

REPORT TO THE PRESIDENT
EMPOWERING VETERANS
THROUGH ENTREPRENEURSHIP



INTERAGENCY TASK FORCE
ON VETERANS SMALL BUSINESS DEVELOPMENT

NOVEMBER 1, 2011

Photo Courtesy of U.S. Army





Office of the Administrator
U.S. Small Business Administration
Washington, DC

November 1, 2011

Dear President Obama,

We are pleased to present the first report from the Interagency Task Force on Veterans Small Business Development, which you created last year.

Through extensive collaboration and public input, the seven federal agencies and four veterans' service organizations on the Task Force developed 18 recommendations. These ideas range widely in scope, strategy, and feasibility. The common thread is that they all have significant potential to help America's veterans translate their leadership, skills, and experience into strong, job-generating businesses. Importantly, many also build upon existing programs and increased coordination, not new bureaucracies.

At this critical time, we have both the responsibility and the economic imperative to help veterans as they build businesses and create jobs. Thousands of troops are coming home and America's small businesses are working harder than ever to get our economy going again.

Finally, these recommendations build on the progress that has already been made over the past three years to put more tools such as capital, counseling, and contracts in the hands of veteran-entrepreneurs and veteran small business owners. Notably, these recommendations are also aligned with your own recent calls-to-action, such as a Reverse Boot Camp for recently-returned veterans who want to transition to business ownership.

Thank you for your continued commitment to helping America's veterans start and grow businesses so that they can create the jobs we need now.

Karen G. Mills
Administrator
U.S. Small Business Administration

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EXECUTIVE SUMMARY

INTERAGENCY TASK FORCE ON VETERANS SMALL BUSINESS DEVELOPMENT

“For the sake of our veterans, for the sake of our economy, we need these veterans working and contributing and creating the new jobs and industries that will keep America competitive in the 21st century.”

- President Barack Obama, August 30, 2011

Half of working Americans either own or work for a small business, and roughly two of every three new jobs are created by small businesses. America’s small businesses are the central drivers of innovation, competitiveness and economic growth. Today, America is at a crucial moment in ensuring that these businesses have all the tools they need to do what they do best – create jobs.

The Federal Government’s role in supporting veterans who are or who want to become business owners has never been more important. The Interagency Task Force on Veterans Small Business Development believes this for two reasons.

First, over one million service men and women are returning over the next five years, many after having served multiple tours of duty. Providing this growing number of veterans with the tools to transition back to civilian life – including assistance to start and grow a small business – is a moral responsibility. It must be coordinated and robust. Currently, unemployment rates are as high as 11.1 percent for returning male veterans and 14.7 percent for returning women veterans.¹

Second, as the U.S. economy continues to strengthen in the wake of a major recession, the Federal Government’s efforts to help small businesses – responsible for 2/3 of new jobs created each year – must remain strong. Many returning veterans have both the skills and the motivation to continue serving their country by building a business and creating jobs for themselves, their neighbors, and other veterans.

In sum, America has both an unquestioned responsibility and a compelling incentive to empower veterans through entrepreneurship, enabling them to become successful small business owners. This Task Force strongly believes that serving veterans who are – or who want to become – small business owners is crucial to America’s overall job creation, economic growth, and competitiveness in the world economy.

Already, veterans own about 2.4 million businesses or 9 percent of all of America’s businesses. These businesses generate about \$1.2 trillion in receipts and employ nearly 6 million Americans. Notably, 500,000 of these businesses have paid employees, including 7,500 which employ more than 100 people. When including businesses in

¹ Bureau of Labor Statistics (September 2011): <http://www.bls.gov/news.release/empsit.t05.htm>

which veterans are at least half-owners, these numbers rise to 3.7 million businesses (13.5 percent of U.S. businesses), \$1.6 trillion in receipts, and 8.2 million employees.²

In April 2010, to ensure his commitment to the support of strengthening veteran-owned small businesses is reflected across government, President Obama directed the U.S. Small Business Administration (SBA) to Chair an Interagency Task Force on Veterans Small Business Development. This Task Force was charged with coordinating efforts to improve opportunities and access for small businesses owned by veterans and service-disabled veterans in areas such as capital, federal contracting, counseling, and other business development tools and services.

The Task Force, comprised of seven federal agencies and four individuals representing veterans' service organizations, has focused its recommendations on increasing the number of veteran-owned small businesses as well as increasing the number of Americans those businesses employ. The Task Force created working groups led by Task Force representatives to develop the proposals for this report. To ensure feedback from the veteran's community was reflected in this report and to better inform the development of its recommendations, the Task Force conducted four public meetings over the course of the last year. These meetings have been extremely beneficial, with dozens of ideas discussed and considered for this report. Based on the working groups' analysis and the public comment received over the past year, the Task Force now recommends action in three key priority areas:

INCREASE OPPORTUNITIES FOR GROWTH. By increasing the flow of both capital and federal contracting opportunities to veteran-owned small businesses, veterans will have more opportunities to build a new business, expand an existing business, and hire workers. In many cases, this does not require standing up new programs, but instead ensuring that existing programs and resources are more effective in supporting veteran entrepreneurship.

IMPROVE AND EXPAND COUNSELING AND TRAINING SERVICES. Self-employment and small business ownership are increasingly viable options for returning and discharging veterans, reserve component members and their families. By providing tailored counseling and training services for veteran entrepreneurs and small business owners, and scaling successful programs as needed to meet the increasing number of veterans who are returning, veterans will have greater prospects for success.

REDUCE BARRIERS TO GROWTH AND IMPROVE COORDINATION AND EFFICIENCIES. By improving collaboration, integration and focus across federal agencies, key programs (e.g., Transition Assistance Program), veterans' service organizations, states, and academia, the Federal Government can more effectively serve existing and prospective veteran small business owners. Expanding best practices in veterans' small business development is crucial to replicate success in government-wide efforts that will strengthen the success of veteran-owned small businesses.

² U.S. Census Bureau: <http://www.census.gov/econ/sbo/get07sof.html?17>

REPORT

INTERAGENCY TASK FORCE ON VETERANS SMALL BUSINESS DEVELOPMENT

Half of working Americans either own or work for a small business, and roughly two of every three new jobs are created by small businesses. America's small businesses are the central drivers of innovation, competitiveness and economic growth. Today, America is at a crucial moment in ensuring that these small businesses have all the tools they need to do what they do best – create jobs.

The Federal Government's role in supporting veterans who are or who want to become business owners has never been more important. The Interagency Task Force on Veterans Small Business Development believes this for two reasons.

First, over one million service men and women are returning over the next five years, many after having served multiple tours of duty. Assisting this growing number of veterans with the tools to transition back to civilian life – including assistance to start and grow a small business – is a moral responsibility. It must be coordinated and robust. Currently, unemployment rates are as high as 11.1 percent for returning male veterans and 14.7 percent for returning women veterans.

Second, as the U.S. economy continues to strengthen in the wake of a major recession, the Federal Government's efforts to help small businesses – responsible for 2/3 of new jobs created each year – must remain strong. Many returning veterans have both the skills and the motivation to continue serving their country by building a business and creating jobs for themselves, their neighbors, and other veterans.

In sum, America has both an unquestioned responsibility and a compelling incentive to empower veterans through entrepreneurship, enabling them to become successful small business owners. This Task Force strongly believes that serving veterans who are – or who want to become – small business owners is crucial to America's overall job creation, economic growth, and competitiveness in the world economy.

Already, the Federal Government plays an active role in supporting veterans' small business development. For example, small businesses rely heavily on financing from banks and credit unions in order to start, grow, and hire. To encourage private-sector lending, federal agencies such as the SBA provide guarantees on small business loans. Data shows that this role is crucial in providing access to start up and growth capital for veteran entrepreneurs and other businesses owned by Americans from underserved communities.

In addition, the Federal Government spends nearly \$100 billion annually in the small business supplier base through federal contracting, allowing the U.S. to benefit from high-quality, innovative products while helping small firms scale up and create jobs here at home. Agencies have goals for contracting with small firms, as well as those firms owned by service-disabled veterans, women, and historically disadvantaged groups.

Also, the Federal Government and its partners play a critical front-line role in delivering entrepreneurial education, counseling, mentoring, technical assistance, and more. Federal agencies deliver this assistance across U.S. regions, states and territories, connecting assistance directly with thousands of entrepreneurs and small business owners each day, including many efforts that directly assist and enable veterans.

Beyond providing greater access to capital, contracts, counseling, and technical expertise, the Federal Government also works to identify and reduce barriers that small business owners may encounter when starting or growing a business, including unique barriers faced by veterans.

America's veterans have earned and deserve every possible opportunity to benefit from federal resources that could help them build a successful small business and create jobs. Indeed, as highly trained professionals and leaders with experience in challenging environments, their potential for successful entrepreneurship and small business ownership is great.

Already, veterans own about 2.4 million businesses or 9 percent of all of America's businesses. These businesses generate about \$1.2 trillion in receipts and employ nearly 6 million Americans. Notably, 500,000 of these businesses have paid employees, including 7,500 which employ more than 100 people. When including businesses in which veterans are at least half-owners, these numbers rise to 3.7 million businesses (13.5 percent of U.S. businesses), \$1.6 trillion in receipts, and 8.2 million employees.

The Obama Administration has taken several concrete steps to unleash the power of small businesses overall. This has included accomplishments in the following areas:

- Supporting over \$70 billion in SBA lending over the past three fiscal years, most of which was made possible through the Recovery Act (2009) and the Small Business Jobs Act (2010). In FY 2011 SBA had a record year supporting over \$30 billion in lending to small businesses.
- Increasing the percentage of federal contracts being delivered into the hands of small businesses for two consecutive fiscal years, a total which now reaches nearly \$100 billion (22.7%), including nearly \$20 billion in contract dollars to veteran and service-disabled veteran owned small businesses.
- Providing free and low-cost counseling and training to well over 1 million entrepreneurs and small business owners each year, including more than 100,000 veterans and members of the military community.
- Driving record amounts of financing into "high-growth" businesses (\$2.6 billion in FY 2011), which account for the vast majority of net new job growth.
- Reducing regulatory barriers through a robust government-wide effort to identify and remove impediments to business formation and innovation.

- Enacting 17 tax cuts targeted at small business owners and investors looking to start/expand a business, buy new equipment, hire new workers, and increase wages/benefits.

Thousands of veteran business owners and their families have benefited from the above efforts. In addition, the Administration has made **targeted efforts to specifically enable veterans as successful small business owners**. Accomplishments include:

- Enhancing the availability of capital to veteran and military community member small business owners by extending the SBA Patriot Express loan program through 2013.
- Increasing to the highest level ever the percentage of federal contracts going to service-disabled veteran-owned small businesses in fiscal year 2010.
- Partnering with and expanding Entrepreneurship “Boot Camps” for veterans held at 7 of America’s top business schools.
- Implementing an intensive, first-ever entrepreneurship training program for women veterans pursuing small business ownership called Veteran Women Igniting the Spirit of Entrepreneurship (V-WISE).
- Creating the first-ever entrepreneur training program designed specifically for reserve component members of the U.S. Military and their families.
- Implementing special funded outreach for veterans and military community members through SBA district offices, resulting in thousands of veterans engaging in SBA services annually while building hundreds of local partnering relationships with veterans’ service organizations.
- Providing specific, enabling federal procurement training to thousands of service-disabled veteran owned small businesses and hundreds of federal contracting officials.
- Recruiting the first-ever veteran-focused intermediary into SBA’s microloan program.

Most recently, the President proposed the “American Jobs Act” to Congress to provide tax breaks to small business owners, with additional relief for those who increase payroll or give raises. This includes the proposed Returning Heroes and Wounded Warrior Tax Credits of up to \$5,600 and \$9,600 respectively for small businesses that hire veterans. These provisions would have a direct and immediate impact on helping veteran-owned small businesses grow and thrive.

In April 2010, to ensure his commitment to the support of strengthening veteran-owned small businesses is reflected across government, President Obama directed the U.S. Small Business Administration (SBA) to Chair an Interagency Task Force on Veterans Small Business Development (Task Force). In addition to SBA the Task Force is comprised of representatives from the Department of Defense, the Department of Labor, the Department of the Treasury, the Department of Veterans Affairs, the General Services Administration, the Office of Management and Budget, and representatives from four military associations/organizations: The Student Veterans of America, The American Legion, VET-Force and the Association of State Directors of Veterans Affairs. This Task Force was charged with coordinating efforts to improve opportunities and access for small businesses owned by veterans and service-disabled veterans in areas such as capital, federal contracting, counseling, and other business development tools and services. A copy of the President's April 26, 2010 Executive Order establishing the Task Force follows in the Appendix.

The Task Force has focused its recommendations on increasing the number of veteran-owned small businesses as well as increasing the number of Americans those businesses employ. The Task Force created working groups led by agency and community representatives to develop the proposals for this report. To ensure feedback from the veterans' community was reflected in the report and to better inform the development of its recommendations, the Task Force conducted four public meetings since their initial meeting on October, 2010. These meetings (including both agency leaders as well as leaders from the American Legion, Student Veterans of America, State Directors of Veterans Affairs, and VET Force) have been extremely beneficial, with dozens of ideas discussed and considered for this report. Based on the working groups' analysis and the public comment received over the past 12 months, the Task Force now recommends action in three key priority areas:

INCREASE OPPORTUNITIES FOR GROWTH. By increasing the flow of both capital and federal contracting opportunities to veteran-owned small businesses, veterans will have more opportunities to build a new business, expand an existing business, and hire workers. In many cases, this does not require standing up new programs, but instead ensuring that existing programs and resources are more effective in supporting veteran entrepreneurship.

IMPROVE AND EXPAND COUNSELING AND TRAINING SERVICES. Self-employment and small business ownership are increasingly viable options for returning and discharging veterans, reserve component members and their families. By providing tailored counseling and training services for veteran entrepreneurs and small business owners, and scaling successful programs as needed to meet the increasing number of veterans who are returning, veterans will have greater prospects for success.

REDUCE BARRIERS TO GROWTH AND IMPROVE COORDINATION AND EFFICIENCIES. By improving collaboration, integration and focus across federal agencies, key programs (e.g., Transition Assistance Program), veterans' service organizations, states, and academia, the Federal Government can more effectively serve existing and prospective

veteran small business owners. Expanding best practices in veteran's small business development is crucial to replicate success in government-wide efforts that will strengthen the success of veteran-owned small businesses.

In addition, for this report, the Task force identified four additional key recommendations that did not fit into one of the above categories.

The President ordered that the Task Force produce a report annually to update him on its progress and proposals. The recommendations in this report represent the Task Force's first step in engaging the Federal Government on the priority areas identified in this report. As the Task Force moves forward in the coming year, it will continue engaging with the veterans' community and federal partners, encouraging action on its recommended actions. As needed, the Task Force will refine its proposals as it evaluates progress to goals, identifies further challenges, and moves forward with its recommendations. This Task Force is committed to ensuring our nation's veteran community as well as our small business community remain strong and prosperous with access to enabling resources that will support veterans' abilities to build successful small businesses for generations to come.

SUMMARY OF RECOMENDATIONS

Increase Opportunities for Growth:

- **Recommendation #1:** Leverage new and existing lending commitments as a vehicle to increase access to capital for veteran and service-disabled veteran-owned businesses.
- **Recommendation #2:** Increase contracting opportunities for veteran-owned small businesses through the Small Business Administration's Office of Surety Guarantees.
- **Recommendation #3:** Increase awareness, access, and utilization of microloans in the veteran-owned small business community.
- **Recommendation #4:** Develop government-wide tools and information to support buying activities based on market research sources, industry statistics, supplier base requirements, and success stories.
- **Recommendation #5:** Maximize the impact of recent funding to increase small business lending by strengthening coordination between the Department of the Treasury and SBA District Offices.

Improve and Expand Counseling and Training:

- **Recommendation #6:** Increase and augment entrepreneurship and technical assistance programs offered to veterans.
- **Recommendation #7:** Improve information to exiting service members and their spouses by revising the Transition Assistance Program (TAP) to include information on entrepreneurship and business ownership resources.
- **Recommendation #8:** Ease navigation and create, or leverage an existing, web portal that allows veterans to access entrepreneurship resources from across the government.

Reduce Barriers to Growth While Improving Coordination and Efficiencies:

- **Recommendation #9:** Find and reduce barriers that impede service-disabled veteran-owned small businesses from contracting with the U S Government.
- **Recommendation #10:** Reduce regulatory burdens by offering comment to agencies as they conduct their regulatory look back analyses under E.O. 13563, "Improving Regulation and Regulatory Review."

- **Recommendation #11:** Coordinate and centralize information on veteran and service-disabled veteran-owned small business contracting opportunities across the Federal Government.
- **Recommendation #12:** Produce an agency-led assessment of veteran-owned small business achievements and contracting goals to increase veteran-owned small business utilization in prime contracting.
- **Recommendation #13:** Increase collaboration on federal contracting opportunities between national veterans' advocacy groups and SBA's Office of Veterans Business Development.
- **Recommendation #14:** Develop a streamlined, efficient, and clear certification process to be used by veteran and service-disabled veteran-owned businesses in federal procurement.

Other Priority Recommendations:

- **Recommendation #15:** Vest the GI Bill benefits as a property right, allowing veterans to use funds both for education and for small business creation activities such as counseling and business financing.
- **Recommendation #16:** Research and direct policy efforts around current veteran macroeconomic issues by conducting a more in-depth analysis of veteran unemployment, employment and self-employment.
- **Recommendation #17:** Explore revisions to unemployment compensation for ex-service members to support small business creation.
- **Recommendation #18:** Examine the establishment of a new small business procurement initiative for firms whose total workforce is comprised of at least 35% or more by veterans.

SUGGESTED PRIORITIES AND RECOMMENDED ACTIONS

PRIORITY: INCREASE OPPORTUNITIES FOR GROWTH

By increasing the flow of both capital and federal contracting opportunities to veteran-owned small businesses, veterans will have more opportunities to build a new business, expand an existing business, and hire workers. In many cases, this does not require standing up new programs, but instead ensuring that existing programs and resources are more effective in supporting veteran entrepreneurship.

Recommendation #1: Leverage new and existing lending commitments as a vehicle to increase access to capital for veteran and service-disabled veteran-owned businesses.

The Administration's commitment to empowering veteran entrepreneurs and small business owners with the capital they need to start and grow a business and create jobs is well established. For example, In December 2010, the SBA extended the Patriot Express Pilot Loan Program through 2013. This program supports loans up to \$500,000 to businesses owned (51% or greater) by veterans, active-duty military, reservists, National Guard members, and military spouses and widows. This program offers streamlined paperwork and provides government-backed guarantees of up to 85%. Ensuring that Patriot Express is a tool that meets the needs of veterans seeking access to capital is a priority for the Task Force.

More recently, the SBA worked with 13 top U.S. banks to secure and announce a commitment to increase small business lending by \$20 billion over the next three years, with a focus on driving funds into the hands of veterans and those in underserved communities. This commitment provides a valuable opportunity to provide more capital to veteran-owned small businesses and aspiring veteran entrepreneurs.

The Task Force has been engaged in:

- ✓ Reviewing the SBA Patriot Express Pilot Program and exploring additional authorities to enhance the program.
- ✓ Expanding points of access to SBA lending for veterans and leveraging the new Underserved Community lending commitments from top banks.
- ✓ Strengthening involvement with other federal and state government partners.

Recommended actions:

- Examine internal mechanisms to make the Patriot Express Pilot Program more advantageous to veterans and the agency's lender partners.
- Identify lenders currently using SBA's Patriot Express product and advise them on ways to optimize program usage, disseminate best practices, and enroll more lenders.

- Conduct targeted outreach to credit unions affiliated with or near military bases to educate more lending institutions about the Patriot Express program.
- Engage the 13 participating lenders in the underserved community lending commitment to encourage explicit commitments to veteran small business owners.

The lead agency responsible for action is the Small Business Administration.

Recommendation #2: Increase contracting opportunities for veteran-owned small businesses through the Small Business Administration's Office of Surety Guarantees.

A surety bond is a form of insurance in which a contractor pays a Surety Company to protect the buyer in the event that the contractor does not complete the contract. Some buyers require this arrangement so that if a contractor defaults, the Surety Company will ensure that the project is completed. Surety bonds are important to veteran-owned small businesses that provide products and services to the Federal Government because contracts over \$100,000 require surety bonds. Most states and municipal governments have similar requirements.

The SBA's Surety Bond Program guarantees surety bonds for small businesses that are otherwise unable to be bonded. Currently, the SBA guarantees between 70% and 90% of participating surety bonds up to \$2 million. Under the American Recovery and Reinvestment Act, the limit on SBA surety bonds was temporarily increased to \$5 million to help small businesses competing for larger contracts. President Obama has advocated for permanently increasing this limit to \$5 million through the American Jobs Act. In addition, the SBA's Office of Surety Guarantees is reviewing existing marketing efforts to inform and educate small business owners, especially veterans, in order to provide more clarity on the steps necessary and the benefits of participating in the program.

The Task Force has been engaged in:

- ✓ Improving veterans' access to information on SBA's Surety Bonding Guarantee Program.
- ✓ Advocating for the permanent increase from \$2 million to \$5 million in SBA's surety bonds limits as part of the American Jobs Act.

Recommended actions:

- Increase the awareness and utilization of the SBA's Surety Bonding Program in the veteran-owned small business community through the development and distribution of veteran-specific marketing tools.
- Distribute customized materials through SBA's primary technical assistance partners, including:

- Procurement Technical Assistance Centers
 - Small Business Development Centers
 - SCORE
 - Women Business Centers
 - Veterans Business Outreach Centers
 - Entrepreneurship Bootcamps for Veterans
 - Emerging Leaders Program
- Encourage the enactment of a permanent increase of SBA surety bonds to \$5 million to ensure all small business contracts are supported.

The lead agency responsible for action is the Small Business Administration.

Recommendation #3: Increase awareness, access, and utilization of microloans in the veteran-owned small business community.

SBA's Microloan Intermediary Program makes funds available to non-profit intermediary lenders providing small, short-term loans (up to \$50,000) to small businesses, coupled with management and technical assistance. The average microloan is about \$13,000 and may be used toward working capital as well as the purchase of inventory, supplies, furniture, machinery, equipment, and more.

SBA and Department of Commerce studies have shown the importance of lower dollar loans to small business formation and growth in underserved communities, including among veterans. Increased access to microlenders and stronger management and technical assistance would increase access to these vital small dollar loans, which are especially useful for veterans seeking to get a business started after they return from active duty.

The Task Force's research has found that SBA microloans are effective in reaching many underserved communities, but have not been as effective in reaching veterans. While 9 percent of U.S. businesses are owned by veterans, only 3.7 percent of microloan recipients identified themselves as veterans in 2010. Therefore, the Task Force is committed to increasing the number of microloans and microloan dollars going to veterans each year. One way to achieve this goal is by recruiting veteran-focused organizations into the program as intermediaries. Within the last month, SBA has entered into agreement with the first veteran-focused intermediary in the history of the SBA Microloan program. This is an important step. To increase veterans' participation in SBA's Microloan Intermediary Program, the Task Force is committed to increasing the number of veteran-focused organizations serving as intermediaries.

The Task Force has been engaged in:

- ✓ Recruiting additional veteran-focused non-profit organizations to become SBA microloan intermediaries to create additional access points for veterans seeking small dollar loans.

- ✓ Exploring what steps can be taken to broaden the pipeline of microloans to veteran-owned small businesses.

Recommended actions:

- Set a goal for SBA’s Microloan Intermediary Program of increasing the percent of veterans served to 9 percent to mirror the prevalence of veteran-owned businesses overall.
- Educate existing SBA microlenders on the benefits of lending to veterans and encourage SBA microlenders to enhance their marketing efforts to veterans to increase the number of veterans they serve.
- Recruit additional veteran-focused service organizations to become certified as SBA microloan intermediaries.

The lead agency responsible for action is the Small Business Administration.

Recommendation #4: Develop government-wide tools and information to support buying activities based on market research sources, industry statistics, supplier base requirements, and success stories.

Currently, federal agencies do not collect information on veteran-owned small business outreach efforts by their respective Offices of Small Business Utilization. Collecting this information and sharing it among contracting officers and veterans alike will help better inform the veteran-owned small business community of what resources are available and how to properly use them.

The Task Force has been engaged in:

- ✓ Discussing the efforts and resources needed to create learning tools – such as a video – that could be used across the government, as well as what content should be included in such tools.
- ✓ Ensuring that this approach will maximize use of existing resources and allow for wide dissemination to the veterans small business community as a whole.

Recommended actions:

- Coordinate production of materials among the U.S. Small Business Administration, the Federal Acquisition Institute (FAI), and/or the Defense Acquisition University (DAU). Disseminate materials throughout Department and Agency Offices of Small Business, Procurement Technical Assistance Centers, Veterans Business Outreach Centers, Veterans Business Development Officers, and Small Business Development Centers.

The lead agencies responsible for action are the General Services Administration, the U.S. Small Business Administration, and the Department of Defense.

Recommendation #5: Maximize the impact of recent funding to increase small business lending to veteran-owned businesses by strengthening coordination between the Department of the Treasury and SBA District Offices.

The Small Business Jobs Act of 2010 has two key provisions for the Department of the Treasury that are designed to increase small business lending, both of which identify veterans as an important target group. First, over \$1.5 billion was awarded to states as part of the State Small Business Credit Initiative (SSBCI). These funds empower state-level agencies to improve access to capital for job creators, and reach out to veterans as a part of this effort. Second, the Small Business Lending Fund (SBLF) is currently helping over 300 banks gain access to low-cost capital that they, in turn, can lend to small businesses. These banks must submit small business lending plans that include outreach and marketing to certain groups, including veterans.

Ensuring coordination between the Department of the Treasury, SBA District Offices, state-level agencies and SBLF bank participants will help ensure that Small Business Jobs Act funds are used effectively as a key source of financing for veteran-owned small businesses.

The Task Force has been engaged in:

- ✓ Strengthening coordination among SBA District Offices, Treasury program partners, and state-level small-business financing programs that received SSBCI funds.
- ✓ Linking banks that received SBLF funds with SBA District Offices and Treasury program partners.

Recommended actions:

- Designate senior representatives at Treasury and SBA to ensure that SSBCI and SBLF are linked, leveraged, and aligned across national and state-level financing programs as well as SBA veteran training programs.
- Explore development of joint marketing materials to ensure that state-level agencies, community banks, and veteran small business owners are aware of SBA counseling resources and SBA and Treasury loan programs.

The lead agencies responsible for action are the Department of the Treasury and the Small Business Administration.

PRIORITY: IMPROVE AND EXPAND COUNSELING AND TRAINING SERVICES

Self-employment and small business ownership are increasingly viable options for returning and discharging veterans, reserve component members and their families. By providing tailored counseling and training services for veteran entrepreneurs and small

business owners, and scaling successful programs as needed to meet the increasing number of veterans who are returning, veterans will have greater prospects for success.

Recommendation #6: Increase and augment entrepreneurship training and technical assistance programs offered to veterans.

SBA District Offices and resource partners (Small Business Development Centers, Women's Business Centers, SCORE, Veteran Business Outreach Centers) help entrepreneurs and small business owners start and grow businesses by providing free or low-cost training, counseling, coaching and mentoring to over 1 million clients a year. In 2010, SBA counseled and trained over 100,000 veterans through its resource partners as well as over 85,000 veterans through outreach from SBA District Offices.

Specifically, the SBA's Small Business Development Center (SBDC) program provides services to the veteran community nationwide through its network of over 900 locations. An additional \$1 million is available annually for individual SBDC state networks to fund services and programs to meet the needs of veterans in collaboration with VBOCs and other local providers of services. SCORE remains active in providing Veterans, National Guard, Reservists and military families with support and mentorship. The organization's recent commitment to the First Lady's Joining Forces campaign further leverages dedicated online resources for this community, the hundreds of SCORE mentors with military backgrounds and the extensive outreach offered year-round on military bases and business tradeshows for Veterans.

Although these and other federal resources provide needed counseling and training services to veterans, a standardized, national entrepreneurship training program specifically for veterans does not exist. Veterans use a wide variety of resources and services based upon their proven effectiveness, but sometimes encounter services that are fragmented or in silos. Stronger collaboration across various veteran-focused training and counseling networks is an important short-term concern.

Creating a national standardized veteran training program with innovative, state of the art entrepreneurship curriculum would bring greater cohesion and coordination. This training could utilize expert local instructors, including academics and successful small business owners, to provide training in skills used to create and grow entrepreneurial ventures and small business. The national program could provide engaging training modules and workshops dedicated to the basics of launching a business.

This program could be modeled on the Entrepreneurship Boot Camp for Veterans with Disabilities (EBV) currently conducted through a partnership between SBA and Syracuse University. EBV involves entrepreneurship training through a 14 month "boot camp" for service-disabled veterans from the wars in Iraq and Afghanistan who want to start or grow small businesses. It is designed to open the door and accelerate successful small business ownership for veterans. Also, through this same partnership, SBA and Syracuse recently launched a program geared toward empowering the increasing number of women veterans, called Veteran Women Igniting the Spirit of Entrepreneurship. A

national program, based on these models, and available locally could reflect the elements of this partnership and reach a greater number of veterans, service members and their families.

The Task Force has been engaged in:

- ✓ Increasing collaboration and capacity across networks of veterans' business counseling and training entities.
- ✓ Developing a tailored, standardized and nationwide entrepreneurship training curriculum specifically geared toward veterans that incorporate innovative instruction models involving academic experts and seasoned business leaders.

Recommended actions:

- Establish a national Veteran Entrepreneur Training program, possibly based on an expansion/revision to the best practices found in the EBV program. Eligibility could be expanded to all veterans, service members, reserve component members, as well as spouses, caregivers, or widows/widowers.
- Bring together the best public/private resources within a community-based platform to help provide increased training opportunities for service men and women interested in entrepreneurship. Such an effort could be integrated into the President's recent announcement of a "reverse boot camp" that is more broadly focused on helping gain licenses and credentials that quickly translate their military skills into industry-related skills.
- Enhance coordination of SBA's veterans' counseling and training services through regional Veterans Advocacy Coordinator positions.

The lead agencies responsible for action are the Small Business Administration, the Department of Veterans Affairs, the Department of Labor, and the Department of Defense.

Recommendation #7: Improve information to exiting service members and their spouses by revising the Transition Assistance Program (TAP) to include information on entrepreneurship and business ownership resources.

Under the Transition Assistance Program (TAP), the Department of Defense, the Department of Veterans Affairs, the Department of Homeland Security and the Department of Labor provide employment and training assistance to about 160,000 armed forces members and their spouses every year within 12 months of separation. This includes over two days of employment workshops at certain military installations, including information about job searches, career decision-making, resume preparation, interview techniques, and more. Currently, TAP provides limited support for assisting transitioning service members who want to become entrepreneurs.

As a result of ongoing discussions by Task Force members, entrepreneurship-related content will be incorporated into the redesigned curriculum and materials currently being developed as part of overall efforts to accelerate separating service members' transition into meaningful careers. All tools in the new TAP infrastructure will leverage best practices in adult learning techniques and e-learning delivery methods. An entrepreneurship counseling tool developed by SBA will exist on the E-Learning platform currently under development at DOD, and a placeholder is being reserved on that platform for the entrepreneurship tools that SBA will provide. The TAP Steering Committee will be briefed on the SBA tools in November 2011. The Task Force expects the full implementation of entrepreneurship counseling tools as part of TAP to be completed by December 2012.

The Task Force has been engaged in:

- ✓ Ensuring that the redesigned TAP will include an entrepreneurship counseling tool which will be available to military members and their families on the e-learning platform, including links to local SBA and other agency resources.

Recommended actions:

- Ensure that the Department of Labor can link to online assistance from SBA's resource partners including the Small Business Technology Network (SBTN), SCORE, Small Business Development Centers (SBDCs), Women's Business Centers (WBCs), and Veteran Business Outreach Centers (VBOCs).
- Brief all TAP Steering Committee members, including the Departments of Labor, Defense, and the Department of Veterans Affairs. Educate Military Service Transition Managers on SBA resources to assist transitioning service members, veterans and spouses who are interested in starting their own business.
- Train the Department of Labor's Field Employment Services Staff in basic entrepreneurial self-employment resources available from SBA to support local veteran referrals for veterans using the DOL One-Stop system.
- Enhance cooperation between DOL Veterans' Employment and Training Services staff and SBA field staff/partners to identify local small businesses interested in hiring veterans, especially federal contractors.

The lead agencies responsible for action are the Small Business Administration, the Department of Labor, the Department of Defense, and the Department of Veterans Affairs.

Recommendation# 8: *Ease navigation and create, or leverage an existing, web portal that allows veterans to access entrepreneurship resources from across the government.*

Today, a veteran considering entrepreneurial opportunities or one that already owns a small business is faced with trying to navigate through a wide range of programs and

websites of potential interest. These websites cover matters ranging from transition assistance, to loans, to business plans, to opportunities for contracts and grants. Just within the federal sector, multiple agencies, including SBA, VA, DOL, and DOD, play wide-ranging roles in managing various programs designed to cater to the needs of future, new, and established veteran entrepreneurs, including:

- Veterans Business Outreach Centers
- Entrepreneurship Boot Camps for Veterans with Disabilities
- Operation Endure and Grow
- Veteran Women Igniting the Spirit of Entrepreneurship
- Patriot Express
- VA Vocational Rehabilitation Program and Innovative Initiatives
- Labor’s Transition Assistance Program
- One-Stop Employment and Training Centers
- Defense Department’s Yellow Ribbon Program
- Military One Source Program
- National Resource Directory
- National Committee for Employer Support of the Guard and Reserve

While each agency individually pursues efforts to improve accessibility to information on its programs, there have been limited ongoing efforts to aggregate information between these programs. However, two recent government-wide efforts related to online resources provide an important opportunity to address this issue.

First, last summer, the Administration launched an effort to improve and streamline all “.gov” content in order to provide the public with information that is accurate, in plain language, and not duplicative. This is part of Executive Order 13571, “Streamlining Service Delivery and Improving Customer Service,” which directs agencies to continuously evaluate their performance and success in providing “competent, efficient, and responsive services” to the taxpayer.

Second, the Administration recently announced, as part of the American Jobs Act, the creation of a new portal to simplify business and government interaction. BusinessUSA will provide access to information about the full range of government programs and services businesses need to compete globally. The first set of changes will focus on exporting and small businesses, because entrepreneurs seeking to create new markets also help to drive the economy and often have much to gain from federal assistance.

The Task Force has been engaged in:

- ✓ Convening focus groups to determine the specific information needs of current and future veteran entrepreneurs and small business owners.
- ✓ Working with Offices of Small Business Utilization to simplify access to the type of information that veterans, service-disabled veterans, and other small business owners routinely need.

Recommended actions:

- Create a customized veteran entrepreneurship profile that can be used in designing and developing the small business segment of the BusinessUSA platform.
- Work with agency Offices of Small Business Utilization to provide more streamlined access to annual forecast information for contracting opportunities, information on agency mentor-protégé programs, and basic information about doing business with each agency.

The lead agencies responsible for action are the Office of Management and Budget, the Small Business Administration, the Department of Defense, the Department of Veterans Affairs, and the Department of Labor.

PRIORITY: REDUCE BARRIERS TO GROWTH WHILE IMPROVING COORDINATION AND EFFICIENCIES

By improving collaboration, integration and focus across federal agencies, key programs (e.g., Transition Assistance Program), veterans’ service organizations, states, and academia, the Federal Government can more effectively serve existing and prospective veteran small business owners. Expanding best practices in veteran’s small business development is crucial to replicate success in government-wide efforts that will strengthen the success of veteran-owned small businesses.

Recommendation #9: ***Find and reduce barriers** that impede service-disabled veteran-owned small businesses from contracting with the U S Government.*

Although service-disabled veteran-owned small businesses (SDVOSBs) gain more federal contracting dollars each year, agencies still have not met the government’s congressionally mandated goals and continue to look for ways to improve. It is important to fully understand the impediments SDVOSBs face in the overall contracting process to best support them in increasing contracting opportunities.

The Task Force has been engaged in:

- ✓ Working with a Department of Defense contractor to collect and analyze current SDVOSB information in order to better identify issues, define problem areas, and provide robust data-driven recommendations that could be implemented government-wide.

Recommended actions:

- Have the contractor review data and databases and follow up with individual SDVOSBs willing to assist by answering a standard set of questions.
- Leverage study findings to determine actions most likely to reduce barriers for service-disabled veterans who contract with agencies across the Federal Government.

The lead agencies responsible for action are the Department of Defense and the General Services Administration.

Recommendation #10: Reduce regulatory burdens by offering comment to agencies as they conduct their regulatory look back analyses under E.O. 13563, "Improving Regulation and Regulatory Review."

Thoughtful review of regulations governing veteran entrepreneurship may reveal opportunities to reduce burdens on the veterans' small business community. In early 2011, for example, VA made changes to its regulations governing the verification of ownership and control of VOSBs and SDVOSBs to remove restrictions for participating in its verification program that were inconsistent with other federal small business programs and would stifle job creation and economic development.

Building on that, Executive Order 13563, Improving Regulation and Regulatory Review, requires agencies to consider how best to promote retrospective analysis of rules that may be obsolete, unnecessary, unjustified, excessively burdensome, or counterproductive. Agencies published plans in August 2011 which reviewed their existing significant rules to determine if they should be modified, expanded, streamlined, or repealed to make their regulatory program more effective or less burdensome.

Several plans include analysis of issues of interest to veteran entrepreneurship. For example, the Federal Acquisition Regulatory Council's plan aims to simplify regulatory guidance for using partial set-asides and establishing new guidance to address the use of order set-asides to promote greater small business contracting in FY 2012, including those for service-disabled veteran-owned small businesses. Also, SBA's plan calls for review of its SDVOSB program requirements and an analysis of the regulatory changes required and implications of implementing a single certification process for common information collected across its small business contracting programs, including the Service-Disabled Veteran-Owned Small Business Program.

The Task Force has been engaged in:

- ✓ Supporting actions by agencies which reduce burdens on the veterans' small business community, such as the Department of Veterans Affairs changes regarding verification of ownership and control of VOSBs and SDVOSBs.
- ✓ Encouraging thoughtful review by agencies of regulations that are impacting or have the potential to impact veteran entrepreneurship and small business success.

Recommended actions:

- Monitor agency retrospective regulatory reviews that affect the interests of SDVOSBs and VOSBs to offer input as changes are considered.

The lead agencies responsible for action are the Office of Management and Budget and the Small Business Administration.

Recommendation #11: Coordinate and centralize information on veteran and service-disabled veteran-owned small business contracting opportunities across the Federal Government.

Federal contracting officers have generally been successful in understanding how to use set-aside programs to contract with Service-Disabled Veteran-Owned Small Businesses (SDVOSBs). However, there is no single source or streamlined process to help the acquisition community find and work with these firms most effectively. Being able to navigate the acquisition system and understand the overall process has been a point of weakness in further developing and utilizing SDVOBs.

Currently, the Department of Defense's Maximum Practicable Opportunity Model uses the Federal Procurement Data System-Next Generation data to identify contracts awarded to large businesses, but likely could have been performed by a small business, including SDVOSBs. This important identification method could prove valuable in assisting all agencies in reaching SDVOSBs.

Already, several agencies (GSA, DOL, VA, and others) have collaborated to create an initial program design. Design elements are in the developmental stage, with additional requirements being identified and examined. As this is completed, draft design changes will be shared with agency principals for additional feedback and further revisions as appropriate. If successful, these efforts will create a product to better assist efforts already being conducted by agencies to expand exposure of available SDVOSBs.

The Task Force has been engaged in:

- ✓ Serving as a key reviewer for this plan, providing feedback and suggestions on program design elements and revisions.
- ✓ Coordinating agency resources to create an educational video for contracting officers on this topic.

Recommended actions:

- Create an easier process for Contracting Officers to utilize established SDVOSBs so businesses will have greater access to available federal contracts.
- Create an online reference guide for the Federal Government contracting community and an educational video to support Federal Contracting Officers in how to conduct market research and work with SDVOSBs.
- Identify and share best practices in how agencies maximize the effective use of SDVOSBs.

The lead agencies responsible for action are the General Services Administration, the Department of Defense, the Department of Veterans Affairs and the Small Business Administration.

Recommendation #12: *Produce an agency-led assessment of veteran-owned small business achievements and contracting goals to increase veteran-owned small business utilization in prime contracting.*

The General Services Administration is currently in the process of evaluating its own achievements and goals in federal contracting with veteran-owned businesses. The Department of Defense is assisting in this effort. Together, they are working to identify strategies which have the greatest potential to increase veteran-owned small business utilization in prime contracting. After specific areas are identified, they will target materials and resources to help increase contracting opportunities with veteran-owned small businesses.

The Task Force has been engaged in:

- ✓ Understanding the GSA approach and its proposal while discussing its implications and potential for other agencies and the government as a whole.

Recommended actions:

- Encourage each agency to conduct internal analyses to fully unveil the depth of veteran-owned small business involvement in their procurement activities.
- Leverage agency analyses to assess the need and value of revised goals and procurement preference tools. Involve an outside party in this process, if helpful and/or necessary.

The lead agencies responsible for action are the General Services Administration and Department of Defense.

Recommendation #13: *Increase collaboration on federal contracting opportunities between national veterans' advocacy groups and SBA's Office of Veterans Business Development.*

Timely sharing and proper placement of federal contracting opportunities throughout the information networks of leading veterans' service organizations and advocacy groups is critical for helping connect contracting officers with VOSBs and SDVOSBs. However, the veteran small business community's responsiveness to Request For Proposals (RFPs) and Request For Information (RFIs) remains a challenge. More VOSBs and SDVOSBs will have the chance to find opportunities and submit bids – especially for smaller contracts – if stronger communication is fostered among these groups, federal OSDBUGs, contracting officers, and other federal and nonprofit partners. As an additional resource, the SBA can leverage the Veterans Business Development Officers and the Veteran Business Outreach Centers (VBOCs) as outreach points and as a market

research source for ensuring the VOSBs and SDVOBs understand the responsive requirements for RFPs and RFIs.

The Task Force is currently engaged in:

- ✓ Fostering more timely and robust information-sharing networks among veterans' advocacy groups and the federal contracting community.
- ✓ Exploring whether SBA's Veterans Business Development Officers can serve as outreach points and market research sources for helping VOSBs and SDVOSBs.

Recommended actions:

- Provide additional marketing arms to ensure the best dissemination of opportunities to veteran business community in a timely fashion.
- Develop a concrete and coordinated outreach plan between SBA, GSA, and DoD and various veterans' advocacy groups.

The lead agencies responsible for action are the General Services Administration, the Small Business Administration, and the Department of Defense.

Recommendation #14: *Develop a **streamlined, efficient, and clear certification** process to be used by veteran and service-disabled veteran-owned businesses in federal procurement.*

The existing processes for a veteran and service-disabled veteran-owned small business to certify its status as "veteran-owned" or "service-disabled veteran-owned" in federal contracting can be confusing, fragmented, and inefficient. Multiple agencies have varying levels of involvement:

- Regulations governing procurement for service-disabled a veteran-owned small business generally rests with the Federal Acquisition Regulatory Council, while eligibility is determined by the SBA.
- All small businesses, including SDVOSB & VOSBs must register in multiple databases to do business with Federal Government, including the Central Contractor Registration (CCR) and the online representation and certification application (ORCA).
- The Department of Veterans Affairs (VA) possesses its own unique authority for veteran-owned and service-disabled veteran-owned small businesses that do business with VA.

In particular, the VA's unique authority for its own contractors is not applied government-wide, and can create confusion for veterans and service-disabled veterans looking to do business with the Federal Government. For example, if a small business doesn't contract with the VA, it will not appear in the VA's database despite having received a contract from another agency through the "self-certification" process.

Multiple processes exist in the current structure, and businesses find the processes duplicative and onerous.

Each of the above agencies brings a critical function that has the potential to streamline and improve the certification process:

- The VA and DOD possess the information to verify an individual veteran status, either as a veteran or service-disabled veteran.
- GSA maintains a reliable system for small businesses to register if they want to contract with the Federal Government.
- The SBA has decades of experience in operating contracting programs (i.e., 8(a) and HUBZone) that require status verification and ownership-and-control determinations.

The challenge, and opportunity, is to identify the necessary resources to, if necessary, integrate existing systems. This requires agencies to project any additional resources—capital, human and regulatory – required to implement a single, uniform certification process. The VA is currently home to a database of VA-verified veteran and service-disabled veteran-owned business that it uses to issue veteran-owned small business set-asides internal to VA. Expanding this database to include all veteran and service-disabled-owned businesses that want to contract with the Federal Government, however, would require significant enhancements to the existing system. In addition, as of October 2010, the VA has new authority to review business documents to strengthen the verification process and ensure firms listed publicly on the VetBiz.gov Vendor Information Pages (VIP) – available to all agencies – are eligible, legitimate firms. This presents an important opportunity to strengthen the certification process and reduces the potential for fraud, waste and abuse.

The Task Force believes creating a streamlined, efficient, and clear veteran certification process is one of the most critical needs for veteran and service-disabled veteran-owned businesses seeking to do business with the Federal Government. The Task Force has continued to receive public comment on the existing processes and is monitoring legislative proposals to understand the implications for agencies. Because of the critical nature of this issue, the Task Force plans to make a proposal for streamlining and improving efficiencies in the certifications processes a top priority for the upcoming year.

The Task Force has been engaged in:

- ✓ Discussing ways to integrate existing systems and secure additional resources – monetary, human, and regulatory – in order to implement a efficient certification process
- ✓ Exploring whether an expansion of the VA database to include all veteran-owned and service-disabled veteran-owned businesses working across the Federal Government is feasible
- ✓ Receiving public comments on the existing veteran certification processes
- ✓ Monitoring legislative proposals to improve the process and examine their impact on federal agencies

- ✓ Finding ways to reduce fraud among businesses claiming to be veteran-owned in order to win contracts.

Recommended actions:

- Identify necessary resources for the VA, SBA, DoD and other agencies for a streamlined certification process.
- Increase technology resources to allow for database refinement and sharing among all Federal agencies involved in VOSB and SDVOSB contracting.
- Continue to monitor Congressional proposals and evaluate their impact on agencies and the veteran and service-disabled veteran-owned small business contracting community.
- Develop a comprehensive proposal for streamlining and improving efficiencies, and creating clarity in the certification processes.

The lead agencies responsible for action are the Department of Veterans Affairs, the Small Business Administration, and the Department of Defense.

OTHER PRIORITY RECOMMENDATIONS

Recommendation #15: *Vest the GI Bill benefits as a property right*, allowing veterans to use funds both for entrepreneurship education and for small business creation activities such as counseling and business financing.

The Post-9/11 GI Bill (GI Bill) provides financial support for education and housing to individuals with at least 90 days of service on or after September 11, 2001, or individuals discharged with a service-connected disability after 30 days or more of service. These long-term government commitments help ensure the growth and security of the United States.

Allowing veterans to use either a portion or all of their GI Bill benefits to receive entrepreneurial education and finance a small business start up would provide another career opportunity for veterans whose goals do not include a higher education degree. Many veterans choose self-employment as a career track, and a growing number of colleges and universities provide entrepreneurial/small-business development training targeted to veterans, disabled veterans, care givers of disabled veterans and reserve component members and their families.

Currently, approximately \$10 billion dollars a year of GI Bill eligibility are being utilized by recently discharged veterans and family members. If properly administered, allowing veterans to use some or all of their earned benefits to pursue self-employment could provide multiple economic benefits.

This Task Force has been engaged in:

- ✓ Examining whether G.I. Bill higher education benefits could be applied differently to allow for flexibility for veterans wanting to start businesses.

Recommended actions:

- Determine potential impact and value— both in terms of potential costs to the G.I. Bill program as well as potential impact of increasing job creation by making this change.
- Develop risk mitigation strategies and robust criteria for veterans who would be interested in using these funds toward entrepreneurial training programs, business development, and capital.
- Examine regulatory or legislative changes necessary to allow approval of entrepreneurial small business development programs for GI Bill payments, and to allow eligible veterans to utilize their existing GI Bill eligibility to participate in entrepreneurial training and receive start up capital.

The lead agencies responsible for action are the Department of Veterans Affairs, the Department of Defense, and the Small Business Administration.

Recommendation #16: *Research and direct policy efforts around current veteran macroeconomic issues by conducting a more in-depth analysis* of veteran unemployment, employment and self-employment

The Department of Veterans Affairs consistently researches on relevant macroeconomic topics related to veterans including unemployment, healthcare, and education. Additionally, the Census Bureau and the Bureau of Labor Statistics capture vital macroeconomic data, some of which is segmented for veterans. However, this information is not fully coordinated or integrated to help inform federal policy decisions, uncover gaps in data collection, or empower veterans' service organizations to meet their mission.

This information could be particularly useful in a number of ways, such as understanding both the education levels earned by veterans and the skills veterans acquire in military training and in private industry experience. It could also help identify industries where veterans have increased prospects for and levels of long-term employment. In addition, it could help in identifying those series in which veterans tend to outperform those without military experience.

The Task Force has been engaged in:

- ✓ Discussing the potential benefits of more robust analyses among the data collected by various agencies related to veterans unemployment.

Recommended actions:

- Conduct a more in-depth analysis of veteran unemployment, employment and self-employment through the Department of Labor BLS data, Census and other available federal data sets.
- Inventory existing reports – census data, SBA Office of Advocacy reports, academic research — that examine trends in veterans’ employment and business development.
- Identify key employment trends including high-growth veteran industries and industries of highest veteran job loss (by NAICS code).
- Design recommendations for future programs and program changes based on a deeper analysis of veteran unemployment, employment and self-employment, and business ownership.

The lead agencies responsible for action are the Department of Veterans Affairs, the Department of Defense, the Department of Labor and the Small Business Administration.

Recommendation #17: Explore *revisions to unemployment compensation for ex-service members* to support small business creation.

The current provisions of Unemployment Compensation for Service Members (UCX), provides financial support to recently discharged veterans up to 99 weeks while they pursue traditional forms of employment. In 2011, UCX payments to recently discharged veterans totaled approximately \$800 million dollars, and in 2012, estimates are that approximately \$1.2 billion dollars will be provided by DOD in UCX payments to veterans. However, current UCX guidelines do not recognize self-employment as pursuing employment and thus the veteran’s UCX compensation is terminated if they visibly pursue self-employed small business ownership as their vocational goal. Accordingly, UCX should be revised to allow the continuation of unemployment compensation if the veteran pursues self-employment. This is particularly important given that 17.7 percent of the recently returned veterans are deemed “not in the labor force”, some of whom may be ineligible for entrepreneurial pursuit reasons.

The Task Force believes that returning veterans need all reasonable financial support available to them through existing federal programs or modification to existing federal programs to pursue self-employment. Veterans are presently limited to looking for third party employment to maintain UCX payments. The Task Force believes that regulatory revisions to the existing program would allow eligible veterans to collect UCX benefits while pursuing self-employment, which could ultimately support veteran self-employment and small business ownership, thereby reducing unemployment among veterans.

Recommended action:

- Examine UCX authority and consider implementing an updated UCX payment system to allow eligible veterans to collect UCX payments during and after participating in a SBA affiliated entrepreneurial small business training program, or a VA State Approving Agency approved program.

The lead agencies responsible for action are the Department of Veterans Affairs, the Department of Defense, the Department of Labor and the Small Business Administration.

Recommendation #18: Examine the establishment of **a new small business procurement initiative** for firms whose total workforce is comprised of at least 35% or more by veterans.

The Federal Government currently utilizes a set-aside program that allows certain small businesses to compete for federal contracts based on having a certain percentage of their workforce residing in a historically-underutilized business zone (HUBZone). This designation helps areas that are hard hit with high unemployment levels. The same principle could be applied to small business contractors that employ a certain percentage of veterans.

The creation of a new small business subcategory for firms hiring veterans would provide hiring incentives and procurement opportunities for small business that hire veterans or guard and reserve members. In addition to providing employment opportunities, this action would provide another “tool” to assist the Federal Government achieve overall procurement goals for all small business categories, including service-disabled veterans.

Implementation of this recommendation presents an opportunity for a creative change that requires additional regulatory guidance but not exhaustive new rulemaking. The intent is to review and build on existing authority and implement procedurally, by using already established agency capabilities.

The Task Force has been engaged in:

- ✓ Exploring the extent to which existing authority could allow for a program that incentivizes the hiring of veterans in the small business contracting community.
- ✓ Understanding whether the Department of Veterans Affairs could potentially assist in the verification process of such a program.
- ✓ Evaluating the broad implications of how such a program could potentially impact existing employment assistance, training, and compliance activities in agencies ranging from the Department of Labor to the Department of Defense.

Recommended actions:

- Outline the necessary regulatory guidance, timeline, and potential barriers to success with a HUBZone-like designation model for businesses that employ over 35% veterans.
- Explore alternative models such as tax relief for hiring veterans or for exceeding 35% of veterans employed by a small business.

The lead agencies responsible for action are the Department of Veterans Affairs, the Department of Defense, the Small Business Administration, and the Office of Management and Budget.

TASK FORCE MEMBERS
INTERAGENCY TASK FORCE ON VETERANS SMALL BUSINESS DEVELOPMENT

Task Force Chair	Marie C. Johns, Deputy Administrator, U.S. Small Business Administration
Member	Jiyoung C. Park, Associate Administrator, Office of Small Business Utilization, U.S. General Services Administration
Member	Linda B. Oliver, Deputy Director, Office of Small Business Programs, Department of Defense,
Member	Mathew Blum, Associate Administrator, Office of Federal Procurement Policy, Office of Management and Budget
Member	William D. Elmore, Associate Administrator, Office of Veterans Business Development, U.S. Small Business Administration
Member	Thomas J. Leney, Executive Director, Office of Small and Veteran Business Programs, Department of Veterans Affairs
Member	C. Earl Peek, CPA, Senior Policy Advisor, Office of Financial Institutions, Small Business, Community Development and Housing, U.S. Department of Treasury
Member	Joseph D. Mullins, Military Fellow, Veterans' Employment and Training Service, U.S. Department of Labor
Member	Elizabeth O'Herrin, Member, Student Veterans of America
Member	Daniel M. Dellinger, Member, The American Legion
Member	John M. Garcia, Member, Association of State Directors of Veterans Affairs
Member	James F. Wilfong, Executive Member, VET-Force

THE WHITE HOUSE
Office of the Press Secretary
For Immediate Release April 26, 2010

EXECUTIVE ORDER
INTERAGENCY TASK FORCE ON VETERANS SMALL BUSINESS DEVELOPMENT

By the authority vested in me as President by the Constitution and the laws of the United States of America, including section 102 of title I of the Military Reservist and Veteran Small Business Reauthorization and Opportunity Act of 2008 (Public Law 110-186) (the "Act"), and in order to establish an interagency task force to coordinate the efforts of Federal agencies to improve capital, business development opportunities, and pre-established Federal contracting goals for small business concerns owned and controlled by veterans and service-disabled veterans, it is hereby ordered as follows:

Section 1. Establishment. The Administrator of the Small Business Administration (Administrator) shall establish within the Small Business Administration an Interagency Task Force on Veterans Small Business Development (Task Force).

Sec. 2. Membership. The Administrator shall serve as Chair of the Task Force and shall direct its work. Other members shall consist of:

(a) a senior level representative, designated by the head of the respective department or agency, from each of the following:

(i) the Department of the Treasury;

(ii) the Department of Defense;

(iii) the Department of Labor;

(iv) the Department of Veterans Affairs;

(v) the Office of Management and Budget;

(vi) the Small Business Administration (in addition to the Administrator); and

(vii) the General Services Administration; and

(b) four representatives from a veterans' service or military organization or association, who shall be appointed by the Administrator.

Sec. 3. Functions. Consistent with the Act and other applicable law, the Task Force shall:

- (a) consult regularly with veterans service and military organizations in performing the duties of the Task Force;
- (b) coordinate administrative and regulatory activities and develop proposals relating to:
- (i) improving capital access and capacity of small business concerns owned and controlled by veterans and service-disabled veterans through loans, surety bonding, and franchising;
 - (ii) ensuring achievement of the pre-established Federal contracting goals for small business concerns owned and controlled by veterans and service-disabled veterans through expanded mentor-protégé assistance and matching such small business concerns with contracting opportunities;
 - (iii) increasing the integrity of certifications of status as a small business concern owned and controlled by a veteran or service-disabled veteran;
 - (iv) reducing paperwork and administrative burdens on veterans in accessing business development and entrepreneurship opportunities;
 - (v) increasing and improving training and counseling services provided to small business concerns owned and controlled by veterans; and
 - (vi) making other improvements relating to the support for veterans business development by the Federal Government; and
 - (vii) not later than 1 year after its first meeting and annually thereafter, forward to the President a report on the performance of its functions, including any proposals developed pursuant to subsection (b) of this section.

Sec. 4. General Provisions. (a) The Small Business Administration shall provide funding and administrative support for the Task Force to the extent permitted by law and within existing appropriations.

(b) Nothing in this order shall be construed to impair or otherwise effect:

- (i) authority granted by law to an executive department, agency, or the head thereof; and
- (ii)) functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(c) Insofar as the Federal Advisory Committee Act, as amended (5 U.S.C. App.) (FACA), may apply to the Task Force, any functions of the President under the FACA, except for those in section 6 of the FACA, shall be performed by the Administrator in accordance with guidelines issued by the Administrator of General Services.

(d)) This order is not intended to and does not create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

BARACK OBAMA