



**U.S. Small Business Administration
Washington, D.C. 20416**

**Written Testimony of
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**For the
U.S. Senate Committee on Veterans Affairs
*Empowering Veteran Entrepreneurship through
Transition Assistance***

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Chairman Isakson, Ranking Member Blumenthal, and distinguished members of the Committee, thank you for the opportunity to submit written testimony on the U.S. Small Business Administration's (SBA) continuing efforts to empower veteran entrepreneurship and small business ownership through the Department of Defense's (DOD) Transition Assistance Program (TAP).

The mission of Office of Veterans Business Development (OVBD) is to empower Veteran entrepreneurship by formulating, implementing, administering, and promoting policies and programs to equip veteran, servicemember (active duty, National Guard, Reserve), and military spouse owned small businesses with counseling, training and education, access to capital, and contracting opportunities. Our programs and policies that target our nation's heroes and job creators are well supported by the Senate Committee on Small Business and Entrepreneurship, and we are grateful for the opportunity to share our successes with this committee. We look forward to receiving your input and earning your support and confidence.

As small business owners, veterans continue to serve our country by creating critical employment opportunities and driving economic growth. They possess the skills, discipline, and leadership to start and operate successful businesses in their communities. In fact, veterans over-index in entrepreneurship and are at least 45 percent more likely than those with no active-duty military experience to be self-employed.¹ Nearly one in ten small businesses are veteran-owned. These

¹ "Factors Affecting Entrepreneurship Among Veterans," Office of Advocacy, U.S. Small Business Administration, March 2011.



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businesses generate over \$1.1 trillion in receipts annually and employ over 5 million Americans.²

Remarkably, the proportion of participation of veterans in business ownership was persistent from the 2007 to the 2012 Census Survey of Small Business Ownership while, during the same period, the overall number of veteran owned small businesses increased at a faster rate than non-veteran owned small businesses. We also note that between 2007 and 2012 the number of women veteran-owned firms increased from 97,114 to 383,302³⁴. All of this data indicates strong entrepreneurial activity among the Post-9/11 era of veterans. The inclusion and continued support of the entrepreneurship track in TAP – known as Boots to Business (B2B), ensures we empower this next greatest generation of veteran small business owners.

TAP PROGRESS

In 2012, in collaboration with the Departments of Defense, Veterans Affairs (VA), Labor (DOL), Education, and the Office of Personnel Management (OPM), SBA began participating in the redesign of TAP through the interagency governance structure created subsequent to the Veterans Opportunity to Work (VOW) to Hire Heroes Act of 2011. Our goal was to formalize and expand our support to transitioning servicemembers, which we have had provided over the years at the local level on a much smaller scale.

We piloted the (B2B) entrepreneurship track in summer of 2012 and launched the program across U.S. installations on January 1, 2013. We received our first appropriation to support the program in January of 2014, at which time we began building infrastructure to support program operations, outcomes evaluation, and outreach. Notably, in 2014 we expanded the program to include to offer the program to servicemembers and spouses transitioning overseas – where it has been exceptionally well received. To date, B2B has trained over 33,000 servicemembers and spouses, and it is offered as part of TAP on over 180 military installations worldwide.

Working through the interagency governance of TAP, we are extending Boots to Business to all active

² “Survey of Business Owners – Veteran-Owned Firms, 2012” U.S. Census Bureau, Department of Commerce, November 2015

³ Ibid.



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duty Servicemembers and spouses through the Military Life Cycle (MLC) transition preparation model. We are specifically targeting military spouses to ensure they are afforded every opportunity to access entrepreneurship training. While the Administration has made significant progress on reducing the unemployment rate for veterans, the unemployment rate is still estimated to be 25% for military spouses, and many more military spouses are underemployed. Surveys show this population is highly interested in self-employment and entrepreneurship as a means of improving their economic situation and creating a transportable career to facilitate their families continuing military service.

In addition to our efforts to support MLC and with support and active participation from private sector, non-profit and SBA resource partners, we have extended the program to veterans of any era and their families, which we call B2B: Reboot. SBA's innovative private partnership framework enables our effectiveness - and more importantly - our efficiency.

B2B is critically enabled by SBA's partners. Our network of 15 Veterans Business Outreach Centers (VBOCs) is the cornerstone of our delivery model. VBOCs are statutorily directed to participate in transition assistance and serve as B2B instructors and follow-on providers and integrators of business assistance. They also maintain expertise to refer veterans to other federal and local service providers. In many cases, VBOCs are extensions of SBA's district offices and assist SBA employees assigned as Veteran Business Development Officers (VBDOs).

Our 15 VBOCs extend their services nationwide by collaborating extensively within SBA's network of resource partners which include Small Business Development Centers, Women's Business Centers, and SCORE. Our partnership model extends to other veteran services centers of excellence, such as the Institute of Veterans and Military Families at Syracuse University (IVMF). IVMF is a grantee of OVBD that provides curriculum development, overseas B2B instruction, program outcomes assessment assistance, and wholly offers as part of B2B an eight-week follow-on entrepreneurship education course for free to all who complete the two day introductory TAP course.

TAP OUTCOMES

SBA tracks and reports on several performance metrics through the TAP governance structure as part of the overall interagency TAP evaluation strategy. These metrics include the participation numbers



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and trends in the entrepreneurship track, the graduation rate from the follow-on eight-week course offered by IVMF and for the first time in 2016, we will report the number of business formed by B2B participants. This will be reported after the completion and analysis of a B2B specific outcome assessment survey. The survey will be conducted from a sample of the population of B2B participants since the program launch in January of 2014.

Multiple projects were completed over the past two years to enable this assessment including putting in place SBA's first veterans specific system of record to cover the required data collection and developing and clearing the survey instrument via Paperwork Reduction Act and Privacy Act procedures. This survey will focus on B2B participant's business formation activity and on their intent to form businesses in the future. SBA seeks to understand the gestation period from intent to form a business to action for the transitioning servicemember, as well as any patterns in types of businesses formed and markets and industries pursued. SBA also seeks to understand the degree to which B2B contributed to the business formation decision and ultimately its success, as well as what other SBA or partner resources are utilized over time.

Challenges remain with data sharing between SBA partners and other federal agencies, and the longitudinal tracking required to measure outcomes in the entrepreneurship domain, but this first outcomes survey will establish a baseline, contribute to our knowledge base, and guide future program refinements.

It is important to realize that successful outcomes and performance evaluation for B2B should not overly emphasize business formation and any associated individual and macro-economic benefits. The most important outcome of B2B is its contribution to the successful transition of servicemembers and their families to civilian life. The most heavily emphasized learning objective of the course is enabling participating servicemembers and spouses to understand the opportunities and the challenges of business ownership as a post-service vocation. B2B often illuminates reasons why a servicemember or spouse should seek employment as a more suitable alternative to a near or long term pursuit of business ownership.

SUCCESS STORIES



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The B2B partnership produces success stories like Mr. Timothy Page. After serving 27 years on active duty in the U.S. Army, Tim attended B2B at Ft. Meade, MD as the first step of his transition mission to pursue small business ownership. His idea was to create eco-friendly car washes he calls “auto spas”. Through the facilitation of Mr. Mark Williams in SBA’s Baltimore district office, Tim was introduced to Ms. Melissa Dent, a counselor at Maryland’s Small Business Development Center, who helped him develop a business plan. In May 2015, Tim competed in a business plan competition privately funded for B2B graduates where he won first place and \$30,000 in seed capital. His first auto spa will open in Forestville, MD in the spring of 2016. There are many similar stories among the ever growing legion of B2B graduates.

FUTURE OPPORTUNITIES AND CHALLENGES

While Tim’s story is a great example of how our programs and partners integrate to empower veteran entrepreneurship, it also highlights a gap we must address – access to capital. We can and must do more to get capital, and in particular start up or “seed” capital into the hands veterans like Tim. One proposed piece of legislation, The Veterans Entrepreneurial Transition Act of 2015, would pilot the use of GI Bill funds for business startup. This limited pilot would test giving servicemembers that do not wish to use the GI Bill for education the choice to instead use the earned benefit as seed capital. The pilot would be administered by SBA with the assistance of OVBDs Federal Advisory Committees.

To sustain and grow our efforts, SBA must also strengthen and modernize its information technology infrastructure to improve our ability to track long-term outcomes of businesses started by veterans. This may lead to additional data sharing and collaboration internally with our private and non-profit sector partners, and between federal agencies, such as the Departments of Labor, Defense and Veterans Affairs, to further synchronize our efforts, connect veterans and military spouses with the resources they need, and report essential performance outcomes such as business formation, capital acquired and creation of jobs.

Thank you for the opportunity to submit written testimony to your committee that highlights our mission and support to TAP. Your support of our work and our mission helps to ensure the American dream of business ownership to those that fought and continue to fight every day to protect it. We look forward to your input.