

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

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

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

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

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

Veteran Business Outreach Centers

The VBOC program provides entrepreneurial development services such as business training, counseling, and resource partner referrals to transitioning service members,

veterans, National Guard and Reserve members, and military spouses interested in starting or growing a small business.

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

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

Overall, in FY 2017, VBOCs provided counseling and training to more than 54,800 veteran small business owners and entrepreneurs. The centers are unique in their ability to address veteran-specific challenges while integrating SBA services and referring clients (when appropriate) to other organizations that provide specialized and needed services. VBOCs bring together local and regional service networks that are most effective in creating small business ecosystems and help augment SBA district office efforts.

One challenge for VBOCs is the ability to provide counseling and training to veterans across assigned coverage areas with a total of 50 VBOC advisors nationwide. While the services that

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

Boots to Business Program

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

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

- Syracuse University's Institute for Veteran & Military Families (IVMF) in partnership with the Cornell University's Johnson College of Business. IVMF provides B2B instruction to service members and military spouses stationed overseas at 34 military

installations in nine countries. Additionally, IVMF has partnered with Cornell University to provide B2B follow-on entrepreneurial instruction which will include market research and business fundamentals to be delivered globally via Cornell University's eCornell platform. IVMF and Cornell University work with SBA to develop specialty business development tracks such as franchising or federal procurement based on participant demand and market opportunity.

- Mississippi State University (MSU) delivers B2B follow-on entrepreneurial instruction with a new online training course, B2B Revenue Readiness. Based on curriculum that MSU developed as part of their 2016 SBA award for the "Lean for Main Street" challenge, participants in this program will learn how to develop a clear vision of their individual business model and a multi-faceted business plan.

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

In FY 2017, we developed a learning agenda with specific research questions which provides a framework for the B2B program's evaluation activities. As part of this effort, the B2B program continues to collect outcomes and course quality assessment data. To date, survey findings indicate that B2B graduates started over 400 business that have succeeded in staying in business

for at least a year. This result beats national averages that indicate eight out of ten small business fail in that same time period.¹ Additionally, B2B survey results indicate:

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

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

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

Challenges remain with data sharing between SBA resource partners and other federal agencies and with the longitudinal tracking required to measure outcomes in the entrepreneurship domain. SBA continues to work with the DOD's Defense Manpower Data Center to refine a data-sharing business case, seek a unique identifier for individuals participating in SBA programs or counseling, and pursue other interagency agreements or research projects that will ensure the ability to study longitudinal outcomes on an individual level.

¹ U.S. Small Business Administration, *White Paper: Operation Boots to Business Veteran Entrepreneurship Assessment*, Syracuse, N.Y., Jun. 2016 (https://www.sba.gov/sites/default/files/b2b_vet_entrepreneurship_assessment.pdf)

Veterans Entrepreneurship Training Programs

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

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

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

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

VFPETP⁴ is a vital component of the Agency's efforts to assist veteran and service-disabled veteran small business owners and entrepreneurs in securing federal government contracts. The

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

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

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

three-day certification program is designed for veteran-owned companies to increase their ability to win government contracts by establishing best business practices.

OVBD's Role in Government Contracting Oversight

Small businesses are more likely to engage in federal contracting when barriers to entry are removed and the process is simplified. The federal government is the largest procurer of goods and services in the world, averaging \$90 billion in small business contracts each year between FY 2006 and 2016.⁵ SBA provides support to veteran-owned small businesses (VOSB) and service-disabled veteran-owned small businesses (SDVOSB) who want to participate in the federal market through entrepreneurship training and counseling services, mentor-protégé programs, innovative research, set-aside programs, and engagement opportunities at the local level. SBA also works with other federal agencies to expand opportunities for small businesses to compete for and win federal contracts.⁶ SBA's oversight role reaches beyond merely monitoring and assisting other agencies in achieving the government wide goal of awarding 23 percent of all federal contracts to small businesses, to also helping ensure that 3 percent of all federal contracts are awarded to SDVOSBs. For the fourth consecutive year, federal contract awards to SDVOSBs surpassed the mandated 3 percent goal, resulting in 3.98 percent of all government contracts being awarded to SDVOSBs for a total of about \$16.34 billion in federal procurement dollars.⁷

In addition to overseeing the programs detailed above, SBA's Associate Administrator for the Office of Veterans Business Development also advocates for full consideration of veterans in

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

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

⁷ *Id.*

all of the Agency's programs.⁸ In this role, SBA ensures that SDVOSBs and VOSBs have access to a wide range of resources to help them succeed in the federal marketplace.

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

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

The SBA is committed to expanding business development opportunities for veterans, and convenes two federal advisory committees that provide guidance on veteran-owned small business development policy issues. The Interagency Task Force on Veterans Business Development and the Advisory Committee on Veterans Business Affairs meet regularly in public forums to address issues such as access to capital, federal procurement opportunities, barriers to marketplace entry, and entrepreneurial development and growth opportunities.

In FY 2018, SBA will continue to support military community outreach to connect veterans, service members, military spouses and members of the Reserve and Guard with entrepreneurship

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

⁹ Federal Business Opportunities.gov

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

resources by participating in national and regional entrepreneurial programs offered by stakeholders, and leading SBA's National Veterans Small Business Week.

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

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

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

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