tact here.

I think between the Small Business and the Veterans we are hearing about this a lot, but there is really a lot of synergy that we can create between these two Committees and what we are seeing with veteran entrepreneurs and veterans and what we are seeing that makes the small business community great. Because I know I am a little bit preaching to the choir here, but small businesses not just are the backbones of our economy, they are the ones who are spearheading innovation in this country. They produce 14 times more patents than large businesses and universities and they employ nearly 40 percent of America's scientists and engineers.

Now, of course, why are they more innovative? They are more innovative in large part because they are more agile than these larger companies. They have the incredible ability to execute new ideas quickly.

And I think these two Committees should consider how we build the best qualities of small business, especially that innovation, into federal agencies. And I think we should start with not just veterans but the Veterans Health Administration.

The VA should embrace the opportunities to leverage small innovative business solutions that can expand and go beyond contracting preferences and entrepreneurship programs we have heard about today. We should give the VA a fifth mission, innovation. Think about it. The VA is the largest integrated healthcare system in the country. It serves over 9 million veterans, caregivers, and survivors.

The VA is also a massive medical research institution with billions, billions in both public and private funding each year, spearheading discoveries in health impacts of things like toxic exposure, brain injury, and trauma, as well as developing novel treatments for a variety of cancers and other chronic health conditions.

VA is also our largest medical training organization, training more than 75 percent of practicing clinicians in this country. But the VA cannot do this alone. There needs to be a complementary relationship between small businesses and large systems like the VA. One brings agility, the other brings scale.

So, Mr. Tellier, if the VA adopted innovation as a fifth mission that was empowered to develop and invest in solutions with small businesses more effectively especially service-disabled, veteran-owned small businesses who know the veteran and caregiver challenges best, what would that mean for the SDVOSBs?

Mr. TELLIER. I think it's another opportunity for them to pursue a federal contract especially with, you know, being technology related. And there are several programs out there right now, the small business innovation and research grants that could be a model that you could use to develop opportunities for SDVOSBs to partner and pursue technology opportunities.

Mr. MCGARVEY. Just a follow-up question because those traditional far-based acquisition, it offers helpful service-disabled veteran-owned small businesses preferences, sole-source and set-aside options, but those preferences are still difficult to understand, access, and navigate.

What are some of the hardships that veteran-owned small businesses face when seeking out a partnership with the federal government?

Mr. TELLIER. They don't necessarily understand what the requirements are. And if they—if the requirements are well-documented, in many cases they don't have the depth and breadth of providing the entire solution.

And so I think it was mentioned earlier that SDVOSBs in many case can't pursue super large, very large contracts, and so maybe if we take bite-size pieces in terms of scale and deployability that might be a better course of action.

Mr. MCGARVEY. Thank you. And just with the 30 seconds we have got left, Mr. Belknap, I will ask you the same question about those SDVOSBs. What are some of the hardships they face when seeking out these partnerships with the federal government?

Mr. BELKNAP. Certainly, you know, access to capital is one of them that has to be overcome. The second thing is, you know, in seeking federal government contracts I have run across a number of conditions where there wasn't funding for it, so when I am sure there is funding for the contract or for the initiative to come to fruition.

Mr. MCGARVEY. Thank you so much. Mr. Chairman, I yield back.

Mr. WILLIAMS. The gentleman yields back. I now recognize Representative Chu from the great state of California for 5 minutes.

Ms. CHU. Thank you. And I would like to address this to Lieutenant Tellier. Lieutenant Tellier—

Mr. TELLIER. Yes.

Ms. CHU. Yeah. Okay. Good. Great. You mentioned that many important initiatives catered specifically to veterans sometimes reach veterans too late when they have been out of service for years or even decades, when they have already been rejected for lines of credit, or when their business have gone under. Can you talk more about the importance of reaching veterans who have long since transitioned from Active Duty? What are some ways that we can better reach this population?

Mr. TELLIER. You know, that's a great question. And I've observed this just recently where a veteran and a servicemember who spent 30 years in the service, you know, retired and then what they do is they find themselves on an island, if you will.

And I think if you look at the age and demographics of the VA, the VFWs, American Legions, Moose, you know, their memberships are dwindling and so the isolation is not intentional. It's just we have an esprit de corps and a support network while we're in the service and then that disappears when we exit.

So, I think networking and finding partners that can reach those veterans and whether they're starting a business or they're just trying to integrate themselves back into the community is a great start and once we can connect with them, then we can educate, aware, mentor, and then help them whether they are starting a business or they're trying to be a productive member in the community. And I think it also has an impact on suicide.

Ms. CHU. Thank you for that. Lieutenant Tellier, last year the SBA established the L.A. regional Veterans Business Outreach Center at Long Beach City College, which was the first VBOC in Los Angeles County. This was actually a great step forward because before that the closest center to my district was hours away in San Diego.

But while Long Beach is still a long drive for my constituents, we do have two small business development centers, or SBDCs, within our district, each with great relationships with the community.

How can the Veterans Business Outreach Centers, who help administer this transition assistance program better, coordinate with SBDCs to serve veterans, particularly in areas that may not have a close-by center?

Mr. TELLIER. I think with the technology and I'm definitely—because I called in for Zoom, I think the VBOCs, you know, should develop partnerships with the SBDCs and make sure that the growth groups and the people handling the finances, the business plans are aware of veterans and opportunities to connect. And we can do it virtually. Also, I think it's a responsibility for veterans who are pursuing businesses to seek out these types of resources and I also throw the APEX in there as maybe a common glue.

And so, if we're all kind of working together towards a common goal of helping veteran entrepreneurs I think that's a good way to do it, and they don't necessarily have to come face to face. We can do it virtually.

Ms. CHU. Got it. Lieutenant Tellier, as a small business owner yourself, who is a veteran and someone who provides assistance to so many small businesses, can you talk about the obstacles you have seen veterans encounter in accessing capital?

This is why I am a big proponent of community advantage which specifically serves veteran-owned businesses. It helps fill in the gaps. But can you talk more about these obstacles?

Mr. TELLIER. Absolutely. And the SBDC was actually instrumental in us achieving a line of credit where they actually helped us interview perspective financial institutions and then ultimately make a decision on a line of credit.

But, you know, when you exit the service and as been mentioned earlier that, you know, you don't have a very big war chest. I moved 8 times in 11 years, didn't have a lot of money when we came out of the service, and so if you go into a lending institution that's going to be tough.

If you're going into some of the trades or construction, you need bonding and so there's a lot of financial barriers that you—that preclude you from pursuing contracts—

Mr. WILLIAMS. The gentleman's time is up.

Mr. TELLIER.—because you're unable to do that.

Ms. CHU. Thank you. I yield back.

Mr. WILLIAMS. The lady yields back.

I would like to thank our witnesses today for your testimony and for appearing. We appreciate you coming here. And thank you for your service, all of you.

And without objection, the Members have 5 legislative days to submit additional materials and written questions for the witnesses to the Chair which will be forwarded to the witnesses. I ask the witnesses to please respond promptly if that happens.

And if there is no further business, without objection, the Committee is adjourned.

[Whereupon, at 12:22 p.m., the subcommittees were adjourned.]

A P P E N D I X

U.S. House of Representatives

**Committee on Small Business
Subcommittee on Contracting and
Infrastructure**

**Committee on Veterans Affairs
Subcommittee on Economic Opportunity**

**Joint Subcommittee Hearing: "Leveling the Playing Field: Examining the Landscape of
Veteran Owned Small Businesses"**

Testimony of William J. Belknap, Sr.

July 23, 2024



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On Behalf of the National Small Business Association

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Testimony of William J. Belknap, Sr.

July 23, 2024

Chairman LaLota, Chairman Van Orden, Ranking Members Scholten and Levin, Subcommittee Members, thank you for holding today's hearing on the experiences of veteran entrepreneurs. My name is Bill Belknap, and I am President of AEONRG LLC., a VA-certified SDVOSB in the federal contracting space, providing construction services for federal clients. I am grateful to be here today on behalf of the National Small Business Association testifying on an issue that is vitally important to our economy, and national security, as well as to me personally.

Before my work in the private sector, I completed a 20-year Army career. I graduated from the United States Military Academy, West Point and the Army's Ranger and Airborne Schools before serving my first 10 years in various command and staff positions with Armor combat units domestically and overseas. Subsequently, for my next 10 years, I was assigned to the Army's Acquisition Corps. There, I served in positions such as Construction Contracting Officer, Deputy Army Installation Commander overseeing construction projects, M1A2 Abrams Tank (Army's first digital major weapon systems platform) Project Office, again both domestically and abroad. I culminated my career as Director, Army Science Board (ASB), in The Pentagon. At that time, the ASB's focus was to develop studies and recommend actions the Army to transform from being Cold-War-based to Information-Age-based. After leaving the service, I spent 10 years with

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a large pharmaceutical company as a site General Manager where I also filled the lead facilities and operations role during four corporate acquisitions.

My "dream" job was starting and growing my own company. The training, assignments and experiences I received in the military were a catalyst for becoming a veteran entrepreneur. The military taught me leadership, how to organize and lead teams. The military taught me how to obtain resources and execute a plan for success—all skill sets directly applicable to starting, leading and growing my company. While in the military, I learned federal government contracting to become a construction contracting officer. I learned how to manage construction projects in another assignment. These skill sets and my entrepreneurship passion were a natural "fit" toward starting and owning a construction business and providing construction services to federal government clients.

To prepare, I took federal government contracting refresher courses and tapped into numerous other federally sponsored organizations (SBA, SBDC, VOBC, SCORE, NVSBC and VIP) to vet my business plan and receive ongoing training. I then contracted with numerous state and federal government entities before finding my "best fit" for AEONRG LLC to provide construction services primarily to Veterans Affairs Medical Centers. As a veteran myself, and now an entrepreneur whose business is designed to continue the spirit of service, veterans' issues are central to my life and work. Moreover, having worked in both internal government procurement and operational roles as well as external private sector contracting roles, I have been fortunate to experience both sides of the federal contracting and procurement process.

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Veterans make up a substantial portion of the small business community, with recent SBA data revealing that veterans own roughly two million businesses nationwide, employing nearly five-and-a-half million Americans, with payrolls exceeding a quarter of a billion dollars annually.¹ In addition, according to the National Veteran Small Business Coalition, there are 47,000 veteran small business government contractors throughout our country. This substantial footprint illustrates the appeal of entrepreneurship to veterans and their families. Despite the allure, however, veteran business owners face unique and persistent challenges. As a result, the Congressional Research Service (CRS) has recently noted that "... some data suggest that younger veterans are not undertaking entrepreneurship at the same rates as prior cohorts, which could signal fewer veteran business owners in the future."² Even more alarming, in a 2023 article in Forbes Magazine, author Andrew Glaze states, "After WWII, nearly 50% of veterans went on to start businesses. [However,] in 2016.... only 4.5% of post-9/11 vets had gone on to become entrepreneurs or build businesses. This represents a roughly 90% drop."³ To ensure that veterans continue to open and operate the small businesses that form the backbone of America's Main Streets, we need to invest time and energy in developing both tailored and broad-based solutions to support veterans eager to start and grow their businesses. Moreover, during the Nation's next crisis, federal agencies will need high quality, procurement-ready-trained veteran entrepreneurs to support successful and critical agency operations.

¹ U.S. Small Business Administration Office of Advocacy. "Facts About Small Business: Veteran Ownership Statistics." <https://advocacy.sba.gov/2023/11/07/facts-about-small-business-veteran-ownership-statistics> 2/.

² Congressional Research Service. "Federal Contracting by Veteran-Owned Small Businesses: An Overview and Analysis of Contemporary Issues." <https://crsreports.congress.gov/product/pdf/R/R47226>.

³ Glaze, Andrew. "What Happens When Veteran Entrepreneurs Get the Funding and Support They Need." Forbes. <https://www.forbes.com/sites/forbesfinancecouncil/2023/01/04/what-happens-when-veteran-entrepreneurs-get-the-funding-and-support-they-need/>.

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Some good news is that with recent initiatives, Veteran entrepreneur spirit and interest is expanding as it is now a suggested opportunity track for veterans leaving the service—introduced at TAP (Transition Assistance Programs) and now among Service Academies' Association of Graduate programs. In addition, the NDAA signed into law in December 2023 increases veteran set aside goals across all federal agencies from 3% to 5% and will open tens of billions of dollars of new federal contracting opportunities for veterans. The law also mandates that veteran business certification is now required at all 24 federal agencies that participate in the SBA set-aside program. Former veteran business "self-certification" for veteran prime contracts ended 12/31/2023 and for veteran sub-contracts ends 10/1/2024. These measures strengthen both the opportunities for- and integrity of veteran federal government contractors. However, despite these victories, the work is far from over.

Given that federal agencies are in competition with commercial organizations for quality vendors, the federal government must act to make it more attractive and more efficient for veteran entrepreneurs to become federal government contractors.

Actions needed include:

1. Simplification of government solicitations/contracts. The first impression is a lasting impression for veterans departing the Service, choosing entrepreneurship and choosing whether to pursue commercial or federal government venues and business opportunities. Typical federal government solicitation/contracts may have 100-150 pages compared to corporate solicitations which tend to be one-tenth of the page count. Many veterans lament federal government contracting as too "complicated." One possible solution is for many of the FAR and agency-specific clauses (that sometimes take up

50% of the number of pages in a solicitation) to be migrated to periodic one-time registration entities such as SAM.GOV (yearly) or SDVOSB renewal (every 3 years) etc. Counselors at SBA and/or SBDC should be readily available during the registration process to review/explain FAR and other federal government clauses during contractor recertification. This relatively simple change would cut the paperwork associated with federal contracts in half. The federal government should also review corporate/industry *best practices and incorporate more of these in federal government contracting.*

2. Ensure that agencies recognize and incorporate that Military experience "counts" toward proposal past performance/experience. Too often federal agencies mandate in their solicitations that prior government contracting experience is required. It's a "Catch-22." A veteran entering the federal government contracting space and proposing on a solicitation may not have prior government contract experience. Commercial industry values prior military experience and skills. The federal government must mandate that each agency has a policy to ensure that their military experience and qualifications count toward acceptability and competitiveness upon evaluating proposals and selecting contract awards.
3. Accountability of federal agencies meeting and facilitating set aside goals. It is too easy for agencies to "lump" services together into one very large solicitation that only large businesses could legitimately propose and win. Our country needs substantially more procurement-ready small businesses to encourage innovation, new idea generation, and the ability for federal agencies to competitively choose from numerous quality vendors. "Lumping" services together stifles small businesses, limits competition and ultimately puts our Nation at risk during the next crises by limiting the vendor pool. The federal government should develop a "carrot and stick" approach to incentivize agencies

meeting their various small business set-aside goals to include veteran set-asides. Hold them accountable.

4. Promote Veteran entrepreneur mentorships. Leaving the military service and entering commercial business to many veterans is a "cultural shock." In the military, service men and women are "told" where they will serve their country, what they will wear, how they will address their superiors etc. A veteran leaving the service and desiring to become an entrepreneur or federal government contractor will greatly benefit from mentoring by another veteran that has successfully transitioned. Veteran mentorship programs should be researched in more depth for their most effective parameters. Then, they should be creatively incorporated into veterans' programs and literature, such as utilization of the GI Bill, and information offered to veterans during their visits to VA Medical Centers. The government should also be actively partnering with numerous well-known veteran organization such as the American Legion, Veterans of Foreign Wars etc., to help reach veterans where they live. Congress should mandate the SBA or VA organize a special Task Force comprised of veteran entrepreneurs and industry experts on ideas and recommendations for developing veteran entrepreneur mentorships.
5. Self-reporting performance. All Agencies must incorporate modern, most efficient acquisition best practices. During the execution of federal contracts, agencies should emphasize contractors' self-reporting of their own performance. Agencies should adopt a best practice that when a challenge in the execution of a contract occurs, the contractor immediately notifies the agency administrator so that the agency and contractor work together to resolve the issue. Most companies take great pride in their performance and want to earn the agencies' trust and confidence. This is in contrast to the methodology of the agency "inspecting every hour" and "micro managing." Instead, agencies should

conduct periodic time-and-place audits, to review vendor progress. Similar methodology already exists in many Private/Public Partnerships—an efficient manner of conducting business and executing statements of work in contracts.

6. Agency Acquisition Training. Robust standardization and incorporation of modern acquisition best practices and similar contracting and contract management methods among all agency acquisition officials will promote the liquidity of veteran entrepreneurs to serve different agencies and increase and spread the flow of talent among them.
7. Increase Maximum SDVOSB Sole-Source Thresholds and use 8A Sole Source regulations in SDVOSB Sole Source Contract Awards. The federal government should incorporate the same rules that are used in 8a contracting into SDVOSB Sole-Source Contracts. Increasing the threshold without changing the rules by which sole-source can be used for SDVOSB set-asides is not effective nor meaningful. Sole-source isn't used by the contracting force for SDVOSB contracts – not because of the limit but because of the rule's requirements. Change the rules to match those of the 8a sole-source requirements and you will see sole-source become a tool that is more effective for SDVOSB. For reference, the rules for SDVOSB in the FARS are about a paragraph long. For 8a they are multiple pages. Offering to increase the threshold is a way of placating the SDVOSBs without really doing something that has an effect. Of course, we would always support a threshold increase – but we don't want that to be seen as a golden ticket when it simply isn't without rules changes.

In addition to these suggestions, NSBA would also encourage the Committees to look into:

1. Development of VOSB Set-Asides. One possible area for improvement would be the development of specific set-asides for veteran-owned small businesses (VOSBs),

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separate from existing opportunities for service-disabled veteran-owned small businesses (SDVOSBs). By increasing the total pool of set-asides, we help ensure that veterans—regardless of injury status—are able to actively participate in the federal contracting marketplace, and, importantly, we would not dilute, disadvantage, or reduce opportunities for participants in the existing SDVOSB program.

2. Increase the Maximum Sole-Source Contract Award Thresholds. Congress could also take action to increase the maximum sole-source contract award thresholds for which SDVOSBs are eligible, or increase the regularity of inflationary adjustments. Currently, these thresholds are \$4 million for non-manufacturing contracts and \$7 million for manufacturing contracts. While these may seem like big numbers, especially for small businesses, these thresholds have not been updated significantly in years. These limits were initially enacted as a part of the Veterans Benefits Act of 2003, when the figures were set at \$3 million for non-manufacturing and \$5 million for manufacturing contracts. While set up to update for inflation on a five-year schedule, that term length creates limitations on which small businesses are able to pursue these contracts, as small businesses are more sensitive to inflationary pressures than corporate giants. For example, adjusted for inflation since passage, those initial figures would equate to over \$5.1 million for non-manufacturing and \$8.5 million for manufacturing contracts as of June 2024. At a minimum, this means that a sole-source contract awarded in 2024 may be worth more than \$1.5 million less than if the contract were awarded after October 1, 2025, when the thresholds will next be updated. That is more than a 21% difference. Recognizing the downward pressure these limitations place on SDVOSBs, Senator Cardin added an amendment to the initial Senate-passed National Defense Authorization Act of 2024 (NDAA) which would have increased the defense contracting

thresholds to \$8 million for non-manufacturing and \$10 million for manufacturing contracts. While this amendment did not make it into law, we urge support for similar actions in the future, as well as any that hasten the speed of inflation adjustments.

In conclusion, on behalf of the National Small Business Association, I'd like to reiterate the small business community's thanks to the Committee for its attention to these issues, and I look forward to answering any questions.



TESTIMONY OF STEPHEN G. HAYDUK, P.E.

**BEFORE THE SMALL BUSINESS COMMITTEE AND VETERANS AFFAIRS
COMMITTEE ECONOMIC OPPORTUNITY SUBCOMMITTEE**

JULY 23, 2024

Good morning, and thank you to my Congressman, Nick LaLota and to all of you for inviting me to appear before you today.

I enlisted in the Army in 1968 and served as a Helicopter Crew Chief in the US Army's 57th Assault Helicopter Company in Vietnam, known as the Gladiators.

I returned home and attended college on the GI Bill and founded my own consulting engineering firm in 1984.

Hayduk Engineering is both a NYS certified Service-Disabled Veteran-owned Business (SDVOB) and a federally certified Service-Disabled Veteran-owned Small Business (SDVOSB)

Our company is well-respected on Long Island and has grown significantly as a result of the State SDVOB program.

Under the State program, all contracts issued by any state agency include a set aside of about six percent for service-disabled veteran-owned small businesses.

Under the State program, prime contractors have no choice but to seek out an SDVOB to serve as a sub-contractor.

Our firm gets inquiries every week from companies pursuing contracts with the State asking if we will agree to be part of their teams.

Getting work under the federal program has been more challenging.

I want to emphasize that I am not criticizing the federal program, but instead offering my observations about the differences between the State and federal programs.

The federal program apparently does not include the same requirements that the New York State program does for winners of all contracts awarded to include an SDVOB on the project team.

Under the State program, our firm has been awarded hundreds of engineering contracts, helping to create dozens of new jobs at Hayduk Engineering, from less than 10 employees in 2015 to nearly 50 today.

Under the federal program, we have been awarded one contract, for technical design of an upgrade of the sewage treatment plant at the VA Medical Center in Northport, New York.

We completed that work successfully and have a great working relationship with the staff at the VA's Northport facility.

We would like to provide engineering support for other federal agencies that operate facilities on Long Island.

Our firm is well respected on Long Island and has been recognized for the high quality of our work.

We are notified regularly by local governments about opportunities for new work as it becomes available. Receiving the same kind of notice about federal procurements in our region would be helpful.

Instead, our staff is left to attempt to identify pending federal projects by navigating their way through federal procurement notices on the internet.

That system, SAM.gov, is more complicated than it should be. The search engine is cumbersome and when you apply different search filters to try and identify opportunities by region or by business classification, it either yields sometimes many irrelevant results or sometimes very few results, but not often are they applicable or relevant to our business type and location.

Because it uses a nationwide database, our staff are searching through projects all over the world that we could never pursue.

For a small business, paying staff to dedicate work hours to that process is not an efficient or cost-effective use of resources.

Another issue that is common to any program intended to help small businesses is the need for sustained economic growth.

If a program helps to create dozens of new jobs, we should have a shared goal of making sure the people we hire can rely on those jobs to continue.

The issue I'm raising relates to the need for a transition period for businesses that do grow as a result of the program.

Right now, there is no glide path for a transition to protect a business and its employees in the event a veteran owner passes on or leaves the business.

The intent of the program is to help businesses expand and to create new jobs. But if a state SDVOB or federal SDVOSB certification is lost abruptly, the business could face an instant reduction in work flow, meaning loss of jobs for those who have benefitted from the success of the program, or in the worst case, closure of a business.

A transition process to allow companies to reduce their reliance on SDVOSB or SDVOB certifications over time would protect businesses and employees from an abrupt loss of work and jobs.

In closing, there are several things that could make the SDVOSB program more effective and easier to participate in:

- 1) Consider modifying the program to require a broader set aside on contracts issued by all federal agencies, similar to the approach taken in the State program.
- 2) Consider establishing a proactive notification system, alerting certified SDVOSBs of procurements of services by federal agencies that they could qualify for.
- 3) Consider improving the Sam.gov website's search filtering capabilities to be more accurate and user-friendly.
- 4) Consider creating a transition process to protect companies and their employees from the loss of jobs that could result from abrupt termination of certifications under both federal and state programs when a veteran passes away or leaves the business.

Thank you for allowing me the opportunity to speak to you today.

TESTIMONY OF STEPHANIE BROWN
CEO and FOUNDER, THE ROSIE NETWORK and
U.S. MILITARY SPOUSE CHAMBER OF COMMERCE

Jul 23, 2024

I am the daughter of a Vietnam Veteran turned small business owner, the widow of Rear Admiral Tom Brown who served 30 years in the SEAL teams and the mother of two boys raised in the military.

I founded The Rosie Network over 12 years ago and since then, we have provided our national award-winning, college-accredited Service2CEO program and mentoring to tens of thousands of transitioning service members, veterans, and military spouses seeking the American Dream of small business ownership. We represent more than 30,000 military affiliated small business owners around the globe.

While we serve active-duty, veterans and military spouses, today I would like to speak on behalf of the 48% of the American military spouses who have chosen small business ownership as a viable & portable career.

Why? Because despite our best efforts, military spouse unemployment and underemployment - *described by DoD leaders as a 'national security crisis'* - has remained statistically unchanged for more than a decade::

- At 20-24% the unemployment rate for military spouses is 4x higher than the national average.
- The cost to American taxpayers is between \$700M and 1.2B per year.
- More importantly, it causes financial insecurity and stress on our military families and impacts mission readiness, retention, and recruitment.
- When we are employed, we make an average of 25% less for the same job as our civilian counterparts.

Small Business Ownership is changing the Military Spouse employment landscape, but we need your help.

Based on the U.S. Military Spouse Chamber of Commerce's internal data from more than 4,000 of its members, we know that:

- 87% of our members are women
- 80% are married to spouses who are still serving
- Collectively, they employ over 120,000 people, more than 80% of those are fellow military spouses & veterans

Their TOP challenges are:

1. 92% - ACCESS TO CAPITAL

- a. 88% of our members are SELF-FUNDED
- b. Of the 12% that sought funding - 90% were turned down
- c. Financial institutions tend to view military spouses as 'less than favorable' due to their nomadic lifestyle and gaps in their resume.

2. 90% - LACK OF MENTORING / TRAINING

- a. Right now, The Rosie Network Service2CEO program has a six-month waitlist because we lack the resources to hire more qualified instructors.
- b. Rather than the government building a new training program that very few attend or would recommend, why not support the service organizations already doing the work on the ground. Hold them accountable, but
- c. .. PLEASE do not make these 'REIMBURSEABLE' grants often paid up to 90 days later. No forprofit company can or would be expected to operate on those terms.

3. 73% - WANT GOVERNMENT CONTRACTING OPPORTUNITIES

- a. Military spouses need to be designated as an ECONOMICALLY DISADVANTAGED CATEGORY to open up access to capital, contracting

opportunities and other resources. **I want to give a shout out to the Army's Office of Small Business who are actively doing business with military spouses and tracking their spend! We need more federal agencies to step up.**

- b. Three years ago, Military Spouse Chamber rolled out the first industry-standard Certification for Military Spouse-Owned Enterprises, which we offer for free. Today, we are in the top 2% of the fastest growing chambers nationwide and a number of Fortune 500 companies recognize and accept our certification.
- c. If the private sector will not accept SELF-CERTIFICATION, why should the government? There needs to be reciprocity with vetted third-party certifiers.

4. 43% - FACE LICENSING ISSUES

- a. Some progress has been made, but more needs to be done.

A military spouse-owned mobile veterinarian small business maintains active licenses in three states and has moved with her active-duty spouse 12 times in 20 years.

Military spouses have earned a seat at the table through our 'silent service' and sacrifice on behalf of our nation. In my many decades, not one service member or veteran has ever said 'don't help my spouse.'

In conclusion, investing in our military spouse small business owners is an investment in our military families, our economy and our country.

Thank you and I look forward to your questions.

Stephanie Brown / sbrown@therosienetwork.org

**“Leveling the Playing Field: Examining the Landscape of
Veteran Owned Small Businesses” – 22 July 2024**

Good Morning

Thank you for inviting me to the committee hearing and allowing JetCo Solutions the opportunity to discuss the entrepreneurial spirit of veterans and the challenges we face as small business owners.

My name is Jon Tellier. I am a Veteran business owner and a soldier for life. My soldier journey began as far back as I can remember -- a young boy playing with green plastic Army men and keeping a scoresheet of Army trucks and jeeps I sighted during my annual visit to see my father at Camp Grayling in Northern Michigan.

Football allowed me to attend the United States Military Academy in 1985 – the same year Army beat Michigan State in the inaugural Cherry Bowl at the Superdome. Ironically, my journey began at the same leadership institution as my namesake - Jon Edward Bokovoy, USMA Class of 1957 and a friend my father served with in Vietnam. This learning experience was then followed by training at the Army's Airborne and Ranger School.

My first assignment was with the 3d Armored Division in Gelnhausen, Federal Republic of Germany where I was to witness the fall of the Berlin Wall and the curtailment of Communism. I also deployed to Iraq in support of Operation Desert Shield and Storm. I was very proud to participate in the offensive in response to Saddam Hussein's invasion of Kuwait.

I also had the privilege of defending Armerica's freedom as a member of the 82d Airborne Division at Ft Liberty. We had

several two-hour recall notices and I exited active duty in the summer of 2000 after 8 moves in 11 years achieving the rank of Major.

Some might say this is where my journey stops, but actually a new chapter was forged. My transition from the Army was a blur. My boss insisted that I work 12-hour days up to my out-processing time forcing me to go on sick call in order to buy a suit for interviews.

I landed in Kalamazoo, Michigan and began working for a large, multi-billion-dollar company. After a divorce and a move to Grand Rapids, Michigan, I worked for a small manufacturer. In 2005, I was let go as the automotive industry took a dive.

Faced with six months of unemployment, \$214 dollars a week in subsidies, a kid in travel hockey, private school

tuition and no real job opportunities, I made a decision to start a business.

Echo's of "Are you crazy?" and "Do you know what you are getting into" to "Why can't you just get a normal job" were commonplace. In the early years, there were very few supporters.

After developing my business plan, I briefed the cadre at the Small Business Development Corporation (SBDC) – it went so bad that I almost decided to look elsewhere. Undeterred, I made the changes and updates and continued on my purpose of starting a business that would sell packaging supplies to the Department of Defense. Shortly afterwards, JetCo received its first order - \$14k to McAlester Army Ammunition Plant for ammunition bags. But, how was I going to pay for it since JetCo did not have a line of credit or any significant savings. Jim Feeney (previously, he had tried to hire me) told his staff to grant JetCo a small line of credit

and we were able to get our contracting officer, Susan Eva Wade, her bags on time.

Similar instances occurred with the Census Bureau, the United States Department of Agriculture, the Federal Prison Industries and at last count, today, over 248 different state and local government agencies.

My military training and experience was invaluable for problem solving and analysis. My mindset of “this fails in comparison to any patrol in the mountains of Dahlonge or blocking positions near Basra helped me get up and go out and compete every day.”

But I could never do it alone. My business partner/spouse compliments my strengths and weaknesses. PTAC (now known as APEX) was extremely helpful – same with the SBDC. VetBiz Central, NVBDC, NAVOBA and many more

organizations were instrumental in our early and continued success. It was and is truly a team effort.

Today, I believe I am living the American dream. I still worry about payroll, taxes, healthcare for our associates, the role of Artificial Intelligence in contracting and my 2025 marketing plan. I am glad that I was “fired” in 2006 and was forced to think creatively and start JetCo as a matter of survival – an accidental entrepreneur if you will. I am truly appreciative to all the programs, incentives and assistance we have received during our 18 years of business. In some way, I feel like today is payment for serving in the Army and protecting our freedom both in peace and in war – my hope is to pay that debt forward and that the next generation of veteran business owners share the same success we have and are afforded an even greater option of resources.

ROGER WILLIAMS, TEXAS
CHAIRMAN

NYDIA M. VELAZQUEZ, NEW YORK
RANKING MEMBER

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2501 Rayburn House Office Building
Washington, DC 20515-0515

July 23, 2024

The Honorable Steve Scalise
Majority Leader

Dear Majority Leader Scalise:

On Tuesday, July 23, 2024, at 10:00 AM ET, the House Committee on Small Business Subcommittee on Contracting and Infrastructure is holding a joint hearing with the House Committee on Veterans' Affairs Subcommittee on Economic Opportunity titled "Leveling the Playing Field: Examining the Landscape of Veteran Owned Small Businesses." The purpose of this hearing is to discuss the entrepreneurial spirit of veterans and their contributions to the American economy, as well as the unique challenges that they face as small business owners.

Last night, the flight of one of the witnesses, Mr. Jon Tellier of Jetco Solutions, was continually delayed as he was attempting to travel to Washington, D.C. to testify. Eventually his flight was canceled around 2:00 AM, and he was unable to get on another flight to get him to speak in front of these two Subcommittees. Given the various delays plaguing the travel industry in the past few days and the nature of this joint subcommittee hearing, I would like to request that Mr. Tellier be able to testify remotely at the hearing this morning.

Sincerely,



Roger Williams
Chairman
Committee on Small Business

H-329, U.S. CAPITOL
WASHINGTON, DC 20515



STEVE SCALISE
MAJORITY LEADER

July 23, 2024

The Honorable Roger Williams
Chairman
House Committee on Small Business
2361 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Williams:

Thank you for your July 23, 2024 letter requesting that Mr. Jon Tellier of Jetco Solutions be permitted to testify remotely due an unexpected flight cancelation.¹ As you note in your letter, the travel industry is experiencing serious disruptions that precluded rebooking on an alternative flight.²

Pursuant to the House Rules for the 118th Congress and the Regulations for the Remote Participation of Committee Witnesses, I hereby grant your request for Mr. Jon Tellier to testify remotely.³ Please ensure that this letter along with your July 23, 2024, request letter are made part of the hearing record at the appropriate time.

Sincerely,

A handwritten signature in black ink that reads "Steve Scalise".

Steve Scalise
Majority Leader
U.S. House of Representatives

cc: The Honorable Hakeem Jeffries, Minority Leader, U.S. House of Representatives

¹ Letter from Hon. Roger Williams, Chairman, House Committee on Small Business to Hon. Steve Scalise, Majority Leader, U.S. House of Representatives (July 23, 2024).

² *Id.*

³ House Rules, 118th Congress and Regulations for the Remote Participation of Witnesses *available at* <https://rules.house.gov/press-releases/118th-congress-regulations>.



Jim Nussle
 President & CEO
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 jnussle@americascreditunions.org

99 M Street SE
 Suite 300
 Washington, DC 20003

July 23, 2024

The Honorable Nick LaLota
 Chairman
 Committee on Small Business
 Subcommittee on Contracting
 and Infrastructure
 U.S. House of Representatives
 Washington, DC 20515

The Honorable Hillary Scholten
 Ranking Member
 Committee on Small Business
 Subcommittee on Contracting
 and Infrastructure
 U.S. House of Representatives
 Washington, DC 20515

The Honorable Derrick Van Orden
 Chairman
 Committee on Veterans' Affairs
 Subcommittee on Economic Opportunity
 U.S. House of Representatives
 Washington, DC 20515

The Honorable Mike Levin
 Ranking Member
 Committee on Veterans' Affairs
 Subcommittee on Economic Opportunity
 U.S. House of Representatives
 Washington, DC 20515

Re: Today's Hearing: "Leveling the Playing Field: Examining the Landscape of Veteran Owned Small Businesses"

Dear Chairman LaLota, Ranking Member Scholten, Chairman Van Orden, and Ranking Member Levin:

On behalf of America's Credit Unions, I am writing regarding the Subcommittees' hearing entitled "Leveling the Playing Field: Examining the Landscape of Veteran Owned Small Businesses." America's Credit Unions is the voice of consumers' best option for financial services: credit unions. We advocate for policies that allow the industry to effectively meet the needs of their over 140 million members nationwide.

Credit unions recognize that financial inclusion and access to capital are critical to ensuring access to a variety of lending products. As not-for-profit, consumer-owned financial cooperatives, credit unions have a laser focus on our mission of financial inclusion and serving our members. Credit unions are particularly proud to serve service members, veterans, and their families.

As your Subcommittees look for policy options to support veteran entrepreneurs, we encourage you to consider the goals of H.R. 4867, the Veterans Members Business Loan Act. This legislation, introduced by Representatives Vicente Gonzalez (D-TX) and Brian Fitzpatrick (R-PA), would expand business lending opportunities for veteran small business owners and veteran entrepreneurs. Given that over 20 percent of transitioning veterans indicate they would like to start businesses, this bill would help a good portion of the veteran community.

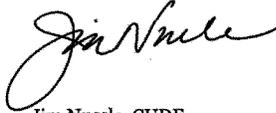
July 23, 2024
Page 2 of 2

Specifically, the Veterans Members Business Loan Act would exempt from the credit union member business lending cap loans made to veteran-owned businesses. The bill would cover business loans made to veterans who served on active duty and were discharged or released under conditions other than dishonorable.

Credit unions stand ready to serve our veterans who so faithfully served our nation. Congress should act on H.R. 4867 so our veterans do not face arbitrary restrictions when seeking affordable lending products to start to grow their small business. We urge you to support this legislation as you examine this important topic.

On behalf of America's Credit Unions and their over 140 million credit unions members, thank you for introducing this very important hearing. We look forward to continuing to work with you to create an environment where credit unions can thrive.

Sincerely,



Jim Nussle, CUDE
President & CEO

cc: Members of the Subcommittee on Contracting and Infrastructure
Members of the Subcommittee on Economic Opportunity

