



Senate Veterans Affairs Committee

Statement of Michael Zacchea
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Good afternoon Chairman Isakson, Ranking Member Blumenthal, and distinguished members of the Committee. My name is Michael Zacchea. I am a combat-wounded and medically retired Marine Lieutenant Colonel. I am the Director of the University of Connecticut Entrepreneur Bootcamp for Veterans. Thank you for the opportunity to provide testimony today about the various veterans' employment and entrepreneurship and business support initiatives we have undertaken in the state of Connecticut.

I would also like to thank the many military and nonprofit partners represented here today for your commitment to being part of the solution for the post 9/11 generation of combat veterans.

In 2010, I started a non-profit organization sponsored by the University of Connecticut School of Business social entrepreneurship center called the Entrepreneur Bootcamp for Veterans with Disabilities. The organization runs a program that helps post 9/11 veterans with service-connected disabilities start businesses. We are essentially a franchise of the National Entrepreneur Bootcamp for Veterans program, which is offered by the Institute for Veterans and Military Families at Syracuse University.

The program of instruction is a competitive, year-long program that teaches, supports, and mentors service-disabled veterans starting businesses. We bring together academic subject matter experts from UConn as well as successful entrepreneurs, innovators, tech entrepreneurs, financiers and venture capitalists, accountants, and lawyers (some, but not all, veterans themselves) who provide both instruction and mentorship for the veterans starting businesses. In addition, we have graduate students (primarily MBAs) who support the veterans with market and industry research and help with writing business plans and creating financial statements and projections. Our graduates have access to the UConn Law School legal clinics for pro bono legal advice to start businesses, obtain help with intellectual property rights, and manage tax matters.

Through the EBV we have started more than 96 businesses in just over five years. These businesses employ more than 180 Americans, and have produced more than \$27.5M in gross revenues to date. About a quarter are veterans starting IT businesses, and a quarter are veterans starting contracting businesses. I am very proud of our 19x Return on Capital. In addition, we have helped 18 veterans find full-time, career-track employment, and 13 gain access to career-oriented educational opportunities, primarily masters' degrees and professional credentialing. Our EBV graduates are having a state-wide impact, including starting the US Coast Guard Museum in New London CT,

producing a veterans' benefits concert at Mohegan Sun, and holding a veterans' legal symposium for the CT Bar Association at Quinnipiac Law School.

This work led me to start the CT Veterans Chamber of Commerce in response to market demand from thousands of veteran business owners, who asked for a voice in the state general assembly. My state is particularly fertile ground for veteran business opportunities because of the large defense industry presence, as well as a significant agri-business base, and maritime industries, among other industries. There are more than 42,000 veteran-owned businesses in CT out of a veteran population of about 220,000—about a 5:1 ratio. Since our inception, we have been instrumental in advocating for a number of laws passed which improve business conditions for veterans, including the Military Occupational Specialty Act, the Stolen Valor Act, and most recently, as part of the 2016 budget, we obtained a tax concession that relieves the more than 13,000 military retirees from paying state income taxes on their military pensions, saving them some \$5M per year. This coming year, we are working hard to include veterans among the protected class of business entities both for state contracting purposes and for hiring discrimination purposes.

In addition, I was one of the founding members of the Military Veterans Support Council. It is an ad hoc organization of almost 100 employers and organizations that have organized Veterans Employee Resource Groups. Among our members are some of our largest veterans employers, including Sikorsky, United Technologies, Electric Boat, GE, Pratt & Whitney, Aetna, Cigna, Prudential, The Hartford, Deloitte & Touche, KPMG, Bank of America, Liberty Bank, People's Bank, Webster Bank, among others, and virtually every four year college in CT. Our members now represent almost 30,000 veterans in the state's workforce and student veterans. Through this council, we surface and identify issues around veterans hiring, retention in the workforce, promotion through the workforce, and workforce disability issues. A happy side-effect of this organization is that it has created a direct pipeline from colleges to our largest employers through the Veteran Employee Resource Groups.

Most recently, a coalition of veterans organizations produced the largest veterans' event in the history of the state of Connecticut. It was called Vets Rock! We held it at Mohegan Sun Resort and Casino in Uncasville, CT on Nov 11th. During the day, we brought together 66 employers and 85 veterans service organizations to provide wrap-around service and employment, reintegration, and housing solutions for veterans. We had almost 1,300 veterans in attendance, with almost 130 veterans receiving business suits, more than 137 getting on the spot interviews, more than 100 getting follow-on interviews, and 5 on-the-spot hires. In the evening, we held a concert hosted by Tony Orlando, and headlined by Trace Adkins. We had over 6,300 veterans in attendance for the concert. I should note that the US Chamber of Commerce was a partner in this event. We hope to build on this success in future years.

We are having a positive effect. The unemployment percentages for CT's veterans has been reduced from over 9% to just over 4% since 2013. We are putting CT on a competitive economic basis with our larger neighboring states – NY, MA, PA, and NJ for veteran business owners. We are staking out a leadership position for reintegration centered around the Three E's – Education, Employment, and Entrepreneurship; and Three S's for housing – Safe, Secure, and Stable. My objective is to propel CT

to a peer leadership position for holistic reintegration of post 9/11 veterans among the states by 2021 by creating a favorable legal and policy environment and thriving entrepreneurial ecosystem.

As effective as it is, our multi-pronged effort in CT is very small. CT accounts for about 1% of the total national veteran population. There are already some 3.5 million post 9/11 veterans, with about 66% of that number having deployed to combat theaters in Asia and Africa. In the next 5 years, approximately 250,000 veterans will leave active service every year. Beginning in 2021, post 9/11 veterans will begin to be eligible for a 20-year military pension. By 2031, virtually all post 9/11 combat veterans will begin to be eligible for a full 30-year military pension.

I am convinced there is pent-up market demand for entrepreneurship opportunities among veterans. I see a need to expand opportunities for veteran entrepreneurship in the next 5 years. I believe that given access to entrepreneurship training and opportunity, the post 9/11 generation of veterans would produce businesses at a rate of about 5:1 – that is, some 500,000 or more veteran-owned businesses by 2032, which will be a Census Bureau Survey of Business Owners year.

To that end, I believe a prescription to encourage veteran entrepreneurship as part of a comprehensive national veterans reintegration initiative could include

1) Articulating a national policy to create minimum 500k veteran-owned businesses by 2032, including production metrics. Metrics could include the impact of veteran business ownership on gross revenues, federal tax receipts, and full-time and part-time employment.

- I recommend breaking these metrics out both by state and by congressional district.

2) A veterans' benefit for starting businesses through the Post 9/11 GI Bill. We acknowledge and agree that education is the single most decisive factor in determining economic attainment over a career in the 21st century global knowledge economy. However, it makes sense and is perfectly in keeping with the original intent of the 1944 Serviceman's Readjustment Act to include such a benefit for veterans starting businesses or working farms and ranches, particularly for veterans who have used GI Bill benefits to pursue an education in those areas.

- I therefore endorse and encourage the Committee to favorably consider S1870 *Vets Act of 2015* introduced by Senators Moran and Tester.
- I also endorse and encourage the Committee to favorably consider S1400 *Veterans Small Business Enhancement Act of 2015* introduced by Senator Vitter, which would give certified veteran-owned businesses access to federal surplus property and equipment.
 - The bill has a companion bill in the House, HR 2221 *Veterans Small Business Enhancement Act of 2015*, co-sponsored by my own Representative, Elizabeth Esty of CT's 5th district.

- I also endorse Rep Mike Coffman's bill HR 3945 *Improving Opportunities for Service-Disabled Veteran-owned Businesses Act of 2015*. This Act would reform, streamline, and simplify the process for certification as a SDVOB, which currently includes important contradictions and inconsistencies in certification between the SBA and the VA.
 - The bill is co-sponsored by Representatives Jeff Miller, Steve Chabot, Nydia Velazquez, Gerry Connolly, Richard Hanna, and Seth Moulton.

3) Creating an incentive program or federal grants for the states to create veteran business incubators, particularly in information tech, high-tech manufacturing, and other tech industries.

- One such model is Bunker Labs, consisting of a network of 11 incubators around the country.
- In CT, I am working with the state Commissioner of Veterans Affairs to create a Veterans Center of Excellence which would include a veteran tech business incubator.

4) Creating incentives for the disintermediation of capital by angel investors and venture capitalists specifically to veteran-owned businesses, through tax policy, with accompanying metrics. Two such funds are

- TCP Venture Capital, which started the Veterans Opportunity Fund
- StreetShares, a peer-to-peer lending initiative jointly funded by Direct Lending Investments, Community Investment Management, and Eagle Bank Corp.
- One such potential source of private investment capital would be from immigrant investors using EB5 funds through EB5 centers or other disintermediation channels.

5) Creating certified Veterans Business Investment Companies modeled along the SBA's certified Small Business Investment Companies.

6) Creating a nation-wide network of non-profit Veterans Chambers of Commerce that will create a mutually supporting community of veteran business owners that can represent veteran business owners in their respective state legislatures and in their communities.

7) Despite the recent success of post 9/11 veterans re-entering the workforce, anecdotally there continues to be a strong perception of anti-veteran bias in hiring.

- I endorse consideration of HR 501 *Veterans and Servicemembers Employment Rights and Housing Act of 2015*, co-sponsored by Representative Elizabeth Esty of the CT 5th District.

In closing, I believe that veteran business ownership is a net gain for our nation, and in terms of net flow of money, for the federal government. It is my thesis that veteran-owned businesses contribute more in taxes to the state and federal governments, than veterans extract in benefits. I believe veterans reintegration issues are as important today, in the 21st century, as they were to the Continental Congress in 1776, which included a pension for veterans in the very first law passed in our nation's history. Getting veterans reintegration issues "right" in the 21st century is central to our shared project of creating a more perfect union.

I would like to leave you with this quote I discovered in my research. George Washington wrote this to the first governor of CT Governor Jonathan Trumbull on 28 June 1781, and it has since served as my guidestar in my advocacy for veterans:

"Permit me Sir to add, that Policy alone in our Present Circumstances, seems to demand that every Satisfaction which can reasonably be requested, should be given to those Veteran Troops who, thro almost every Distress, have been so long and so faithfully serving the States . . ."

Chairman Isakson, Ranking Member Blumenthal, and members of the Committee, thank you again for this opportunity to testify and I look forward to answering any questions you may have.

MIKE ZACCHEA
Director and Founder
UConn's Entrepreneur Bootcamp for Veterans with Disabilities

Mike Zacchea was commissioned a 2nd lieutenant in the Marine Corps in 1990. He deployed to Somalia for OPERATION RESTORE HOPE and to Haiti for OPERATION SUPPORT DEMOCRACY. In March 2004, as a major, he deployed to Iraq for OPERATION IRAQI FREEDOM II. His mission was to build, train, and lead in combat the first Iraqi army battalion trained by the US military. The battalion participated in OPERATION PHANTOM FURY, the 2nd Battle of Fallujah. Mike's military awards include the Bronze Star Medal (with Valor device) (with gold star in lieu of 2nd award), the Purple Heart Medal, a Navy and Marine Corps Achievement Medal, a Combat Action Ribbon, and numerous unit and campaign awards.

Mike founded the UConn Entrepreneur Bootcamp for Veterans with Disabilities in 2009. He served on a multi-agency cross-disciplinary task force chaired by the CT Dept of Veterans Affairs focusing on veteran reintegration, education, training, and workforce re-entry issues in 2010. Mike founded the CT Veterans Chamber of Commerce 501(c)6 organization in 2013.

Mike is the author of "Veteran's Advocacy: the Fight for Social Justice and Healing Through Activism" in *Healing War Trauma: A Handbook of Creative Approaches* and of "Social Entrepreneurship Solution for Veterans' Reintegration through Entrepreneur Training for Disabled Veterans" in *Social Entrepreneurship as a Catalyst for Social Change*.

Mike's education includes a BA from the University of Notre Dame and an MA from Hawaii Pacific University. He earned an MBA from the School of Business at the University of Connecticut.