

Dear Mr. President and Members of Congress:

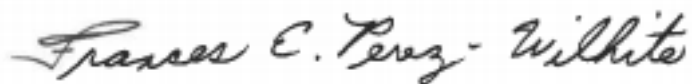
On behalf of my colleagues, I am pleased to present the Advisory Committee on Veterans Business Affairs FY 2019 – FY 2020 Consolidated Report.

The Advisory Committee on Veterans Business Affairs (ACVBA), comprised of veteran small business owners and veteran service organizations, chartered by Congress to advise both the Executive and Legislative Branches of government, promotes through effective policy and legislation, the prosperity of Veteran-Owned businesses. The committee met quarterly at the headquarters of the SBA for FY 2019 and March 2020 and then by remote access during the Covid-19 pandemic for the remainder of FY 2020.

Veteran-Owned businesses are struggling to keep their heads above water in this “New Normal”. The ACVBA continues to investigate any barriers to success for our fellow veterans. In the past, prior to the pandemic, these issues may not have been noticed or considered. However, we know that veteran businesses have the duty to lead the way for the rest of the US economy to flourish. The ACVBA and federal government must do all things possible and assist veteran businesses to thrive without delay.

On behalf of the ACVBA, and for those who have served our Nation honorably, we present this report and urge that our recommendations be considered and adopted. This work is critical to helping our Veteran-Owned businesses and their families.

Respectfully,

A handwritten signature in cursive script that reads "Frances E. Perez-Wilhite". The signature is written in black ink and is positioned below the word "Respectfully,".

Frances E. Perez-Wilhite, Chairwoman

ADVISORY COMMITTEE ON VETERANS BUSINESS AFFAIRS
FY 2019 – FY 2020 CONSOLIDATED REPORT
July 2021

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Executive Summary

Background: Public Law 106-50, the Veterans Entrepreneurship and Small Business Development Act of 1999, established the Advisory Committee on Veterans Business Affairs (ACVBA) to serve as an independent source of advice and policy recommendations to the Administrator of the U.S. Small Business Administration (SBA), the Associate Administrator for the SBA's Office of Veterans Business Development (OVBD), the Congress, the President and other U.S. policy makers.

ACVBA duties include the following: (1) Review, coordinate, and monitor plans and programs developed in the public and private sectors, that affect the ability of small business concerns owned and controlled by veterans to obtain capital and credit and to access markets. (2) Promote the collection of business information and survey data as they relate to veterans and small business concerns owned and controlled by veterans. (3) Monitor and promote plans, programs, and operations of the departments and agencies of the United States that may contribute to the formation and growth of small business concerns owned and controlled by veterans. (4) Develop and promote initiatives, policies, programs, and plans designed to foster small business concerns owned and controlled by veterans. Not later than 30 days after the end of each fiscal year the ACVBA shall transmit to the Congress and the President a report describing the activities of the ACVBA and any recommendations developed by the ACVBA for the promotion of small business concerns owned and controlled by veterans.

OVBD's mission is to maximize the availability, applicability, and usability of small business programs for veterans, service-disabled veterans, Reserve and National Guard members, and their spouses or survivors. OVBD is SBA's liaison with the veterans business community; provides policy analysis and reporting; and is as an ombudsman for veteran entrepreneurs. OVBD has a number of programs and services to assist aspiring and existing veteran entrepreneurs such as training, counseling and mentorship, and oversight of Federal procurement programs for veteran-owned small businesses (VOSBs) and service-disabled veteran-owned small businesses (SDVOSBs).

Report Focus: In FY 2019 – FY 2020, the ACVBA commenced forums to discuss timely issues and receive public comments. The COVID-19 pandemic emergency was declared in the second quarter of FY 2020 providing great challenges to VOSBs and their families. OVBD was able to quickly coordinate efforts to support and assist VOSBs through the national emergency via targeted outreach events and engagements. Specifically, OVBD convened listening sessions gathering feedback from the veteran entrepreneur community, veteran service organizations and ACVBA members to relay immediate concerns to Administration leadership and Congress.

Closing: In FY 2019 and FY 2020, the Committee remained connected and conducted a full calendar of activities. By way of this report, the ACVBA submits its formal recommendations for consideration and action by the SBA Administrator and Members of Congress.

ACVBA Recommendations

Access to Capital:

1. The lack of access to capital remains the top challenge for the ACVBA to address on an ongoing basis. It is still the biggest challenge that keeps our fellow veterans out of small business ownership opportunities.
2. The SBA should consider a veteran loan forgiveness program tied to the PPP and EIDL SBA programs.
3. The SBA should actively address an alternative GI Bill usage for business funding. The SBA should form with Committee input a way forward to allow veterans to use the GI Bill for entrepreneurship purposes. This path should include past legislation that has been put forward while addressing hurdles it encountered and way to overcome those issues.

Federal Business Development:

1. Establish a Veteran Business Development Program with similar sole source authority to the SBA's 8a program and an expanded commercial outreach program.
2. The SBA should research and identify current and planned contract bundling and contracting bundling that has a tiered effect such as the current arrangement between the Department of Veteran Affairs and the Defense Logistics Agency and report these finding to the ACVBA. The SBA should establish an initiative that all prime contracts that are a result of bundling, require primes to have a 20 percent SDVOSB 1st tier subcontracting requirement. This requirement should include a metric to ensure this percentage does not go to a few SDVOBs in order to increase the number and participation of SDVOSBs in government contracting.
3. The Committee recommends a robust Business Development Program be Implemented within OVBD that is funded through the Appropriation Committee and staffed within all local and regional SBA offices.
4. The Committee further recommends an SBA-sponsored Procurement Training Program be created; similar to the 7(j) program for the SBA already has a model for within their agency with 8(a)'s but, implement for SDVOSBs. Not only can SDVOSBs take advantage but it can be opened up after initial sign-ups for veterans be given opportunities to all socio-economic entities thereafter. This procurement training is hands-on with actionable items and templates to leave with, unlike the current fill-the-seat and lecture educational courses that are currently provided. The Committee is recommending a robust outcome that can be immediately measured where veterans can visit their local SBA or take advantage of online training curriculum. It can be rolled out in every corner where disabled veterans are and would support their well-being and economic endeavors to be productive members of society.
5. One such event which we believe had great impact was done by SBA - SF & WASHDC Offices in cooperation with Paul Gunn & Associates Consulting. Their web address can be found at

www.paulgunn.com or www.paulgunncommunity.com – which teaches Veterans specifically about the Government Contracting Process, How to Develop Competitive Contract Pricing based on their geographic location, How to Produce Bids and Proposals, What Cost Accounting is, DCAA Compliance and the new DOD Cyber-Security roll-out for Federal Contractor and host of other things they need to become savvy business owners within federal government contracting.

Federal Agency Recommendations:

1. GSA: The changeover to Beta.SAM.gov from www.FPDS.gov should be delayed indefinitely due to changeover disaster from FedBizOpps. Our veteran-owned businesses cannot find the federal opportunities that apply to their businesses. For FPDS, suggest to run the old system concurrently while testing the new system publicly for a grace period. (GSA accepted and implemented a grace period in 2020.)
2. Department of Veterans Affairs should still have their “Meet the Clinician” or Trade Shows at each individual Veterans Affairs Medical Clinics now more than ever due to the pandemic. Our veteran businesses have cutting edge goods and/or services to combat COVID-19 that the VA should know about ASAP. Highly suggest virtual meetings. (VA accepted and implemented in 2020.)
3. While the President has created PL 115-416 “Veterans Small Business Enhancement Act” which allows veteran small business owners access to surplus property, there still needs to be a provision that signals to Department of Treasury that the SDVOSB will not be taxed on property/equipment that is donated from the government to SDVOSBs. There needs to be a provision for “NO Capital Gains” tax.
4. Accountability from Office of Federal Contract Compliance Programs, particularly funds that are allocated for SDVOSBs being misdirected to ineligible small businesses.
5. All Federal Agencies: recommendation is for Federal agencies to find additional opportunities to form partnerships in the private sector with large companies that are willing to support veteran businesses with mentorship, subcontracting, etc. The VA did something similar with ATT. <https://www.va.gov/osdbu/entrepreneur/partnersCorporate.asp>

Certification/Verification:

1. SBA needs to establish guidance on how Vet First certifications are going to be accomplished within the SBA. The SBA should take all necessary measures to incorporate the administrative process into Certify.gov to reduce the administrative burden on the veteran small business community.
2. The ACVBA appreciates the Congressional change of moving verification of SDVOSB/VOSB to SBA who are the authorities on small business and can consolidate the rules on ownership and control which is better suited with SBA’s Office of Hearing and Appeals (OHA) and Office of

Government Contracting (OGC). ACVBA would recommend Congress add teeth to the bill by providing the appropriation authority to Increase SBA's budget to manage the various programs they are now responsible for so that SDVOSBs don't fall by the way-side.

Small Business Administration:

1. The SBA should establish an initiative with the U.S. Senate Committee on Small Business and Entrepreneurship and the U.S. House Small Business Committee to change goals for the SDVOSB community. This initiative should include:
 - (1) Increase the percentage of SDVOSB set asides government wide.
 - (2) Set standards and procedures to increase the number of SDVOSB's that are awarded government contracts. With a small number of firms getting a large majority of contracting awards the SBA should report these statistics to the ACVBA and the congressional small business committees to make them aware of the disparity of financial dollars going to a small number of SDVOSB's via government contracts.
 - (3) Vet First contract goals and set-aside authorities should be extended to the Department of Defense and Homeland Security, the same agencies that create veterans.
 - (4) Increase SDVOSB actual contractual goal from 3% to 5%.
2. Attain full membership on the ACVBA. (2019)
3. Allow the ACVBA to utilize social media to advertise public meetings in order for more veteran-owned business participation. (Approved in 2020.)

FY 2019 Activities

During FY 2019, the ACVBA discussed topics critical to veteran entrepreneurs' success:

- Access to Capital
 - The Federal Reserve Bank of New York and the U.S. Small Business Administration (SBA) issued the report *Financing their Future: Veteran Entrepreneurs and Capital Access*.
 - SBA's Office of Capital Access briefed the ACVBA on VOSB participation in SBA loan programs with emphasis on microlending assistance and fee relief savings.
 - U.S. Department of Treasury briefed the ACVBA on Community Development Financial Institution program: CDFI statutory requirements, New Markets Tax Credit Program, Bank Enterprise Award Program, Capital Magnet Fund, CDFI Bond Guarantee Program, Native CDFI Program, VOSB-focused CDFIs.

- PeopleFund, a non-profit lender and CDFI, provided information about how their organization supports veteran entrepreneurship through lending opportunities.
 - SBA's Office of Disaster Assistance provided information about the Military Reservists Economic Injury Loans (MREIDL) program.
 - VetFran, a program of the International Franchise Association Foundation briefed the ACVBA on franchising opportunities for veteran entrepreneurs.
- Government Contracting
 - SBA's Office of Hearings and Appeals (OHA) briefed ACVBA on updated regulations for the transfer of U.S. Department of Veterans Affairs (VA) Center for Veterans Enterprise (CVE) VOSB government contracting protests and appeals function to SBA helping close the gap on SDVOSB and VOSB small business certification and verification regulatory disparities (appeals, standing, etc.).
 - SBA's Office of Government Contracting and Business Development provided program updates including: VOSB access to surplus property, Women-owned small business (WOSB) certification, HUBZone Program comprehensive regulatory review, Small Business Runway Extension Act, and the All-Small Mentor Protégé Program (ASMPP)
 - VA's Office of Small and Disadvantaged Business Utilization (OSDBU) provided updates on Vendor Information Pages (VIP) verification issues, CVE SDVOSB/VOSB verification status and related updates.
- Veteran Entrepreneurship Outreach and Engagement
 - SBA's marketing and outreach efforts supporting veteran entrepreneurs in FY 2019 include:
 - National Veterans Small Business Week highlighting VOSB successes
 - Veteran Entrepreneurship Summit focusing on VOSB access to capital
 - Veteran Service Organization (VSO) check-ins
 - Monthly marketing and social media campaign information distributed to stakeholders
 - Participation in stakeholder meetings and events amplifying SBA's support to the veteran entrepreneur ecosystem
 - U.S. Department of Labor, Office of Veterans Education and Training Services (DOL VETS) briefed the ACVBA on the HIRE VETS Medallion Program. The HIRE Vets Medallion Award is the only federal-level veterans' employment award that recognizes a company or organization's commitment to veteran hiring, retention, and professional development.
 - US Chamber of Commerce Foundation, Hiring Our Heroes provided information about their non-profit organization for veterans operated and founded by veterans that aims to capture each transitioning veteran within one year prior to their discharge to train, mentor and coach them in job placement.

- OVBD program office updates
 - Veteran Business Outreach Center (VBOC) Program
 - Expanded centers from 20 to 22 in FY18, new opportunities for FY19
 - Participation partner with Hiring Our Heroes
 - Information sessions with congressional representatives and their staffs
 - Annual VBOC training week
 - Boots to Business (B2B) Program
 - National Defense Authorization Act (NDAA) 2019 changes to the Transition Assistance Program (TAP) overall and a new requirement for the entrepreneurship track
 - Boots to Business survey design and outcomes
 - Regularly scheduled TAP and B2B curriculum updates
 - Other outreach and business development training opportunities:
 - SBA grant opportunities to reach mission-driven veteran populations: Service-disabled Veteran Entrepreneurship Training Program (SDVETP), Veterans Federal Procurement Entrepreneurship Training Program (VFPEP), and Women Veteran Entrepreneurship Training Program (WVETP)
 - Veteran Entrepreneurial Training and Resource Network (VETRN) growth program

FY 2020 Activities

In FY 2020, the ACVBA focused their discussions around the following areas:

- Access to Capital
 - Access to Capital roundtable discussion hosted by the American Legion
 - Veteran Business Project briefing on services that promote military, veterans, and spouses small business ownership opportunities.
 - SBA COVID-19 emergency funding updates on Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) Programs (EIDL Advance, Grant)
- Government Contracting
 - VA provided updates to CVE SDVOSB/VOSB verification status.
 - VA OSDBU briefed the ACVBA on the VA's Women Veteran-Owned Small Business Initiative
 - OVBD facilitated a discussion on the transfer of VA's CVE eligibility program to SBA's small business certification program
 - SBA's Office of Government Contracting and Business Development provided program updates on the 8(a) Business Development Program and WOSB certification

- U.S. Government Services Administration (GSA) briefed the ACVBA on upcoming changes to beta.sam.gov
- OVBD provided the ACVBA updates on Surplus Personal Property for Veteran-Owned Small Business programs and Government-wide Small Business Goaling Scorecard
- Veteran Entrepreneurship Outreach and Engagement
 - Institute for Veterans and Military Families briefed the ACVBA on their V-WISE program
Veteran Women Igniting the Spirit of Entrepreneurship (V-WISE) is a training program in entrepreneurship and small business management and aims to help women veterans and female military spouses/partners start and grow their business.
 - VA's Office of Vocational Readiness and Employment (VR&E) briefed the ACVBA on updates to their programs that support veteran entrepreneurship
 - National Veterans Small Business Week highlighting VOSB successes
- Strengthening the Work of the ACVBA
 - New subcommittee structure was introduced: Access to Capital, 8(a) Business Development Program Concerns, SBA Veteran Entrepreneurship Program Outreach, Federal Contracting
 - SBA Federal Advisory Committee Act (FACA) member ethics training
- OVBD Updates
 - COVID-19 impact to VBOC assistance, B2B virtual delivery, ETP delivery
 - VETRN growth program
 - Military Spouse Summit partnering with The White House and U.S. Chamber HOH
- COVID-19: SBA Funding programs and OVBD outreach
 - PPP and EIDL briefings to various stakeholder groups
 - Listening sessions were held in June 2020

Appendix 1: SBA's Veteran Small Business COVID-19 Listening Sessions

Background

The SBA established an Interagency Taskforce for Underserved Populations. OVBD facilitated “Listening Sessions” with representatives that provide entrepreneurial services and support for military, veteran, National Guard/Reserve, and military spouse small business owners to capture the impact, challenges and best practices resulting from COVID-19.

The sessions were conducted with the Veterans Business Outreach Centers (VBOC), Federal Advisory Committee on Veteran Business Affairs (ACVBA), and OVBD's Entrepreneurial Training Program (ETP) grantees to include: Service-Disabled Veteran Entrepreneurial Training Program (SDVETP) grantees, Women Veteran Entrepreneurial Training Program (WVETP) grantees, and Veterans Institute of Procurement (VIP). Participation was voluntary for all OVBD stakeholders in these categories.

Listening sessions were held on the following dates in June 2020:

- VBOC Listening Sessions (3 total): Monday, June 22 and Thursday, June 25
- ETP Listening Session: Wednesday, June 24
- ACVBA Listening Session: Monday, June 29

OVBD Listening Session Themes

1. High level:

- Access to broadband is an issue, particularly in rural areas, now that everything is virtual
- Businesses are facing reopening challenges including:
 - Issues with hiring, staffing, and getting employees to come back to work
 - Getting customers back through the door due to fear of safety
 - Figuring out the proper reopening protocols based on their location
 - Juggling reopening and childcare (many schools/daycares are still closed)
 - Disruption in the supply chain affecting day to day operations
- Businesses who rely on in-person interactions for marketing and relationships are facing challenges; therefore, many businesses are forced to adapt to virtual platforms
- Many new startups are emerging
- Established businesses are forced to pivot to new markets to meet consumer demand
- Many entrepreneurs are not aware of the resources and services available at the local, state, and Federal levels to assist veteran-owned small businesses
- Business owners are paying more attention to cash flow, financials, and lender relationships

2. Policy or Legislative suggestions:

- Increase SDVOSB federal contracting set-asides from 3% to 5% to make it equitable to other social economical programs

- Establish a VOSB federal contracting set-aside goal
- Provide tax credits for small businesses, more incentive to grow, expand
- Provide legal protection for COVID-19 claims against small businesses (liability protection)
- Address the increased need for financing options specific to the following audiences:
 - VOSBs (e.g., long-term, low interest rate)
 - Farming and agriculture industry
 - Non-essential businesses (e.g., restaurants)
- Offer another round of financial assistance beyond PPP and EIDL
- Allow veterans to use GI funding toward small business finances

3. Next Steps for OVBD:

- Update training to reflect:
 - Emphasis on disaster preparedness in business plans (specifically pandemics)
 - Refinancing options for debt, disaster loans, and other existing loans
 - Hiring employees in different states/laws, taxation, and policies to consider
 - How to safely reopen
- Conduct a series of training sessions with partners to address the topics above
- Conduct Military and Veteran Entrepreneur Summit to address the topics above

Additional OVBD Listening Session Themes

1. What are you seeing/hearing related to the COVID-19 impact on veteran-owned small businesses? *

- Saw a lot of panic, anxiety, and confusion at the start of COVID-19
- Need access to capital and financing – facing reduced/lost revenue and low sales
- Many startups are emerging, including businesses who are back in startup mode
- Frustrated with PPP and EIDL process, looking for support beyond those options
- Access to broadband is an issue, particularly in rural areas, now that everything is virtual
- Reopening challenges including:
 - Issues with hiring, staffing, and getting employees to come back to work
 - Getting customers back through the door due to fear of safety
 - Figuring out the proper reopening protocols based on their location
 - Juggling reopening and childcare (many schools/daycares are still closed)
 - Shortage of raw materials and supplies for inventory

****Many participants noted that these issues apply to all small businesses and not just veteran-owned. A lot of resource partners branched out to support non-veteran businesses during this time.***

2. What are some of the lasting changes related to COVID-19 that will impact veteran-owned small businesses?

- Paying more attention to cash flow, financials, and lender relationships
- More startups and an increase in entrepreneurship due to layoffs from long-term careers

- Increase in virtual communication, remote work, broadband and technology innovation
- Emphasis on disaster preparedness in business plans (specifically pandemics)

3. Are there additional resources or changes that should be considered for veteran-owned small businesses?

- Another round of financial assistance beyond PPP and EIDL
- Ability to use GI funding toward small business finances
- Increased VOSB/SDVOSB federal contracting set-asides
- Incorporate disaster preparedness into trainings and curriculums

Other Listening Session Input and Recommendations

1. **PPP (4) program consideration:** One commenter is of the understanding this round of funding will be targeted at small business that can show a 50% loss in revenue. If a company with less than 50 employees shows a loss at or near 50% of revenue, they are out of business.

Recommendation: Require companies to show their opportunities pipeline and how the exhausted the first round of PPP funding. A simple form of disclosure to the bank and SBA to show transparency for the next round of funding. Note: The first round of PPP and EDIL loans supported the months of Feb/Mar/Apr/ expenses. With reduced revenue and the same level of expenses, small businesses are struggling to stay afloat.

2. **SBA EDIL Program:** The SBA should consider forgiving this loan or reducing the APR (3.5%) for the life of the loan.

Recommendation: 1.) The SBA administrator should look at suspending “freezing” all payments for **48 months** without any cost impact. **2).** Reduce the APR to 1% for the life of the loan. **3).** Consider forgiveness for Service-Disabled Veteran Owned Businesses or some direct special relief/forgiveness. **4).** Raise the cap of the loan to current loan holders and allow borrowers up to 250K under the next round of funding.

3. **Cares Acts Tax Impact Relief:** Currently the **CARES ACT** did not address the IRS impacts from receiving this loan- and will be considered revenue.

Recommendations: Request **Congress and Treasury** make provisions for SDVOSB and firms under 50 employees to forgive this money.

4. **SBA 8(a) Program:** The program eligibility is 9 years. Due to COVID companies are not able to market and meet with agencies as normal.

Recommendation: Request the administrator extend all current **Set-a-Side programs for 36 months** from the date of expiration for firms currently in the program(s).

5. **Rapid Pay (15 days)** Due to COVID, the Maryland Procurement Office has gone to a reduced staffing posture per the agency rep. As a result, this has impacted their ability to approve and process payment within 15 days and is now 45 days plus. This is a huge impact to a Small Businesses' cashflow.

Recommendation: Enact a policy where the payment processing time through government procurement offices will not extend longer than 15 days as required immediately.

Appendix 2: ACVBA Members

Glenn Banton, Sr.
Operation Supply Drop
FY 2019, FY 2020

Alex Fender
Funnel Science, LLC
FY 2019, FY 2020

Sean Gwinner
Bunker Labs
FY 2019, FY 2020

Evan Hafer
Black Rifle Coffee, LLC
FY 2019, FY 2020

Valerie Lewis
Valerie Lewis Janitorial
FY 2019, FY 2020

Charles 'Lynn' Lowder
Veteran Business Project
FY 2019, FY 2020

Elizabeth O'Brien
U.S. Chamber of Commerce Foundation
Hiring Our Heroes
FY 2019
ACVBA Past-Chairperson FY2019

James O'Farrell
Advanced Management Strategies Group
FY 2019, FY 2020
ACVBA Past-Chairperson FY 2017

Frances Perez-Wilhite
North Carolina Military Business Center
FY 2019, FY 2020
ACVBA Chairperson FY 2020 - FY 2021

Michael Phipps
Millennium Group International, LLC
FY 2019, FY 2020
ACVBA Past-Chairperson FY 2016

Kandis Porter
Effective Flow Connections, LLC
FY 2020

Joseph C. Sharpe, Jr.
The American Legion
FY 2019, FY 2020

Brandon Shelton
Task Force X Capital, LLC
FY 2019, FY 2020

Michael Zacchea
Entrepreneur Bootcamp for Veterans
University of Connecticut
FY 2019, FY 2020
ACVBA Past-Chairperson FY 2018