

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6515

MEMORANDUM

TO: Members of the Committee on Small Business

FROM: Committee Majority Staff

DATE: May 19, 2023

RE: Full Committee Hearing Titled: *“Saluting Service: Supporting Veteran Owned Small Businesses”*

On **May 24, 2023 at 2:00 P.M. EST**, the Committee on Small Business will hold a hearing titled **“Saluting Service: Supporting Veteran Owned Small Businesses.”** The meeting will convene in room 2360 of the Rayburn House Office Building. The purpose of this hearing is to discuss the current landscape for veteran-owned small businesses, the challenges veterans face transitioning out of the military into the civilian workforce, and support offered by the federal government.

I. Witnesses

- Mr. Taylor Burks, President and General Manager, Rost Landscaping
- Mr. Grant Quezada, Founder, Founding Fathers Collective
- Ms. Liberty Weaver, Owner, Breakable Hearts LLC
- Mr. Michael Hyacinthe, Founder and CEO, Wimage LLC

II. Background

America’s small business owners are facing economic conditions that make it difficult to grow and achieve success. Higher interest rates present barriers to accessing capital. Labor shortages impair the ability to acquire suitable staff. Record high inflation remains a serious concern, imposing an invisible tax that elevates operating costs, subsequently impacting the supply chain and cutting margins. Business owners are forced to pass some of this heightened cost onto consumers, who must make sacrifices in order to afford necessities, ultimately diminishing purchase of goods overall.

In addition to the issues that encumber the entrepreneurial community and the workforce as a whole, veterans face population-specific challenges upon leaving the military to re-enter civilian

life. About 200,000 active-duty members leave the military to join the community of American veterans each year.¹ Military ranks do not translate fluidly to corporate resumes, making it difficult to transition into the private sector. Nonetheless, the unemployment rate among veterans is lower than that of the overall workforce.² Veterans own approximately 1.8 million businesses, nearly all of which are small.³ As the size of the military force has shrunk, and veterans age out of the workforce, the amount of veteran owned businesses has decreased.⁴ While veteran ownership declined from 11 percent of all businesses to 8.1 percent from 2014 to 2020, veteran-owned businesses represented 5.6 percent of all *employer* businesses in 2020.⁵ These 320,864 businesses have created jobs for around 3.6 million people, with \$176.6 billion in annual payroll and \$926.7 billion in receipts.⁶ What is more, veterans are 45 percent more likely to be self-employed than non-veterans, contributing to the small business economy.⁷ As the demographic composition of the military changes, there has been growth in women and minority veteran-owned businesses.⁸

Supporting veteran entrepreneurs has been a priority of the Small Business Administration (SBA) since its inception.⁹ Like many federal agencies, the SBA has an office specific to veteran support called the Office of Veterans Business Development (OVBD) and runs a myriad of programs providing help to veterans and their families, including demographic-specific business support facilities, loan programs, dedicated federal contract quotas, and entrepreneurial training programs. The Department of Defense, in conjunction with the SBA, Department of Labor, Department of Veterans Affairs, and several other federal agencies, operates the Transition Assistance Program (TAP), which provides education and training to Transitioning Service Members (TSM).¹⁰ During TAP, TSMs receive initial counseling and a conduct a self-assessment to help identify TAP requirements, any extra help needed, and help understand the best optional tracks to take before taking mandatory transition training that includes Veterans Affairs benefits. TSMs can choose between four optional tracks: Employment, Education, Vocational, or Entrepreneurship.¹¹

¹ Jennie W. Wenger and Jason M. Ward, *The Role of Education Benefits in Supporting Veterans as They Transition to Civilian Life*, RAND CORP. (Jan. 10, 2022), <https://www.rand.org/pubs/perspectives/PEA1363-4.html>.

² U.S. DEPT. OF LABOR, BUREAU OF LABOR STATISTICS., USDL-23-0537, EMPLOYMENT SITUATION OF VETERANS (Mar. 21, 2023).

³ U.S. SMALL BUS. ADMIN, FISCAL YEAR 2024 CONGRESSIONAL BUDGET JUSTIFICATION, 99 (2023).

⁴ VICTORIA WILLIAMS, U.S. SMALL BUS. ADMIN. OFFICE OF ADVOCACY, ISSUE BRIEF 18, DECONSTRUCTING THE CHANGE IN VETERAN BUSINESS OWNERSHIP (May 2023).

⁵ *Id.*; Press Release, U.S. Census Bureau, Census Bureau Releases New Data on Minority-Owned, Veteran-Owned, and Women-Owned Businesses (Nov. 10, 2022).

⁶ Press Release, U.S. Census Bureau, Census Bureau Releases New Data on Minority-Owned, Veteran-Owned, and Women-Owned Businesses (Nov. 10, 2022).

⁷ *Boots to Business: from the U.S. Small Business Administration*, U.S. SMALL BUS. ADMIN. (last visited May 8, 2023) https://www.sba.gov/sites/default/files/files/B2B_Brochure.pdf.

⁸ VICTORIA WILLIAMS, U.S. SMALL BUS. ADMIN. OFFICE OF ADVOCACY, ISSUE BRIEF 18, DECONSTRUCTING THE CHANGE IN VETERAN BUSINESS OWNERSHIP (May 2023).

⁹ ANTHONY A. CILUFFO & ROBERT JAY DILGER, CONG. RESEARCH SERV., R42695, SBA VETERANS ASSISTANCE PROGRAMS: AN ANALYSIS OF CONTEMPORARY ISSUES, 18 (last updated May 12, 2022).

¹⁰ 10 U.S.C. Ch. 58.

¹¹ 10 U.S.C. 1144 § (f)(1)(D).

SBA's Boots to Business initiative provides entrepreneurship training to TSMs in the entrepreneurship track.¹² The Boots to Business initiative program is designed to provide assistance and in-depth training to veterans interested in business ownership and other self-employment opportunities, to evaluate business concepts, and to understand the market and where to go for start-up capital resources, technical assistance, and contracting opportunities.¹³ More than 150,000 service members, veterans, and military spouses have participated in the Boots to Business program since its creation in 2013.¹⁴ It is offered at no cost to service members, veterans, and military spouses.¹⁵

III. Conclusion

Resources are available for service members and their families who wish to chase the American Dream. Values instilled in the military such as teamwork, leadership, management skills, work ethic, self-discipline, perseverance, and crisis management are valued traits in a successful business owner, and veteran-specific employment and entrepreneurship support remains a priority of Congress.

¹² ANTHONY A. CILUFFO & ROBERT JAY DILGER, CONG. RESEARCH SERV., R42695, SBA VETERANS ASSISTANCE PROGRAMS: AN ANALYSIS OF CONTEMPORARY ISSUES, 1 (last updated May 12, 2022).

¹³ U.S. SMALL BUS. ADMIN, FISCAL YEAR 2024 CONGRESSIONAL BUDGET JUSTIFICATION, 99 (2023).

¹⁴ Press Release, Small Bus. Admin., SBA Announces Boots to Business Instructors of the Year Recognizing Top Performers Across the Agency's Flagship Program Supporting Veteran-Owned Small Business (May 9, 2022).

¹⁵ *Welcome to Boots to Business*, U.S. SMALL BUS. ADMIN. (last visited May 9, 2023) <https://sba.my.site.com/s/>.