

Testimony of

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Committee on Small Business and Entrepreneurship

Oversight Hearing on Service-Disabled Veteran Federal

Procurement and Assistance for self employed small business owners who are
Members of Reserve components of the United States Military who have been or may be
called to active duty

Chairman Kerry, Ranking Member Snowe, and other distinguished members of the committee, thank you for your request to appear before you. I am Bill Elmore, the Associate Administrator for Veterans Business Development (VBD). As expressed in the January 24, 2007 Memorandum For Heads of Departments and Agencies jointly issued by Administrator Preston and Office of Federal Procurement Policy Administrator Denett, the Administration is broadly committed to enhancing all of our entrepreneurial programs and services for veterans and reservists returning from duty in the Global War On Terror, and most specifically for those service members injured or disabled in service to America.

SBA's efforts to support veteran entrepreneurs go beyond the activities of SBA's Office of VBD. Each program at SBA is tasked with expanding and improving their services specifically for veterans and service-disabled veterans, this includes our Capital Access programs, our business counseling and training programs and our procurement programs. Thus far, the results have been good; the number of new loans being made to veterans has increased significantly. The number of loans to veterans has grown from 4,800 in FY 2000 to approximately 8,000 in FY 2006. Additionally, loans to start-up businesses owned by veterans continues to see considerable

growth-- nearly doubling the 1,300 7(a) loans in FY 2000 to almost 2,500 in FY 2006.

PL 106-50 established a three percent federal procurement goal for prime contracts for small businesses owned and controlled by service-disabled veterans (SDV) and established a best-efforts clause for veterans in federal procurement at the sub-contracting level. The government has yet to achieve the required three percent goal, but is making progress towards it. In 2004, the President issued Executive Order # 13360, and preliminary data shows SBA, the Department of Veterans Affairs did both exceed our respective three percent goals for FY 2006. In our efforts to lead by example, this represents a significant improvement for both agencies over our achievement in FY 2005, and we believe that over all the federal government increased its achievements in FY 2006. However, final data is not yet available to confirm this, but it does point to what has been growth toward achieving the three percent goal, because of the ongoing efforts of most federal agencies, and the increasing numbers of SDV small businesses presenting themselves for contracting opportunities.

This is further demonstrated by the significant growth in the number of small businesses owned by SDV who are registering their interest in

federal procurement in the Government's Central Contractor Registration (CCR). Between July 6, 2006 and January 19, 2007, the number of SDV-owned small businesses registered in CCR has increased from 11,013 to 12,627, a growth rate of more than 11 percent in a six month period. At the same time, the number of small businesses registered in CCR grew from 421,209 to 428,098, or a growth rate of less than two percent. We also recognize that, while the number of service disabled veteran owned small businesses (SDVOB) registering continues to increase, the average size of these businesses continues to be the smallest of all the SBA's named small business programs. While SBA is analyzing what agencies are buying and comparing that to what SDVOBs are selling, we are also strengthening the full range of SBA programs, including SBDC, SCORE, VBOC, District Office Outreach, 7a, Surety Bonding, Matchmaking, PCR/CMR activity in an effort to improve the availability and applicability of our services to enhance SDV and veteran business ownership.

At our request and at the request of the veteran's advocacy community, the Census Bureau included in their 2002 survey of small business owners questions regarding business owners' veteran and SDV status. These questions mark the first time we have an accurate count of the number of SDVOBs that exist in the American small business marketplace.

The 2002 census survey found that approximately 0.7 percent of small businesses in America with employees are owned by service-connected disabled veterans and 14.1 percent of small businesses with employees are owned by veterans. Clearly, achieving a three percent federal procurement goal with a population that represents less than one percent of the small business marketplace presents a significant challenge. Nevertheless, SBA is strongly committed to working with our federal agency counterparts to reach out to more veteran-owned businesses and make use of their talents and services.

Let me turn my attention to our efforts on behalf of small business owners who are members of reserve components of the U.S. Military and have been or may be activated for the Global War on Terror. In August 2001, we began offering, and continue to promote the availability of the Military Reservist Economic Injury Disaster Loan program as one tool that can be of great assistance to an activated reservist small business owner, however, we also recognize that this disaster loan is constrained by its very design. We have also enhanced our counseling and training programs, most notably SCORE, SBDC and VBOC, programs in an effort to inform reservist that pre and post mobilization business planning can be critical to their economic success as business owners and reservist.

I am proud to report to you that the SBA initiated and continues to lead the federal effort to conduct outreach, develop assistance for and design program efforts to enhance business planning, lending and other assistance for small business owners who may be at risk of economic damage when activated. After the September 11, 2001 attacks on America, we established an SBA working committee to coordinate agency outreach and service delivery to Reservists. In 2002, we created the SBA Reserve and Guard fact sheet, and have distributed hundreds of thousands of those fact sheets to mobilizing and demobilizing reservists. In December 2002, we established our special web pages specifically for reserve and National Guard members, and began working with the Department of Defense in a number of ways.

We have and continue to conduct training with and joint outreach with the national and state offices of the national committee for Employer Support of the Guard and Reserve (ESGR). We produced detailed business planning guides as part of our 'Reserve and Guard kits' and have distributed more than 35,000 of these kits directly to reserve and National Guard units, to reservists, to SBA Resource Partners, to federal, state and local partners, and at hundreds of SBA sponsored events.

We include Reservists with Veteran status in our community express loan program, and last year, Congress enacted our proposal for the authority to include Reservists in our definition of veteran for purposes of our comprehensive outreach program. We understand the importance of these efforts in the successful conduct of the “Long War”, as we recognize the critical importance of supporting and maintaining the civil skills of self employed reservists in the Global War On Terror. We are proud of our efforts for both SDV veterans and reservists, and intend to continue our aggressive efforts on their behalf.

I thank you again for this opportunity to testify before you today. I am proud of the progress we have made and look forward to continuing to serve the veterans, guard and reservists who have served our nation proudly. This concludes my testimony, and I welcome your questions.