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# SBA Veterans Assistance Programs: An Analysis of Contemporary Issues

Updated October 10, 2018

**Congressional Research Service**
https://crsreports.congress.gov
R42695

**CRS REPORT**
Prepared for Members and
Committees of Congress

# Summary

Several federal agencies, including the Small Business Administration (SBA), provide training and other assistance to veterans seeking civilian employment. For example, the Department of Defense (DOD), in cooperation with the SBA, Department of Labor, Department of Veterans Affairs, and several other federal agencies, operates the Transition Goals Plans Success program (Transition GPS), which provides employment information and entrepreneurship training to exiting military servicemembers to assist them in transitioning from the military to the civilian labor force.

In recent years, the unemployment rate among veterans as a whole has generally been similar to or lower than the unemployment rate for nonveterans 18 years and older. However, veterans who have left the military since September 2001 have experienced higher unemployment than other veterans and, in some years, higher unemployment than nonveterans. As a result, Congress has focused much of its attention on finding ways to assist veterans who have left the military since September 2001.

The SBA provides management and technical assistance services to more than 100,000 veterans each year through its various management and technical assistance training partners (e.g., Small Business Development Centers, Women's Business Centers [WBCs], Service Corps of Retired Executives [SCORE], and Veterans Business Outreach Centers [VBOCs]). The SBA's Office of Veterans Business Development (OVBD) also administers several programs to assist veterans, including the Operation Boots to Business: From Service to Startup initiative which is part of DOD's Transition GPS program.

The expansion of federal employment training programs targeted at specific populations, such as women and veterans, has led some Members and organizations to ask if these programs should be consolidated. In their view, eliminating program duplication among federal business assistance programs across federal agencies, and within the SBA, would result in lower costs and improved services. Others argue that keeping these business assistance programs separate enables them to offer services that match the unique needs of various underserved populations, such as veterans. In their view, instead of considering program consolidation as a policy option, the focus should be on improving communication and cooperation among the federal agencies providing assistance to entrepreneurs.

This report opens with an examination of the economic circumstances of veteran-owned businesses drawn from the Bureau of the Census's 2012 Survey of Business Owners (SBO). It then provides a brief overview of veterans' employment experiences, comparing unemployment and labor force participation rates for veterans, veterans who have left the military since September 2001, and nonveterans. The report also describes employment assistance programs offered by several federal agencies to assist veterans in their transition from the military to the civilian labor force and examines, in greater detail, the SBA's veteran business development programs, the SBA's efforts to assist veterans' access to capital, and the SBA's veteran contracting programs. It also discusses the SBA's Military Reservist Economic Injury Disaster Loan program and P.L. 114-38, the Veterans Entrepreneurship Act of 2015, which authorized and made permanent the SBA's recent practice of waiving the SBAExpress loan program's one time, up-front loan guarantee fee for veterans (and their spouse).

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# SBA Assistance for Veterans

The Small Business Administration (SBA) administers several programs to support small business owners and prospective entrepreneurs. For example, it provides education programs to assist with business formation and expansion; loan guaranty programs to enhance small business owners' access to capital; and programs to increase small business opportunities in federal contracting, including oversight of the service-disabled veteran-owned small business federal procurement goaling program.[1] The SBA also provides direct loans for owners of businesses of all sizes, homeowners, and renters to assist their recovery from natural disasters.

The Military Reservist Economic Injury Disaster Loan (MREIDL) program is also of interest to veterans. It provides direct loans of up to $2 million to small business owners who are not able to obtain credit elsewhere meet ordinary and necessary operating expenses that they could have met but are not able to because an essential employee has been called up to active duty in his or her role as a military reservist or member of the National Guard due to a period of military conflict.[2]

The SBA provides management and technical assistance to more than 100,000 veterans each year through its various training partners (e.g., Small Business Development Centers, Women's Business Centers, SCORE [formerly the Service Corps of Retired Executives], and Veterans Business Outreach Centers [VBOCs]). In addition, the SBA's Office of Veterans Business Development (OVBD) administers several programs to assist veteran-owned small businesses.[3]

The SBA's OVBD received an appropriation of $12.3 million for FY2018.[4]

The SBA has always assisted veteran small business owners and aspiring veteran entrepreneurs. In recent years, they have focused increased attention on assisting veterans transition from the military to the civilian labor force. For example, the SBA's OVBD, in partnership with Syracuse University, launched the Operation Boots to Business: From Service to Startup initiative for transitioning servicemembers in July 2012. The program consists of a two-day introductory course on entrepreneurship followed by an eight-week, on-line course to prepare servicemenmbers and military spouses "for post-service career success as business owners."[5]

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[1] For further information and analysis concerning the Small Business Administration's (SBA's) entrepreneurial education programs, see CRS Report R41352, *Small Business Management and Technical Assistance Training Programs*, by Robert Jay Dilger. For further information and analysis concerning the SBA's access to capital programs, see CRS Report R41146, *Small Business Administration 7(a) Loan Guaranty Program*, by Robert Jay Dilger and CRS Report R41184, *Small Business Administration 504/CDC Loan Guaranty Program*, by Robert Jay Dilger.

[2] SBA, "Disaster Assistance Program: SOP 50-30-7," May 13, 2011, p. 48, at https://www.sba.gov/sites/default/files/sops/SOP%2050%2030%207.pdf; and 13 C.F.R. §123.508. For further information and analysis concerning the SBA's disaster assistance loan program, see CRS Report R41309, *The SBA Disaster Loan Program: Overview and Possible Issues for Congress*, by Bruce R. Lindsay.

[3] SBA, "FY2019 Congressional Budget Justification and FY2017 Annual Performance Report," pp. 91-96, at https://www.sba.gov/sites/default/files/aboutsbaarticle/SBA_FY_19_508-Final-FINAL.PDF.

[4] The SBA anticipates that it will spend $25.9 million on the Office of Veterans Business Development (OVBD) in FY2018, using funds from its salaries and expenses account to supplement OVBD's appropriation. See ibid., p. 91.

[5] SBA, "Operation Boots to Business: From Service to Startup," at http://www.sba.gov/bootstobusiness; and Institute for Veterans and Military Families, Syracuse University, "White Paper: Operation Boots to Business Veteran Entrepreneurship Assessment," June 2016, p. 2, at https://www.sba.gov/sites/default/files/b2b_vet_entrepreneurship_assessment.pdf. The eight-week, on-line course provides instruction on the "elements of a business plan, evaluating venture ideas, identifying components of business venture strategies and interrelations of marketing, accounting/finance, operations/production, and human resources." See ibid., p. 15.

Congress provided the SBA's OVBD an additional $7 million in FY2014 to expand the Boots to Business initiative "nationwide to the 250,000 yearly transitioning servicemembers in all branches of the military."[6] The initiative's two-day Introduction to Entrepreneurship course is currently offered at 213 military institutions worldwide and is "a standard portion of the curricula offered at the revised Transition Assistance Program (TAP) to servicemembers."[7] TAP is administered by the Department of Defense (DOD) in cooperation with the Department of Labor (DOL), Department of Veterans Affairs (VA), Department of Education (DOE), Department of Homeland Security (DHS), Office of Personnel Management (OPM), and the SBA.[8]

Congress has approved additional appropriations to continue the initiative, and it was expanded in 2014 to include veterans of all eras, active duty servicemembers (including National Guard and Reserves), and their partner or spouse via the Boots to Business: Reboot initiative.[9] In FY2017, 17,320 servicemembers participated in the Boots to Business program.[10]

During the 114th Congress, legislation was introduced and reported favorably by the Senate Committee on Small Business and Entrepreneurship to provide the Boots to Business initiative statutory authorization (S. 1866, the Veterans Small Business Ownership Improvements Act of 2015). Similar legislation has been introduced during the 115th Congress (S. 121, the Veterans Small Business Ownership Improvements Act, and H.R. 5193, the Veteran Entrepreneurship Training Act of 2018). To date, nearly 70,000 servicemembers have participated in the initiative.[11]

The expansion of federal employment training programs targeted at specific populations, such as women and veterans, has led some Members and organizations to ask if these programs should be consolidated. In their view, eliminating program duplication among federal business assistance programs across federal agencies, and within the SBA, would lower costs and improve services. Others argue that keeping these business assistance programs separate enables them to offer services that match the unique needs of underserved populations, such as veterans. Instead of

[6] SBA, "FY2014 Congressional Budget Justification and FY2012 Annual Performance Report," p. 52, at https://www.sba.gov/sites/default/files/files/1-508-Compliant-FY-2014-CBJ%20FY%202012%20APR.pdf. Recommended FY2014 funding levels for the SBA's non-credit programs are in the Explanatory Statement accompanying the Consolidated Appropriations Act, 2014 (Division E-Financial Services and General Government Appropriations Act, 2014), pp. 37-39, at http://docs.house.gov/billsthisweek/20140113/113-HR3547-JSOM-D-F.pdf.

[7] Institute for Veterans and Military Families, Syracuse University, "White Paper: Operation Boots to Business Veteran Entrepreneurship Assessment," June 2016, p. 13, at https://www.sba.gov/sites/default/files/ b2b_vet_entrepreneurship_assessment.pdf.

[8] The Department of Defense introduced a redesigned curriculum for the TAP program, called the Transition Goals Plans Success pilot program (Transition GPS), at seven military bases in the summer of 2012. Transition GPS is now offered nationwide. It includes a five-day core program intended to ensure that servicemembers are "career ready" when they leave military service. The core curriculum includes the following modules: pre-separation counseling (4 hours), Department of Veterans Affairs benefits (6 hours), employment workshop (24 hours), financial planning (4 hours), resilient transition (1 hour), and a crosswalk between military and civilian skills that includes a "skills gap" analysis (2 hours). Transition GPS is mandatory for nearly all exiting servicemembers. See U.S. Department of Defense, "Turbo Tap," at http://www.turbotap.org/register.tpp.

[9] Institute for Veterans and Military Families, Syracuse University, "White Paper: Operation Boots to Business Veteran Entrepreneurship Assessment," June 2016, p. 2, at https://www.sba.gov/sites/default/files/ b2b_vet_entrepreneurship_assessment.pdf.

[10] The SBA reports that the Boots for Business program had 4,514 participants in FY2013, 14,684 participants in FY2014, 14,457 participants in FY2015, and 17,966 participants in FY2016. See SBA, "FY2019 Congressional Budget Justification and FY2017 Annual Performance Report," p. 92, at https://www.sba.gov/sites/default/files/aboutsbaarticle/SBA_FY_19_508-Final-FINAL.PDF.

[11] Ibid.

consolidating these programs, their focus is on improving communication and cooperation among the federal agencies providing assistance to entrepreneurs.

This report examines the economic circumstances of veteran-owned businesses drawn from the Bureau of the Census's 2012 Survey of Business Owners (SBO). It also provides a brief overview of veterans' employment experiences, comparing unemployment and labor force participation rates for veterans, veterans who have left the military since September 2001, and nonveterans. The report also describes employment assistance programs offered by several federal agencies to assist veterans transitioning from the military to the civilian labor force and examines, in greater detail, the SBA's veteran business development programs, the SBA's efforts to enhance veterans' access to capital, and the SBA's veteran contracting programs.

It also discusses the SBA's Military Reservist Economic Injury Disaster Loan program and P.L. 114-38, the Veterans Entrepreneurship Act of 2015, which authorized and made permanent the SBA's recent practice of waiving the SBAExpress loan program's one time, up-front loan guarantee fee for veterans (and their spouse).

# An Economic Profile of Veteran-Owned Businesses

From 1972 to 2012, the U.S. Bureau of the Census's SBO was sent every five years, for years ending in "2" and "7," to a stratified random sample of nonfarm businesses in the United States that file Internal Revenue Service tax forms as individual proprietorships, partnerships, or any type of corporation, and with receipts of $1,000 or more.[12] It asked for information about the characteristics of the businesses and their owners. About 66% of the 1.75 million businesses that received the 2012 SBO responded.[13] The SBO provided "the only comprehensive, regularly collected source of information on selected economic and demographic characteristics for businesses and business owners by gender, ethnicity, race, and veteran status."[14]

The SBO provided estimates of the number of employer and nonemployer firms and their sales and receipts, annual payroll, and employment. Data aggregates were provided by gender, ethnicity, race, and veteran status for the United States by North American Industry Classification System (NAICS) classification; the kind of business; and state, metropolitan and micropolitan statistical area, and county. This information was combined with data collected through the Census Bureau's main economic census and administrative records to provide a variety of searchable data products on Census's website, http://www.census.gov/econ/sbo/, including the most detailed economic information available on veterans and veteran-owned firms.

The Census Bureau has discontinued the SBO and is currently collecting data on business receipts, payroll, and employment by demographic characteristics, such as gender, ethnicity, race, and veteran, status through its new, annual American Business Survey (ABS). The first set of data from the ABS is scheduled to be released in December 2019.[15] Although now somewhat dated,

[12] U.S. Bureau of the Census, "Methodology – 2007 Survey of Business Owners," at http://www.census.gov/econ/sbo/methodology.html?2007; and U.S. Bureau of the Census, "Methodology - 2012 Survey of Business Owners," at http://www.census.gov/econ/sbo/methodology.html.

[13] U.S. Bureau of the Census, "Methodology - 2012 Survey of Business Owners," at http://www.census.gov/econ/sbo/methodology.html.

[14] U.S. Bureau of the Census, "Survey of Business Owners (SBO)," at https://www.census.gov/econ/overview/mu0200.html.

[15] U.S. Bureau of the Census, "Census Bureau Announces New 2017 Annual Business Survey," at https://www.census.gov/newsroom/press-releases/2018/annual-business-survey.html.

the 2012 SBO provides the most detailed economic information available on veterans and veteran-owned firms.

## Demographics

The Bureau of the Census estimates that in 2012 about 9.2% of nonfarm firms in the United States (2.54 million of 27.62 million) were owned by veterans.[16] Four states had more than 100,000 veteran-owned firms: California (254,873), Texas (215,217), Florida (187,074) and New York (138,670). Of the 2.54 million veteran-owned, nonfarm firms in 2012,

- 82.3% (2.09 million) had no paid employees and 17.7% (450,807) had paid employees. This ratio is similar to comparable national figures of 80.4% (22.20 million) with no paid employees and 19.6% (5.42 million) with paid employees.[17]
- 84.3% (2.14 million) were owned by a male, 15.1% were owned by a female (384,549), and 0.6% (14,035) were owned equally by a male and a female. Veteran-owned firms were more likely than other firms in 2012 to be owned by a male. The comparable national figures are 54.3% (14.99 million) were owned by a male, 36.0% (9.93 million) were owned by a female, and 9.0% (2.50 million) were owned equally by a male and a female.[18]
- 85.1% (2.16 million) were owned by a Caucasian, 10.7% (270,702) were owned by an African American, 2.1% (52,933) were owned by an Asian, 1.3% (34,174) were owned by an American Indian or Alaska Indian, 0.3% (7,011) were owned by a native Hawaiian or other Pacific Islander, and 2.2% (56,091) were owned by "some other race." Veteran-owned firms were somewhat more likely than other firms in 2012 to be owned by a Caucasian and somewhat less likely to be owned by an Asian. The comparable national figures for 2012 are 78.7% (21.74 million) were owned by a Caucasian, 9.4% (2.59 million) were owned by an African American, 7.0% (1.94 million) were owned by an Asian, 1.0% (274,238) were owned by an American Indian or Alaska Indian, 0.2% (55,077) were owned by a native Hawaiian or other Pacific Islander, and 4.3% (1.18 million) were owned by "some other race."[19]

[16] An additional 599,335 nonfarm U.S. firms (about 2.2% of all nonfarm U.S. firms) were owned equally (50%-50%) by veterans and nonveterans. See U.S. Bureau of the Census, "Preliminary Statistics for All U.S. Firms by Sector, Veteran Status, and Gender for the U.S. and States: 2012," at http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=SBO_2012_00CSA02&prodType=table. Veteran status was based on self-identification. Respondents were asked to report if a business owner is a veteran of the U.S. military service including the Coast Guard. Businesses could be categorized as: veteran-owned (U.S. military service veterans own 51% or more of the equity, interest, or stock of the business); equally veteran/nonveteran-owned (50% veteran and 50% nonveteran ownership of the equity, interest, or stock of the business); or nonveteran-owned (nonveterans own 51% or more of the equity, interest, or stock of the business).

[17] U.S. Bureau of the Census, "Preliminary Statistics for All U.S. Firms by Sector, Veteran Status, and Gender for the U.S. and States: 2012," at http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=SBO_2012_00CSA02&prodType=table.

[18] Ibid.

[19] The total percentage exceeds 100 because each owner had the option of selecting more than one race and was included in each race selected. See U.S. Bureau of the Census, "American Fact Finder: Preliminary Statistics for All U.S. Firms by Sector, Veteran Status, and Race for the U.S. and States: 2012," at http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=SBO_2012_00CSA04&prodType=table.

- 3.3% (76,250 of the 2,299,501 reporting) were owned by an individual under the age of 35, 22.6% (520,472) were owned by an individual aged 35 to 54, and 74.5% (1,712,779) were owned by an individual aged 55 or older. Veteran-owned firms were more likely than other firms in 2012 to be owned by an individual aged 55 or older. The comparable national figures (minus veterans) for 2012 are 14.7% (2,943,446 of the 19,990,309 reporting) of nonfarm firms were owned by an individual under the age of 35; 48.1% (9,613,854) were owned by an individual aged 35 to 54; and 37.2% (7,433,009) were owned by an individual aged 55 or older.[20]
- 7.3% (167,052 of the 2,292,035 reporting) were owned by an individual who reported that he or she had a service-connected disability.[21]

In addition, 99.8% of veteran-owned employer firms (441,799) had fewer than 500 employees and 0.2% (686) had at least 500 employees. This ratio is similar to comparable national figures for 2012, according to which 99.7% (5.41 million) had fewer than 500 employees and 0.3% (17,724) had at least 500 employees.[22]

## Employment, Payroll, and Sales/Receipts

In 2012, veteran-owned firms employed more than 5.5 million persons, reported a total payroll of $220.8 billion, and generated more than $1.47 trillion in total sales/receipts.[23]

Veteran-owned employer firms

- employed 5.5 million persons (about 4.8% of total U.S. employment);
- reported a total payroll of $220.8 billion (about 4.2% of total U.S. payroll);
- generated $1.375 trillion in total sales/receipts (about 4.2% of total U.S. receipts); and
- had average sales/receipts of $3.1 million.[24]

Veteran-owned nonemployer firms

- generated 6.4% ($94.5 billion) of the total sales/receipts generated by veteran-owned firms; and
- had average sales/receipts of $45,198.

The comparable national figures for sales/receipts in 2012 were $6.0 million for employer firms and $47,679 for nonemployer firms.[25]

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[20] U.S. Bureau of the Census, "American Fact Finder: Statistics for Owners of Respondent Firms by Owner's Age by Gender, Ethnicity, Race, and Veteran Status for the U.S.: 2012," at http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=SBO_2012_00CSCBO08&prodType=table.

[21] U.S. Bureau of the Census, "American Fact Finder: Statistics for Veteran Owners of Respondent Firms by Owner's Service-Disabled Veteran Status and Gender for the U.S.: 2012," at http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=SBO_2012_00CSCBO12&prodType=table.

[22] U.S. Bureau of the Census, "American Fact Finder: Statistics for All U.S. Firms With Paid Employees by Industry, Veteran Status, and Employment Size of Firm for the U.S. and States: 2012," at http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=SBO_2012_00CSA12&prodType=table.

[23] U.S. Bureau of the Census, "Preliminary Statistics for All U.S. Firms by Sector, Veteran Status, and Gender for the U.S. and States: 2012," at http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=SBO_2012_00CSA02&prodType=table.

[24] Ibid.

[25] Ibid.

## Access to Capital

As shown in **Table 1**, in 2012, veterans most frequently used personal or family savings to start or acquire a business (886,471 veterans, or 59.4% of respondents), followed by a personal or business credit card (148,856 veterans, or 10.0% of respondents), a business loan from a bank or financial institution (116,045 veterans, or 7.8% of respondents), and personal or family assets other than the owner's savings (92,748 veterans, or 6.2% of respondents).

**Table 1. Source of Capital for Veteran Business Owners Starting or Acquiring Their Businesses, 2012**

| Source of Capital | Number of Veteran Responses | Percentage of Veteran Respondents |
|---|---|---|
| Personal or Family Savings | 886,471 | 59.4% |
| Personal or Business Credit Card | 148,856 | 10.0 |
| Business Loan from a Bank or Financial Institution | 116,045 | 7.8 |
| Personal or Family Assets Other Than the Owner's Savings | 92,748 | 6.2% |
| Personal or Family Home Equity Loan | 39,014 | 2.6 |
| Business Loan or Investment from Family or Friends | 20,882 | 1.4 |
| Government-Guaranteed Business Loan from a Bank or Financial Institution | 9,869 | 0.7 |
| Investment from Venture Capitalists | 2,707 | 0.2 |
| Business Loan from a Federal, State, or Local Government | 2,002 | 0.1 |
| Grant | 1,478 | 0.1 |
| Other Source(s) of Capital | 28,686 | 1.8 |
| Did Not Need Any Capital to Start or Acquire Their Business | 353,917 | 17.9 |
| Did Not Recall Where They Received the Capital to Start or Acquire Their Business | 83,047 | 5.6 |
| Total Responses/Respondents | 1,785,722 responses (1,492,583 respondents) | 112.5% (100.0%) |

**Source:** U.S. Bureau of the Census, "American Fact Finder: Statistics for All U.S. Firms by Sources of Capital Used to Start or Acquire the Business by Industry, Gender, Ethnicity, Race, and Veteran Status for the U.S.: 2012," at http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=SBO_2012_00CSCB13&prodType=table.

**Note:** The sum of the number of responses for each source of capital exceeds the total number of respondents and the sum of the percentages for each source of capital exceeds 100.0% because each owner had the option of selecting more than one source of capital.

As shown in

**Table 2**, the source of capital most frequently used by veterans to expand or make capital improvements to an existing business in 2012 was personal or family savings (313,296 veterans, or 20.8% of respondents). The next most frequently used source of capital to expand or make capital improvements to an existing business was a personal or business credit card (114,815 veterans, or 7.6% of respondents), followed by business profits or assets (82,182 veterans, or

5.5% of respondents), and a government-guaranteed business loan from a bank or financial institution (64,499 veterans, or 4.3% of respondents).

**Table 2. Source of Capital for Veteran Businesses Owners Expanding or Making Capital Improvements to Their Businesses, 2012**

| Source of Capital | Number of Veteran Responses | Percentage of Veteran Respondents |
|---|---|---|
| Personal or Family Savings | 313,296 | 20.8% |
| Personal or Business Credit Card | 114,815 | 7.6 |
| Business Profits or Assets | 82,182 | 5.5 |
| Government-Guaranteed Business Loan from a Bank or Financial Institution | 64,499 | 4.3 |
| Personal or Family Assets Other Than the Owner's Savings | 35,220 | 2.3 |
| Personal or Family Home Equity Loan | 20,173 | 1.3 |
| Business Loan or Investment from Family or Friends | 5,923 | 0.4 |
| Business Loan from a Federal, State, or Local Government | 3,062 | 0.2 |
| Business Loan from a Bank or Financial Institution | 1,324 | 0.1 |
| Investment from Venture Capitalists | 1,200 | 0.1 |
| Grant | 1,369 | 0.1 |
| Other Source(s) of Capital | 9,651 | 0.6 |
| Did Not Expand or Make Capital Improvements | 931,199 | 61.8 |
| Wanted To Expand or Make Capital Improvements But Could Not Obtain Funding | 18,840 | 1.3 |
| Did Not Recall Where They Received the Capital to Expand or Make Capital Improvements to Their Business | 101,230 | 6.7 |
| Total Responses/Respondents | 1,703,983 responses (1,505,631 respondents) | 113.8% (100.0%) |

**Source:** U.S. Bureau of the Census, "American Fact Finder: Statistics for All U.S. Firms by Sources Used to Finance Expansion or Capital Improvements by Industry, Gender, Ethnicity, Race, and Veteran Status for the U.S.: 2012" at http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=SBO_2012_00CSCB28&prodType=table.

**Note:** The sum of the number of responses for each source of capital exceeds the total number of respondents and the sum of the percentages for each source of capital exceeds 100.0% because each owner had the option of selecting more than one source of capital.

# Veterans' Employment Data

The Department of Labor's Bureau of Labor Statistics (BLS) provides monthly updates of the employment status of the nation's veterans. The BLS reports that as of September 2018, there were about 19.1 million veterans.[26] There were 9.5 million veterans in the civilian labor force

[26] DOL, Bureau of Labor Statistics, "Table A-5. Employment status of the civilian population 18 years and over by veteran status, period of service, and sex, not seasonally adjusted," at http://www.bls.gov/news.release/empsit.t05.htm.

(i.e., they were either employed or unemployed and available for work, except for temporary illness, and had made specific efforts to find employment sometime during the four-week period ending with the reference week). Of those veterans in the civilian labor force, about 9.14 million were employed and about 320,000 were unemployed.[27]

In recent years, the unemployment rate among veterans as a whole has generally been lower than the unemployment rate for nonveterans 18 years and older. However, veterans who have left the military since September 2001 have experienced higher unemployment than other veterans and, in some years, higher than nonveterans as well. In September 2018, the unemployment rate for nonveterans 18 years and older was 4.0% which was higher than for veterans as a whole (3.4%), veterans who left the military prior to September 2001 (3.1%), and veterans who left the military since September 2001 (3.9%).[28]

Veterans who have left the military since September 2001 also have a higher labor force participation rate (81.4%) than other veterans (40.8%) and nonveterans aged 18 and older (65.3%).[29] The higher labor force participation rate for veterans who left the military since September 2001 was not wholly unexpected. They entered the civilian workforce more recently and have had less time to develop a reason (e.g., health issue, family responsibility, discouragement, retirement) to withdraw from the civilian workforce than other veterans and nonveterans aged 18 and older.

The lower labor force participation rate for other veterans was also not wholly unexpected. They entered the civilian workforce earlier and have had more time to develop a reason to withdraw from the civilian workforce than veterans who left the military since September 2001 and nonveterans aged 18 and older.[30]

# Veterans' Employment and Business Development Programs

Several federal agencies, including the SBA, sponsor employment and business development programs to assist veterans in their transition from the military into the civilian labor force. As discussed, the expansion of federal employment and business development training programs targeted at specific populations, such as women and veterans, has led some Members and organizations to ask if these programs should be consolidated. Others question if the level of communication and coordination among federal agencies administering these programs has been sufficient to ensure the programs are being administered in the most efficient and effective manner.

[27] Ibid.

[28] Ibid.

[29] Ibid.

[30] A report by the Council of Economic Advisers and the National Economic Council attributed lower labor force participation for veterans to several factors, including the difficulty many civilian employers have in understanding a military resume and how military job titles translate into civilian job skills, the presence of a service-connected disability, especially among the post-9/11 veteran population, and the number of post-9/11 veterans (about 217,000) who have been diagnosed with post-traumatic stress disorder. See Executive Office of the President, Council of Economic Advisers and the National Economic Council, "Military Skills for America's Future: Leveraging Military Service and Experience to Put Veterans and Military Spouses Back to Work," May 31, 2012, pp. 4-6, at http://www.whitehouse.gov/sites/default/files/docs/veterans_report_5-31-2012.pdf.

## The SBA's Veterans Business Development Programs

In an effort to assist veteran entrepreneurs, the SBA has either provided or supported management and technical assistance training for veteran-owned small businesses since its formation as an agency.[31] The SBA provides management and technical assistance to more than 100,000 veterans each year through its various training partners (e.g., Small Business Development Centers, Women's Business Centers, SCORE [formerly the Service Corps of Retired Executives], and Veterans Business Outreach Centers [VBOCs]).[32]

In addition, the SBA's OVBD administers several programs to assist veteran-owned businesses, including

- the Entrepreneurship Bootcamp for Veterans with Disabilities Consortium of Universities, which provides "experiential training in entrepreneurship and small business management to post-9/11 veterans with disabilities" at eight universities;[33]
- the Veteran Women Igniting the Spirit of Entrepreneurship (V-WISE) program, administered through a cooperative agreement with Syracuse University, which offers women veterans a 15-day, online course focused on entrepreneurship skills and the "language of business," followed by a 3-day conference (offered twice a year at varying locations) in which participants "are exposed to successful entrepreneurs and CEOs of Fortune 500 companies and leaders in government" and participate in courses on business planning, marketing, accounting and finance, operations and production, human resources, and work-life balance;[34]
- the Operation Endure and Grow Program, administered through a cooperative agreement with Syracuse University, which offers an eight-week online training program "focused on the fundamentals of launching and/or growing a small business" and is available to National Guard and reservists and their family members;[35]
- the Boots to Business initiative, which is "an elective track within the Department of Defense's revised Training Assistance Program called Transition Goals, Plans, Success (Transition GPS) and has three parts: the *Entrepreneurship Track Overview*—a 10-minute introductory video shown during the mandatory five-day Transition GPS course which introduces entrepreneurship as a post-service career option; *Introduction to Entrepreneurship*—a two-day classroom course on entrepreneurship and business fundamentals offered as one of the three Transition GPS elective tracks; and *Foundations of Entrepreneurship*—an eight-

[31] U.S. Congress, Senate Committee on Banking and Currency, *Extension of the Small Business Act of 1953*, report to accompany S. 2127, 84th Cong., 1st sess., July 22, 1955, S.Rept. 84-1350 (Washington: GPO, 1955), p. 17.

[32] SBA, "FY2019 Congressional Budget Justification and FY2017 Annual Performance Report," pp. 91-96, at https://www.sba.gov/sites/default/files/aboutsbaarticle/SBA_FY_19_508-Final-FINAL.PDF.

[33] Syracuse University, "About the EBV," Syracuse, NY, at http://whitman.syr.edu/ebv/about/.

[34] Syracuse University, "Women Veterans Igniting the Spirit of Entrepreneurship (V-WISE)," Syracuse, NY, at http://whitman.syr.edu/vwise/about.aspx.

[35] Syracuse University, "About Operation Endure and Grow," Syracuse, NY, at http://vets.syr.edu/education/endure-grow/.

week, instructor-led online course that offers in-depth instruction on the elements of a business plan and tips and techniques for starting a business";[36]

- the Boots to Business: Reboot initiative, which expanded the Boots to Business initiative in 2014 to include veterans of all eras, active duty servicemembers (including National Guard and Reserves), and their partner/spouse;
- the Veterans Institute for Procurement (VIP) program, which is designed to increase the ability of veteran-owned businesses to win government contracts by providing "an accelerator-like, in-residence educational training program for owners, principals, and executives of veteran-owned businesses, consisting of a three-day comprehensive certification program instructed by professional service experts, government officials, and agency representatives";[37] and
- the VBOC program, which provides veterans and their spouse management and technical assistance training at 21 locations, including assistance with the Boots to Business initiatives, the development and maintenance of a 5-year business plan, and referrals to other SBA resource partners when appropriate for additional training or mentoring services.[38]

The SBA also continues to work closely with the Interagency Task Force for Veterans Small Business Development, which was established by executive order on April 26, 2010, held its first public meeting on October 15, 2010, and issued its first report on November 1, 2011, to identify "gaps in ensuring that transitioning military members who are interested in owning a small business get needed assistance and training."[39] The task force's second report, issued on November 29, 2012, focused on progress made since the initial report.[40] The task force continues

[36] SBA, "Operation Boots to Business: From Service to Startup," at https://www.sba.gov/offices/headquarters/ovbd/resources/160511; SBA, "Operation Boots to Business: Fact Sheet," at https://www.sba.gov/sites/default/files/files/B2B_Fact%20Sheet.pdf; and SBA, "SBA Awards Funding to Nonprofit Organizations Providing "Boots to Business" Entrepreneurship Training," at https://www.sba.gov/about-sba/sba-newsroom/press-releases-media-advisories/sba-awards-funding-nonprofit-organizations-providing-boots-business-entrepreneurship-training.

[37] SBA, "FY2018 Congressional Budget Justification and FY2016 Annual Performance Report," p. 98, at https://www.sba.gov/sites/default/files/aboutsbaarticle/FINAL_SBA_FY_2018_CBJ_May_22_2017c.pdf.

[38] SBA, Office of Veterans Business Development, "Resources: Veterans Business Outreach Center (VBOC) Program," at https://www.sba.gov/offices/headquarters/ovbd/resources/1548576. VBOC grants, starting at $180,000, "are made for up to a three-year period of performance, consisting of a base period of 12 months from the date of award and up to two renewal option periods of 12 months each. Exercise of the option periods will be solely at SBA's discretion and is subject to continuing program authority, the availability of funds, and the recipient's continued satisfactory performance and compliance." Also, "funding per VBOC will vary based on proposed Boots to Business (B2B) program delivery and associated outreach." See SBA, Office of Veterans Business Development, "FY 2015 Program Announcement No. VBOC-2015-02," pp. 6-7, at https://www.sba.gov/offices/headquarters/ovbd/spotlight. In FY2013, the Veterans Business Outreach Centers Program conducted its ninth annual "Customer Satisfaction Survey." The FY2013 survey found that 91% of the clients using the centers were satisfied or highly satisfied with the quality, relevance, and timeliness of the assistance provided. See SBA, "FY2015 Congressional Budget Justification and FY2013 Annual Performance Report," p. 81, at https://www.sba.gov/sites/default/files/files/FY%202015%20CBJ%20FY%202013%20APR%20FINAL%20508(1).pdf.

[39] SBA, Office of Veterans Business Development, "Interagency Task Force," at https://www.sba.gov/offices/headquarters/ovbd/resources/14372; and The Interagency Task Force on Veterans Small Business Development, "Report to the President: Empowering Veterans Through Entrepreneurship," November 1, 2011,at https://www.sba.gov/sites/default/files/FY2012-Final%20Veterans%20TF%20Report%20to%20President.pdf.

[40] The Interagency Task Force on Veterans Small Business Development, "Heroes on the Home Front: Supporting Veteran Success as Small Business Owners," November 29, 2012, at https://www.sba.gov/sites/default/files/files/Veterans_Report_FINAL.pdf. The Interagency Task Force on Veterans Small Business Development includes senior-level representatives of the SBA, the Departments of Defense, Labor, Treasury, and Veterans Affairs, the General Services Administration, the Office of Management and Budget, and four representatives from veterans' service or

to meet on a quarterly basis to foster communication and monitor agency progress in assisting transitioning servicemembers.

## Congressional Issues: Duplication of Services

The SBA's OVBD, which serves as the SBA's focal point for its veteran assistance programs, was created by P.L. 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999. The act addressed congressional concerns that the United States generally, and the SBA in particular, was not, at that time, doing enough to meet the needs of veteran entrepreneurs, especially service-disabled veteran entrepreneurs.[41] At that time, several Members of Congress argued that "the needs of veterans have been diminished systematically at the SBA" as evidenced by the agency's elimination of direct loans, including direct loans to veterans, in 1995; and a decline in the SBA's "training and counseling for veterans … from 38,775 total counseling sessions for veterans in 1993 to 29,821 sessions in 1998."[42] To address these concerns, the act authorized the establishment of the federally chartered National Veterans Business Development Corporation (known as the Veterans Corporation and reconstituted, without a federal charter, in 2012 as Veteranscorp.org).[43] Its mission is to

> (1) expand the provision of and improve access to technical assistance regarding entrepreneurship for the Nation's veterans; and (2) to assist veterans, including service-disabled veterans, with the formation and expansion of small business concerns by working with and organizing public and private resources, including those of the Small Business Administration, the Department of Veterans Affairs, the Department of Labor, the Department of Commerce, the Department of Defense, the Service Corps of Retired Executives…, the Small Business Development Centers…, and the business development staffs of each department and agency of the United States.[44]

P.L. 106-50 reemphasized the SBA's responsibility "to reach out to and include veterans in its programs providing financial and technical assistance."[45] It included veterans as a target group for the SBA's 7(a), 504 Certified Development Company (504/CDC), and Microloan lending programs. It also required the SBA to enter into a memorandum of understanding with SCORE to, among other things, establish "a program to coordinate counseling and training regarding entrepreneurship to veterans through the chapters of SCORE throughout the United States."[46] In addition, it directed the SBA to enter into a memorandum of understanding with small business

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military organizations appointed by the SBA administrator. SBA Acting Associate Administrator Barbara Carson serves as its chair. See Executive Order 13540, "Interagency Task Force on Veterans Small Business Development," 75 *Federal Register* 22497-22498, April 29, 2010; and U.S Small Business Administration, "Inter-Agency Task Force on Veterans Small Business Development: Kick Off Meeting Wednesday, September 15, 2010," at https://www.sba.gov/offices/headquarters/ovbd/resources/14368.

[41] P.L. 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999, Section 101. Findings.

[42] U.S. Congress, House Committee on Small Business, *Veterans Entrepreneurship and Small Business Development Act of 1999*, report to accompany H.R. 1568, 106th Cong., 1st sess., June 29, 1999, H.Rept. 106-206 (Washington: GPO, 1999), pp. 14-15.

[43] Veteranscorp, "About Us," Oxford, MD at http://www.veteranscorp.org/2012/01/a-new-veteranscorp-org-gets-the-chance-to-help-veteran-entrepreneurs-2/.

[44] P.L. 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999, Section 33. National Veterans Business Development Corporation. Also, see 15 U.S.C. §657c.

[45] U.S. Congress, House Committee on Small Business, *Veterans Entrepreneurship and Small Business Development Act of 1999*, report to accompany H.R. 1568, 106th Cong., 1st sess., June 29, 1999, H.Rept. 106-206 (Washington: GPO, 1999), p. 14.

[46] P.L. 106-50, Section 301. Score Program.

development centers, the VA, and the National Veterans Business Development Corporation "with respect to entrepreneurial assistance to veterans, including service-disabled veterans."[47] The act specified that the following services were to be provided:

> (1) Conducting of studies and research, and the distribution of information generated by such studies and research, on the formation, management, financing, marketing, and operation of small business concerns by veterans.
>
> (2) Provision of training and counseling to veterans concerning the formation, management, financing, marketing, and operation of small business concerns.
>
> (3) Provision of management and technical assistance to the owners and operators of small business concerns regarding international markets, the promotion of exports, and the transfer of technology.
>
> (4) Provision of assistance and information to veterans regarding procurement opportunities with Federal, State, and local agencies, especially such agencies funded in whole or in part with Federal funds.
>
> (5) Establishment of an information clearinghouse to collect and distribute information, including by electronic means, on the assistance programs of Federal, State, and local governments, and of the private sector, including information on office locations, key personnel, telephone numbers, mail and electronic addresses, and contracting and subcontracting opportunities.
>
> (6) Provision of Internet or other distance learning academic instruction for veterans in business subjects, including accounting, marketing, and business fundamentals.
>
> (7) Compilation of a list of small business concerns owned and controlled by service-disabled veterans that provide products or services that could be procured by the United States and delivery of such list to each department and agency of the United States. Such list shall be delivered in hard copy and electronic form and shall include the name and address of each such small business concern and the products or services that it provides.[48]

The SBA's OVBD was established to address these statutory requirements by promoting "veterans' small business ownership by conducting comprehensive outreach, through program and policy development and implementation, ombudsman support, coordinated agency initiatives, and direct assistance to veterans, service-disabled veterans, reserve and National Guard members, and discharging active duty service members and their families."[49]

As mentioned previously, the OVBD provides, or supports third parties to provide, management and technical assistance training services to more than 100,000 veterans each year. These services are provided

> through funded SBA district office outreach; OVBD-developed and distributed materials; websites; partnering with DOD [Department of Defense], DOL [Department of Labor] and universities; agreements with regional veterans business outreach centers; direct guidance, training and assistance to Agency veteran customers; and through enhancements to intra-agency programs used by the military and veteran communities.[50]

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[47] Ibid., Section 302. Entrepreneurial Assistance.

[48] Ibid.

[49] SBA, "FY2013 Congressional Budget Justification and FY2011 Annual Performance Report," p. 62, at https://www.sba.gov/sites/default/files/files/FY%202015%20CBJ%20FY%202013%20APR%20FINAL%20508(1).pdf.

[50] SBA, "FY2013 Congressional Budget Justification and FY2011 Annual Performance Report," p. 62, at https://www.sba.gov/sites/default/files/files/1-508%20Compliant%20FY%202013%20CBJ%20FY%202011%20APR(1).pdf.

The expansion of the SBA's veteran outreach efforts has led some Members and organizations to ask if the nation's veterans might be better served if some of the veteran employment and business development programs offered by federal agencies were consolidated. For example, as mentioned previously, DOD, in cooperation with several federal agencies, operates the recently revised Transition Assistance Program, Transition GPS, which provides employment information and training to exiting servicemembers to assist them in transitioning from the military into the civilian labor force. In addition, DOL's Jobs for Veterans State Grants program provides states funding for Disabled Veterans' Outreach Program specialists and Local Veterans' Employment Representatives to provide outreach and assistance to veterans, and their spouses, seeking employment.[51] DOL also administers the Veterans Workforce Investment Program, which provides grants to fund programs operated by eligible state and local government workforce investment boards, state and local government agencies, and private nonprofit organizations to provide various services designed to assist veterans' transitions into the civilian labor force.[52] The DOL-administered Homeless Veterans Reintegration Program provides grants to fund programs operated by eligible state and local government workforce investment boards, state and local government agencies, and private nonprofit organizations that provide various services designed to assist homeless veterans achieve meaningful employment and to aid in the development of a service delivery system to address problems facing homeless veterans.[53]

Advocates of consolidating veteran employment and business development programs argue that eliminating program duplication among federal agencies would result in lower costs and improved services. For example, H.R. 4072, the Consolidating Veteran Employment Services for Improved Performance Act of 2012, which was introduced during the 112th Congress and ordered to be reported by the House Committee on Veterans' Affairs on April 27, 2012, would have transferred several veteran employment training programs from the DOL to the VA.[54]

In addition, in 2011, 2012, 2013, 2014, and 2015, the House Committee on Small Business, in its "Views and Estimates" letter to the House Committee on the Budget, recommended that funding for the SBA's VBOCs be either eliminated or transferred to the Department of Veterans Affairs because, as it stated in 2012, "the SBA already provides significant assistance to veterans who are seeking to start or already operate small businesses. The VBOCs duplicate services already available from the SBA, other entrepreneurial development partners and programs available from the Department of Veterans Affairs."[55] In 2014, the House Committee on Small Business also

[51] For information on the Disabled Veterans' Outreach Program and Local Veterans' Employment Representatives Program, see DOL, "Jobs for Veterans State Grants," at http://www.dol.gov/vets/grants/state/jvsg.htm.

[52] For further information and analysis of federal programs outside of the SBA that are designed to assist veterans seeking civilian employment, see CRS Report R42790, *Employment for Veterans: Trends and Programs*, coordinated by Benjamin Collins.

[53] For further information and analysis concerning the Homeless Veterans Reintegration Program, see CRS Report RL34024, *Veterans and Homelessness*, by Libby Perl.

[54] U.S. House of Representatives, Committee on Veterans' Affairs, "Debunking the Myths: H.R. 4072," at http://veterans.house.gov/4072.

[55] U.S. House of Representatives, Committee on Small Business, "Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for Fiscal Year 2012," March 17, 2011, at http://smallbusiness.house.gov/uploadedfiles/march_17_views_and_estimates_letter.pdf. Also, see U.S. House of Representatives, Committee on Small Business, "Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for Fiscal Year 2013," March 7, 2012, at http://smallbusiness.house.gov/uploadedfiles/views_and_estimates_fy_2013.pdf; U.S. House of Representatives, Committee on Small Business, "Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for Fiscal Year 2014," February 27, 2013, at http://smallbusiness.house.gov/uploadedfiles/revised_2014_views_and_estimates_document.pdf; U.S. House of Representatives, Committee on Small

recommended that if additional funds were to be provided to VBOCs, those funds should come from the SBA's Boots to Business initiative.

Advocates of consolidating federal veteran employment and business development programs cite U.S. Government Accountability Office (GAO) reports that have characterized the broader category of federal support for entrepreneurs, including veteran entrepreneurs, as fragmented and having overlapping missions. For example, in 2012, GAO identified 53 programs within the SBA and the Departments of Commerce, Housing and Urban Development, and Agriculture designed to support entrepreneurs, including 36 programs that provide entrepreneurs technical assistance, such as business training, counseling, and research and development support. GAO found that "the overlap among these programs raise[s] questions about whether a fragmented system is the most effective way to support entrepreneurs" and suggested agencies should "determine whether there are more efficient ways to continue to serve the unique needs of entrepreneurs, including consolidating programs."[56]

Instead of consolidating programs, some argue that improved communication and cooperation among the federal agencies providing entrepreneur support programs, and among the SBA's management and technical assistance training resource partners, would enhance program efficiencies while preserving the ability of these programs to offer services that match the unique needs of various underserved populations, such as veterans. For example, during the 111th Congress, the House passed H.R. 2352, the Job Creation Through Entrepreneurship Act of 2009, on May 20, 2009, by a vote of 406-15. The Senate did not take action on the bill. In its committee report accompanying the bill, the House Committee on Small Business concluded at that time that

> each ED [Entrepreneurial Development] program has a unique mandate and service delivery approach that is customized to its particular clients. However, as a network, the programs have established local connections and resources that benefit entrepreneurs within a region. Enhanced coordination among this network is critical to make the most of scarce resources available for small firms. It can also ensure that best practices are shared amongst providers that have similar goals but work within different contexts.[57]

The bill was designed to enhance oversight and coordination of the SBA's management and technical assistance training programs by requiring the SBA to coordinate these programs "with State and local economic development agencies and other federal agencies as appropriate" and to "report annually to Congress, in consultation with other federal departments and agencies as appropriate, on opportunities to foster coordination, limit duplication, and improve program delivery for federal entrepreneurial development activities."[58]

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Business, "Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for Fiscal Year 2015," March 25, 2014, at http://smallbusiness.house.gov/uploadedfiles/3-25-2014_revised_budget_views_and_estimates__fy_2015_v2.pdf; and U.S. House of Representatives, Committee on Small Business, "Views and Estimates of the Committee on Small Business on Matters to be set forth in the Concurrent Resolution on the Budget for Fiscal Year 2016," February 12, 2015, at http://smallbusiness.house.gov/uploadedfiles/2-12-2015_views_and_estimates_document.pdf.

[56] U.S. Government Accountability Office (GAO), *2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue*, GAO-12-342SP, February 28, 2012, p. 55, at http://www.gao.gov/assets/590/588818.pdf. Also see GAO, *Entrepreneurial Assistance: Opportunities Exist to Improve Programs' Collaboration, Data-Tracking, and Performance Management*, GAO-12-819, August 23, 2012, pp. 60-61, at http://www.gao.gov/assets/650/647267.pdf.

[57] U.S. Congress, House Committee on Small Business, *Job Creation Through Entrepreneurship Act of 2009*, report to accompany H.R. 2352, 111th Cong., 1st sess., May 15, 2009, H.Rept. 111-112 (Washington: GPO, 2009), pp. 17-18.

[58] H.R. 2352, the Job Creation Through Entrepreneurship Act of 2009, Section 601. Expanding Entrepreneurship.

In a related development, as mentioned previously, the Obama Administration formed the Interagency Task Force for Veterans Small Business Development by executive order on April 26, 2010. The SBA's representative chairs the task force, which is composed of senior representatives from seven federal agencies and four representatives from veterans' organizations.[59] One of the task force's goals is to improve "collaboration, integration and focus across federal agencies, key programs (e.g., the Transition Assistance Program), veterans' service organizations, states, and academia."[60]

On November 1, 2011, the task force issued 18 recommendations, including recommendations designed to increase and augment federal entrepreneurial training and technical assistance programs offered to veterans. For example, it recommended the development of a "standardized, national entrepreneurship training program specifically for veterans" that "could utilize expert local instructors, including academics and successful small business owners, to provide training in skills used to create and grow entrepreneurial ventures and small business. The national program could provide engaging training modules and workshops dedicated to the basics of launching a business."[61] The task force also recommended the development of a web portal "that allows veterans to access entrepreneurship resources from across the government."[62] Since then, the task force has met quarterly and its annual reports document its efforts to address the 18 recommendations.[63]

# Veterans' Access to Capital

The SBA administers several loan guaranty programs, including the 7(a) and the 504/CDC programs, to encourage lenders to provide loans to small businesses "that might not otherwise obtain financing on reasonable terms and conditions."[64]

## SBA's 7(a) Loan Guaranty Program

The SBA's 7(a) loan guaranty program is considered the agency's flagship loan guaranty program. Its name is derived from Section 7(a) of the Small Business Act of 1953 (P.L. 83-163, as amended), which authorizes the SBA to provide business loans to American small businesses.

The 7(a) program provides SBA-approved lenders a guaranty of up to 85% of loans of $150,000 or less and up to 75% of loans exceeding $150,000, up to the program's maximum gross loan

[59] The seven federal agencies are the SBA, U.S. General Services Administration, U.S. Office of Management and Budget, and the Departments of Defense, Labor, Treasury, and Veterans Affairs. The four veterans' organizations are Association of State Directors of Veterans Affairs, Student Veterans of America, the American Legion, and VET-Force.

[60] Interagency Task Force on Veterans Small Business Development, "Report to the President: Empowering Veterans Through Entrepreneurship," November 1, 2011, p. 6, at https://www.sba.gov/sites/default/files/FY2012-Final%20Veterans%20TF%20Report%20to%20President.pdf.

[61] Ibid., p. 15.

[62] Ibid., p. 8.

[63] SBA, "Office of Veterans Business Development, Resources: Interagency Task Force on Veterans Small Business Development," at https://www.sba.gov/offices/headquarters/ovbd/resources/14372.

[64] SBA, *Fiscal Year 2010 Congressional Budget Justification*, p. 30, at https://www.sba.gov/sites/default/files/aboutsbaarticle/Congressional_Budget_Justification_2010.pdf. Also see no credit elsewhere clause in P.L. 83-163, the Small Business Act (as amended).

amount of $5 million (up to $3.75 million maximum guaranty). In FY2018, the average approved 7(a) loan amount was $420,401.[65]

Proceeds from 7(a) loans may be used to establish a new business or to assist in the operation, acquisition, or expansion of an existing business. Specific uses include to acquire land (by purchase or lease); improve a site (e.g., grading, streets, parking lots, and landscaping); purchase, convert, expand, or renovate one or more existing buildings; construct one or more new buildings; acquire (by purchase or lease) and install fixed assets; purchase inventory, supplies, and raw materials; finance working capital; and refinance certain outstanding debts. The 7(a) program's loan maturity for working capital, machinery, and equipment (not to exceed the life of the equipment) is typically 5 years to 10 years, and the loan maturity for real estate is up to 25 years. Interest rates are negotiated between the borrower and lender but are subject to maximum rates.[66]

As shown in **Table 3**, the number and amount of veteran 7(a) loan approvals have generally increased since FY2012. In FY2018, the SBA approved 60,353 7(a) loans totaling nearly $25.4 billion, including 3,084 loans to veterans (5.3%) totaling $969 million (3.8%). In FY2018, the average approved veteran 7(a) loan amount was $314,360.[67]

**Table 3. 7(a) Loan Guaranty Program Approvals, FY2010-FY2018**

($ in millions)

| FY | total # of 7(a) loans approved | total amount of 7(a) loans approved | # of veteran 7(a) loans approved | total amount of veteran 7(a) loans approved |
|---|---|---|---|---|
| 2018 | 60,353 | $25,372 | 3,084 | $969 |
| 2017 | 62,430 | $25,447 | 3,300 | $984 |
| 2016 | 64,074 | $24,128 | 3,264 | $1,157 |
| 2015 | 63,461 | $23,584 | 3,109 | $1,215 |
| 2014 | 52,044 | $19,191 | 2,101 | $605 |
| 2013 | 46,395 | $17,865 | 2,224 | $604 |
| 2012 | 44,376 | $15,153 | 2,256 | $597 |
| 2011 | 53,710 | $19,640 | 3,269 | $920 |
| 2010 | 47,000 | $12,406 | 3,201 | $615 |

**Sources:** U.S. Small Business Administration, "SBA Lending Statistics for Major Programs (as of 9/30/2014)," at http://www.sba.gov/sites/default/files/aboutsbaarticle/WebsiteReport_asof9_30_2014.pdf; and "SBA Lending Statistics for Major Programs (as of 9/30/2018)," at https://www.sba.gov/sites/default/files/aboutsbaarticle/WebsiteReport_asof_20180930.pdf.

**Notes:** The number of 7(a) loans approved annually is typically 10% to 20% higher than the number of loans disbursed (e.g., a borrower decides not to accept the loan or a change in business ownership). The amount of 7(a) loans approved annually is typically 10% to 15% higher than the amount disbursed.

[65] SBA, "SBA Lending Statistics for Major Programs (as of 9/30/2018)," at https://www.sba.gov/sites/default/files/aboutsbaarticle/WebsiteReport_asof_20180930.pdf.

[66] For further information and analysis concerning the SBA's 7(a) loan guaranty program, see CRS Report R41146, *Small Business Administration 7(a) Loan Guaranty Program*, by Robert Jay Dilger.

[67] SBA, "SBA Lending Statistics for Major Programs (as of 9/30/2018)," at https://www.sba.gov/sites/default/files/aboutsbaarticle/WebsiteReport_asof_20180930.pdf.

## SBA's 504/CDC Loan Guaranty Program

The SBA's 504/CDC loan guaranty program is administered through nonprofit certified development companies (CDCs). It provides long-term fixed rate financing for major fixed assets, such as land, buildings, equipment, and machinery. Of the total project costs, a third-party lender must provide at least 50% of the financing, the CDC provides up to 40% of the financing through a 100% SBA-guaranteed debenture, and the applicant provides at least 10% of the financing. The 504/CDC program's name is derived from Section 504 of the Small Business Investment Act of 1958 (P.L. 85-699, as amended), which provides the most recent authorization for the sale of 504/CDC debentures.[68] In FY2018, the average approved 504/CDC loan amount was $806,324.[69]

As shown in **Table 4**, in recent years, the amount of veteran 504/CDC loan approvals peaked in FY2012, declined in FY2013 and FY2014, increased in FY2015, FY2016, and FY2017, and declined somewhat in FY2018.

In FY2018, the SBA approved 5,874 504/CDC loans totaling $4.75 billion, including 158 loans to veterans (2.7%) totaling $95 million (2.0%). In FY2018, the average approved veteran 504/CDC loan amount was $601,202.[70]

**Table 4. 504/CDC Loan Guaranty Program Approvals, FY2010-FY2018**

($ in millions)

| FY | Total # of 504/CDC loans approved | Total amount of 504/CDC loans approved | # of veteran 504/CDC loans approved | Total amount of veteran 504/CDC loans approved |
|---|---|---|---|---|
| 2018 | 5,874 | $4,753 | 158 | $95 |
| 2017 | 6,218 | $5,014 | 202 | $136 |
| 2016 | 5,938 | $4,740 | 244 | $159 |
| 2015 | 5,787 | $4,298 | 254 | $155 |
| 2014 | 5,885 | $4,199 | 252 | $157 |
| 2013 | 7,708 | $5,227 | 372 | $217 |
| 2012 | 9,471 | $6,712 | 472 | $319 |
| 2011 | 7,983 | $4,845 | 411 | $248 |
| 2010 | 7,833 | $4,433 | 367 | $185 |

**Sources:** U.S. Small Business Administration, "SBA Lending Statistics for Major Programs (as of 9/30/2014)," at http://www.sba.gov/sites/default/files/aboutsbaarticle/WebsiteReport_asof9_30_2014.pdf; and "SBA Lending Statistics for Major Programs (as of 9/30/2018)," at https://www.sba.gov/sites/default/files/aboutsbaarticle/WebsiteReport_asof_20180930.pdf.

**Notes:** Based on previous experience, the number of 504/CDC loans approved is typically about 4% to 5% higher than the actual number of loans disbursed (e.g., some borrowers decide not to accept the loan or there is a change in ownership); and the amount of debentures (loans) approved is typically 10% to 12% higher than the amount of debentures disbursed.

[68] For further information and analysis concerning the SBA's 504 Certified Development Company (504/CDC) loan guaranty program, see CRS Report R41184, *Small Business Administration 504/CDC Loan Guaranty Program*, by Robert Jay Dilger.

[69] SBA, "SBA Lending Statistics for Major Programs (as of 9/30/2018)," at https://www.sba.gov/sites/default/files/aboutsbaarticle/WebsiteReport_asof_20180930.pdf.

[70] Ibid.

## SBA's 7(a) Loan Guaranty Subprograms and Fee Waivers

The SBA administers several 7(a) loan guaranty subprograms that offer streamlined and expedited loan procedures to encourage lenders to provide loans to specific groups of borrowers identified by the SBA as having difficulty accessing capital. In the past, the Patriot Express program (2007-2013) encouraged lenders to provide loans to veterans and their spouses. It provided loans of up to $500,000 (with a guaranty of up to 85% of loans of $150,000 or less and up to 75% of loans exceeding $150,000).[71]

The SBA considered the Patriot Express program a success, but some veterans' organizations expressed concern that many veterans, especially during and immediately following the Great Recession (December 2007 to June 2009), experienced difficulty finding lenders willing to provide them Patriot Express loans.[72] In addition, GAO reported in September 2013 that with the exception of loans approved in 2007, Patriot Express loans defaulted at a higher rate than regular 7(a) loans and loans made under the SBAExpress program (a 7(a) loan guaranty subprogram offering streamlined borrower application and lender approval procedures).[73] Over its history, the Patriot Express program disbursed 9,414 loans totaling more than $791 million.[74]

On January 1, 2014, the SBA implemented a new, streamlined application process for 7(a) loans of $350,000 or less. As part of an overall effort to streamline and simplify its loan application process, the SBA also eliminated several 7(a) subprograms, including the Patriot Express program. In anticipation of ending the Patriot Express program, the SBA announced on November 8, 2013, that it would waive the up-front, one-time loan guaranty fee for loans to a veteran or veteran's spouse under the SBAExpress program from January 1, 2014, through the end of FY2014 (called the Veterans Advantage Program).[75]

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[71] Eligible businesses were required to be owned and controlled (51% or more) by one or more of the following groups: veteran, active duty military participating in the military's Transition Assistance Program, reservist or National Guard member or a spouse of any of these groups, a widowed spouse of a servicemember who died while in service, or a widowed spouse of a veteran who died of a service-connected disability. See SBA, "SOP 50 10 5(E): Lender and Development Company Loan Programs," (effective June 1, 2012), pp. 83, 127, at https://www.sba.gov/sites/default/files/SOP%2050%2010%205(E)%20(5-16-2012)%20clean.pdf. The program's interest rates were negotiable with the lender, subject to the same maximum rate limitations as the 7(a) program, which vary depending upon the size and maturity of the loan. It also had the same fees as the 7(a) program, which also varies depending on the size and maturity of the loan.

[72] U.S. Congress, Senate Committee on Small Business and Entrepreneurship, *Assessing Federal Small Business Assistance Programs for Veterans and Reservists*, hearing, 110th Cong., 1st sess., January 31, 2007, S.Hrg. 110-209 (Washington: GPO, 2007), p. 32; U.S. Congress, House Committee on Veterans' Affairs, Subcommittee on Economic Opportunity, *Status of Veterans Small Business*, hearing, 111th Cong., 2nd sess., April 29, 2010, House Committee on Veterans' Affairs Serial No. 111-74 (Washington: GPO, 2010), pp. 17, 75; SBA, "Popular SBA Patriot Express Loan Initiative Renewed for Three More Years," December 10, 2010, at https://www.sba.gov/content/popular-sba-patriot-express-loan-initiative-renewed-three-more-years; and U.S. Congress, House Committee on Veterans' Affairs, Subcommittee on Economic Opportunity, *Status of Veterans Small Business*, hearing, 111th Cong., 2nd sess., April 29, 2010, House Committee on Veterans' Affairs Serial No. 111-74 (Washington: GPO, 2010), p. 17.

[73] GAO, *Patriot Express: SBA Should Evaluate the Program and Enhance Eligibility Controls*, GA)-13-727, September 13, 2013, pp. i, 10, 16-20, 25-30, 46-49, at http://www.gao.gov/assets/660/657793.pdf.

[74] SBA, Office of Congressional and Legislative Affairs, "Correspondence with the authors," February 21, 2014.

[75] The SBAExpress program's fees are the same as the 7(a) loan program's fees. SBAExpress loans of $150,000 or less approved in FY2014 do not have an up-front, one-time loan guaranty fee, and these loans do not have an annual, ongoing loan servicing fee. SBAExpress loans of $150,001 to the SBAExpress limit of $350,000, with a maturity of one year or less, have a 0.25% up-front, one-time loan guaranty fee and a 0.52% annual, ongoing loan servicing fee. SBAExpress loans of $150,001 to the SBAExpress limit of $350,000, with a maturity over one year have a 3.0% up-front, one-time loan guaranty fee and a 0.52% annual, ongoing loan servicing fee. To qualify for a waiver of the 3.0% up-front, one-time loan guaranty fee, the business must be 51% or more owned and controlled by an individual or

The SBA announced that this fee waiver was part "of SBA's broader efforts to make sure that veterans have the tools they need to start and grow a business."[76] The Obama Administration continued this fee waiver for veterans through the end of FY2015.

During the 113th Congress, S. 2143, the Veterans Entrepreneurship Act, would have authorized and made the Veterans Advantage Program's fee waiver permanent. P.L. 113-235, the Consolidated and Further Continuing Appropriations Act, 2015, provided statutory authorization for the fee waiver for FY2015.

During the 114th Congress, P.L. 114-38, the Veterans Entrepreneurship Act of 2015, authorized and made the SBA's practice of waiving the SBAExpress loan program's one time, up-front guaranty fee for veterans (and their spouse) permanent beginning on or after October 1, 2015, except during any upcoming fiscal year for which the President's budget, submitted to Congress, includes a cost for the 7(a) program, in its entirety, that is above zero.[77] The SBA has waived this fee every year since then.

The SBAExpress program is designed to increase the availability of credit to small businesses by permitting lenders to use their existing documentation and procedures in return for receiving a reduced SBA guaranty on loans.[78] It provides a 50% loan guaranty on loan amounts up to $350,000. In FY2018, the SBA approved 27,794 SBAExpress loans (46.1% of total 7(a) program loan approvals) totaling $1.98 billion (7.8% of total 7(a) program amount approvals).[79]

The SBA also waived the up-front, one-time loan guaranty fee for smaller 7(a) loans (including those to veterans) in FY2014, FY2015, FY2016, FY2017, and FY2018; and will waive the annual service fee for 7(a) loans of $150,000 or less made to small businesses located in a rural area or a HUBZone and reduce the up-front one-time guaranty fee for these loans from 2.0% to 0.6667% of the guaranteed portion of the loan in FY2019.[80]

In FY2015 and FY2016, the SBA also waived 50% of the up-front, one-time loan guaranty fee on all non-SBAExpress 7(a) loans to veterans exceeding $150,000. In FY2017, the SBA waived 50% of the up-front, one-time loan guaranty fee on all non-SBAExpress 7(a) loans to veterans of

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individuals in one or more of the following groups: veterans (other than dishonorably discharged); service-disabled veterans; active duty military servicemembers participating in the military's Transition Assistance Program (TAP); reservists and National Guard members; current spouse of any veteran, active duty servicemember, or any reservist or National Guard member; or widowed spouse of a servicemember who died while in service or of a service-connected disability. See SBA, "SBA Announces New Measures to Help Get Small Business Loans Into the Hands of Veterans," November 8, 2013, at https://www.sba.gov/content/sba-announces-new-measures-help-get-small-business-loans-hands-veterans; and SBA, "Procedural Notice: SBA Veterans Advantage," December 18, 2013, at https://www.sba.gov/sites/default/files/lender_notices/5000-1299_0.pdf.

[76] SBA, "SBA Announces New Measures to Help Get Small Business Loans Into the Hands of Veterans," November 8, 2013, at https://www.sba.gov/content/sba-announces-new-measures-help-get-small-business-loans-hands-veterans.

[77] U.S. Congress, House Committee on Small Business, Veterans Entrepreneurship Act of 2015, report to accompany H.R. 2499, 114th Cong., 1st sess., June 25, 2015, H.Rept. 114-187 (Washington: GPO, 2015), p. 9. The act also increased the 7(a) program's FY2015 authorization limit to $23.5 billion from $18.75 billion.

[78] SBA, "The SBA Express Pilot Program: Inspection Report," June 1998, p. 3.

[79] SBA, "SBA Lending Statistics for Major Programs (as of 9/30/2018)," at https://www.sba.gov/sites/default/files/aboutsbaarticle/WebsiteReport_asof_20180930.pdf.

[80] SBA, "SBA Information Notice: 7(a) Fees Effective on October 1, 2018," at https://www.sba.gov/document/information-notice-5000-180010-7a-fees-effective-october-1-2018. The SBA waived the up-front, one-time loan guaranty fee and ongoing servicing fee for 7(a) loans of $150,000 or less approved in FY2014, FY2015, and FY2016; waived the up-front, one-time loan guaranty fee for 7(a) loans of $150,000 or less approved in FY2017; and waived the up-front, one-time loan guaranty fee for 7(a) loans of $125,000 or less approved in FY2018 as a means to encourage the demand for smaller 7(a) loans.

$150,001 to $500,000.[81] In FY2018, the SBA waived 50% of the up-front, one-time loan guaranty fee on all non-SBAExpress 7(a) loans to veterans of $150,001 to $350,000.[82]

## Congressional Issues: Access

As mentioned previously, the SBA has indicated in both testimony at congressional hearings and in press releases that it viewed the Patriot Express program and its own overall effort to enhance veterans' access to capital as a success.[83] For example, when the SBA announced its veterans' fee waiver for the SBAExpress program, it also announced that its lending to veteran-owned small businesses had nearly doubled since 2009 and that "in FY2013, SBA supported $1.86 billion in loans for 3,094 veteran-owned small businesses."[84]

Congressional testimony provided by various veteran service organizations provides a somewhat different perspective. The SBA's self-evaluation of its success in assisting veterans access capital has focused primarily on the agency's efforts to streamline the loan application approval process (e.g., minimizing paperwork requirements and reducing the time necessary for the SBA to review and approve applications submitted by local lenders) and aggregate lending amounts (e.g., the number and amount of loans approved). In contrast, veteran service organizations focus primarily on program outcomes, especially the likelihood of a veteran being approved for a SBA loan by a local lender. For example, a representative of the American Legion testified at a congressional hearing in 2010 that, at that time, being turned down for a SBA Patriot Express loan by a private lender "is probably the largest, most frequent complaint that we receive from our business owners."[85] At that same congressional hearing, a representative of the Vietnam Veterans of America testified in response to that statement that "I would have to concur … in talking with some of the veterans with regard to the Patriot Express Loan, they are having difficulties also to acquire that capital. The rationale seems to be … the banks in general seem to be tightening the credit, their lending practices, so that is … what we are hearing."[86] More recently, GAO reported in 2013 that "selected loan recipients, lenders, and veteran service organizations said that a low awareness of the Patriot Express program among the military community was among the most frequently cited challenges."[87]

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[81] SBA, "SBA Information Notice: SBA Veterans Advantage – Renewal and Expansion of Fee Relief," September 19, 2014, at https://www.sba.gov/sites/default/files/lender_notices/5000-1319.pdf; SBA, "SBA Information Notice: SBA Veterans Advantage – Renewal and Expansion of Fee Relief," September 30, 2015, at https://www.sba.gov/sites/default/files/lender_notices/5000-1354.pdf; and SBA, "SBA Information Notice: Fees for 7(a) Loans Made to Veteran Owned Small Businesses, Effective October 1, 2016," September 28, 2016, at https://www.sba.gov/sites/default/files/lender_notices/5000-1390.pdf.

[82] SBA, "SBA Information Notice: Fees for 7(a) Loans Made to Veteran Owned Small Businesses Effective October 1, 2017," at https://www.sba.gov/sites/default/files/files/Notice_5000-1955_Veteran_Fees_FY18_1.pdf.

[83] U.S. Congress, House Committee on Veterans' Affairs, Subcommittee on Economic Opportunity, *Status of Veterans Small Business*, hearing, 111th Cong., 2nd sess., April 29, 2010, House Committee on Veterans' Affairs Serial No. 111-74 (Washington: GPO, 2010), p. 75.

[84] SBA, "SBA Announces New Measures to Help Get Small Business Loans Into the Hands of Veterans," November 8, 2013, at https://www.sba.gov/content/sba-announces-new-measures-help-get-small-business-loans-hands-veterans.

[85] U.S. Congress, House Committee on Veterans' Affairs, Subcommittee on Economic Opportunity, *Status of Veterans Small Business*, hearing, 111th Cong., 2nd sess., April 29, 2010, House Committee on Veterans' Affairs Serial No. 111-74 (Washington: GPO, 2010), p. 17.

[86] Ibid.

[87] GAO, *Patriot Express: SBA Should Evaluate the Program and Enhance Eligibility Controls*, GA)-13-727, September 13, 2013, p. 33, at http://www.gao.gov/assets/660/657793.pdf.

No empirical assessments of veterans' experiences with either the SBA's Patriot Express or SBAExpress loan programs exist that would be useful for determining the relative ease or difficulty for veteran-owned small business owners of accessing capital through the SBA's loan programs. Since 2010, many lenders report that they have eased their credit standards, at least somewhat, for small business loans, suggesting the experiences of veterans seeking a SBA loan guaranty today may be improved compared with their experiences in 2010. However, GAO found in 2013 that many veterans were not fully aware of the SBA's Patriot Express program and that "over half of the Patriot Express loan recipients, six of the eight lenders, and two veteran service organizations … said that [the] SBA could do more to increase outreach to veteran entrepreneurs and better market the program to the military community."[88] GAO reported that low awareness of the SBA's Patriot Express program and the SBA's participating lenders were a continuing challenge for the SBA.[89]

One option to provide additional information concerning veterans' experiences with the SBA's lenders would be to survey veterans who have received a SBA guaranteed loan. The survey could include questions concerning these veterans' views of the programs, including the application process. However, obtaining a comprehensive list of veterans to survey who have been turned down for a SBA guaranteed loan by a private lender would be difficult given privacy concerns.

In a related development concerning veterans' access to capital, legislation was introduced during the 114th Congress (S. 1870, the Veterans Entrepreneurial Transition Act of 2015, and its House companion bill, H.R. 3248) to authorize a three-year pilot program, administered by the SBA, to provide grants to no more than 250 GI-Bill benefit-eligible veterans to start or acquire a qualifying business. The grant amount would have been calculated according to a formula related to the unused portion of the recipient's GI-Bill benefits. Recipients would have been required to complete specified training and meet other program requirements, such as having an approved business plan. S. 1870 was ordered to be reported with an amendment in the nature of a substitute by the Senate Committee on Small Business and Entrepreneurship on July 29, 2015.

In addition, H.R. 5698, the Strengthening Technical Assistance, Resources, and Training to Unleash the Potential of Veterans Act of 2016 (STARTUP Vets Act of 2016), and its companion bill in the Senate, S. 2273, would have authorized the SBA to provide up to $1.5 million in grants annually "from amounts made available to the Office of Veterans Business Development" to organizations to create and operate business incubators and accelerators that provide technical assistance and training to veterans (including their spouse and dependents) to enable them "to effectively transfer relevant skills to launch and accelerate small business concerns owned and controlled by covered individuals; and to create an avenue for high-performing covered individuals to meet and collaborate on business ideas."[90]

During the 115th Congress, S. 1056, the Veteran Small Business Export Promotion Act, and H.R. 2835, To amend the Small Business Act, would permanently "waive the guarantee fee for loans of not more than $150,000 provided to veterans and spouses of veterans under the [SBA's] Export Working Capital, International Trade, and Export Express programs."

[88] Ibid.

[89] Ibid.

[90] H.R. 5698, Section 3. Incubator and accelerator grant program.

# Federal Contracting Goals for Service-Disabled Veteran-Owned Small Businesses

Since 1978, federal agency heads have been required to establish federal procurement contracting goals, in consultation with the SBA, "that realistically reflect the potential of small business concerns" to participate in federal procurement. Each agency is required, at the conclusion of each fiscal year, to report its progress in meeting the goals to the SBA.[91] The SBA negotiates the goals with each federal agency and establishes a *small business eligible* baseline for evaluating the agency's performance.

The small business eligible baseline excludes certain contracts that the SBA has determined do not realistically reflect the potential for small business participation in federal procurement, such as contracts awarded to mandatory and directed sources, awarded and performed overseas, funded predominately from agency-generated sources, not covered by Federal Acquisition Regulations, and not reported in the Federal Procurement Data System (e.g., contracts or government procurement card purchases valued less than $3,000).[92] These exclusions typically account for 18% to 20% of all federal prime contracts each year.

The SBA then evaluates the agencies' performance against their negotiated goals annually, using data from the Federal Procurement Data System–Next Generation, managed by the U.S. General Services Administration, to generate the small business eligible baseline. This information is compiled into the official Small Business Goaling Report, which the SBA releases annually.

Over the years, federal government-wide procurement contracting goals have been established for small businesses generally (P.L. 100-656, the Business Opportunity Development Reform Act of 1988, and P.L. 105-135, the HUBZone Act of 1997—Title VI of the Small Business Reauthorization Act of 1997); small businesses owned and controlled by socially and economically disadvantaged individuals (P.L. 100-656); women (P.L. 103-355, the Federal Acquisition Streamlining Act of 1994); small businesses located within a Historically Underutilized Business Zone, or HUBZone (P.L. 105-135); and small businesses owned and controlled by a service-disabled veteran (P.L. 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999).

The current federal small business contracting goals are

- at least 23% of the total value of all small business eligible prime contract awards to small businesses for each fiscal year;
- 5% of the total value of all small business eligible prime contract awards and subcontract awards to small disadvantaged businesses for each fiscal year;
- 5% of the total value of all small business eligible prime contract awards and subcontract awards to women-owned small businesses;
- 3% of the total value of all small business eligible prime contract awards and subcontract awards to HUBZone small businesses; and

[91] P.L. 95-507, a bill to amend the Small Business Act and the Small Business Investment Act of 1958.

[92] See U.S. General Services Administration, Federal Procurement Data System—Next Generation, "Small Business Goaling Report: Fiscal Year 2013," at https://www.fpds.gov/downloads/top_requests/FPDSNG_SB_Goaling_FY_2013.pdf.

- 3% of the total value of all small business eligible prime contract awards and subcontract awards to service-disabled veteran-owned small businesses.[93]

There are no punitive consequences for not meeting the small business procurement goals. However, the SBA's Small Business Goaling Report is distributed widely, receives media attention, and heightens public awareness of the issue of small business contracting. For example, agency performance as reported in the SBA's report is often cited by Members during their questioning of federal agency witnesses in congressional hearings.

As shown in **Table 5**, the *FY2017 Small Business Goaling Report*, using data in the Federal Procurement Data System, indicates that federal agencies met the federal contracting goal for small businesses generally, small disadvantaged businesses, and service-disabled veteran-owned small businesses in FY2017.

Federal agencies awarded 23.88% of the value of their small business eligible contracts ($442.5 billion) to small businesses ($105.7 billion), 9.10% to small disadvantaged businesses ($40.2 billion), 4.71% to women-owned small businesses ($20.8 billion), 1.65% to HUBZone small businesses ($7.3 billion), and 4.05% to service-disabled veteran-owned small businesses ($17.9 billion).[94]

The percentage of total reported federal contracts (without exclusions) awarded to those small businesses in FY2017 is also provided in the table for comparative purposes.

**Table 5. Federal Contracting Goals and Percentage of FY2017 Federal Contract Dollars Awarded to Small Businesses, by Type**

| Business Type | Federal Goal | FY2017 Federal Contracts (small business eligible) | FY2017 Federal Contracts (all reported contracts) |
|---|---|---|---|
| Small Businesses | 23.0% | 23.88% | 21.70% |
| Small Disadvantaged Businesses | 5.0% | 9.10% | 8.41% |
| Women-Owned Small Businesses | 5.0% | 4.71% | 4.20% |
| HUBZone Small Businesses | 3.0% | 1.65% | 1.48% |
| Service-Disabled Veteran-Owned Small Businesses | 3.0% | 4.05% | 3.59% |

**Sources:** U.S. Small Business Administration, "Statutory Guidelines," at https://www.sba.gov/content/statutory-guidelines-0 (federal goals); U.S. General Services Administration, Federal Procurement Data System—Next Generation, "Small Business Goaling Report: Fiscal Year 2017," at https://www.fpds.gov/downloads/top_requests/FPDSNG_SB_Goaling_FY_2017.pdf; and U.S. General Services Administration, Federal Procurement Data System—Next Generation, at https://www.fpds.gov/fpdsng/ (contract dollars).

**Notes:** The Federal Procurement Data System (FPDS) is a dynamic system with records updated daily. The Small Business Goaling Report for FY2017 reports that small business eligible contracts, as of May 18, 2018, totaled $442.5 billion and that $105.7 billion was awarded to small businesses, $40.2 billion to small disadvantaged businesses, $20.8 billion to women-owned small businesses, $7.3 billion to SBA-certified HUBZone small businesses, and $17.9 billion to service-disabled veteran-owned small businesses. The Small Business Goaling Report for FY2017 does not indicate the total amount of federal contracts reported in the

[93] 15 U.S.C. §644(g)(1)-(2).

[94] U.S. General Services Administration, Federal Procurement Data System—Next Generation, "Small Business Goaling Report: Fiscal Year 2016," at https://www.fpds.gov/downloads/top_requests/FPDSNG_SB_Goaling_FY_2016.pdf.

FPDS on May 18, 2018. The percentages provided in the column for all reported contracts in FY2017 were calculated using FPDS data for all contracts as reported on May 30, 2018: $508.8 billion in total contracts; $110.4 billion to small businesses, $42.8 billion to small disadvantaged businesses, $21.4 billion to women-owned small businesses, $7.5 billion to SBA-certified HUBZone small businesses, and $18.3 billion to service-disabled veteran-owned small businesses.

In a related development, on November 17, 2015, the House passed H.R. 1694, the Fairness to Veterans for Infrastructure Investment Act of 2015. The bill would have revised the requirement that 10% of the award of contracts for federal-aid highway, federal public transportation, and highway safety research and development programs be set-aside for small businesses owned and controlled by socially and economically disadvantaged individuals. The bill would have required the set-aside to include veteran-owned small businesses.

In another related development, the U.S. Supreme Court's decision in *Kingdomware Technologies, Inc. v. United States* (decided on June 16, 2016) requiring the VA to grant VOSBs certain preferences when awarding procurement contracts could result in the VA awarding additional contracts to VOSBs.

In addition, the prevention of fraud in federal small business contracting programs, and in the SBA's loan programs as well, has been a priority for both Congress and the SBA for many years, primarily because reports of fraud in these programs emerge with some regularity.[95] Of particular interest to veterans, GAO has found that "the lack of an effective government-wide fraud-prevention program" has left the service-disabled veteran-owned small business program "vulnerable to fraud and abuse."[96]

Under the Small Business Act, a small business owned and controlled by a service-disabled veteran can qualify for a federal government procurement set-aside (a procurement in which only certain businesses may compete) or a sole-source award (awards proposed or made after soliciting and negotiating with only one source) if the small business is at least 51% unconditionally and directly owned and controlled by one or more service-disabled veteran.[97] A veteran is defined as a person who has served "in the active military, naval, or air service, and who was discharged or released under conditions other than dishonorable."[98] A disability is service related when it "was incurred or aggravated ... in [the] line of duty in the active military, naval, or air service."[99]

Federal agencies may set aside procurements for service-disabled veteran-owned small businesses only if the contracting officer reasonably expects that offers will be received from at least two

[95] For example, see GAO, *Small Business Administration: Undercover Tests Show HUBZone Program Remains Vulnerable to Fraud and Abuse*, GAO-10-920T, July 28, 2010, at http://www.gao.gov/assets/130/125130.pdf; GAO, *8(a) Program: Fourteen Ineligible Firms Received $325 Million in Sole-Source and Set-Aside Contracts*, GAO-10-425, March 30, 2010, at http://www.gao.gov/assets/310/302472.pdf; GAO, *Service-Disabled Veteran-Owned Small Business Program: Case Studies Show Fraud and Abuse Allowed Ineligible Firms to Obtain Millions of Dollars in Contracts*, GAO-10-108, October 23, 2009, at http://www.gao.gov/products/GAO-10-108; and GAO, *Service-Disabled Veteran-Owned Small Business Program: Vulnerability to Fraud and Abuse Remains*, GAO-12-697, August 1, 2012, at http://www.gao.gov/assets/600/593238.pdf.

[96] GAO, *Service-Disabled Veteran-Owned Small Business Program: Preliminary Information on Actions Taken by Agencies to Address Fraud and Abuse and Remaining Vulnerabilities*, GAO-11-589T, July 28, 2011, p. 3, at http://www.gao.gov/products/GAO-11-589T.

[97] 15 U.S.C. §632(q)(1) & (4); P.L. 108-183, the Veterans Benefits Act of 2003; and P.L. 109-461, the Veterans Benefits, Health Care, and Information Technology Act of 2006.

[98] 38 U.S.C. §101(2).

[99] 38 U.S.C. §101(16).

responsible small businesses and the award will be made at a fair market price (commonly known as the "rule of two" because of the focus on there being at least two small businesses involved).[100]

Federal agencies may award sole contracts to service-disabled veteran-owned small businesses when (1) the contracting officer does not reasonably expect that two or more service-disabled veteran-owned small businesses will submit offers; (2) the anticipated award will not exceed $4.0 million ($6.5 million for manufacturing contracts); and (3) the award can be made at a fair and reasonable price.[101] Otherwise, sole-source awards may only be made to service-disabled veteran-owned small businesses under other authority, such as the Competition in Contracting Act.[102] Service-disabled veteran-owned small businesses are not eligible for price evaluation preferences in unrestricted competitions.

The VA is statutorily required to establish annual goals for the awarding of VA contracts to both service-disabled veteran-owned small businesses and small businesses owned by other veterans.[103] The VA is authorized to use "other than competitive procedures" in meeting these goals. For example, it may award any contract whose value is below the simplified acquisition threshold (generally $250,000) to a veteran-owned business on a sole-source basis, and it may also make sole-source awards of contracts whose value (including options) is between $250,000 and $5 million, provided that certain conditions are met. When these conditions are not met, the VA is generally required to set aside the contract for service-disabled or other veteran-owned small businesses.

Service-disabled veteran-owned small businesses can generally self-certify as to their eligibility for contracting preferences available under the Small Business Act.[104] However, in an effort to address fraud in VA contracting, veteran-owned and service-disabled veteran-owned small businesses must be listed in the VA's VetBiz database and have their eligibility verified by the VA to be eligible for preferences in certain VA contracts.[105]

Firms that fraudulently misrepresent their size or status have long been subject to civil and criminal penalties under Section 16 of the Small Business Act; SBA regulations implementing Section 16; and other provisions of law, such as the False Claims Act, Fraud and False Statements Act, Program Fraud Civil Remedies Act, and Contract Disputes Act.[106]

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[100] 15 U.S.C. §657f(b).

[101] 15 U.S.C. §657f(a)(1)-(3) (statutory requirements); and 48 C.F.R. §19.1406(a) (increasing the price thresholds).

[102] 10 U.S.C. §2304(c)(1)-(7) (procurements of defense agencies); and 41 U.S.C. §3304(a)(1)-(7) (procurements of civilian agencies). *See also* 48 C.F.R. §§6.302-1 to 6.302-7.

[103] P.L. 109-461 and P.L. 110-389, the Veterans' Benefits Improvements Act of 2008. In FY2017, the Department of Veterans Affairs' small business procurement goals were 28.5% for small businesses generally, 12.0% for veteran-owned small businesses, 10.0% for service-disabled veteran-owned small businesses, 5.0% for small disadvantaged businesses (including Section 8(a)), 5.0% for women-owned small businesses, and 3.0% for Historically Underutilized Business Zone (HUBZone) small businesses. See The Department of Veterans Affairs, "Small Business Program Goals and Accomplishments," at https://www.va.gov/osdbu/library/accomplishments.asp.

[104] 13 C.F.R. §125.15.

[105] 38 U.S.C. §8127(a)(1)(A). P.L. 109-461 requires the Secretary of Veterans Affairs to "establish a goal for each fiscal year for participation in Department contracts (including subcontracts)" by veteran-owned small businesses. The Secretary is also required to establish a separate goal for the participation of service-disabled veteran-owned small businesses in agency contracts and subcontracts. 38 U.S.C. §8127(a)(1)(A). However, the latter goal can be no less than the government-wide goal for the percentage of contract and subcontract dollars awarded to service-disabled veteran-owned small businesses given in Section 15(g)(1) of the Small Business Act (currently 3%), while the former goal is within the Secretary's discretion. *See* 38 U.S.C. §8127(a)(2)-(3).

[106] See 15 U.S.C. §645; and 13 C.F.R. §125.29.

Several bills were introduced during the 112th Congress to address fraud in small business contracting programs in various ways. Of particular interest to veterans, S. 3572, the Restoring Tax and Regulatory Certainty to Small Businesses Act of 2012, and S. 633, the Small Business Contracting Fraud Prevention Act of 2011, would have, among other changes, amended Section 16 of the Small Business Act to expressly include service-disabled veteran-owned small businesses among the types of small businesses subject to penalties for fraud under that section.[107] The bills would also have required service-disabled veteran-owned small businesses to register in the VA's VetBiz database, or any successor database, and have their status verified by the VA to be eligible for contracting preferences for service-disabled veteran-owned small businesses under the Small Business Act.

In addition, during the 113th Congress, S. 2334, the Improving Opportunities for Service-Disabled Veteran-Owned Small Businesses Act of 2013, and its companion bill in the House, H.R. 2882, and H.R. 4435, the Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015, which was passed by the House on May 22, 2014, included a provision that would have authorized the transfer of the VetBiz database's administration and the verification of service-disabled veteran owned small businesses from the VA to the SBA.

Advocates of requiring service-disabled veteran-owned small businesses to register in the VetBiz database and have their status verified by the VA (or the SBA) to be eligible for contracting preferences under the Small Business Act argue that doing so would reduce fraud.[108] As then-Senator Snowe stated on the Senate floor when she introduced S. 633, "Our legislation attempts to remedy the spate of illegitimate firms siphoning away contracts from the rightful businesses trying to compete within the SBA's contracting programs."[109]

Others worry that requiring service-disabled veteran-owned small businesses to register in the VetBiz database and have their status verified by the VA (or the SBA) to be eligible for contracting preferences under the Small Business Act may add to the paperwork burdens of small businesses. They seek alternative ways to address the need to reduce fraud in federal small business procurement programs that do not increase the paperwork requirements of small businesses.[110] Still others note that the effectiveness of any change to prevent fraud in veteran-owned and service-disabled veteran-owned small business procurement programs largely depends upon how the change is implemented. For example, in July 2011, the VA's Office of Inspector General concluded that the VA's implementation of its veteran-owned and service-disabled veteran-owned small business procurement fraud prevention programs needed improvement:

> We project that VA awarded ineligible businesses at least 1,400 VOSB [Veteran Owned Small Business] and SDVOSB [Service-Disabled Veteran Owned Small Business] contracts valued at $500 million annually and that it will award about $2.5 billion in VOSB

[107] Currently, Section 36 of the Small Business Act, which governs set-asides and sole-source awards for service-disabled veteran-owned small businesses, provides that "[r]ules similar to the rules of paragraphs (5) and (6) of Section 637(m) of this title shall apply for purposes of this section." Section 8(m) governs set-asides for women-owned small businesses and itself provides that such businesses are subject to penalties for fraud under Section 16. Thus, an argument could potentially be made that service-disabled veteran-owned small businesses are currently subject to penalties under Section 16 even if they are not expressly included there.

[108] See 13 C.F.R. §§125.9-125.13.

[109] Senator Olympia Snowe, "Statements on Introduced Bills and Joint Resolutions," remarks in the Senate, *Congressional Record*, vol. 157, part no. 41 (March 17, 2011), p. S1843.

[110] U.S. Congress, House Committee on Oversight and Government Reform, Subcommittee on Technology, Information Policy, Intergovernmental Relations and Procurement Reform, *Jobs for Wounded Warriors: Increasing Access to Contracts for Service Disabled Veterans*, 112th Cong., 2nd sess., February 7, 2012, Serial No. 112-143 (Washington: GPO, 2012), pp. 86-90.

> and SDVOSB contracts to ineligible businesses over the next 5 years if it does not strengthen oversight and verification procedures. VA and the Office of Small and Disadvantaged Business Utilization (OSDBU) need to improve contracting officer oversight, document reviews, completion of site visits for "high-risk" businesses, and the accuracy of VetBiz Vendor Information Pages information.[111]

# The Military Reservist Economic Injury Disaster Loan Program

P.L. 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999, signed into law on August 17, 1999, authorized the SBA's Military Reservist Economic Injury Disaster Loan (MREIDL) program. The SBA published the final rule establishing the program in the *Federal Register* on July 25, 2001, with an effective date of August 24, 2001.[112]

The Senate Committee on Small Business provided, in its committee report on the Veterans Entrepreneurship and Small Business Development Act of 1999, the following reasons for supporting the authorization of the MREIDL Program:

> During and after the Persian Gulf War in the early 1990's, the Committee heard from reservists whose businesses were harmed, severely crippled, or even lost, by their absence. Problems faced by reservists called to active duty and their small businesses were of a varied nature and included cash-flow problems, difficulties with training an appropriate alternate manager on very short notice to run the business during the period of service, lost clientele upon return, and on occasion, bankruptcy. These hardships can occur during a period of national emergency or during a period of contingency operation when troops are deployed overseas.
>
> To help such reservists and their small businesses, the Committee seeks to provide credit and management assistance to small businesses when an essential employee (i.e., an owner, manager or vital member of the business' staff) is a reservist called to active duty. The Committee believes that financial assistance in the form of loans, loan deferrals and managerial guidance are effective ways to minimize the adverse financial demands of the call to active duty. They not only ameliorate financial difficulties but also strengthen small businesses.[113]

The House Committee on Small Business also supported the program's authorization, indicating in its committee report that the program

> will also fulfill a long unmet need to assist our military reservists who are small business owners. Often these individuals, called to service at short notice, come back from fighting to protect our freedoms only to find their businesses in shambles. H.R. 1568 will establish loan deferrals, technical and managerial assistance, and loan programs for these citizen soldiers so that while they risk their lives they need not risk their livelihoods.[114]

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[111] U.S. Department of Veterans Affairs, Office of Inspector General, "Audit of Veteran-Owned and Service-Disabled Veteran-Owned Small Business Programs," July 25, 2011, p. i, at http://www.va.gov/oig/52/reports/2011/VAOIG-10-02436-234.pdf.

[112] SBA, "Military Reservist Economic Injury Disaster Loans," 66 *Federal Register* 38528-38531, July 25, 2001.

[113] U.S. Congress, Senate Committee on Small Business, *Veterans Entrepreneurship and Small Business Development Act of 1999*, report to accompany H.R. 1568, 106th Cong., 1st sess., August 4, 1999, S.Rept. 106-136 (Washington: GPO, 1999), p. 4.

[114] Ibid., p. 15.

As mentioned previously, the SBA provides direct loans for owners of businesses of all sizes, homeowners, and renters to assist their recovery from natural disasters. The SBA's MREIDL program provides disaster assistance in the form of direct loans of up to $2 million to help small business owners who are not able to obtain credit elsewhere to (1) meet ordinary and necessary operating expenses that they could have met but are not able to meet; or (2) enable them to market, produce, or provide products or services ordinarily marketed, produced, or provided by the business that cannot be done because an essential employee has been called up to active duty in his or her role as a military reservist or member of the National Guard due to a period of military conflict.[115] Under specified circumstances, the SBA may waive the $2 million limit (e.g., the small business is in immediate danger of going out of business, is a major source of employment, employs 10% or more of the workforce within the commuting area in which the business is located).[116]

P.L. 106-50 defines an essential employee as "an individual who is employed by a small business concern and whose managerial or technical expertise is critical to the successful day-to-day operations of that small business concern."[117] The act defines a military conflict as (1) a period of war declared by Congress; or (2) a period of national emergency declared by Congress or the President; or (3) a period of contingency operation. A contingency operation is designated by the Secretary of Defense as an operation in which our military may become involved in military actions, operations, or hostilities (peacekeeping operations).[118]

The SBA is authorized to make such disaster loans either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis. The loan term may be up to a maximum of 30 years and is determined by the SBA in accordance with the borrower's ability to repay the loan. The loan's interest rate is the SBA's published interest rate for an Economic Injury Disaster Loan at the time the application for assistance is approved by the SBA. Economic Injury Disaster Loan interest rates may not exceed 4%.

The SBA is not required by law to require collateral on disaster loans. However, the SBA has established collateral requirements for disaster loans based on "a balance between protection of the Agency's interest as a creditor and as a provider of disaster assistance."[119] The SBA generally does not require collateral to secure a MREIDL loan of $50,000 or less. Larger loan amounts require collateral, but the SBA will not decline a request for a MREIDL loan for a lack of collateral if the SBA is reasonably certain the borrower can repay the loan.[120]

The SBA disbursed one MREIDL loan in FY2014, none in FY2015, three in FY2016, and three in FY2017. Since the MREIDL's inception through December 31, 2017, the SBA has disbursed 352 MREIDL loans amounting to $32.97 million. Of these 352 loans, 85 loans (24.2% of the total

[115] SBA, "Disaster Assistance Program: SOP 50-30-7," May 13, 2011, p. 48, at https://www.sba.gov/sites/default/files/sops/SOP%2050%2030%207.pdf; and 13 C.F.R. §123.508. For further information and analysis concerning the SBA's disaster assistance loan program, see CRS Report R41309, *The SBA Disaster Loan Program: Overview and Possible Issues for Congress*, by Bruce R. Lindsay.

[116] 13 C.F.R. §123.507.

[117] P.L. 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999, Section 402. Assistance To Active Duty Military Reservists; and 15 U.S.C. §636(b). The SBA's Military Reservist Economic Injury Disaster Loan Program applies to economic injury suffered or likely to be suffered as the result of a period of military conflict occurring or ending on or after March 24, 1999.

[118] P.L. 106-50, Section 402 and 15 U.S.C. §636(c).

[119] SBA, "Disaster Assistance Program: SOP 50-30-7," May 13, 2011, p. 152, at https://www.sba.gov/sites/default/files/sops/SOP%2050%2030%207.pdf.

[120] 13 C.F.R. §123.513.

number of MREIDL loans disbursed), amounting to $7.8 million (23.8% of the total amount of MREIDL loans disbursed), have been charged off (a declaration that the debt is unlikely to be collected) by the SBA.[121]

Because the MREIDL program is relatively small and noncontroversial, this report does not present a discussion of the congressional issues affecting the program.

# Concluding Observations

Congress has demonstrated a continuing interest in federal programs designed to assist veterans transition from military to civilian life. For example, the SBA's veteran business development programs, loan guaranty programs, and federal procurement programs for small businesses generally, including service-disabled veteran-owned small businesses, have all been subject to congressional hearings during the past several Congresses. Also, as has been discussed, several bills have been introduced in recent Congresses to address the SBA's management of these programs and fraud.

Given the many factors that influence business success, measuring the effectiveness of the SBA's veteran assistance programs, especially the programs' effect on veteran job retention and creation, is both complicated and challenging. For example, it is difficult to determine with any degree of precision or certainty the extent to which any changes in the success of a small business result primarily from that business's participation in the SBA's programs or from changes in the broader economy. That task is made even more challenging by the absence of performance outcome measures that could serve as a guide. In most instances, the SBA uses program performance measures that focus on indicators that are primarily output related, such as the number and amount of loans approved for veteran-owned small businesses and the number and amount of federal contracts awarded to service-disabled veteran-owned small businesses.

Both GAO and the SBA's Office of Inspector General have recommended that the SBA adopt more outcome-related performance measures for the SBA's loan guaranty programs, such as tracking the number of borrowers that remain in business after receiving a SBA guaranteed loan to measure the extent to which the SBA contributed to their ability to stay in business.[122] Other performance-oriented measures that Congress might also consider include requiring the SBA to survey veterans who participate in its business development programs or who have received a SBA guaranteed loan. This survey could provide information related to the difficulty the veterans experienced in obtaining a loan from the private sector, their experiences with the SBA's loan application process, and the role the SBA loan had in creating or retaining jobs. The SBA could also survey service-disabled veteran-owned small businesses that were awarded a federal contract to determine the extent to which the SBA was instrumental in their receiving the award and the extent to which the award contributed to their ability to create jobs or expand their scope of operations.

[121] SBA, Office of Congressional and Legislative Affairs, "Correspondence with the authors," January 13, 2017 and January 10, 2018. In FY2011, the SBA disbursed 10 MREIDL loans amounting to $1.15 million. In FY2012, the SBA disbursed seven MREIDL loans amounting to $834,300. In FY2013, the SBA disbursed three MREIDL loans amounting to $121,200.

[122] GAO, *Small Business Administration: 7(a) Loan Program Needs Additional Performance Measures*, GAO-08-226T, November 1, 2007, p. 2, http://www.gao.gov/new.items/d08226t.pdf; and SBA, Office of the Inspector General, *SBA's Administration of the Microloan Program under the Recovery Act*, December 28, 2009, pp. 6, 7, https://www.sba.gov/content/rom-10-10-sbas-administration-microloan-program-under-recovery-act.

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