



**Testimony of
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**Before the
U.S. Senate Committee on Small Business and Entrepreneurship
Hearing on
Oversight Over the SBA's Office of Veterans
Business Development**

November 15, 2023

Chair Shaheen, Ranking Member Ernst, and distinguished members of the Committee, thank you for the opportunity to testify today on SBA's continuing efforts to empower veterans, service members, National Guard and Reserve members, and military spouses with the tools to start, grow, and build resilient small businesses.

We are grateful for this Committee's continued support of SBA's programs that provide training and counseling, access to capital, and federal contracting opportunities to our nation's heroes and job creators.

In 2019, I joined the SBA team as the Deputy Associate Administrator in the Office of Veterans Business Development (OVBD). Prior to SBA, I served at the Department of Labor as the Director of Strategic Outreach of the Veterans' Employment and Training Service (VETS), focused on veteran and military spouse employment issues. I retired from the U.S. Air Force in June 2012 after serving on active duty for nearly 28 years.

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. SBA is dedicated to continuing to highlight the impact of America's nearly 2 million veteran-owned businesses. Veteran-owned businesses in the United States have combined annual sales of \$1 trillion and employ approximately 5 million workers. When our veteran entrepreneurs succeed, our nation succeeds.

To honor them, SBA recently celebrated its 10th Annual National Veterans Small Business Week (NVSBW) by hosting over 250 events across the nation. These events highlighted and empowered veteran and military-spouse business owners in their local communities and connected them with SBA resources. Located throughout the nation, the SBA ecosystem is comprised of grantees, resources partners, district offices, interagency organizations and veteran and military-service organizations.

SBA continually seeks to meet our veteran entrepreneurs wherever they are in their business journey with the right set of tools and resources. Veteran Business Outreach Centers (VBOCs) are the cornerstone of our service-delivery model. Last year, VBOCs served over 55,000 clients, and are responsible for coordinating the delivery of SBA's Boots to Business classes and its curriculum.

VBOCs serve as providers and navigators of business assistance programs and maintain expertise to directly serve and refer veterans to other SBA, federal, state, and community-based programs. VBOCs extend their services nationwide by serving as a gateway to all SBA programs and collaborating with SBA's network of resource partners which include Small Business Development Centers, Women's Business Centers, and SCORE. Thanks to increased funding from Congress and the support of this Committee, our network of VBOCs expanded from 22 to 28 in Fiscal Year 2023 helping serve new clients in Nebraska/Iowa, Alaska, Colorado, South Carolina, Southern California, and Nevada.

In addition to serving veterans, SBA is charged with assisting transitioning service members as they

prepare to separate from military service. SBA teaches the Boots to Business (B2B) program as part of the Department of Defense's Transition Assistance Program (TAP). It is taught on over 195 installations world-wide. B2B Reboot delivers the B2B curriculum to veterans and Guard and Reserve members in their local communities. SBA recently launched the Military Spouse Pathway to Business training program to help military spouses looking to start their entrepreneurial journey. Last year, over 21,000 individuals attended B2B classes. Since the B2B program was established in 2013, SBA has trained over 196,000 service members, veterans, Guard and Reserve members, and military spouses.

After completing the B2B programs, SBA offers follow-on training through the B2B Revenue Readiness course. This is a 6-week high-touch virtual course, which is designed to help participants take a business idea from a concept to an actionable plan.

Our collaboration produces success stories like Michael and Kerrie Stacks. While beginning his transition journey at the close of a long and successful career in Naval Special Operations, Michael attended a B2B class at the local VBOC in Norfolk, Virginia, located at Old Dominion University, as the first step in small business entrepreneurship. With the help of people like Cheryllyn Sagester, the VBOC Director and legal and financial experts, Michael and Kerrie opened the Bold Mariner Brewery in 2015, while he was still on active duty.

The VBOC helped Michael create a business plan, provided pathways to obtaining capital, and other aspects of opening a new business. As the business grew, the VBOC maintained a relationship with Michael and Kerrie, assisting with plans for growth, and navigating through the challenges of the COVID pandemic with funding from the Paycheck Protection Program and COVID-19 Economic Injury Disaster Loan (EIDL) loan program. Today, the business is experiencing 30% growth per year, exploring international export opportunities, and looking to expand operations to meet the incredible demand. Kerrie said it best: "The VBOC was there when we started the business, are with us now, and will be there for us in the future."

SBA facilitates access to capital for veteran-owned small businesses through three loan programs. The 7(a) program provides financing through commercial lenders, the 504 program provides financing for fixed assets (such as buildings or machinery), and the Microloan program provides financing up to \$50,000 and technical assistance. Veteran-owned small businesses received about 2-5% of all loans in the three programs in Fiscal Years 2016-2021. SBA waives the 7(a) Express Loan upfront guaranty fee to veteran or military spouse-owned small businesses for loans up to \$500,000.

In addition to capital, SBA works to connect our veteran-owned small businesses with the largest purchaser of goods and services in the world: the U.S. Government. In Fiscal Year 2022, the Federal Government awarded 4.6% of prime contract to Service-Disabled Veteran Owned Small Businesses (SDVOSB), exceeding the 3% goal for the eleventh straight year.

SBA works to help more veteran firms gain access to contracting opportunities. In January 2023, SBA implemented the Veteran Small Business Certification (VetCert) program as Congress required in the National Defense Authorization Act for Fiscal Year 2021 (NDAA 2021) which transferred this responsibility from the Department of Veterans Affairs (VA) to SBA. The transfer provides veterans with a

central support point for their small business certification needs and provides SDVOSBs with the opportunity to compete for federal sole-source and set-aside contracts across the federal government. SBA Administrator Isabel Guzman refers to VetCert as the “gold standard” for SBA certification because veterans have a streamlined process that makes it easier to apply and receive their certification. It’s not just easier, but it’s also faster. To date, SBA has certified over 8,500 new veteran-owned and SDVOSBs, maintaining a faster processing time than the 35 days that the VA required.

In addition to certification, SBA provides funding to the Veterans Institute for Procurement (VIP) to deliver entrepreneurship training to veteran-owned and SDVOSBs. Participants learn how to best position their business to win and retain government contracts. Over \$17 billion has been awarded in Federal prime contracts to VIP grads since 2010, and graduates in the VIP program have increased their revenue by an average of 56% in the first year after graduation and 180% after two years.

A great example of this success is U.S. Army veteran Doug Craft, who is the owner of Crystal Clear Maintenance, a building maintenance and landscaping service. A few years after starting his business, he connected with the SBA New Mexico District Office. They not only helped Doug file for his veteran benefits, but they helped him obtain two certifications as both a certified SDVOSB as well as an 8(a) certified business. These certifications opened the door to more federal contracting opportunities: With SBA’s support, Crystal Clear Maintenance grew from \$80,000 in annual revenue to more than \$25 million .

SBA’s Office of Veterans Business Development also works to help service-disabled and women veterans. The Service-Disabled Veteran Entrepreneurship Training Program supports a network of partners focused on delivering entrepreneurial training and education about the tools and resources available to SDVOSBs. The Women Veteran Entrepreneurship Training Program is focused on delivering small business development support to women service members, veterans, and military spouses. The programs are offered in a variety of formats from online workshops to hands-on mentoring.

When veterinarian Terra Stines Smith decided to launch a mobile-only veterinary clinic to reach rural clients in North Carolina, she wasn’t sure how to raise the funds to outfit a 24-foot, old church transport van with all the necessary medical equipment. Her husband, a Marine veteran, knew of the many benefits available to military families and suggested she explore business resources for military spouses. Terra’s search led to the local VBOC at Fayetteville University. The VBOC helped her develop a business plan, obtain an SBA-backed loan, and access ongoing support as her business grew. Today, Terra’s mobile veterinary clinic, DocTerra, serves clients spanning 30 miles and has a waiting list for new clients.

To ensure SBA is effectively serving the veteran small business community, we convene two Federal Advisory Committees each quarter, the Advisory Committee on Veterans Business Affairs (ACVBA) and the Interagency Task Force on Veterans Business Development.

The ACVBA is made up of veteran business owners and veteran service organization representatives who serve as an independent source of advice and policy recommendations to the SBA Administrator,

Congress, the President, and other U.S. policymakers on issues of interest to small businesses owned and operated by veterans.

The Interagency Task Force on Veterans Business Development consists of Federal agency representatives and four representatives from veteran service organizations. SBA is proud to participate alongside our partners in the VA; Departments of Defense, Labor and Treasury; General Services Administration (GSA) and the Office of Management and Budget to coordinate federal efforts to improve capital access, business development opportunities, and Federal contracting goals for veteran-owned and SDVOSBs. This Task Force meets quarterly and our next meeting will be in December.

Thank you for the opportunity to testify today and highlight our mission in SBA's Office of Veterans Business Development and our continuing efforts to empower veterans, service members, National Guard and Reserve members, and military spouses with the tools to start, grow and build resilient small businesses.