

Senator Olympia J. Snowe
Ranking Member, Senate Committee on Small Business and
Entrepreneurship
“Assessing Federal Small Business Assistance Programs
for Veterans and Reservist ”
January 31, 2006

Opening Statement

Thank you Chairman Kerry for holding today’s hearing to discuss the Federal small business assistance programs available to our nation’s Veterans and Reservist. With the number of veterans and service disabled veterans growing each day, it is critical that resources are available to either maintain, grow or start small businesses.

When a member of the Guard or Reserve who owns a small business is called to duty, the results can be devastating, not only to the business, but for the family, the workers they employ, and the surrounding community. At this hearing today, we must address the many issues surrounding the government’s effectiveness and ability to assist veterans. Most notably, the failure of major Federal agencies to meet the mandated 3 percent contracting goal for service disabled, veteran small businesses. The *time is now* to provide workable small business solutions to assist and reintegrate our nation’s veterans into the mainstream economy.

I appreciate the Administration witnesses joining us here today, and I look forward to your insights on the government’s efforts to achieve the contracting and subcontracting goals for small businesses. I also want to welcome the small business representatives on our second panel who will testify regarding the extraordinary and unique challenges facing them.

Specifically, I would like to welcome Ann Yahner (*YAWN-ner*). Ann is President of Penobscot Bay Media, based in Camden, Maine, a successful woman-owned, service-disabled, veteran-owned small business. I am proud to report that in September, Penocobscot Bay Media was notified that it was the only company in New

England to receive an award for the \$5 billion Veteran Technology Services, Government Wide Acquisition Contract (VETS GWAC) which was established by the General Services Administration. Ann's business truly *exemplifies* the tremendous spirit of American entrepreneurs – which last October, I had the *privilege* to witness first hand, the services they offer to help Federal buyers and contractors meet the mandated veterans procurement goals.

This country's veteran small businesses have played a vital role in our nation's security and are an essential component to our economic stability. According to the SBA's Office of Advocacy, over 3.7 million veterans have taken on the rewarding challenge of owning a small business, helping to drive our economic growth, and create jobs.

I have long fought to support our patriotic small businesses affected by the Guard and Reserve call-ups. My home state of Maine has one of the highest Guard and Reserve deployment levels in the country – over 50 percent have been deployed in operations in Iraq and Afghanistan. As a result, in 2003, I commissioned a Congressional Budget Office (CBO) study which found that 35 percent of Guard and Reservists work for small businesses or are self-employed. In addition, the small businesses that employ them may be “paying” a disproportionate and unfair share of the burden of increased Guard and Reserve member call-ups. The burden is further magnified when the small business owner or a key employee is deployed.

Clearly, action to address these findings was *necessary* and immediate, which is why I introduced the Supporting Our Patriotic Businesses Act (S.1014) last Congress. This critical legislation doubles the funding for the SBA's Office of Veterans Business Development which has strained under minimal funding of \$750,000, for the last five years. I also introduced the Patriot Loan Act (S.3122), which improves the SBA's Military Reservist Economic Injury Disaster Loan program, giving these loans TOP priority for processing. These bills are critical first steps in helping our Guard and Reserve members obtain the needed assistance they rightly deserve and I am pleased that both of these bill were incorporated in the SBA

Reauthorization bill, which was unanimously reported out of this Committee.

Business opportunities through Federal contracts and subcontracts provide vital opportunities for Veteran owned small businesses. Since 1999, the Federal government has been required to allocate a *minimum of 3 percent* of its contracting dollars to small firms owned by service-disabled veterans. And, in October 2004, President Bush issued *Executive Order 13-360*, requiring each agency to achieve the goal, and to take the steps necessary to increase contracting with disabled veterans.

Despite these clear legal mandates, it is *alarming* that this goal is *rarely* achieved. Specifically, our nation's service-disabled veteran-owned small businesses continue to be shortchanged, with Federal agencies failing to meet their goal by a *staggering* \$7.5 billion in FY2005.

Each agency represented today, the SBA, the Veterans Affairs Department, and the Defense Department, have key roles to play to ensure the 3 percent contracting goal is met. However, NOT one of these agency's met their goal in FY2005! While I understand that preliminary data for FY2006 shows that these agencies may have met this goal. I am *also concerned* these numbers are skewed due to rumors of large businesses receiving contracts targeted for small businesses. If these rumors are true, this is disheartening. In any case, as we move forward, I expect this goal to be met each and every year. Our government cannot claim to be serious about economic opportunities for veterans if contracting shortfalls of this magnitude are allowed to continue.

We truly cannot afford to ignore, or to minimize, the extraordinary contributions America's veterans are making to our economy, our culture, and our future. Again, thank you for being here today and I look forward to hearing from our witnesses.