

ANNUAL REPORT

Fiscal Year 2013

INTERAGENCY TASK FORCE
ON
VETERANS
SMALL BUSINESS DEVELOPMENT

October 2015

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OFFICE OF THE ADMINISTRATOR

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

October 16, 2015

The President
White House
Washington, DC 20500

Dear Mr. President:

We are pleased to present the third annual Interagency Task Force on Veterans Small Business Development (Task Force) report. The Task Force is chaired by the U.S. Small Business Administration (SBA) and is comprised of representatives from Department of Defense (DoD), Department of Labor, Department of the Treasury, Department of Veterans Affairs, General Services Administration, Office of Management and Budget, The American Legion, VET-Force, and the Association of State Directors of Veterans Affairs Force.

In November 2012, we issued our second report with 18 recommendations to strengthen the federal government's role in supporting veterans who wish to become entrepreneurs. This is a progress report on our work to implement those recommendations.

Significant progress was made in fiscal year 2013. The Task Force helped launch Boots to Business, an initiative created under a DoD program called Transition Goals, Plans, Success. Initiated as a pilot in 2012 and expanded nationally in 2013, Boots to Business uses SBA resource partners to deliver entrepreneurship education and training to transitioning service members and their dependents who are exploring small business ownership.

In fiscal year 2013, we helped veteran-owned and service-disabled veteran-owned small businesses win federal government contracts by supporting initiatives such as BusinessUSA. This centralized, one-stop, online platform implements a "no wrong door" approach for aspiring entrepreneurs, allowing them to spend less time navigating the federal bureaucracy and more time working on their businesses.

The President
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Thank you for your continued commitment to helping America's veterans start and grow businesses and for the millions of people across our country they employ.

Warmest regards,



Maria Contreras-Sweet

cc: The Honorable Ash Carter
U.S. Department of Defense

The Honorable Thomas Perez
U.S. Department of Labor

The Honorable Jacob L. Lew
U.S. Department of Treasury

The Honorable Robert A. McDonald
U.S. Department of Veterans Affairs

Ms. Denise Turner Roth, Acting Administrator
U.S. General Services Administration

Mr. Shaun Donovan, Director
Office of Management and Budget

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By the Numbers: Supporting Veterans Success as Small Business Owners

EXPANDING ACCESS TO CAPITAL AND MARKETS

1. In fiscal year 2013, SBA supported nearly **\$860.5 million** in lending to **2,858 veteran-owned small businesses (VOSBs)** including **\$123.5 million** through the Patriot Express loan program.
2. **Federal prime contracting dollars awarded to -owned small businesses (SDVOSBs) increased for the sixth consecutive year to \$12.3 billion or 3.03% of total contract spending in fiscal year 2012.** This is up from \$11.2 billion or 2.65% of total contract spending in fiscal year 2011, and marks the first time the federal government met and exceeded the 3% statutory goal for service-disabled veterans.

PROVIDING THE TOOLS AND TRAINING TO SUCCEED

3. Each year SBA provides more than **1 million entrepreneurs** with free counseling and technical assistance through a **network of more than 14,000 counselors.** In fiscal year 2013, SBA and its resource partner network including Veterans Business Outreach Centers (VBOCs) **counseled and trained 134,666 veteran or service-disabled veteran small business owners.**
4. The **SBA provides grants to 15** organizations across the country to serve as **VBOCs.**
5. As part of the Administration's newly re-designed military transition program, **Transition GPS (Goal Plan Success),** SBA developed and piloted a veterans entrepreneurship training program entitled, **"Operation Boots to Business: from Service to Startup."** The President's Budget provides \$7 million to expand this program in fiscal year 2014, providing **exposure to entrepreneurship training to approximately 250,000 service members who transition from active duty to civilian life each year.**

BREAKING DOWN BARRIERS TO GROWTH

6. In February 2012, the Administration launched **Business.USA.gov** to reduce the complexity of small business interactions with the federal government. Since implementation, the BusinessUSA website provided **access to over 4,000 federal, state, and local government** resources including programs that provide financing, technical assistance and other services; approximately **200 success stories** explaining how businesses and entrepreneurs took advantage of federal resources to grow their businesses and enhanced their success; and **over 25,000 events nationwide.**
7. In July 2012, the President directed federal agencies to temporarily accelerate payment to all prime contractors so that they could **accelerate payments to their small business subcontractors (from 30 to 15 days after receipt of proper documentation).**
8. In August 2012, SBA announced **"Quick App" for surety bonds under \$250,000,** a new streamlined application **combining 2 applications into 1,** to make it easier and faster for small businesses and contractors, including veteran-owned small businesses, to compete for contracts.
9. As part of the Service Corps of Retired Executives' (SCORE's) Veteran Fast Launch program, which ended in September 2013, the Walmart Foundation sponsored **over 2400 veterans or their family members** across the country to take part in SCORE's Simple Steps for Starting Your Business series, a 5-workshop program that provides the tools and education prospective entrepreneurs need to make their ideas a reality. This far exceeded the goal of 2000 participants. In total, 81 SCORE chapters participated helping veterans, or their family members, across the country.

Veteran-Owned Small Businesses in the United States

“Veteran-owned businesses make a valuable contribution to our economy, but until now, we did not have a benchmark that measured their role. This is the first time that we can estimate the total number of veteran-owned businesses. Their impact on our economy is even greater when you add to that total those businesses owned equally by veterans and nonveterans.”¹ *Census Bureau Deputy Director Thomas Mesenbourg*

On May 17, 2011, in its *Survey of Business Owners (SBO): Veteran-Owned Businesses: 2007 (SBO)*, the U.S. Census Bureau provided the first-ever detailed information for all veteran-owned businesses in the United States. Findings on veteran-owned businesses reported include the following:²

- There were 2.4 million businesses with majority ownership interests by U.S. military veterans. These businesses accounted for 9.0% of all businesses nationwide. These businesses generated \$1.2 trillion in receipts, or about 4.1% of all business receipts nationwide, and employed nearly 5.8 million people.
- There were more than 1.2 million businesses equally-owned by veterans and non-veterans. Together, businesses with majority or equal ownership interests by veterans numbered 3.7 million, representing 13.5% of all businesses nationwide, accounting for more than \$1.6 trillion in receipts and employed 8.2 million people.
- Nearly one-third of veteran-owned businesses (32.5%) operated in the professional, scientific, and technical services and the construction sectors.
- Of the 2.4 million veteran-owned businesses in 2007, 491,344 had paid employees. These businesses employed 5.8 million people and their payroll totaled \$210.0 billion. Veteran-owned employer business receipts totaled \$1.1 trillion, with average receipts of \$2.3 million.
- There were 270,852 employer businesses owned equally by veterans and non-veterans in 2007. These equally-owned employer businesses employed 2.4 million people, and their payrolls totaled \$74.6 billion. Equally-owned employer business receipts totaled \$364.8 billion, with average receipts of \$1.3 million.
- In 2007, 2.0 million veteran-owned businesses had no paid employees. These nonemployer businesses generated receipts of \$93.8 billion, with average receipts of \$47,931.
- There were 948,883 nonemployer businesses owned equally by veterans and non-veterans. These equally-owned nonemployer businesses generated receipts of \$49.7 billion, with average receipts of \$52,335.
- In 2007, there were 117,277 veteran-owned businesses with receipts of \$1 million or more; the corresponding number for businesses owned equally by veterans and nonveterans was 60,547.

¹ Source: U.S. Census Bureau, Newsroom, May 17, 2011

² Source: U.S. Census Bureau, 2007 Survey of Business Owners

- There were 7,446 veteran-owned businesses employing 100 or more people; the corresponding number for businesses owned equally by veterans and nonveterans was 2,034.
- The three states with the largest number of veteran-owned businesses in 2007 were California, Texas, and Florida. California had 239,422 veteran-owned businesses, or 9.8% of all veteran-owned businesses in the United States. Texas had 199,476 businesses, or 8.1%, and Florida was home to 176,727 businesses, or 7.2%.
- Los Angeles County, California, had more veteran-owned businesses in 2007 than any other county, with 62,667, or 2.6 percent of all veteran-owned business nationwide.

On June 14, 2011, the U.S. Census Bureau released additional data in the SBO and *Characteristics of Business Owners: 2007*. The data released include the following:³

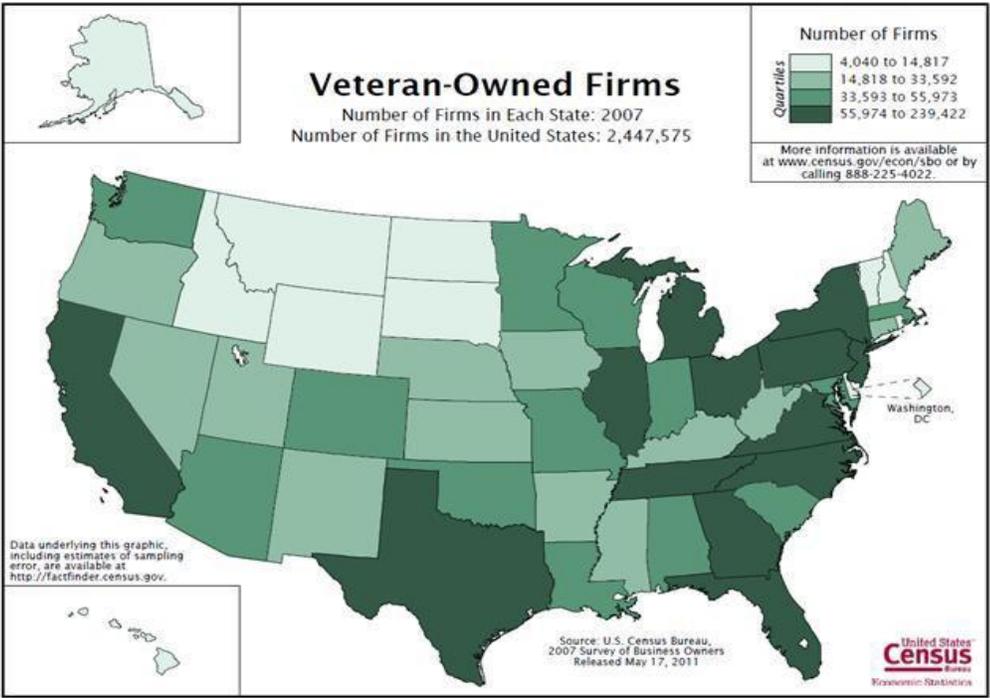
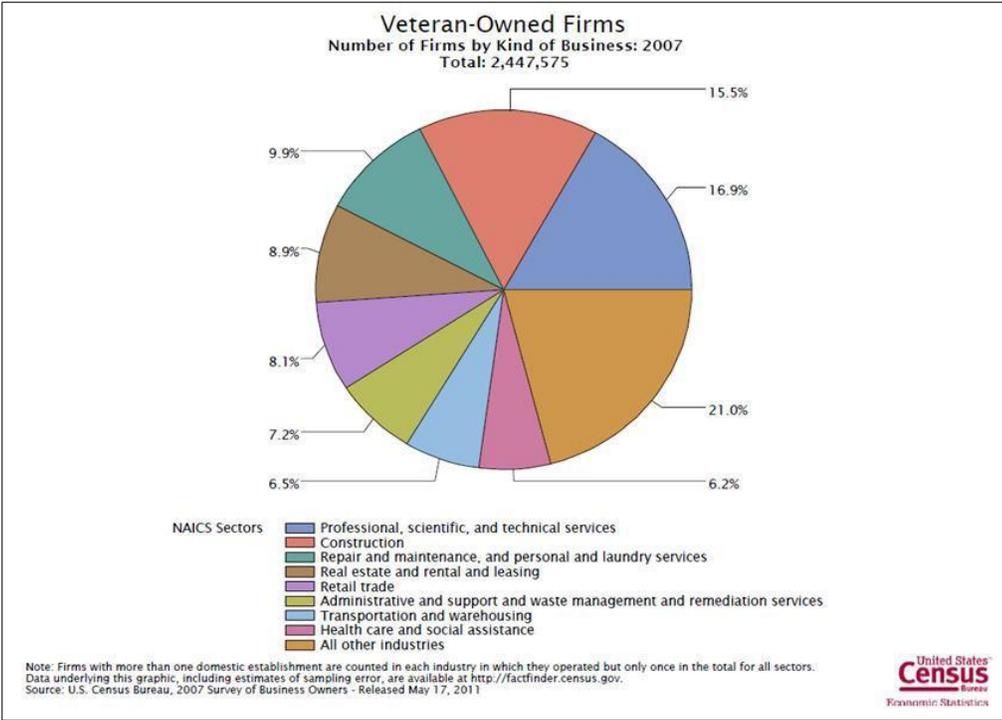
- Most veteran-owned, nonveteran-owned, and equally veteran- and nonveteran-owned businesses were home-based (55.4%, 55.9%, and 55.0% respectively).
- Approximately 8.3% of veteran owners reported they were service-disabled.

In June of 2012, the U.S. Census Bureau issued the first-ever report describing findings from the merging of two Census Bureau data products, the 2007 Profile of U.S. Exporting Companies and the 2007 Survey of Business Owners.⁴ The data released relating to veteran-owned business in the United States includes the following:

- Average receipts for veteran-owned exporting firms were \$19.5 million compared with \$371,143 for veteran-owned nonexporting firms.
- The average number of employees at veteran-owned exporting employer firms was 68; the comparable number for veteran nonexporting employer firms was 10.
- Average productivity for veteran-owned employer exporter (i.e., receipts per employee), was \$303,037; the comparable calculation for veteran-owned employer nonexporter was \$170,393.
- In 2007, 16,246 veteran-owned exporters accounted for 9.9% of all classifiable exporters (163,419). This is similar to the proportion of veteran-owned firms (9.3% or 2.4 million) to all classifiable firms (26.3 million). Exporters accounted for 4.9% of total receipts for veteran-owned exporters compared with 6.3% of total receipts for nonveteran-owned exporters.

³ Source: U.S. Census Bureau, 2007 Survey of Business Owners

⁴ Source: U.S. Census Bureau, 2007 Survey of Business Owners Special Report



Veterans and Entrepreneurship

In the last decade or so, veterans and entrepreneurship issues have been given more attention to address the economic issues of veterans and veteran-owned businesses. The mandates of several public laws passed in the last decade or so to provide more assistance to veterans and veteran-owned businesses have drawn attention from federal agencies and the private sector alike. In addition, the need of transitioning veterans to make connection with entrepreneurship has gotten a push from the President in August 2011.

The publication of data on veteran-owned businesses by the U.S. Census Bureau in May and June of 2011 affirms the impact of veteran-owned business on the U.S. economy. According to the 2007 Survey of Business Owners (SBO)⁵ there were 2.4 million businesses (51 or more owned) by U.S. military veterans. These businesses accounted for 9.0% of all businesses nationwide, and generated \$1.2 trillion in receipts, or about 4.1% of all business receipts nationwide, and employed nearly 5.8 million people.

The 2007 SBO also found there were more than 1.2 million businesses equally-owned (50%) by veterans and nonveterans. Both the 51% or more and 50% veteran-owned businesses numbered 3.7 million, representing 13.5% of all businesses nationwide, accounting for more than \$1.6 trillion in receipts and employed 8.2 million people.⁶

The relationship between veterans and entrepreneurship has been the subject of interest of many studies in the public and private sectors in more than three decades. In a study titled “Profiling Entrepreneurial Veterans”⁷ researchers attempted to determine if military service, particularly combat service, affects entrepreneurial motivations and behaviors of business school graduates. The profiles were developed for veterans who served in World War II, the Korean War, and the Vietnam War. They found that veterans were more likely than nonveterans to become entrepreneurs.

In a 2004 study titled “Entrepreneurship and Business Ownership In the Veteran Population”⁸ researchers found that most new veteran entrepreneurs and current veteran business owners either started or were planning to start their own businesses rather than acquiring existing businesses. Moreover, more than one third of new veteran entrepreneurs and current veteran business owners had acquired skills from their active-duty service that were directly relevant to business ownership.

In the “Factors Affecting Entrepreneurship Among Veterans”⁹ the authors found that in the private sector workforce, veterans are at least 45% more than likely than those with no active-duty military experience to be self-employed. In particular, veterans with four or fewer years of service were most likely to be self-employed.

In a November 2012 study, the “Kauffman Index of Entrepreneurial Activity by Veteran Status: 1996-2011”¹⁰, researchers found that the share of veteran entrepreneurship has been declined steadily over the past two decades. According to the study, veterans represented 12.3% of all new entrepreneurs in

⁵ Source: U.S. Bureau of Census, 2007 Survey of Business Owners (SBO)

⁶ Ibid

⁷ “Profiling Entrepreneurial Veterans” submitted by Mid-Atlantic Research, Inc., March 1986, SBA Office of Advocacy

⁸ “Entrepreneurship and Business Ownership in the Veteran Population” submitted by Waldman Associates, November 2004, SBA Office of Advocacy

⁹ “Factors Affecting entrepreneurship among Veterans” submitted by John B. Hope, et al., March 2011, SBA Office of Advocacy

¹⁰ Kauffman Index of Entrepreneurial Activity by veteran status 1996- 2011 by Robert W. Fairlie, November 2012

1996. This percentage fell by over half to 6% in 2011. Part of this decline can be attributed to falling veteran entrepreneurship rates relative to rising nonveteran rates. The decrease in the working-age veteran population is the main reason for the decline.¹¹

¹¹ Ibid

Veterans and Business Development

The U.S. Government has a strong interest in supporting veterans who want to start or acquire a business. The enactment of legislation in the last decade or more demonstrates that the federal government understands the economic need of veterans and veteran-owned small businesses including service-disabled veteran-owned small businesses. In supporting veterans and veteran-owned small businesses, the federal government is supporting the health of the U.S. economy. The three main business development areas that veterans and veteran-owned small businesses need are: (1) access to technical assistance, including management assistance; (2) access to capital; and (3) access to federal contracting.

The *Veterans Entrepreneurship and Small Business Development Act of 1999* (Public Law 106-50) expanded existing assistance and establishes new assistance for veterans who own or operate small businesses.¹² In the area of technical assistance, veterans have access to many business training and counseling services offered throughout the country. The SBA provides through its network of Regional, District, and Branch offices nationwide (including Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Marianna Islands), and through its resource partners (Small Business Development Centers (SBDCs), SCORE, Women Business Centers (WBCs), and Veteran Business Outreach Centers (VBOCs)), the ground work for veterans who want to start or acquire a business. In fiscal year 2013, through SBA and its resource partners, 134,666 veterans received business training and/or counseling services.

Public Law 106-50 also made provisions for general business loan programs, for assistance to active-duty military reservists, for creating disaster loan assistance to military reservists, and for the addition of veterans in a microloan program.¹³ SBA provides many loan programs to veterans who need financing to start a business or acquire a business. SBA loan programs cover a range of financial need from small loans (e.g. a microloan) to traditional 7(a) guaranteed loans, including Patriot Express loans and Military Reservist Economic Injury Disaster Loans (MREIDLs). In fiscal year 2013, SBA provided 2,858 loans to veterans totaling \$860.5 million.

In the area of federal procurement, Public Law 106-50 established a statutory goal that 3% of all federal contract dollars shall be awarded to small firms owned and controlled by service-disabled veterans.¹⁴ Federal prime contracting dollars awarded to service-disabled veteran-owned small businesses (SDVOSBs) increased for the sixth consecutive year to \$12.3 billion or 3.03% of total contract spending in fiscal year 2012. This is up from \$11.2 billion or 2.65% of total contract spending in fiscal year 2011, and marks the first time the federal government met and exceeded the 3% statutory goal for SDVOSBs.

In August 2011, President Obama announced his comprehensive plan to address the issue of transitioning veterans finding meaningful employment opportunities in the civilian workforce. Specifically, the President directed the Department of Defense (DOD) and the Department of Veterans Affairs (VA) to work closely with other agencies, and with the President's economic and domestic policy teams, in leading a task force that would develop a new training and service delivery model to help strengthen the transition of our service members from the military to civilian life. To assist the transitioning service members, estimated at approximately 250,000 a year, DOD, Department of Labor (Labor), VA and SBA developed and piloted a re-

¹² Public Law 106-50, the "Veterans Entrepreneurship and Small Business Development Act of 1999"

¹³ Ibid

¹⁴ Ibid

designed military transition program, known as “Transition GPS” that includes an entrepreneurship training program called “Operation Boots to Business: From Service to Startups.”

Empowering Veterans through Entrepreneurship

In Public Law 106-50, Congress recognized that veterans have been and continue to be vital to small business enterprises of the United States.¹⁵ Congress found that the United States has not done enough to assist veterans, particularly service-disabled veterans, in greater participation in the U.S. economy¹⁶. Congress recognized that the nation must provide additional assistance and support to veterans who have taken great risks to serve our country.

Congress passed three pieces of legislation since 1999 to address concerns about the inadequacy of services to veterans and service-disabled veterans who either own or wish to start a small business. Among the laws passed, the following are those that have impacted veteran entrepreneurs:

1. The enactment of Public Law 106-50 known as the *Veterans Entrepreneurship and Small Business Development Act of 1999* expanded and established new assistance programs for veterans who own or operate small businesses. Assistance programs include:
 - a. Technical assistance: SCORE program, entrepreneurship assistance, business development and management assistance for military reservists’ small businesses
 - b. Financial assistance: General business loan programs, assistance to active-duty military reservists, microloan program
 - c. Procurement assistance: subcontracting goal for participation in federal procurement

Public Law 106-50 established the Office of Veterans Business Development (OVBD) at the SBA. The Associate Administrator (AA) for OVBD is responsible for the formulation, execution, and promotion of policies and programs of the Administration that provide assistance to small business concerns owned and controlled by veterans and small business concerns owned and controlled by service-disabled veterans.

Public Law 106-50 established the Advisory Committee on Veterans Business Affairs (ACVBA) which is an independent source of advice and policy recommendations on veterans business affairs to the President, Congress, the SBA Administrator, the AA for OVBD, and other U.S. policy makers.

2. The enactment of the *Veterans Benefit Act of 2003* (Public Law 108-183) gave veterans access to entrepreneur training and allowed limiting competition to SDVOSBs for federal contracts. This Act, under Title III, provided for the following:
 - a. Section 305 authorized state agencies to approve certain non-degree, non-credit entrepreneurship courses enabling or assisting veterans to start or enhance a small business.

¹⁵ P.L. 106-50, the “Veterans Entrepreneurship and Small Business Development Act of 1999

¹⁶ *ibid*

- b. Section 308 amended the *Small Business Act* (15 U.S.C. 631 et seq.) establishing restricted competition and sole source authority on federal contracts for small businesses owned and controlled by service-disabled veterans.
- 3. The enactment of the *Military Reservist and Veteran Small Business Reauthorization and Opportunity Act of 2008* (Public Law 110-186) further expanded veterans' small business opportunities. This Act did the following:
 - a. Established the Interagency Task Force on Veterans Small Business Development.
 - b. Authorized the permanent extension of SBA Advisory Committee on Veterans Business Affairs established by Public Law 106-50.
 - c. Increased the number of Veterans Business Outreach Centers.
 - d. Authorized provisions for Reservist Programs.

PROGRESS REPORT 2013

- ❖ **Access to Capital.** In fiscal year 2013, SBA supported nearly \$860.5 million in lending to 2,858 veteran-owned small businesses in the form of Patriot Express loans, microloans, and Military Reservist Economic Injury Disaster Loans (MREIDL).
 - **Patriot Express Loans.** Patriot Express loans are offered by SBA's network of participating community banks nationwide and feature one of SBA's fastest turnaround times for loan approval and an enhanced guaranty and interest rate on loans up to \$500,000 to small businesses owned by veterans, reservists and their spouses. The Patriot Express loan can be used for most business purposes, including startup, expansion, equipment purchases, working capital, inventory or business-occupied real-estate purchases. In fiscal year 2013, Patriot Express loans provided \$123.5 million in SBA-guaranteed loans to 1,121 veterans to start or expand their small businesses. From inception of this program in 2007 to the end of fiscal year 2013, Patriot Express Loans provided \$909.2 million in SBA-guaranteed loans to 10,384 veterans to start or expand their small businesses.
 - **Microloans.** In fiscal year 2013, SBA supported 149 microloans for a total of \$2.2 million in capital to veteran-owned businesses.
 - **Military Reservist Economic Injury Disaster Loans (MREIDL).** In fiscal 2013, SBA supported 3 MREIDLs for \$121,000. From inception in fiscal year 2002 through fiscal year 2013, SBA supported 371 MREIDLs for a total of \$32.9 million.
- ❖ **Quick App for Surety Bonds.** In August 2012, SBA announced a new streamlined application to help small business owners bid and compete for contracting opportunities. The "Quick App" for surety bonds under \$250,000 combines two applications into one making it easier and faster for small businesses and contractors, including veteran-owned small businesses, to compete for contracts.
- ❖ **Service-Disabled Veteran-Owned Small Business (SDVOSB) Contracting.** The SDVOSB procurement program allows federal agencies to set acquisitions aside for exclusive competition among SDVOSB concerns.
 - For the sixth consecutive year, federal prime contracting dollars awarded to SDVOSBs increased to \$12.3 billion or 3.03% of total small business eligible contract spending in fiscal year 2012. This is up from \$11.2 billion or 2.65% of total contract spending in fiscal year 2011, and marks the first time the federal government met and exceeded the 3% statutory goal for service-disabled veterans.
- ❖ **New Procurement Tools for Veterans and for Contracting Officers.** SBA continues to add new courses to its Government Contracting Classroom (www.sba.gov/gcclassroom) to better connect veteran entrepreneurs and federal contracting officers with market outreach, training, and government contracting opportunities.
- ❖ **American Supplier Initiative.** The American Supplier Initiative is a federal government-wide effort focused on investing in the nation's small-business supply chain through increased market access for small businesses, counseling and mentoring services to assist small suppliers, ready sources of capital to

support sales, and addressing the skills gap facing many small manufacturers and suppliers.

- ❖ **BusinessUSA.** In February 2012, the Administration launched BusinessUSA.gov making it easier for U.S. small businesses and exporters to access federal government resources. BusinessUSA is a one-stop, central online platform where all businesses, including veteran-owned businesses, can access information about available federal programs without having to waste time navigating the federal bureaucracy. BusinessUSA.gov adopts a "No Wrong Door" policy that uses technology to quickly connect businesses to the services and information relevant to them, regardless of which agency's website, call center, or office they go to for help.

- ❖ **National Veterans Entrepreneurship Training Program.** In August 2011, the President announced a new interagency task force, the Veterans Employment Initiative (VEI), which was tasked with creating a "career-ready military" through a re-design of the military's transition program. In July 2012, the President announced the result of the task force's work, Transition GPS, which was the first re-design of the military's transition program in over 20 years. A core component of Transition GPS is an optional entrepreneurship training program for all separating service members. SBA, as a member of the VEI, developed and began piloting Transition GPS' entrepreneurship training program entitled, "Operation Boots to Business: from Service to Startup," at Marine Corps, Navy, Army, and Air Force bases across the country. The Boots to Business (B2B) program provides an introduction to entrepreneurship video, 90 minutes of introduction video, 2-day classroom instruction, and an optional eight-week online intensive skills-building course for those interested in learning more about entrepreneurship and business ownership.

**RESOURCES FOR
VETERANS, SERVICE-DISABLED VETERANS, AND
RESERVE COMPONENT MEMBERS
AT THE U.S. SMALL BUSINESS ADMINISTRATION
*Office of Veterans Business Development***

SBA created a number of programs addressing the recommendations of the Task Force to reduce inhibitors to the successful start and sustainability of small firms owned and controlled by veterans, service-disabled veterans, and self-employed members of the Reserve and National Guard. A summary of agency-wide entrepreneurship business counseling services for veterans are described below.

❖ **District Office Veterans Business Development Officers (VBDOs)**

SBA has established a Veterans Business Development Officer (VBDO) in each of the agency's 68 SBA District Offices nationwide to ensure that every veteran entrepreneur has access to the full-range of SBA programs. VBDOs are responsible for providing prompt and direct assistance and guidance to any veteran, inclusive of service-disabled veterans, or reservists, including National Guardsmen, seeking information about or access to any SBA program. Such assistance may be through direct contact, speaking engagements, telephonically, email, or through SBA's Office of Veterans Business Development (OVBD) funded/in-kind specific business assistance initiatives tailored to meet the training needs of veteran small business owners/entrepreneurs.

❖ **Veterans Business Outreach Centers (VBOCs)**

SBA's OVBD funds 15 regionally-based VBOCs for coordination of business development and technical assistance to veterans, service-disabled veterans, and Reserve Component members. Services include: face-to-face and online outreach, concept development, business training, counseling, and mentoring. Moreover, these centers provide specialized assistance designed to aid small business owners in securing SBA-backed or conventional loans, as well as assistance in securing federal, state, and municipal government contracts, along with commercial and export contracts.

VBOCs support clients in developing and maintaining five-year business plans focused on the legal form of the business, equipment requirements and cost, organizational structure, strategic plans and market analysis; along with the integration of concepts, such as financial projection, budget policies, balance sheets, and cash flow/ break-even analyses, as part of the overall financial plans. Comprehensive feasibility analysis, another tool used by VBOCs, identifies and analyzes the strengths and weaknesses of clients' business plans to increase the probability of their success in starting and sustaining operations. The results of such examinations are used in revising the strategic planning portions of business plans while identifying opportunities for expansion into new product lines, spin-off businesses, or diversifications into new growth industries.

Working with other SBA resources partners, VBOCs target entrepreneurial projects and counseling sessions tailored specifically to address the needs and concerns of the service-disabled veteran entrepreneurs and small business owners. Training may cover traditional business topics such as how to start a business, developing effective market entry strategies, writing comprehensive business plans, purchasing or pricing products/services; or they may focus on specialized areas that business owners need to address, for example advanced business concepts or solutions to problems, such as rapid, unforeseen business growth, using social media as effective marketing tools, or how to form effective joint ventures.

VBOCs have been especially successful in providing relevant, timely training programs and counseling sessions to firms owned and controlled by veterans while simultaneously impacting the continued growth of the economy.

❖ **Specialized Training Programs**

SBA provides specialized training programs designed to meet the specific training and educational needs of veteran small business owners and aspiring entrepreneurs. These programs offer cutting-edge entrepreneurship training for service-disabled veterans, female veterans, Reserve Component members and their families interested in exploring the career opportunities, entrepreneurship, and small business ownership offer.

• **Entrepreneurship Boot Camp for Veterans with Disabilities (EBV)**

EBV offers cutting edge, experiential training in entrepreneurship and small business management to post-9/11 veterans with disabilities. The program is designed to open the doors to business ownership for veterans by: 1) developing the skills associated with launching and growing a small business, and 2) leveraging programs and services for veterans with disabilities. The EBV program is offered by a network of eight world-class institutions (EBV Consortium). The program operates on a rolling admission basis; therefore, early application is highly encouraged. Applications may be downloaded from the program website at [Syracuse University](#).

The EBV grant was re-competed in fiscal 2013 and expanded to include Syracuse University, Fayetteville State, and Oklahoma State Universities. Expansion ensures an increase in the number of seats available for service-disabled veterans interested in applying for candidacy while maintaining a level of quality instruction and mentorship that assures the success of candidates interested in starting, growing, and sustaining small firms.

SBA's involvement in EBV provided opportunities to expand the program. Service-disabled veteran candidates have increased as has the opportunity for increasing EBV Consortium members. As of the end of fiscal year 2013, 463 service-disabled veteran candidates were trained by EBV Consortium members. Marketing and promotional campaigns funded through an SBA grant to Syracuse University enabled effective penetration into veteran communities and established key alliances with organizations that represent the interest of veterans.

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

The female veteran training program known as V-WISE was modeled after two existing and successful outreach programs offered by the Whitman School, and focuses on three objective outcomes: training, networking, and mentorship. V-WISE is structured as a three-day, off-site training program, combined with online training and network support structures. Each offering of the program can accommodate 200 veterans – open to all women veterans of any era or service branch -- with delivery of the program occurring eight times (in eight cities) over a 36-month timeframe. V-WISE events are well-attended; 953 female veterans and transitioning military females have been trained since program inception.

The V-WISE grant ends on September 29, 2013, and will be re-competed in fiscal year 2014 if funding is available allowing continued program support expanding entrepreneurship development and small business ownership for female veterans, transitioning female military personnel, spouses, and companions of veterans currently operating small businesses.

Progress Report For Fiscal Year 2013

The Recommendations Two-Years Later

The President ordered the Task Force to produce a report annually to update him on its progress and proposals. The focus of this report, the Task Force's second, is to provide updates and action taken on the 18 recommendations that were made in the fiscal year 2012 report. The recommendations are organized around three priority areas for engaging the federal government:

- ❖ **Increase Opportunities for Growth.** Increasing the flow of both capital and federal contracting opportunities to veteran-owned small businesses will provide veterans with 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 involves 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. 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 will provide veterans greater prospects for success.
- ❖ **Reduce Barriers to Growth and Improve Coordination and Efficiencies.** 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.

The Task Force identified four additional key recommendations that did not fit into one of the above categories.

As the Task Force moves forward, it will continue engaging with the veteran community and federal partners, and continue encouraging progress on its recommended actions. As needed, the Task Force will refine its proposals as it evaluates progress toward goals, identifies further challenges, and moves forward with its recommendations.

Increase Opportunities for Growth

RECOMMENDATION #1: LEVERAGE NEW AND EXISTING LENDING COMMITMENTS AS VEHICLES TO INCREASE ACCESS TO CAPITAL FOR VETERAN AND SERVICE-DISABLED VETERAN-OWNED SMALL 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, 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. It also offers a streamlined paperwork process 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.

Patriot Express loans offer many advantages to veterans and to SBA's network of participating community banks nationwide. They feature one of SBA's fastest turnaround times for loan approval and an enhanced guaranty and interest rate on loans up to \$500,000 to small businesses owned by veterans, reservists and their spouses. Additionally, a Patriot Express loan can be used for most business purposes, including startup, expansion, equipment purchases, working capital, inventory or business-occupied real-estate purchases.

Lead Agency: SBA

Recommended Actions:

- Examine internal mechanisms to make the Patriot Express Pilot Program more advantageous to veterans and the agency's lending 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.

Progress in 2013:

In fiscal year 2013, SBA's Patriot Express product delivered 1,121 approved loans totaling approximately \$123.5 million to veterans. Since inception in 2007, SBA has guaranteed 10,384 Patriot Express loans totaling \$909.2 million.

Veteran-owned small businesses may be eligible and may qualify for other SBA's loan programs such as microloan, regular 7(a), and 504 loan programs.

To further encourage lending under its product lines, on May 21, 2013, SBA announced a new commitment from private lenders which aims to increase veteran lending over the next five years. SBA's top 20 national lenders and an additional 100 regional and community banks committed to increase their lending to veterans by 5% each fiscal year. SBA estimates that this commitment will increase lending to veterans by

approximately \$500 million over the time period, and reach an additional 2,000 veteran entrepreneurs over the fiscal year 2012 base level.

The SBA also co-hosted a series of economic forums with the White House. These events focus on both urban and rural communities and brought together local community officials, small business owners and government leaders to discuss the obstacles and opportunities to small business ownership. In addition, they provide a venue for the SBA to educate and expand the reach of the Agency's services to more small business owners in more communities. The economic forums were held in eight cities and reached more than 2,500 in-person participants and over 25,000 online viewers. There have been over 800 mentor relationships facilitated and over 14.6 million Twitter followers.

Next Steps:

Progress on the Veteran's Pledge Initiative will be measured after the end of the fiscal year. Each lender under the commitment will be sent a "scorecard" indicating their loans made to date and encouraging them to continue their commitment.

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 of 2009* (Public Law 111-05), the limit on SBA surety bonds was temporarily increased to \$5 million to help small businesses competing for larger contracts; however, this provision has since expired. President Obama has advocated for permanently increasing this limit to \$5 million through the American Jobs Act of 2011. SBA's Office of Surety Guarantees is also 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.

Lead Agency: SBA

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 (PTACs)
 - Small Business Development Centers (SBDCs)
 - Service Corps of Retired Executives (SCORE)
 - Women's Business Centers (WBCs)
 - Veterans Business Outreach Centers (WBOCs)

- Entrepreneurship Boot Camps for Veterans (EBV)
- Emerging Leaders Program (ELP)

Progress in 2013: In fiscal year 2013, SBA approved a total of 1,659 bonds for veteran-owned and service-disabled veteran-owned firms. This represents a 67% increase over the full fiscal year 2012 total.

The *National Defense Authorization Act for Fiscal Year 2013* (Public Law 112-239) permanently increased the eligible contract limit to \$6.5 million and up to \$10 million with a federal contracting officer's certification that the guarantee is necessary for the small business to obtain bonding.

Three new surety companies were approved for the *Prior Approval Program*. Additionally, forty-two new surety agencies and 168 new surety agents began participating in the program. SBA will continue to increase the number of surety companies, agencies, and bond agents to provide bonding for the maximum number of small businesses.

Next Steps:

SBA hired two marketing specialists who focus on marketing and outreach efforts to the veteran and service-disabled veteran segments of the contractor base.

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 which, in turn, provide short-term, fixed-rate loans of up to \$50,000 to small businesses. The small businesses are also supported with management training and technical assistance. The average microloan is about \$13,000 and may be used for working capital as well as the purchase of supplies, furniture, machinery, or equipment.

The Task Force's research has found that SBA microloans have been effective in reaching many underserved communities, but have not been as effective in reaching veterans. While 9% of U.S. businesses are owned by veterans, only 3.7% of microloan recipients identified themselves as veterans in 2010. Therefore, the Task Force is committed to identifying opportunities to increase the number of microloans and microloan dollars going to veterans each year.

Lead Agency: SBA

Recommended Actions:

- Set a goal for SBA's Microloan Intermediary Program of increasing the percent of veterans served to 9% to mirror the prevalence of veteran-owned businesses overall.
- Educate existing SBA micro lenders on the benefits of lending to veterans and encourage SBA micro lenders 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.

Progress in 2013:

SBA's Office of Capital Access (OCA) continues to encourage stepped up marketing to veterans that are interested in becoming self-employed. Lending to veterans was discussed at the fiscal year 2012 Microloan Program National Training Conference. SBA plans to offer a separate session regarding the needs of veterans and the tools available to community based lending entities in the 2014 conference. Intermediaries are encouraged to contact local military bases and market their lending and training programs to military members that have, or are getting ready to, out-process. Micro lender contact information has been provided to the B2B Initiative for distribution to Business to Business (B2B) trainers and participating trainees. OCA worked closely with the Office of Faith Based and Neighborhood Partnerships to improve recruitment of veteran-focused lending entities.

In fiscal year 2013, SBA supported 149 micro loans to veterans totaling \$2.2 million.

Next Steps:

- Continue to encourage increased lending to veterans in need of small amounts of capital by:
 - Increasing subject matter training for Microloan Program Intermediaries
 - Qualifying Intermediaries as B2B trainers
 - Moving veterans from business trainees to business owners/borrowers
- Continue to seek veteran-focused lenders that have the capacity to operate a revolving loan fund
- Increase lending to veteran-owned small businesses with the goal of 9% representation in the borrower population
 - Increased dissemination of the goal to Intermediary lenders
 - Improving data responses in existing reporting system

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 and Disadvantaged Business Utilization (OSDBUs). 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.

Lead Agencies: DOD, GSA, SBA, and VA

Recommended Actions:

- Coordinate production of materials among SBA, the Federal Acquisition Institute (FAI), and/or the Defense Acquisition University (DAU). Disseminate materials throughout Department and Agency OSDBUs, PTACs, VBOCs, VBDOs, and SDBC.

Progress in 2013:

SBA continued on its 2012 effort of developing the Government Contracting Classroom (www.sba.gov/gcclassroom) to help prospective and existing small businesses understand the basics about contracting with federal agencies. Additionally, the Government Contracting (GC) Classroom features content directed to the acquisition workforce. In fiscal year 2013, SBA published a course titled "Veteran Owned Small Business Contracting Programs" which helps both small businesses and contracting personnel understand the differences between the SBA and VA's SDVOSB contracting programs.

SBA also updated the “Buying Opportunity Tool” which is used to identify and quantify realistic opportunities to increase small business spend across the federal government. It uses historic data, tempered by realities of current performance to ensure goals set are reasonable and realistic. The Buying Opportunity Tool was shared via the Small Business Procurement Advisory Council (SBPAC). The SBPAC is comprised of the directors of federal Offices of Small Business Programs.

Finally, SBA worked with DAU and the FAI to develop and update small business training modules with the following contracting officer training courses. These courses are mandatory for COR levels I, II, and III:

- CON 090 – Federal Acquisition Regulations (FAR) Fundamentals (Level I)
- CON 115 – Contracting Fundamentals (Level I)
- CON 200 – Business Decisions for Contracting (Level II)
- CON 280 – Source Selection and Administration of Service Contracts (Level II)
- CON 360 – Contracting for Decision Makers (Level III)

Another tool across federal agencies is the Mentor-Protégé Program aimed at helping small businesses compete for and win federal contracts. In addition to SBA’s 8(a) Mentor-Protégé Program, a number of federal agencies have Mentor-Protégé Programs each with their own participation requirements. These programs encourage private sector relationships and provide small business with additional contracting opportunities as well as managerial and technical assistance. GSA’s Mentor-Protégé Program is open to all small businesses including 8(a), HUBZone, women-owned, veteran-owned, and service-disabled veteran-owned small businesses.

Building off the fiscal year 2012 success of private-public partnership around the Supplier Connection Portal, the SBA launched the American Supplier Initiative. In order to intensify these efforts, SBA convened the American Supply Chain Working Group. In partnership with key private sector companies, SBA plans to gather input from small businesses, local officials, and supply chain experts to determine additional steps that can be taken to develop more robust supply chains in all areas of the United States. As a result of this engagement, SBA will continue to engage key stakeholders in the public and private sectors as well as small businesses to ensure the development of economic ecosystems that support robust small business supply chains.

Strengthening market research capability is a priority for DOD. In 2013 DOD further enhanced its Small Business Maximum Practicable Opportunity (MaxPrac) Analysis which shows potential small business opportunities and areas of improvement for specific supplies/services as compared to other organizations. The enhanced version of MaxPrac allows for an analysis down to the command level and by product service code (PSC). Through fiscal year 2013 DOD trained over 19 government agencies on using MaxPrac and continued to disseminate the tool throughout its acquisition workforce. DOD also continues to study the best practices of market research from government and industry to develop additional market research tools. These efforts led to the establishment of the Defense Innovation Marketplace, which is an online resource center better connecting industry with government buyers and is a resource for information about DOD investment priorities and capability needs.

Next Steps:

The *Small Business Jobs Act of 2010* (Public Law 111-240) authorized SBA to extend the Mentor-Protégé program to service-disabled veteran-owned small businesses, woman-owned small businesses, and HUBZone small businesses. As SBA was advancing a draft rule to implement this program, the *National*

Defense Authorization Act of 2013 (Public Law 112-238) further expanded the Mentor-Protégé Program to all small businesses. SBA has redrafted the rule to accommodate this further expansion, and expects to submit the rule for interagency clearance in the near future.

SBA will also continue to develop tools to help contracting officers and veterans fully capitalize on federal procurement opportunities via updates to the GC Classroom.

DOD will continue to develop additional market research tools based on industry best practices that will enable the acquisition workforce to analyze data in order to identify capable small businesses that can meet DOD's requirements. These tools will also centralize forecasting so the industrial base is more aware and better prepared to align with the DOD's needs.

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

The Small Business Jobs Act of 2010 (Public Law 111-240) had two key provisions for the Department of the Treasury (Treasury) that were designed to increase small business lending, both of which identified veterans as an important target group. First, the State Small Business Credit Initiative (SSBCI) was funded with \$1.5 billion to support state programs aimed at improving access to capital for job creators. Second, the Small Business Lending Fund (SBLF) invested in more than 300 banks and community development loan funds (CDLFs); providing low-cost capital that they, in turn, can use to increase lending to small businesses. These institutions submitted small business lending plans that included outreach and marketing to certain groups, including veterans.

Creating opportunities for coordination among Treasury, SBA District Offices, state-level agencies and SBLF participants will help Small Business Jobs Act funds be used effectively as a key source of financing for veteran-owned small businesses.

Lead Agencies: Treasury, SBA

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.

Progress in 2013:

SBLF encourages lending to small businesses by providing low cost capital to qualified community banks and CDLFs with assets of less than \$10 billion. The purpose of SBLF is to encourage Main Street banks and small businesses to work together, help create jobs, and promote economic growth in communities across the nation. Through SBLF, Treasury invested over \$4 billion in 332 institutions operating in over 3,000 locations across 48 states and five territories. As of December 31, 2013, SBLF participants had increased

their small business lending by \$12.5 billion over a \$33 billion pre-program baseline.

In June 2013, SBLF released its First Annual Lending Survey to better understand how SBLF participants were fulfilling their commitments to outreach and marketing to certain groups, including veterans. According to the survey, program participants reported expenditures of approximately \$1.0 million on outreach and advertising activities targeting veterans for the year ended June 30, 2012.

SSBCI was funded with \$1.5 billion from the Small Business Jobs Act of 2010 (Public Law 111-240) to support state and local programs that provide lending to small businesses and small manufacturers that are creditworthy but are not getting the loans they need to expand and create jobs. SSBCI provides states significant flexibility to build on successful models for state small business programs, including collateral support programs, capital access programs (CAPs), loan participating programs, loan guarantee programs and state-run venture capital programs. SSBCI program rules also identify underserved communities, including veterans, as an important target group for small business lending. After the participating states' first full year of operations, SSBCI funds had leveraged almost \$1.9 billion in new small business loans and investments.

To promote the importance of small business lending to veterans, Treasury and SBA worked together in 2013 to distribute information on SSBCI to SBA District and Regional Offices to raise awareness of opportunities to collaborate with SSBCI. Under the SSBCI Program, eligible state capital access programs may not enroll the unguaranteed portions of SBA-guaranteed loans without the express, prior written consent of the Treasury. However, there are still several opportunities for collaboration, such as where a borrower is SBA ineligible, to support 504 bridge financing; and, when a borrower is seeking two distinct loans for different purposes, one may be SBA-guaranteed and the other could be supported by SSBCI state funding allocations.

Independently, Treasury also used the annual conference of SSBCI state program managers June 3-4, 2013 at the Dallas Federal Reserve Bank to promote SSBCI's flexibility to provide capital to veteran-owned small business. While not required, some states track the use of SSBCI funds in loans to veteran-owned companies. For example, South Carolina has supported over \$67 million in new loans with its SSBCI program, and 11% of these loans are to veterans.

Next Steps:

Moving into fiscal year 2014, Treasury will continue to raise awareness of SBLF and SSBCI among community lenders and veteran-business owners. SBA will continue to integrate information on SBLF and SSBCI into SBA outreach materials and distribute them to SBA District Offices and resource partners (SBDCs, WBCs, SCORE, VBOCs). SBA will also continue to distribute information on SBLF and SSBCI at lender outreach events to ensure SBA's network of community banks are aware of other tools available to them to assist veteran-owned small businesses.

Improve and Expand Counseling and Training Services

RECOMMENDATION #6: INCREASE AND AUGMENT ENTREPRENEURSHIP AND TECHNICAL ASSISTANCE PROGRAMS OFFERED TO VETERANS

SBA District Offices and resource partners, namely SBDC, WBCs, SCORE, and VBOCs, help entrepreneurs and small business owners start and grow businesses by providing free or low-cost training, counseling,

coaching and mentoring to over one million clients a year. In fiscal year 2013, SBA counseled and trained 134,666 veterans and veteran-owned small businesses.

Specifically, the SBDC program provides services to the veteran community nationwide through its network of over 900 locations; SCORE provides veterans, National Guard, Reservists and military families with support and mentorship; WBCs provide services to veterans at over 100 locations; VBOCs provide business training and counseling at the 15 VBOCs.

Veterans use a wide variety of resources and services based upon their proven effectiveness, but sometimes encounter services that are fragmented or siloed. Stronger collaboration across various veteran-focused training and counseling networks is an important short-term concern. Although these and other federal resources provide needed counseling and training services to veterans, there is a need to create a standardized, national entrepreneurship training program specifically for veterans. Creating a national standardized veteran training program with an 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 businesses. A 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 (V-WISE). A national program, based on these models, and available locally could reach a greater number of veterans, service members and their families.

Lead Agencies: VA, SBA, DOL, and DOD

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 military skills into industry-related skills.
- Enhance coordination of SBA’s veterans counseling and training services through regional Veterans Advocacy Coordinator positions.

Progress in 2013:

The SBA worked with DOD and VA to incorporate B2B into the military’s new transition assistance program, Transition GPS. Although no dedicated funding was provided for the program, the SBA secured Congressional approval to reprogram some funds so that it could develop the eight-week online distance

learning course.

At the end of 2012, a pilot program was implemented. A total of 121 service members went through the pilot program at the following seven bases: JB Anacostia/Bolling in Washington DC, NSB King Bay in Georgia, Fort Sill in Oklahoma, McConnell AFB in Kansas, Walter Reed/Bethesda in Maryland, Annapolis NS in Maryland, RAF Mildenhall, and in the United Kingdom.

Following the completion of the pilot program, the SBA rolled out classroom instruction at military bases throughout the United States. From January 2013 through August 2013, 3,279 service members participated in the 2-day B2B classes.

DOL's Employment and Training Administration (ETA) provides a technical assistance resource for the public workforce investment system with information on industry competency requirements. The Competency Model Clearinghouse (CMC) website includes models, tools, and information, including a model for entrepreneurship. In addition, ETA added a Veterans Reemployment portal to its premier career exploration site CareerOneStop (COS). Both assistance resources can be accessed at:

<http://www.careeronestop.org/competencymodel/pyramid.aspx?ENTRE=Y>. The model was developed in 2009, and links to current information about entrepreneurship training curricula and related resources. : <http://www.careeronestop.org/ReEmployment/veterans/default.aspx>.

Next Steps:

According to the recent figures available online from the Defense Manpower Data Center (February 2012), over 1.4 million veterans of Operation Enduring Freedom/Operation Iraqi Freedom (OEF/OIF) have already separated from the armed forces. Thus, in order to reach as many of these veterans as we can, the SBA is exploring the possibility of offering the program through its district offices and resource partners to veterans who cannot take advantage of Transition GPS.

DOL will conduct a review of, expand, and add links to entrepreneurship resources from SBA and its resource partners, in both the COS veterans portal and CMC entrepreneurship websites, as appropriate to the content, and will provide outreach and technical assistance to increase awareness in the public workforce investment system about the availability of these resources.

DOD will work with SBA to roll out the assistance to all services at military bases throughout the United States.

RECOMMENDATION #7: IMPROVE INFORMATION TO EXISTING SERVICE MEMBERS AND THEIR SPOUSES BY REVISING THE TRANSITION ASSISTANCE PROGRAM (TAP) TO INCLUDE INFORMATION ON ENTREPRENEURSHIP AND BUSINESS OWNERSHIP RESOURCES.

Under TAP, the Department of Homeland Security (DHS), DOD, VA, and DOL provide employment and training assistance to about 250,000 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 Transition GPS infrastructure will leverage best practices in adult learning techniques and e-learning delivery methods.

Lead Agencies: SBA, DOL, DOD, and VA

Recommended Actions:

- Ensure that the DOL can link to online assistance from SBA's resource partners including the Agency's Online Training Center, SCORE, SBDCs, WBCs, and VBOCs.
- Brief all Veterans Employment Initiative members, including the Departments of Education, Defense, Labor, and Veterans Affairs. Educate Military Service Transition Managers of SBA resources to assist transitioning service members, veterans and spouses who are interested in starting their own businesses.
- Train the State Field Employment Services Staff, funded by DOL, 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.

Progress in 2013:

The SBA developed B2B, a program offering entrepreneurship training and counseling to those who want to work for themselves or start their own small businesses, to be offered as part of the DOD's new Transition GPS. This program is delivered in three progressive phases. Phase I consists of a short video introduction – a primer on the considerations starting and owning of one's own business. Phase II offers two days of classroom instruction to help veterans develop a feasibility analysis for their venture. Phase III is an eight-week online distance learning course that leads to the creation of a business plan.

Thus far, SBA has developed the eight-week online distance learning course and rolled out classroom instruction at 101 military bases throughout the United States. At the end of fiscal year 2013, B2B has reached 3,279 service members. However, this figure only represents 6% to 9% of the 36,000 and 54,000 transitioning service members who are expected to sign up for the program. Given SBA's current capacity, there are already waiting lists at some locations in the United States and no classroom instruction is being offered at any overseas bases.

Next Steps:

DOL's ETA issued Training and Employment Guidance Letter (TEGL) 12-10, *Supporting Entrepreneurship and Self-Employment Training Through the Workforce Investment System* in late 2010, which provides a comprehensive listing of entrepreneurship resources that is used by field staff throughout the national network of approximately 2,500 American Job Centers (AJCs). In late 2012, DOL awarded approximately \$20 million in Workforce Innovation Funding (WIF), a fund designed to support innovation among the workforce system, to test new service delivery strategies that are specifically targeted at promoting entrepreneurship in two states. These WIF projects were implemented during 2013 and are currently ongoing. Additionally, DOL maintains an online Self-Employment Assistance Center (<http://sea.workforce3one.org/>) which lists valuable resources related to entrepreneurship, such as the SBA Toolkit, and is available to AJC staff

members via DOL's Workforce3one workforce system resource platform.

Next Steps:

If fully funded, the SBA plans to expand the B2B program worldwide to over 200 military bases around the globe. At the end of fiscal year 2013, 502 classes have been requested at Army bases, 412 classes have been requested at Marine Corps bases, 292 classes have been requested at Navy bases, 576 classes have been requested at Air Force bases, 18 classes have been requested at National Guard bases, and 154 classes have been requested at joint bases. These classes will provide training for 10,040 personnel on Army bases, 8,240 personnel on Marine Corps bases, 6,040 personnel on Navy bases, 11,520 personnel on Air Force bases, 350 personnel on National Guard bases, and 3,080 personnel on joint bases.

SBA anticipates that at full scale, the B2B program will provide entrepreneurial training and counseling to between 36,000 and 54,000 transitioning service members who go through all three phases of the program each year. However, additional funding may be required to expand the program to the Guard and Reserve components. Moreover, since over 1.4 million veterans of OEF/OIF have already separated from the armed forces, demand for course offerings at other district offices is also anticipated from veterans who cannot take advantage of military transition assistance programs.

DOD will work with SBA to roll out assistance to all services at military bases throughout the United States.

DOL will review TEGL 12-10 to determine if updates are needed. Additionally, all WIF projects will be subject to an evaluation that will assist DOL in identifying strategies and resources that could potentially be replicated in other areas.

RECOMMENDATION #8: EASE NAVIGATION AND CREATE, OR LEVERAGE AN EXISTING, WEB PORTAL THAT ALLOWS VETERANS TO ACCESS ENTREPRENEURSHIP RESOURCES FROM ACROSS THE GOVERNMENT.

In February 2012, the Administration launched BusinessUSA.gov to make it easier for U.S. small businesses and exporters to access federal government resources. BusinessUSA is a multi-agency effort and is jointly headed by SBA and the Department of Commerce to ensure businesses find what they need quickly and get consistent information regardless of where they begin their search. BusinessUSA.gov is a one-stop, central online platform where businesses of all sizes can access information about available federal programs without having to waste time navigating the federal bureaucracy. BusinessUSA adopts a "No Wrong Door" policy that uses technology to quickly connect businesses to the services and information relevant to them, regardless of which agency's website, call center, or office they go to for help.

The formation of an interagency website to house entrepreneurial resources for veterans was proposed in previous Task Force reports. That recommendation is substantially fulfilled with the creation of BusinessUSA.gov/Veterans. By the end of fiscal year 2013, a veteran considering entrepreneurial opportunities or one who already owns a small business could use a specialized section of the BusinessUSA.gov website to find a list of veterans programs, services, events, government contracting opportunities, and more. BusinessUSA.gov includes veteran programs, such as:

- 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
- DOL’s Transition Assistance Program
- One-Stop Employment and Training Centers
- DOD’s Yellow Ribbon Program
- Military One Source Program
- National Resource Directory
- National Committee for Employer Support of the Guard and Reserve

Lead Agencies: OMB, SBA, DOC, DOD, DOL, and VA

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 OSDBUs 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.

Progress in 2013:

Since implementation, BusinessUSA.gov had approximately 1.4 million visitors and nearly 70,000 individuals subscribed to receive content and information updates. Many of these visitors were veteran-owned businesses and entrepreneurs seeking to learn more about resources available from the federal government who previously visited VetBiz.gov. This was the result of the strategic placement of a ‘widget’ or ‘button’ on the VetBiz.gov site that referred visitors directly to BusinessUSA.gov. In fact, VetBiz.gov was the top referring site to BusinessUSA during the months of May and June – referring thousands of veterans to the site.

Since its launch, the BusinessUSA website provided access to over 4,000 federal, state, and local resources including programs that provide financing, technical assistance and other services. Approximately 200 success stories were shared explaining how businesses and entrepreneurs took advantage of federal resources to grow their businesses and enhanced their success, and over 25,000 events were advertised nationwide.

BusinessUSA also offered several targeted ways to access content relevant to veterans. DOD led the effort to develop the Veterans Entrepreneurship Portal on BusinessUSA.gov. This portal was designed to provide resources to veteran-owned small businesses that were looking for information on education and training, mentoring, financing, technical assistance, and federal contracting. In 2012, a simple search on the term “veteran” resulted in 160 items. By the end of fiscal year 2013, the same search resulted in over 350 items ranging from targeted programs to news and information. Using the BusinessUSA.gov/Veterans tool, users were able to refine their search using faceted navigation. The tool, called a “wizard”, helped veterans narrow their search from a database of the most popular veteran programs.

Next Steps:

BusinessUSA will continue to expand the content, services and tools available via BusinessUSA.gov/Veterans. In addition, as part of the MyUSA project, BusinessUSA will incorporate a user

login and other profile customization features on the site that allow veterans to tailor their navigation experience on the site. This feature is also expected to help target notifications to veterans that are more timely and relevant to their interests and business characteristics.

Reduce Barriers to Growth and Improve Coordination and Efficiencies

RECOMMENDATION #9: FIND AND REDUCE BARRIERS THAT IMPEDE SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESSES FROM CONTRACTING WITH THE U.S. GOVERNMENT.

The *Veterans Entrepreneurship and Small Business Development Act of 1999* (Public Law 106-50) was expanded existing and establish new assistance programs for veterans who own or operate small businesses. Public Law 106-50 instituted that “the government-wide goal for participation by small business concerns owned and controlled by service-disabled veterans shall be established at not less than 3% of the total value of all prime contract/subcontract awards for each fiscal year.” It is important to fully understand the impediments SDVOSBs face in the overall contracting process to best support them in increasing contracting opportunities.

Although service-disabled veteran-owned small businesses gain more federal contracting dollars each year, not all agencies have met the government’s congressionally mandated contracting goals, and continue to look for ways to improve performance. For the first time, overall, federal prime contracting dollars awarded to service-disabled veteran-owned small businesses (SDVOSBs) increased for the sixth consecutive year to \$12.3 billion or 3.03% of total contract spending in fiscal year 2012. This is up from \$11.2 billion or 2.65% of total contract spending in fiscal year 2011, and marks the first time the federal government met and exceeded the 3% statutory goal for service disabled veterans.

Lead Agencies: DOD and GSA

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.

Progress in 2013:

GSA’s efforts have been to ensure a better overall approach to recognize service-disabled veteran-owned small businesses across the federal government. GSA has shown steady improvement in contracting opportunities and dollars reaching the veteran small business community.

GSA focused on training not just on the veteran small business owners but also on the acquisition staff. In 2013, GSA conducted training webinars to better educate the contracting officers to reach more veterans. Participation was strong and improvement was noted.

GSA also increased efforts in outreach, training, and assistance to new and existing veteran-owned small businesses. Each agency’s OSDDBU has been emphasizing the importance of finding and assisting veteran-owned small businesses. Along with individual efforts, agencies have also been assisting each other to expand their outreach capabilities. An example of this effort is the monthly held outreach sessions between

SBA and GSA. These sessions are held outside of Washington, DC near the location of the businesses. Usually there are four to five small businesses in attendance at a time. The goal is to save time and energy for the business and keep it informal enough to provide valuable assistance and discussion.

DOD concluded its study on barriers to entry into the federal market for SDVOSB's and is reviewing and implementing recommendations to increasing the visibility of the SDVOSB program, strengthening education and training opportunities, and continuing efforts to remove barriers to SDVOSB and nontraditional suppliers.

Next Steps:

GSA will continue to support veteran small business owners and entrepreneurs through refined approaches to outreach, training, and assistance. GSA will further develop training to make sure the important issues affecting veteran-owned small businesses are addressed.

RECOMMENDATION #10: REDUCE REGULATORY BURDENS BY OFFERING COMMENTS 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, the 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*, required 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 that 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 included analysis of issues of interest to veteran entrepreneurship. For example, the Federal Acquisition Regulatory (FAR) Council's plan aimed to simplify regulatory guidance for using partial set-asides and established new guidance to address the use of order set-asides to promote greater small business contracting in fiscal year 2012, including those for service-disabled veteran-owned small businesses. Also, SBA's plan called 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 SDVOSB program.

Lead Agencies: OMB and SBA

Recommended Actions:

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

Progress in 2013:

In fiscal year 2013, SBA and VA collaboratively reviewed the program requirements for the SBA's SDVOSB Program and the VA's VOSB Program. Additionally, the SBA shared insights and best practices on certification processes, regulations, and information technologies from the SBA 8(a) Business Development Program. The results of these reviews were shared publically at a hearing held by the House Small Business Committee on March 19, 2013. As expressed during the hearing, both agencies are committed to working together on continuous improvement that brings greater alignment in process and continual progress in reducing burdens for SDVOSBs and VOSBs.

In addition, during the past year, members of the Task Force worked with OMB, SBA, and other agencies to push forward a number of regulatory actions that will help to make the federal government's small business contracting rules more effective in maximizing opportunities for SDVOSBs, and other small business contractors. In particular, a number of important rulemakings were finalized to address authorities set forth in the Small Business Jobs Act of 2010, which will help to leverage the talents of small businesses, including SDVOSBs, and promote veteran entrepreneurship. For example:

The Task Force worked with SBA to strengthen regulatory guidance on the application of set-asides on multiple award contracts. Set-asides serve as the most powerful small business contracting tool and multiple award contracts continue to serve as a popular gateway to the federal marketplace for thousands of small businesses. In response to this Task Force recommendation, SBA issued a final rule that -

- Simplifies the use of partial set-asides when market research indicates that a total set-aside is not appropriate but the procurement can be broken into small discrete portions or categories and two or more small business concerns, including SDVOSBs, are expected to submit an offer on the set-aside part of the requirement at a fair market price. The small business can submit an offer on the set-aside portion, the non-set aside portion, or both.
- Authorizes agencies to reserve awards for small businesses under a multiple award contract awarded pursuant to full and open competition, and allows contracting officers to set forth targets in the contract showing the dollar value of awards to small businesses.
- Permits agencies to make commitments to set aside orders, or preserve the right to consider set-asides when the "rule of two" is met.
- Explains the use of on ramps and off ramps – i.e., mechanisms for allowing small businesses to enter and exit a contract during the performance period.
- Requires contracting officers to document the contract file to provide an explanation if the contracting officer decides not to use set-asides or reserves.

Task Force members worked with SBA as it finalized regulations on small business subcontracting. Subcontracting is an important avenue for small businesses to gain entry into the federal marketplace and can serve as a stepping stone to receiving work as a prime contractor. SBA finalized a comprehensive rule to implement provisions in the *Small Business Jobs Act of 2010* that are designed to increase the protections afforded to small business subcontractors, including SDVOSBs. The final rule: (1) requires a prime contractor to notify the contracting officer in writing whenever a payment to a subcontractor is reduced or 90 days or more past due, (2) clarifies the contracting officer's responsibility to keep a record of a prime contractor's history of unjustified payments to subcontractors and the prime contractor's responsibility to notify the contracting officer in writing if the prime contractor fails to utilize a small business concern in

preparing and submitting the prime contractor's proposal, and (3) explains how subcontract reporting applies to multiple award contracts, including GSA's Federal Supply Schedules.

Next Steps:

The Task Force will work with the FAR Council to further implement the Jobs Act authorities in the FAR. As part of OMB's ongoing efforts to improve cash flow for small businesses and increase small business participation in all levels of federal contracting, the Task Force will provide input on strategies that might be used over the longer term to facilitate accelerated payment to small businesses, including SDVOSBs. It will also monitor progress reported on performance.gov regarding government-wide progress in increasing use of set-asides under the simplified acquisition threshold (SAT).

RECOMMENDATION #11: COORDINATE AND CENTRALIZE INFORMATION ON VETERAN AND SERVICE-DISABLED VETERAN-OWNED SMALL BUSINESS CONTRACTING OPPORTUNITIES ACROSS THE GOVERNMENT.

Federal contracting officers have generally been successful in understanding how to use set-aside programs to contract with 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 SDVOSBs.

Currently, the DOD's Maximum Practicable Opportunity (MaxPrac) Model uses the Federal Procurement Data System-Next Generation (FPDS-NG) 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.

Lead Agencies: GSA, DOD, SBA, and VA

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 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.

Progress in 2013:

GSA has expanded their on-line training program to the acquisition community by adding quarterly training focused on outreach efforts to SDVOSBs. The training focuses on improving market research capabilities, understanding the parity issues to better support the inclusion of SDVOSBs on new opportunities, and

expanding their understanding of the veteran small business community by exposing myths and misconceptions and replacing those with facts to better educate those in the decision-making arena.

DOD has demonstrated a top-level leadership commitment in emphasizing the importance of small business utilization. DOD's senior leadership consistently emphasizes the importance of achieving small business goals and the importance of small businesses to the defense industrial base. The Defense Planning Guidance now calls for small business planning for goods and services and the transition of small business innovative technologies into programs of record. DOD also began providing the Defense Contract Audit Agency (DCAA) Form 1408 to Small Business Innovation Research (SBIR) contractors in advance of submitting a proposal for a Phase II award and expediting its review in order to prepare small businesses for future audit requirements.

During 2013, the SBA continued to work on holding agencies accountable to their small business goals via the White House Small Business Procurement Group. At the most recent meeting of the White House Small Business Procurement Group, SBA reviewed the Cross-Agency Priority Goals (CAP Goals) that addresses how the federal government can enable a greater number of entrepreneurs start small businesses and grow them successfully. The sub goal on small business procurement goals includes the following four metrics: 1) Senior leadership accountability (e.g. communicating commitment of small business utilization, holding senior leaders accountable for small business goal achievement); 2) OSDDBU Director reporting to the Deputy Secretary or higher authority; 3) Establishment of small business goals at the agency component level; and 4) Increasing small business contracting below the SAT (generally \$150,000).

The SBA also continued to host monthly meetings of the Small Business Procurement Advisory Council (SBPAC). The SBPAC comprises the directors of federal OSDDBU programs, and is a forum for discussion of best practices, upcoming regulatory changes, and challenges faced by federal agencies in supporting the use of small businesses in the federal supply chain. Each month, one agency presents on best practices for meeting small business and/or socio-economic prime and subcontracting goals.

For the sixth consecutive year, federal prime contracting dollars awarded to SDVOSBs increased to \$12.3 billion or 3.03% of total small business eligible contract spending in fiscal year 2012. This is up from \$11.2 billion or 2.65% of total contract spending in fiscal year 2011, and marks the first time the federal government met and exceeded the 3% statutory goal for service-disabled veterans. This program allows federal agencies to set acquisitions aside for exclusive competition among service-disabled veteran-owned small business concerns. SBA works with SDVOSBs to build awareness of federal contracting opportunities and ensure they have the resources they need to bid for federal contracts.

In fiscal year 2013, SBA published a course for its GC Classroom titled "Veteran Owned Small Business Contracting Programs" which helps both small businesses and contracting personnel understand the differences between the SBA and VA's SDVOSB contracting programs (www.sba.gov/gcclassroom)

Next Steps:

GSA has had success with this approach reaching directly to the acquisition community and is also expanding this training directly to the veteran community. GSA is currently conducting monthly on-line training specifically to reach veteran small businesses desiring to do business with the federal government, specifically GSA. This training is available on-line and at no cost to the veteran entrepreneur.

DOD is developing comprehensive procurement forecasts to be used as a basis for establishing small business performance goals and for dissemination to the defense industrial base. The forecasts will identify small business opportunities by industry, as well as identify contracting, teaming, and subcontracting opportunities. DOD Office of Small Business Programs (OSBP) will also begin participating in the review of all acquisition strategy and technology development strategy documents for Major Defense Acquisition Programs (MDAPs).

The SBA will encourage the VA to present best practices toward meeting SDVOSB goals via the monthly SBPAC meetings.

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.

GSA is currently in the process of evaluating its own achievements and goals in federal contracting with veteran-owned businesses. DOD 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.

Lead Agencies: GSA and DOD

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.

Progress in 2013:

GSA continues to cooperate with other federal agency partners to maintain the best possible interaction between training assistance and market research that focuses on the veteran small business community. Continuing to expand the use of GSA Schedules as part of the veteran small business identification process, will allow GSA to maintain its assistance to veteran small businesses at the same time assisting its agency partners in achieving same.

DOD conducts an analysis on its prime contracting to SDVOSBs on a weekly basis enabling the DOD to monitor the SDVOSB industrial base to determine its strengths, weaknesses, and areas for potential opportunity. DOD increased its SDVOSB prime contracting awards by \$1.2 billion from fiscal year 2010 to 2012.

The DOD OSBP's prime contract obligations to VOSBs increased by \$100 million between fiscal year 2011 and fiscal year 2012.

To hold agencies accountable to their small business contracting goals, every year, SBA releases a comprehensive contracting scorecard. The annual scorecard is an assessment tool to: 1) measure how well federal agencies reach their small business and socio-economic prime contracting and subcontracting goals; 2) provide accurate and transparent contracting data; and 3) report agency-specific progress. The prime

and subcontracting component goals include goals for small businesses, woman-owned small businesses, small disadvantaged businesses, service-disabled veteran-owned businesses, and HUBZone-certified small businesses. The scorecard serves to provide public recognition of agency performance against small business goals, and is a contributing factor to the first-time achievement of the SDVOSB government-wide goal.

The SBA works with each agency to set its prime and subcontracting goals. Each agency's grade on the scorecard is based on its performance against the agreed-upon goals. Each federal agency has different goals based on its unique procurement mix, determined in consultation with SBA. During fiscal year 2013, the SBA negotiated fiscal year 2014 goals that consider the progress the federal government has made in contracting with SDVOSBs with the aim that performance will continue on its positive trend.

Next Steps:

SBA will monitor continued progress toward the SDVOSB goal on an annual basis via its procurement scorecard.

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 Requests for Proposals (RFPs) and Requests 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 OSDBUs, contracting officers, and other federal and nonprofit partners. As an additional resource, the SBA can leverage its VBDOs and the VBOCs as outreach points and as a market research source for ensuring the VOSBs and SDVOSBs understand the responsive requirements for RFPs and RFIs.

Lead Agencies: GSA, SBA, and DOD

Recommended Actions:

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

Progress in 2013:

GSA continues to maintain strong ties to the VSO community. Through direct and indirect efforts, GSA has been able to encourage positive dialogue in addressing veteran small business concerns. GSA has hosted multiple local veteran specific outreach efforts across the country, and has been able to address concerns on developing marketing footprints, better use of contracting vehicles (GSA Schedule or other acquisition mediums), and improving communications with specific program officials.

In addition to local initiatives, GSA has maintained a strong national veteran outreach presence. GSA's approach has been to ensure veteran small businesses have the proper tools and assistance to be able to expand and reach for new opportunities. One of these areas is through GSA's Mentor-Protégé program. While all agency mentor-protégé programs are useful and play a valuable role in assisting small businesses, GSA has taken the approach to use this as a resource for expanding veteran small business in the GSA Schedule arena. This provides a value to both GSA and to other federal agencies that use GSA Schedules in their acquisitions to have more veteran small businesses available to them.

DOD has continued its dialogue and outreach with national veterans' advocacy groups. DOD also recently hosted an industry outreach event with the Defense Contract Audit Agency (DCAA). DCAA conducted a seminar on the importance for small businesses to be familiar with topics such as accounting systems, contract briefings, provisional rate structures, as well as monitoring subcontracts for small business contractors.

SBA has consistently invited veteran advocacy groups to participate on its periodic stakeholder calls relating to government contracting opportunities for small businesses.

Next Steps:

DOD plans to roll out its seminars on contract audits through DCAA across the country in the near future.

RECOMMENDATION #14: DEVELOP A STREAMLINED, EFFICIENT, AND CLEAR CERTIFICATION PROCESS TO BE USED BY VETERANS AND SERVICE-DISABLED VETERAN-OWNED BUSINESSES IN FEDERAL PROCUREMENT.

The existing process for a veteran or a service-disabled veteran-owned small business to certify or verify 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 SDVOSBs and VOSBs generally rest with the FAR Council, while eligibility is determined by the SBA.
- All small businesses, including SDVOSBs and VOSBs must register in multiple databases to do business with federal government; including the System for Award Management (SAM), which replaced the Central Contractor Registration (CCR) and the Online Representation and Certification Application (ORCA), and the VA's VetBiz.gov platform.
- The VA has its own unique authority for VOSBs and SDVOSBs that do business with the VA. This program does not apply to the remainder of the federal government. Hence, the VA operates a unique verification program solely for the use of VA procurements under its "Vets First" procurement program that gives preference to VOSBs.

In particular, the VA's unique authority for its own contractors is by statute applicable only to the VA. This separate process can create confusion for veterans and service-disabled veterans looking to do business with the rest of 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.

DOD, GSA, SBA and VA each bring 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's veteran status, either as a veteran or service-disabled veteran.
- GSA maintains a reliable system for service-disabled veterans to register as SDVOSB if they want to contract with the federal government, with the exception of the VA.
- 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 integrate existing systems. The VA is currently home to a database of VA-verified veteran and service-disabled veteran-owned business that it uses to support 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 modifications 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 enabled VA to strengthen the verification process and reduce 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.

Lead Agencies: VA, SBA, and DOD

Recommended Actions:

- Identify necessary resources for the VA, SBA, DOD, and other agencies needed to support 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, improve efficiencies, and create clarity in the certification processes.

Progress in 2013:

The SBA has continued to work closely with the OSDDBU directors to increase the reliability of small business contracting data in the government-wide database, and to enhance the Small Business Procurement Scorecard, the tool by which agencies' performance against contracting goals is evaluated. The best practices on small business contracting revealed via this collaboration have been shared via the SBPAC.

In FY2013, SBA and VA collaboratively reviewed the program requirements for SBA's SDVOSB Program and the VA VOSB Program. Additionally, the SBA shared insights and best practices on certification processes, regulations, and information technologies from the SBA 8(a) Business Development Program. The results of these reviews were shared publically at the March 19, 2013 House Small Business Committee hearing. Building on these discussions, VA made major strides in streamlining its verification process, improving efficiencies and improving clarity in the verification process.

In FY2013, SBA published a course for its Government Contracting Classroom titled "Veteran Owned Small Business Contracting Programs" which helps both small businesses and contracting personnel understand the differences between the SBA and VA's SDVOSB contracting programs.

Next Steps:

SBA will continue to work with VA on harmonizing interpretations of regulations and providing insights into information systems and certification processes. SBA will also continue to monitor proposed legislation that would impact the service-disabled veteran and veteran-owned small business contracting community.

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.

The *Post-9/11 Veterans Educational Act of 2008* (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 startup 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, service-disabled veterans, care givers of disabled veterans and reserve component members and their families. If properly administered, allowing veterans to use some or all of their earned benefits to pursue self-employment could provide multiple economic benefits.

Lead Agencies: VA, SBA, and DOD

Recommended Actions:

- Determine potential impact and value—both in terms of potential costs to the GI 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 startup capital

Progress in 2013:

The issue of vesting GI Bill benefits as property rights to allow veterans to use these benefits for small business counseling, training, and startup capital remains an area that needs to be fully explored. The Task Force recognizes that this is a large and complicated issue involving the participation of multiple stakeholders and requiring legislative authorization. The Task Force continues to work toward determining costs, benefits, and potential strategies for implementation over the next year.

Next Steps:

The Task Force will further explore the potential impact and value of the proposed changes to the GI Bill program and risk mitigation strategies and robust criteria for veterans who would be interested in using these funds toward entrepreneurial training programs, business development, and capital.

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 VA consistently conducts research on relevant macroeconomic topics related to veterans including unemployment, healthcare, and education. Additionally, the U.S. Census Bureau and the Bureau of Labor Statistics (BLS) 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.

Lead Agencies: VA, DOD, DOL, and SBA

Recommended Actions:

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

Progress in 2013:

In November 2013, SBA's Office of Advocacy released a new *Issue Brief* profiling veteran business owners. This information product was developed using data collected in the U.S. Census Bureau's 2008 and 2012 Surveys of Income and Program Participation (SIPP). Comparisons of SIPP data for these two years suggest

that certain veteran business owner demographics are changing dramatically and rapidly. The proportion of younger veteran business owners (those under age 35) increased from 4.6% in 2008 to 7.1% in 2012. Most veteran business owners are male, and not surprisingly the share of business ownership by female veterans is lower than that in the overall population, but it is growing. In 2012, 4.4% of veteran business owners were women, up from 2.5% in 2008. In the overall population, 35.9% of business owners were women.

As noted in the Task Force's 2012 report, there has been an increasing demand for "longitudinal" data to measure the performance and survival of businesses owned by veterans over time, as compared to that of firms owned by nonveterans. Although there are a number of sources of such longitudinal data on businesses in general, longitudinal information on veteran-owned businesses has been lacking. In 2012, SBA's Office of Advocacy solicited proposals from private sector small business researchers in a competition that was restricted to firms owned by service-disabled veterans. A proposal was approved and research project completed that resulted in the publication in February 2014 of an important new longitudinal study, *An Exploration of Veteran Business Creation and Management using the Census Bureau's Survey of Income and Program Participation*. This important new study and its accompanying two-page Research Summary are available at <https://www.sba.gov/content/exploration-veteran-business-creation-and-managment-using-census-bureaus-survey-income-and>.

Prior Office of Advocacy data products on veteran business ownership, including statistics cited at the beginning of this report use data from the Census Bureau's 2007 Survey of Business Owners (SBO). There are important differences between the SIPP and SBO data sources, both in terms of their methodology and definitions of businesses and their characteristics. Accordingly, the data presented in the new *Issue Brief* is not necessarily comparable to that in prior Advocacy veteran-related data products. However, the new product provides important new insights by allowing comparisons of changes in veteran business ownership characteristics between 2008 and 2012. The new veteran business ownership *Issue Brief* is posted on Advocacy's website at <http://www.sba.gov/advocacy>.

At DOL, ETA is initiating the *Self-Employment Training (SET) Demonstration* to assist dislocated workers interested in creating businesses in their fields of expertise. The SET Demonstration is a "pilot program" designed to test a model in which people interested in self-employment have access to self-employment advisors who assess participants' needs on an ongoing basis and provide one-on-one tailored support to help participants establish their business. The SET Demonstration also offers participants up to \$1,000 as seed capital grants once they complete specific milestones towards opening their business. SET Demonstration services will be delivered by local microenterprise service providers, with participating American Job Centers (AJCs) and the Unemployment Insurance program assisting with outreach. The evaluation contract was awarded in June 2011 for a four year period of performance. The actual demonstration launched during the summer of 2013 in all four participating sites.

DOL's Chief Evaluation Office (CEO) in collaboration with DOL's VETS and Women's Bureau also initiated a study on Women Veterans entitled: *Federal Program Service Inventory & Economic and Employment Characteristics*. The purpose of this study is to develop: 1) An inventory of programs in DOL and other federal agencies that explicitly or implicitly target women veterans to determine the extent of existing employment services for women veterans; and 2) A quantitative statistical descriptive profile of women veterans and their economic and employment characteristics. This report is scheduled to be released in 2015.

The CEO is also currently conducting an analysis of Veteran Participant Characteristics, Services, and Employment in VETS and ETA Programs. This 12 month project examines the characteristics, services, and employment outcomes for veterans using ETA and VETS data from the Enhanced Data Reporting Validation

System (EDRVS) data. The main objectives of this project are to provide an overall summary of the characteristics of and services to veterans, and analyze services and employment outcomes for veterans compared to nonveterans. This report is scheduled to be released in February 2015 with the title “Veteran and Non-Veteran Job Seekers: Exploratory Analysis of Services and Outcomes.”

Vietnam Era Veterans’ Readjustment Assistance Act (VEVRAA). On September 24, 2013, the DOL’s Office of Federal Contract Compliance Programs (OFCCP) announced a Final Rule in the *Federal Register* that made changes to the regulations implementing the *Vietnam Era Veterans’ Readjustment Assistance Act*, as amended (VEVRAA) at 41 CFR Part 60-300. See 78 FR 58614. You can view the Final Rule on the OFCCP Web site at www.dol.gov/ofccp/regs/compliance/vevraa.htm.

VEVRAA requires employers doing business with the federal government to take affirmative action to recruit, hire and promote categories of veterans covered by the law, including disabled veterans and recently separated veterans (*i.e.*, still within the three-year period beginning from the date of discharge or release from active duty). Under VEVRAA, it is also illegal for these federal contractors and subcontractors to discriminate against protected veterans when making employment decisions on hiring, firing, pay, benefits, job assignments, promotions, layoffs, training and other employment related activities.

Highlights of the Final Rule

- Providing contractors with a quantifiable means to measure their success in recruiting and employing veterans by requiring, for the first time, that contractors annually adopt a benchmark based on the national percentage of veterans in the workforce (currently 8% at the time of publication), or their own hiring benchmark using data from BLS statistics and the Veterans Employment and Training Service/Employment and Training Administration published on the OFCCP website and other factors that reflect the contractor’s unique hiring circumstances.
- Creating greater accountability for employment decisions and practices by requiring that contractors maintain several quantitative measurements and comparisons for the number of veterans who apply for jobs and the number of veterans they hire. Having this data will also assist contractors and OFCCP in measuring the effectiveness of contractors’ outreach and recruitment efforts.
- Providing knowledge and support to veterans seeking jobs by improving the effectiveness of the VEVRAA requirement that contractors list their job openings with the appropriate state employment service agency. Contractor job listings must be provided in a format that the state agency can access and use to make the job listings available to job seekers.
- Providing knowledge and increasing compliance by subcontractors with their obligations by requiring prime contractors to include specific, mandated language in their subcontracts alerting subcontractors to their responsibilities as federal contractors.
- Clarifying the contractor’s mandatory job listing requirements and the relationship between the contractor, its agents, and the state employment services that provide priority referral of protected veterans.

Section 503 of the Rehabilitation Act of 1973. On September 24, 2013, the DOL’s OFCCP published a Final Rule in the *Federal Register* that makes changes to the regulations implementing Section 503 of the Rehabilitation Act of 1973, as amended (Section 503), at 41 CFR Part 60-741. See 78 FR 58682. You can view the Final Rule on OFCCP’s Web site at www.dol.gov/ofccp/regs/compliance/section503.htm.

Section 503 prohibits employment discrimination against individuals based on disability by federal contractors and subcontractors. Section 503 also requires that federal contractors and subcontractors take affirmative action to recruit, employ, train, and promote qualified individuals with disabilities.

Highlights of the Final Rule

- Establishes, for the first time, a 7% utilization goal for individuals with disabilities. Contractors apply the goal to each of their groups or to their entire workforce if the contractor has 100 or fewer employees. Contractors must conduct an annual utilization analysis and assessment of problem areas and establish specific action-oriented programs to address any identified problems failing to meet the disability utilization goal is not a violation of the regulation and it will not lead to a fine, penalty or sanction.
- Requires contractors to invite applicants to voluntarily self-identify as an individual with a disability at the pre-offer stage of the hiring process, as well as at the post-offer stage, using language prescribed by OFCCP. This data collection should provide contractors with useful information about the extent to which their outreach and recruitment efforts are effectively reaching people with disabilities.
- Requires contractors to invite incumbent employees to voluntarily self-identify on a regular basis, using language prescribed by OFCCP. The status of employees may change and a regular invitation to self-identify provides employees a way to self-identify for the first time, or to change their previously reported status.
- Requires contractors to maintain several quantitative measurements and comparisons for the number of individuals with disabilities who apply for jobs and the number of individuals with disabilities they hire in order to create greater accountability for employment decisions and practices. Having this data will enable contractors and OFCCP to evaluate the effectiveness of contractors' outreach and recruitment efforts, and examine hiring and selection processes related to individuals with disabilities.
- Requires contractors to include specific, mandated language in their subcontracts in order to provide knowledge and increase compliance by alerting subcontractors to their responsibilities as federal contractors.

Next Steps:

Also noted in the Task Force's 2012 report was the pending *Survey of Business Owners (SBO)* for data year 2012 that is now being conducted by the U.S. Census Bureau. This important source of information on veteran-owned businesses and their owners is conducted only once every five years. SBA's Office of Advocacy worked closely with Census, Veteran Service Organizations, and other stakeholders in the veteran entrepreneurship community to improve veteran-related questions in the SBO. These revised questions were approved by OMB during the rigorous Paperwork Reduction Act review process and will provide new information on firms owned by service-disabled veterans, as well as first-time ever data on businesses owned by members of the National Guard and Reserve Components, as well as data on firms owned by post 9-11 veterans. This new information is currently scheduled to be released in 2015.

Once DOL's evaluations are completed, DOL will assess the findings to better inform future programs and program changes based on a deeper analysis of veteran unemployment, employment, and self-employment, and business ownership.

DOL's Bureau of Labor Statistics (BLS) publishes a variety of products that provide data on labor market

characteristics of veterans. Some of BLS's products include analysis of the data. A list of BLS' products is included in Appendix A.

BLS already provides a wide range of data about veterans in the products described above. Hopefully the description of what data is available and the provided hyperlinks will make accessing the data easier for the task force.

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 while they pursue traditional forms of employment. However, in general, 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.

The Task Force believes that returning veterans need all reasonable financial support available to them through existing federal programs or modification to existing programs to pursue self-employment. In most states, veterans are presently limited to looking for third party employment to maintain UCX payments. The Task Force supports changes to the existing program that would allow eligible veterans to collect UCX benefits while pursuing self-employment in order to foster veteran small business ownership and ultimately reduce unemployment among veterans.

Lead Agencies: VA, DOD, DOL, and SBA

Recommended Actions:

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

Progress in 2013:

In 2012, The DOD/VA Veterans Employment Initiative Task Force explored the proposal that recently separated service members receive UCX benefits while pursuing self-employment. The recommendation failed to receive approval from the Task Force members.

It is important to note that the UCX program is operated in accordance with each state's unemployment compensation (UC) law and state laws vary in many respects. UCX claimants already are afforded the opportunity to continue to collect UCX benefits while working full time to start a business in states that have implemented the Self Employment Assistance (SEA) Program. Currently, only 12 states have state legislation in place to implement SEA (DE, LA, MA, MD, MN, NJ, NY, OR, PA, RI, VT and WA). During the course of the Great Recession and its aftermath, many states have found it difficult to continue to administer the SEA program; only NY, OR, and WA have active programs currently. RI, VT, and MN have newly enacted legislation and are working to ramp up their programs now.

In February 2012, the Middle Class Tax Relief and Job Creation Act of 2012 provided incentive funding for states to adopt SEA programs. The Department of Labor has actively promoted this opportunity with states

during 2013, including implementing a robust website in partnership with SBA at <http://sea.workforce3one.org/> to support state implementation or expansion of an SEA program. Unfortunately, the time for states to take advantage of the incentive funds is drawing to a close (September 30, 2013) and only a few states have taken advantage of the opportunity due to competing priorities.

A second way that a UCX claimant may participate in entrepreneurial training while collecting UCX benefits is if the state's law considers the training to be "approved" for purposes of allowing the individual to continue receiving benefits while not actively seeking work. A few states have taken this approach in two different DOL demonstrations, Project GATE (Growing America Through Entrepreneurship) and the Self Employment Training (SET) Demonstration, so that participants who were also UI claimants could continue receiving their eligible UI benefits while receiving self-employment training and services. Again, each state's law is different with regard to the types of training that are considered "approved."

Next Steps:

No next steps have been identified for this recommendation. The Task Force will continue to review this topic in the future.

RECOMMENDATION #18: EXAMINE THE ESTABLISHMENT OF A NEW SMALL BUSINESS PROCUREMENT INITIATIVE FOR FIRMS WITH TOTAL WORKFORCE COMPRISED OF AT LEAST 35% OR MORE 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.

Lead Agencies: VA, DOD, SBA, and OMB

Recommended Actions:

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

Progress in 2013:

In fiscal year 2012, SBA explored this recommendation with OMB and OFPP, but found it to be unfeasible given current statutory authorities.

As explained in last year's report, the creation of a set-aside program for federal contracting necessarily involves statutory changes. As a result, the Task Force has turned its attention to alternative and creative models that would not require statutory changes to support businesses, including small businesses that serve their country by hiring our nation's veterans.

One possibility the Task Force has been exploring would allow contracting officers to establish an evaluation criterion giving preference in their best value analysis to any business meeting an established benchmark (e.g., 35% or another amount, as appropriate) for hiring veterans as employees. By statute (38 U.S.C. 4212), contractors are to take affirmative action in employing certain covered veterans. There are both DOL and FAR regulations implementing this authority and other statutory sections relating to hiring veterans. See, for example, FAR subpart 22.13 and FAR 22.1300. DOL's regulations, which were recently amended to implement statutory changes, require contractors to have an affirmative action program and establish a benchmark for hiring veterans based on the national percentage of veterans in the civilian workforce.

The Task Force is considering ways this requirement might be used, such as by allowing a contracting officer to establish an evaluation criterion that gives preference in the best value analysis to businesses meeting the benchmark of veterans as employees. A similar type of preference was established by GSA for small businesses, which states that agencies can provide for a socio-economic evaluation factor preference for order buys against the GSA Schedule.

Next Steps:

SBA will take no further action on this recommendation without statutory authority. The Task Force will further research the possibility of an evaluation factor for veteran employment and discuss the findings with the members of the Federal Acquisition Regulation Council to determine the feasibility of an evaluation preference for small businesses, or businesses in general, that employ a certain percentage of veterans in the performance of a contract in light of and in conjunction with the recent amendments to the DOL regulations. The Task Force will also explore the feasibility of issuing a policy notice on this issue in lieu of a regulation. The Task Force will continue to explore additional alternatives should this proposal not prove feasible such as tax relief for hiring veterans or for exceeding certain veteran employment percentages.

Appendix A

BLS Products with Characteristics of Veterans

1. The Employment Situation of Veterans news release <http://www.bls.gov/news.release/pdf/vet.pdf> provides analysis, highlights and data tables using annual average data. There are annual average data available about employment and unemployment by gender, by race, by Hispanic ethnicity, by age, by educational attainment, by occupation, by industry, and by class of worker (private sector, public sector, self-employed). Click on the hyperlinks below to see the contents of each table.
 - [Table 1. Employment status of persons 18 years and over by veteran status, period of service, sex, race, and Hispanic or Latino ethnicity, 2012 annual averages](#)
 - [Table 2A. Employment status of persons 18 years and over by veteran status, age, and period of service, 2012 annual averages](#)
 - [Table 2B. Employment status of men 18 years and over by veteran status, age, and period of service, 2012 annual averages](#)
 - [Table 2C. Employment status of women 18 years and over by veteran status, age, and period of service, 2012 annual averages](#)
 - [Table 3. Employment status of persons 25 years and over by veteran status, and educational attainment, 2012 annual averages](#)
 - [Table 4. Employed persons 18 years and over by occupation, sex, veteran status, and period of service, 2012 annual averages](#)
 - [Table 5. Employed persons 18 years and over by industry, class of worker, sex, veteran status, and period of service, 2012 annual averages](#)

Also, the Employment Situation of Veterans news release provides data collected as part of a supplemental survey of veterans collected in one month of the year. This veteran supplement to the Current Population Survey (CPS) provides data about veterans with a service-connected disability, veterans who are current or past members of the Reserve or National Guard, and location of service (Iraq, Afghanistan). Click on the hyperlinks below to see the contents of each table:

- [Table 6. Employment status of veterans 18 years and over by presence of service-connected disability, reported disability rating, period of service, and sex, August 2012, not seasonally adjusted](#)
 - [Table 7. Employed persons 18 years and over by veteran status, presence of service-connected disability, period of service, and class of worker, August 2012, not seasonally adjusted](#)
 - [Table 8. Employment status of Gulf War era veterans by Reserve or National Guard status, August 2012, not seasonally adjusted](#)
 - [Table 9. Employment status of Gulf War-era II veterans 18 years and over by location of service, August 2012, not seasonally adjusted](#)
2. Each month the Employment Situation news release <http://www.bls.gov/news.release/pdf/empsit.pdf> provides the national unemployment rate and other labor force statistics. In table 5 of this news release, BLS publishes veteran employment and unemployment statistics by sex and period of service. <http://www.bls.gov/news.release/empsit.t05.htm>
 3. Data tables are available online that show the employment status of persons 18 years and over by veterans status, age, and sex.
 - Annual table: <http://www.bls.gov/cps/cpsaat48.pdf>
 - Quarterly table: http://www.bls.gov/web/empsit/cpsee_e19.pdf
 - Monthly table: <http://www.bls.gov/web/empsit/cpseea40.pdf>
 4. BLS has a subject page on the website that have links to veteran data available in news releases, tables, charts, articles and other related items: <http://www.bls.gov/cps/demographics.htm#vets>

Appendix A (continued)

BLS Products with Characteristics of Veterans

5. There are several unpublished tables that provide veteran data, sometimes at a more detailed level than is published. These unpublished internal BLS tables are made available upon request. However, the data user should understand that some of the statistics may be based on a very small number of veterans in the survey sample and thus the resulting statistics may or may not be representative of the group. (The data have not been reviewed to ensure that there is sufficient sample size to make the statistics meaningful.) However, unpublished tables are available by duration of unemployment, by employment and unemployment in states, by veterans with multiple periods of service, by full or part-time employment, by school enrollment status, and by voluntary and involuntary part time during the survey reference week.

Appendix B Task Force Members

Task Force Chair	Jeanne Hulit, Acting Administrator, U.S. Small Business Administration
Member	Rhett Jeppson, Associate Administrator, Office of Veterans Business Development, U.S. Small Business Administration
Member	Jiyoung C. Park, Associate Administrator, Office of Small Business Utilization, U.S. General Services Administration
Member	Andre J. Gudger, 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	Thomas J. Leney, Executive Director, Office of Small and Veteran Business Programs, Department of Veterans Affairs
Member	Donet Graves, Deputy Assistant Secretary, Small Business, Community Development, and Housing, U.S. Department of Treasury
Member	Ruth M. Samardick, Veterans' Employment and Training Service, U.S. Department of Labor
Member	Mark M. Adams, Member, The American Legion
Member	Timothy Hale, Member, Association of State Directors of Veterans Affairs
Member	James F. Wilfong, Executive Member, VET-Force

Appendix C

Executive Order

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

(c) 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

Appendix D--Abbreviations

AJC	American Job Centers
B2B	Boots to Business
CAP	Capital Access Program.
CAP-Goals	Cross Agency Priority Goals
CDLF	Community Development Loan Fund
CMC	Competency Model Clearinghouse
COS	Career One Stop
DAU	Defense Acquisition University
DCAA	Defense Contract Audit Agency
DHS	Department of Homeland Security
DOD	Department of Defense
DOL	Department of Labor
EBV	Entrepreneurship Bootcamp for Veterans with Disabilities
ETA	Employment and Training Administration
FACA	Federal Advisory Committee Act
GC	Government Contracting
GSA	General Services Administration
HUBZone	Historically Underutilized Business Zones
MaxPrac	Maximum Practicable Opportunity
OEF/OIF	Operation Enduring Freedom/Operation Iraqi Freedom
OEG	Operation Endure and Grow
OMB	Office of Management and Budget
OSBU	Office of Small Business Utilization--GSA
OSDBU	Office of Small and Disadvantaged Business Utilization
RFI	Request for Information
RFP	Request for Proposals
SBA	Small Business Administration
SBDC	Small Business Development Centers
SBIR	Small Business Innovation Research
SBLF	Small Business Lending Fund
SBO	Survey of Business Owners
SBPAC	Small Business Procurement Advisory Council
SCORE	Service Corps of Retired Executives
SDVOSB	Service-Disabled Veteran-Owned Small Business
SSBCI	State Small Business Credit Initiative
STBN	Small Business Technology Network
TAP	Transition Assistance Program
Task Force	Interagency Task Force on Veterans Business Development
TEGL	Training and Employment Guidance Letter
Transition GPS	Transition-Goal, Plan, Success
Treasury	Department of Treasury
VA	Department of Veterans Affairs
VBOC	Veterans Business Outreach Center
VEI	Veterans Employment Initiative
VOSB	Veteran-Owned Small Business
V-WISE	Women Veterans Igniting the Spirit of Entrepreneurship
WBC	Women's Business Centers
WIF	Workforce Innovation Funding