

Chapter Eleven

Employment, Self-Employment and the Small Business Administration

Employment and the Small Business Administration

**By a friend and long-time observer of the Small Business
Administration.**

From the very beginnings of our nation, America's citizen soldiers have succeeded as self-employed small business owners following military service. In more contemporary times, the G.I. Bills of World War II and then Korea linked loan guarantees, educational benefits and small business counseling to veterans. In 1953, Congress and President Eisenhower created the U.S. Small Business Administration (SBA) as the primary federal agency focused on maximizing the productive capacity of the American small business community during periods of mobilization for war and in support of growing economic opportunity for all Americans to strengthen our democracy during times of peace.

Since 1953, SBA has helped veterans start, manage and grow small businesses. Today, SBA provides specific programs for veterans (including service-connected disabled veterans), members of the reserve and National Guard, transitioning servicemembers, and spouses of the preceding. It also assists widows of servicemembers who died in service or from a service-connected disability. SBA provides access to a full range of entrepreneurial support programs to every American citizen, including veterans.

During and following the Vietnam War, Congress and most federal policymakers focused government small business resources to specific socioeconomic groups while largely ignoring the valued asset that veterans are in America's entrepreneurial economy. To remedy this neglect, beginning in 1978 a small circle of veteran small business owners/advocates pushed various administrations and Congress to reverse the neglect of veterans. After 19 years of volunteer advocacy, pushing for hearings, providing testimony and working with administrations in creating skeletal veterans small business programs, Congress began taking steps to strengthen and refocus federal programs specifically for veterans and reservists.

In 1997, in Congressman James Talent's (R-MO) suburban district office, one of these advocates was participating in a meeting discussing the alleged safe operation of a Superfund sited dioxin incinerator operating at Times Beach, Missouri, when Congressman Talent, then chairman of the U.S. House of Representatives Committee on Small Business, asked if anyone wanted to discuss anything other than the incinerator. A veteran responded that veterans were being left out at SBA, and he wanted to work with the chairman to remedy that. This initiated a number of legislative actions (P.L. 105-135 in 1997), the establishment of an SBA Veterans Affairs Task Force, and the development and inclusion of specific recommendations for the Congressional Commission on Servicemembers and Veterans Transition Assistance (1998). Finally, in 1999, Congress unanimously passed Public Law 106-50, The Veterans Entrepreneurship and Small Business Development Act of 1999, the most comprehensive entrepreneurial legislation for veterans ever created. This law established the SBA Office of Veterans Business Development and a position of Associate Administrator for Veterans Business Development as the source of policy and program development for veterans.

In addition, this law created the National Veterans Business Development Corporation (also known as the Veterans Corporation) and set goals for federal procurement for service-disabled veterans and veterans in general. (Setting goals creates initiative in federal agencies to include service-disabled vets and

vet-owned small businesses in their plans for marketing, outreach, and contracting opportunities.) The law also established the Military Reservists Economic Injury Disaster Loan, initiated new research into the success of veterans in small business, and brought focus to veterans in the full range of SBA lending, entrepreneurial counseling, and government contracting programs.

SBA has established Veterans Business Outreach Centers, developed special loans and surety bonding programs for veterans and reservists, established government procurement programs for veterans, provided for Veterans Business Development Officers in every SBA district office, and conducted special outreach, counseling and training at more than 1,500 Business Development Centers.

Special local initiatives target veterans, service-disabled veterans and reserve and National Guard members to aid in starting, managing, maintaining, and growing successful small businesses. Online and printed business planning guides are available, including: *Balancing Business and Deployment*, for self-employed members of the reserve and National Guard to prepare for mobilization, and *Getting Veterans Back to Business* to assist in restarting or reestablishing a business upon return from mobilization or from active duty. These manuals include an interactive CD-ROM with a wealth of information on preparing your business and your employees for your absence, reestablishing a small business upon return from Title 10 activation, and information on various business assistance resources available to assist reserve and National Guard member entrepreneurs. The CDs also contain downloadable and printable information on loans, government procurement and information describing the full range of SBA's assistance to any veteran. In addition, SBA, through SCORE (originally called the Service Corps of Retired Executives) has established an online business counseling service that may prove useful to veterans and especially service-disabled veterans, as well as to self-employed members of the reserve and National Guard.

SBA offers programs and services designed to assist small business owners and entrepreneurs in starting, managing, and growing successful small business concerns, in part to ensure the maximum involvement and capability of small business in supporting the wars in Iraq and Afghanistan, and to ensure they are a source of competitive American strength in the global economy.

To learn more about the programs, services, and business assistance tools SBA offers as well as business and technical assistance specific to veterans in general, service-disabled veterans, and reservists, please explore the links below,

or visit an SBA local office located in or near the community to which you return.

District Office Veterans Business Development Officers (VBDOs)

As a new veteran, you may not know a lot about the assistance available from SBA. To ensure that every aspiring veteran entrepreneur has access to the full range of SBA programs and is able to receive the specific assistance and guidance he or she may be seeking, SBA has established a Veterans Business Development Officer (VBDO) in every one of the 68 SBA district offices around the nation. These officers are responsible for providing prompt and direct assistance and guidance to any veteran or reservist seeking information about or access to any SBA program. To identify your local VBDO, contact either your local SBA district office (see the phone book's blue pages) or contact the SBA national Office of Veterans Business Development at (202) 205-6773 or visit www.sba.gov/VETS/rep.html.

Business Management Training & Technical Assistance

Veterans Business Outreach Centers

SBA funds five Veterans Business Outreach Centers (VBOC) specifically established to offer and coordinate business development assistance to veterans, service-connected disabled veteran and reservist entrepreneurs. Services are provided face-to-face and online and include outreach, concept development, business training, counseling and mentoring. Please contact them directly at:

- The Research Foundation of the State University of New York
41 State Street
Albany, NY 12246
(518) 443-5398
Web page: www.nyssbdc.org/services/veterans/veterans.html
E-mail: brian.goldstein@nyssbdc.org
- The University of West Florida in Pensacola
c/o 2500 Minnesota Avenue

Lynn Haven, FL 32444
(800) 542-7232 or 850-271-1108
Web page: www.vboc.org
E-mail: vboc@knology.net

- The University of Texas—Pan American
1201 West University Drive
Edinburg, TX 78539-2999
(956) 292-7535
Web page: www.coserve.org/vboc
E-mail: vboc@panam.edu
- Vietnam Veterans of California
7270 E. Southgate Drive, Suite 1
Sacramento, California 95823
(916) 393-1690
Web page: www.vboc-ca.org
E-mail: cconley@vboc-ca.org
- Robert Morris University
600 Fifth Avenue
Pittsburgh, PA 15219
(412) 397-6842
Web page: www.rmu.edu/vboc
E-mail: vboc@rmu.edu

Small Business Development Centers

SBA provides funding, oversight, and management to 1,100 Small Business Development Centers (SBDCs) in all 50 states and in U.S. territories. This program provides a broad range of specialized management assistance to current and prospective small business owners. While SBDCs offer one-stop assistance to individuals and small businesses by providing a wide variety of information, guidance, linkages, training and counseling in easily accessible branch locations usually affiliated with local educational institutions, **each SBDC is tasked with working with veterans, reserve component members and families.**

The SBDC program is designed to deliver up-to-date counseling, training and technical assistance in all aspects of small business management. SBDC services include, but are not limited to, assisting small businesses with financial, marketing, production, business planning, organization structure, engineering and technical problems, and feasibility studies.

To find your local SBDC: www.sba.gov/sbdc/sbdcnear.html **or contact your district office VBDO.**

SCORE

SCORE is a nonprofit organization which provides small business counseling and training under a grant from SBA. SCORE members are successful, retired businessmen and women who volunteer their time to assist aspiring entrepreneurs and small business owners. There are SCORE chapters in every state.

SCORE is the best source of free and confidential small business advice to help you build your business—from idea to start-up to success. The SCORE Association, headquartered in Washington, D.C., is a nonprofit association dedicated to entrepreneurial education and the formation, growth, and success of small businesses nationwide.

More than half of SCORE's extensive, national networks of 10,500 retired and working volunteers are veterans, and they are experienced entrepreneurs and corporate managers/executives. They have succeeded in business. They provide free business counseling and advice as a public service to all types of businesses, in all stages of development. SCORE is a resource partner with the U.S. Small Business Administration and a resource asset for you.

- Ask SCORE e-mail advice online at: www.score.org. Some SCORE e-counselors specifically target veterans (including service-disabled veterans) and reserve component members.
- Face-to-face small business counseling at 389 chapter offices.
- Low-cost workshops and seminars at 389 chapter offices nationwide.
- A great online, Web-based network.

Find your local SCORE chapter:

www.score.org/findscore/chapter_maps.html

Women's Business Centers

The Office of Women's Business Ownership provides women-focused (men are eligible as well) training, counseling and mentoring at every level of entrepreneurial development, from novice to seasoned entrepreneur, through representatives in SBA district offices and a nationwide networks of Women's Business Centers (WBCs) and mentoring roundtables. Additionally, WBCs provide online training, counseling and mentoring.

Women's Business Centers represent a national network of more than 80 educational centers designed to help women start and grow small businesses. WBCs operate with the mission of leveling the playing field for women entrepreneurs, who face unique obstacles in the world of business. To find your local WBC: www.sba.gov/onlinewbc/index.html

Financial Assistance

SBA administers four separate, but equally important, loan programs. The agency sets the guidelines for the loans while their partners (lenders, community development organizations, and micro-lending institutions) make the loans to small businesses. SBA backs those loans with a guaranty that will eliminate some of the risk to their lending partners. The agency's loan guaranty requirements and practices can change as the federal government alters its fiscal policy and priorities to meet current economic conditions. Therefore, past policy cannot always be relied upon when seeking assistance in today's market.

The loan guaranty which SBA provides transfers the potential risk of borrower non-payment, up to the amount of the guaranty, from the lender to SBA. Therefore, when your business applies for an SBA loan, you are actually applying for a commercial loan from your local lending institution, structured according to SBA requirements, but provided by cooperating lending partners, which receive an SBA guaranty.

Basic 7(a) Loan Guaranty

The 7(a) Loan Guaranty Program serves as the SBA's primary business loan program to help qualified small businesses obtain financing when they might not be eligible for business loans through normal lending channels.

Loan proceeds can be used for most sound business purposes including working capital, machinery and equipment, furniture and fixtures, land and building (including purchase, renovation and new construction), leasehold

(property held by lease) improvements, and debt refinancing (under special conditions). Loan maturity is up to 10 years for working capital and generally up to 25 years for fixed assets. **SBA does target veterans and reservists with veteran status specifically in some loan programs, including the SBA Community Express Loan program** that provides access to business planning assistance as part of the loan application process. To find out more, visit www.sba.gov/financing/sbaloan/7a.html or contact your district office, or any of the centers or chapters mentioned previously.

Patriot Express Initiative

In June 2007, SBA initiated a new Pilot Loan Program specifically targeted to the military community, including veterans, service-disabled veterans, active duty servicemembers participating in the DoD Transition Assistance Program (TAP), all reserve and National Guard members, current spouses of any of the above, the widowed spouse of a servicemember who died during service or of a service-connected disability.

Offered through SBA Community Express or Preferred Lenders, this new loan guarantee program combines the best available aspects of SBA's various 7(a) loan products into this targeted initiative. Loan applicants can usually expect an answer from their lending institution within 24 hours of application.

For more information, visit:

www.sba.gov/services/financialassistance/index.html

If you want to start with a self assessment for your business idea, visit: appl.sba.gov/survey/checklist/index.cgi

Certified Development Company 504 Loan Program

The Certified Development Company-504 (CDC/504) loan program is a long-term financing tool for economic development within a community. The 504 program provides growing businesses with long-term, fixed-rate financing for major fixed assets, such as land, buildings and equipment. A Certified Development Company is a Community Development nonprofit Corporation set up to contribute to the economic development of its community. CDCs work with SBA and private-sector lenders to provide financing to small businesses. There are about 270 CDCs nationwide. Each CDC covers a specific geographic area. **Veterans are included in the Public Policy Goals of the 504 program, which allows for even higher lending totals to veterans.**

Typically, a 504 project includes a loan secured with a senior lien from a private-sector lender covering up to 50 percent of the project cost, a loan se-

cured with a junior lien from the CDC (backed by a 100 percent SBA-guaranteed debenture) covering up to 40 percent of the cost, and a contribution of at least 10 percent equity from you, the small business owner being helped.

Microloan Program

Microloan Program provides very small loans to start-up, newly established, or growing small business concerns. Under this program, SBA makes funds available to nonprofit community-based lenders (intermediaries) which, in turn, make loans to eligible borrowers in amounts up to a maximum of \$35,000. The average loan size is about \$13,000. Applications are submitted to the local intermediary and all credit decisions are made on the local level. **Veterans are a target group in the Microloan program.**

Terms, Interest Rates, and Fees:

The maximum term allowed for a microloan is six years. However, loan terms vary according to the size of the loan, the planned use of funds, the requirements of the intermediary lender, and the needs of the small business borrower. Interest rates vary, depending upon the intermediary lender and costs to the intermediary from the U.S. Treasury. Generally these rates will be between eight percent and thirteen percent.

International Trade

The Office of International Trade works in cooperation with other federal agencies and public- and private-sector groups to encourage small business exports and to assist small businesses seeking to export. Through 16 U.S. Export Assistance Centers, SBA district offices and a variety of service-provider partners, SBA directs and coordinates the agency's ongoing export initiatives in an effort to encourage small businesses going global.

SBA's Investment Programs

In 1958 Congress created the Small Business Investment Company (SBIC) program. SBICs, licensed by the Small Business Administration, are privately owned and managed investment firms. They are participants in a vital partnership between government and the private sector economy.

All SBICs are profit-motivated businesses. A major incentive for SBICs to invest in small businesses is the chance to share in the success of the small business if it grows and prospers.

Equity (venture) capital or financing is money raised by a business in exchange for a share of ownership in the company. Ownership is represented by owning shares of stock outright or having the right to convert other financial instruments into stock of that private company. Two key sources of equity capital for new and emerging businesses are angel investors and venture capital firms.

Typically, angel capital and venture capital investors provide capital unsecured by assets to young, private companies with the potential for rapid growth. Such investing covers most industries and is appropriate for businesses through the range of developmental stages. Investing in new or very early companies inherently carries a high degree of risk. But venture capital is long term or “patient capital” that allows companies the time to mature into profitable organizations.

Surety Bond Guarantee Program

The Surety Bond Guarantee (SBG) Program was developed to provide increased bonding opportunities to small **veteran, service-disabled veteran** and minority contractors to support contracting opportunities for which they would not otherwise bid.

If your small construction, service or supply company bids on or performs projects requiring surety bonds, the U.S. Small Business Administration has a program that could help make you more competitive.

Small business contractors and manufacturers can overcome challenges they face in winning government or private contracts by using the SBA's Surety Bond Guarantee Program. A surety bond is a three-way agreement between the surety company, the contractor and the project owner. The agreement with the SBA guarantees the contractor will comply with the terms and conditions of the contract. If the contractor is unable to successfully perform the contract, the surety assumes the contractor's responsibilities and ensures that the project is completed.

The SBA Surety Bond Guarantee Program covers four types of major contract surety bonds:

- **Bid Bond**—guarantees the project owner that the bidder will enter into the contract and furnish the required payment and performance bonds.

- **Payment Bond**—guarantees the contractor will pay all persons who furnish labor, materials, equipment or supplies for use on the project.
- **Performance Bond**—guarantees the contractor will perform the contract in accordance with its terms, specifications and conditions.
- **Ancillary Bond**—a bond that is incidental and essential to the performance of the contract.

The overall surety bond program has two programs:

- **The Prior Approval Program**—SBA guarantees 80 or 90 percent (for veterans) of a surety's loss. Participating sureties must obtain SBA's prior approval for each bond.
- **The Preferred Surety Bond Program**—Selected sureties receive a 70 percent guarantee and are authorized to issue, monitor and service bonds without SBA's prior approval.

Program eligibility requirements

In addition to meeting the surety company's bonding qualifications, you must qualify as a small business concern, as defined by SBA. For federal prime contracts, your company must meet the small business size standard for the North American Industry Classification System (NAICS) Code that the federal contracting officer specified for that procurement. For more information about the Surety Bond Guarantee Program, visit www.sba.gov/osg/.

Business Planning and Disaster Assistance For Small Businesses who Employ or are Owned by Military Reservists

All of the technical assistance programs referenced above can provide pre- and post-mobilization business counseling and planning assistance to any reservist who owns his or her own business or to the business they work for. SBA also offers assistance to the caretaker of the business who may manage the business while the reservist is activated. The SBA Office of Disaster Assistance also offers the **Military Reservist Economic Injury Disaster Loan (MREIDL)** program at very favorable rates and terms. The purpose of the MREIDL is to provide funds to eligible small businesses to meet their ordinary and necessary operating expenses that they could have met, but are unable to meet, because an essential employee was called up to active duty in his or her role as a military reservist. These loans are intended only to provide the amount of working capital needed by a small business to pay its necessary obligations as it matures

until operations return to normal after the essential employee is released from active military duty. The purpose of these loans is not to cover lost income or lost profits. MREIDL funds cannot be used to take the place of regular commercial debt, to refinance long-term debt or to expand the business. Interest rates on these loans are capped at a maximum of 4% and terms can be up to 30 years. Contact your district office or visit:

www.sba.gov/disaster_recov/loaninfo/militaryreservist.html

Government Procurement

The SBA Office of Government Contracting (GC), and the Office of Veterans Business Development work together to create an environment for maximum participation by small businesses owned by disadvantaged, women, **veterans and service-disabled veteran-owned small businesses** in federal government contract awards and large prime subcontract awards. GC also advocates on behalf of small business in the federal procurement arena.

The federal government purchases billions of dollars in goods and services each year. To foster an equitable federal procurement policy, it is the policy of the Congress, and it is so stated in the Small Business Act, that all small businesses shall have the maximum practicable opportunity to participate in providing goods and services to the government. To ensure that small businesses get their fair share of federal procurements, the President has established an annual 23 percent government-wide procurement goal for small business concerns, **small business concerns owned and controlled by service-disabled veterans**, qualified HUBZone (Historically Underutilized Business Zone) small business concerns, small business concerns owned and controlled by socially and economically disadvantaged individuals and small business concerns owned and controlled by women. The individual program goals are: 5 percent of prime and subcontracts for small disadvantaged businesses; 3 percent of prime and subcontracts for HUBZone businesses; and **3 percent of prime and subcontracts for service-disabled veteran-owned small businesses**. The SBA negotiates annual procurement preference goals with each federal agency and reviews each agency's results. The SBA is responsible for ensuring that the statutory government-wide goals are met in the aggregate. In addition, **large business prime contractors are statutorily required to establish subcontracting goals (best efforts) for veteran-owned**

small businesses as part of each subcontracting plan submitted to the government in response to a prime federal contract opportunity.

GC administers several programs and services that assist small businesses in meeting the requirements necessary to receive government contracts, either as prime contractors or subcontractors. These include the Certificate of Competency, the Non-Manufacturer Rule Waiver, and the Size Determination programs. The office also oversees special initiatives such as the Women's Procurement program, **the Veterans Procurement program**, the Procurement Awards program and the Annual Joint Industry/SBA Procurement Conference. **While veteran or service-disabled veteran status does not ensure your eligibility for participation in all procurement programs, many veterans and service-disabled veterans do participate in the 8a, HUBZone, Women-Owned, and Small Disadvantaged Business programs if they meet those programs' eligibility criteria.**

Resources and Opportunities—Contact your local SBA district office or visit:

www.sba.gov/GC/indexwhatwedo.html

Federal Agency Procurement Forecast

www.sba.gov/GC/forecast.html

Contacts and Representatives

Subcontracting Opportunities Directory

Contains a listing of Prime Contractors doing business with the federal government

www.sba.gov/GC/indexcontacts-sbsd.html

Procurement Technical Assistance Centers (PTACS)

The Defense Logistics Agency, on behalf of the Secretary of Defense, administers the DoD Procurement Technical Assistance Program (PTAC). PTA Centers are a local resource available that can provide assistance to business firms in marketing products and services to the federal, state and local governments.

www.dla.mil/db/

Procurement Center Representatives

SBA's Procurement Center Representatives (PCR), who are located in area offices, review and evaluate the small business programs of federal agencies and assist small businesses in obtaining federal contracts and subcontracts.

- TPCR—Traditional Procurement Center Representative—TPCRs increase the small business share of federal procurement awards by initiating small business set-asides, reserving procurements for competition among small business firms; providing small business sources to federal buying activities; and counseling small firms.
- BPCR—Breakout Procurement Center Representative—BPCRs advocate for the breakout of items for full and open competition to affect savings to the federal government.
- CMRs—Commercial Marketing Representatives - CMRs identify, develop and market small businesses to large prime contractors and assist small businesses in identifying and obtaining subcontracts.

Contact your local SBA district office or visit this site:

www.sba.gov/GC/pcr.html

Various Agency Offices of Small and Disadvantaged Business Utilization

The OSDDBUs offer small business information on procurement opportunities, guidance on procurement procedures, and identification of both prime and subcontracting opportunities at numerous federal agencies. OSDDBUs also have Veteran Small Business Representatives. If you own, operate or represent a small business, you should contact the Small Business Specialists for marketing assistance and information. The specialists will advise you as to what types of acquisitions are either currently available or will be available in the near future.

Contact your local SBA office or visit this site: www.osdbu.gov

GC Programs

Section 8(a) Program/Small Disadvantaged Business Certification Program

The SBA administers two particular business assistance programs for small disadvantaged businesses (SDBs). These programs are the 8(a) Business Development Program and the Small Disadvantaged Business Certification

Program. While the 8(a) program is not specifically a government procurement program, it does offer a broad scope of assistance to socially and economically disadvantaged firms, including SBA acting as a prime contractor and subcontracting directly to participating 8(a) firms. SDB certification strictly pertains to benefits in federal procurement. Companies which are 8(a) firms automatically qualify for SDB certification.

Contact your local SBA office or visit this site: www.sba.gov/8abd/

Small Disadvantaged Business

While the 8(a) program offers a broad scope of assistance to socially and economically disadvantaged firms, SDB certification strictly pertains to benefits in federal procurement. SBA certifies SDBs to make them eligible for special bidding benefits. Evaluation credits available to prime contractors boost subcontracting opportunities for SDBs. SBA has become, in effect, the gateway to opportunity for small contractors and subcontractors.

Qualifications for the program are similar to those for the 8(a) Business Development Program. A small business must be at least 51% owned and controlled by a socially and economically disadvantaged individual or individuals. African Americans, Hispanic Americans, Asian Pacific Americans, Subcontinent Asian Americans, and Native Americans are presumed to qualify. Other individuals can qualify if they show by a “preponderance of the evidence” that they are disadvantaged. All individuals must have a net worth of less than \$750,000, excluding the equity of the business and primary residence. Successful applicants must also meet applicable size standards for small businesses in their industry.

HUBZone Empowerment Contracting Program

The HUBZone Empowerment Contracting Program stimulates economic development and creates jobs in urban and rural communities by providing federal contracting preferences to small businesses. These preferences go to small businesses that obtain HUBZone certification in part by employing staff who live in a HUBZone. The company must also maintain a “principal office” in one of these specially designated areas. A principal office can be different from a company headquarters, as explained in the SBA section dedicated to frequently asked questions. **Contact your local SBA office or visit this site:** <https://eweb1.sba.gov/hubzone/internet/>

Service-Disabled Veteran-Owned Small Business Concern Program

www.sba.gov/gc/indexprograms-vets.html

On May 5, 2004, the Small Business Administration issued regulations in the Federal Register as an Interim Final Rule implementing Section 36 of the Veterans Benefits Act of 2003 (Public Law 108-183).

Section 308 of P.L. 108-183 amended the Small Business Act to establish a procurement program for Small Business Concerns (SBCs) owned and controlled by service-disabled veterans. This procurement program provides that contracting officers *may* award a sole source or set-aside contract to a service-disabled veteran-owned small business if certain conditions are met.

Finally, the purpose of this procurement program is to assist agencies in achieving the 3 percent government-wide goal for procurement from service-disabled veteran-owned small business concerns.

Important Definitions

- **Veteran**—a person who served in the active military, naval, or air service, and who was discharged or released under conditions other than dishonorable.
- **Service-Disabled Veteran**—a person with a disability that is service-connected and that was incurred or aggravated in the line of duty in the active military, naval, or air service.
- **Service-Disabled Veteran with a Permanent and Severe Disability**—a veteran with a service-connected disability that has been determined by the U.S. Department of Veterans Affairs to be a permanent and total disability for purposes of receiving disability compensation or a disability pension.
- **Permanent Caregiver**—a spouse, or an individual 18 years of age or older, who is legally designated, in writing, to undertake responsibility for managing the well-being of a service-disabled veteran, to include housing, health and safety.

Service-Disabled Veteran-Owned Small Business Contracts

SDVO contracts are contracts awarded to an SDVOSB through a sole-source award or a set-aside award based on competition restricted to SDVOSBs. The contracting officer for the contracting activity determines if a contract opportunity for SDVO competition exists.

SDVO SBC Set-Aside Contracts

The contracting officer may set-aside acquisitions for SDVOSBs if:

- the requirement is determined to be excluded from fulfillment through award to Federal Prison Industries, Javits-Wagner-O'Day orders under indefinite delivery contracts, orders against federal supply schedules, requirements currently being performed by 8(a) participants, and requirements for commissary or exchange resale items.
- the requirement is not currently being performed by an 8(a) participant, and unless SBA has consented to release of the requirement from the Section 8(a) program.
- SBA has not accepted the requirement for performance under the 8(a) authority, unless SBA has consented to release of the requirement from the Section 8(a) Program
- there is a reasonable expectation that at least two responsible SDVOSBs will submit offers.
- the award can be made at a fair market price

Service Disabled Veteran Owned Small Business Concern Sole-Source Contracts

A contracting officer *may* award a sole-source contract to a SDVOSB if the contracting officer determines that none of the SDVOSB set-aside exemptions or provisions applies and the anticipated award price of the contract, including options, will not exceed:

- \$5.5 million for manufacturing requirements
- \$3.5 million for all other requirements and
- the SDVO SBC is a responsible contractor able to perform the contract and
- award can be made at a fair and reasonable price

SDVO SBC Simplified Acquisition Contracts

If a requirement is at or below the simplified acquisition threshold, a contracting officer may set aside the requirement for consideration among SDVOSBs using simplified acquisition procedures or may award a sole-source contract to a SDVOSB.

Contact your local SBA office or visit this site:

www.sba.gov/gc/indexprograms-vets.html

The following is a basic synopsis of the full range of SBA programs and services, designed to help you through the process of determining if small business ownership is for you, and if, after you determine you do want to establish your own small business, what steps may be appropriate for you to follow, and what services are available to help you succeed. Remember, while one in seven veterans is a successful self-employed small business owner, small business ownership is not for everyone and there is no guarantee of success. Should you choose entrepreneurship, there are many resources available to help you succeed, but there is no entitlement to success.

U.S. Small Business Administration

The mission of the U.S. Small Business Administration (SBA) is to maintain and strengthen the nation's economy by aiding, counseling, assisting and protecting the interests of small businesses and by helping families and businesses recover from national disasters.

The mission of the SBA Office of Veterans Business Development is to conduct comprehensive outreach to veterans, service-disabled veterans and Reserve and National Guard small business owners, formulate, execute and promote policies and programs of the Administration and act as an ombudsman for full consideration of veterans in all programs of the Administration.

In carrying out its mission, SBA offers programs and services designed to assist small business owners and entrepreneurs in starting, managing and growing successful small business concerns that are a source of competitive American strength in the global economy. These programs and services are defined by four distinctly identifiable phases of successful entrepreneurial development:

- Entrepreneurial self analysis
- Resources to assist entrepreneurs and small business owners
- Capital and Financing Resources
- Government Contracting Resources

To learn more about the programs, services and business assistance tools, SBA offers small business owners and entrepreneurs, as well as business and technical assistance specific to veteran and service-disabled veteran small business owners/entrepreneurs and Reserve Component members explore the links below.

Entrepreneurial Self Analysis

Phase 1 Entrepreneurial Self Analysis

This link provides access to entrepreneurial tests that will assist you in determining if owning a business is right for you.

www.sba.gov/starting_business/startup/areyouready.html

Entrepreneurial Development Resources

Phase 2 Resources to assist in starting, managing and growing successful small business concerns

This link provides access to SBA's network of resource partners that can assist you in starting, managing and growing successful small business concerns. Included in this network are Centers charged with providing assistance specific to veteran and service-disabled veteran business owners/entrepreneurs, as well as tools specifically designed to aid self-employed members of the Reserve and National Guard balance successful business ownership with Title 10 activations and deployment including restarting or reestablishing their businesses upon deactivation from active duty.

Veteran Business Outreach Centers (VBO Centers)

www.sba.gov/VETS/vbop.html

Veteran Business Development Officers (VBD Officers)

www.sba.gov/VETS/reps.html

Small Business Development Centers (SBDCs)

www.sba.gov/sbdc/sbdcnear.html

SCORE

www.score.org

Women's Business Centers

www.sba.gov/onlinewbc

Native American Affairs

www.sba.gov/naa/

Small Business Training Network

www.sba.gov/training/

Reserve and Guard Tools

www.sba.gov/reservists

Hire a Veteran

www.hirevetsfirst.gov/committee.asp

PNHVC website

Phase 3 Capital and Financing Resources

This link provides access to the various loan programs SBA offers small business owners and aspiring entrepreneurs. By clicking the links, a synopsis on the Agency's loan programs follows along with information on how to apply for an SBA-backed loan and criteria for qualifying.

Basic 7(a) Loan Program

www.sba.gov/financing/index.html

CDC/504 Loan Program

www.sba.gov/financing/sbaload/cdc504.html

Micro-Loans

www.sba.gov/financing/sbaload/microloans.html

Surety Bond

www.sba.gov/financing/bonds/whatis.html

International Trade

www.sba.gov/oit

Military Reservists Economic Injury Disaster Loans

www.sba.gov/disaster_recov/loaninfo/militaryreservist.html

Small Business Investment Corporations

www.sba.gov/INV/

Phase 4 Government Contracting Resources

This link provides information on the various government contracting programs SBA offers in assisting small business owners and entrepreneurs in bidding on and winning federal government contracts.

Government Contracting for Veteran Business Owners

www.sba.gov/vets

HUBZone Program

www.sba.gov/hubzone

8(a) Business Development Program

www.sba.gov/8abd

Technology–SBIR/STTR Program

www.sba.gov/sbir

Contract Assistance for Women-owned Businesses

www.sba.gov/GC/indexprograms-cawbo.html

Small Disadvantaged Businesses

www.sba.gov/sdb/

Procurement Center Representatives

www.sba.gov/GC/pcr.html

Commercial Market Representatives

www.sba.gov/GC/indexcontacts-cmrs.html

Procurement Technical Assistance Centers

www.aptac-us.org

www.dla.mil/db/procurem.htm

Other Resources

SBA Office of Advocacy for data on veteran business ownership

www.sba.gov/ADVO/

SBA Office of Ombudsman

www.sba.gov/ombudsman

Department of Veterans Affairs

www.va.gov

VA Vocational Rehabilitation and Employment Services
www.vba.va.gov/bln/vre/index.htm

Department of Labor
www.dol.gov

DOL Office of Veterans Employment and Training Services
www.dol.gov/vets/programs/empserv

Office of Disability Policy Initiatives
www.dol.gov/odep

National Veterans Business Development Corporation
www.veteranscorp.org/

Last notes: The world of veteran entrepreneurship is full of dynamic and growing effort. Various agencies of the federal government are making special efforts to identify qualified Service-Connected Disabled Veteran-Owned Small Businesses (SDVOSBs) and Veteran-Owned Small Businesses (VOSBs) for potential federal contracting and sub-contracting opportunities. These includes the Departments of Defense and Veterans Affairs. In addition, a number of state and local governments are exploring improving entrepreneurial opportunity for veterans and reservists, as are many large federal prime contractors. Also, Congress is continually exploring new or additional improvements to federal laws to improve or enhance veterans entrepreneurial success.

Because of these ongoing efforts, programs and laws are still changing. Remember, successful entrepreneurship for veterans is a dynamic and growing initiative, and this may require you to receive or investigate new information or programs created since this chapter was written.

The author of this section of the chapter is a one-time government employee who must remain anonymous.

Employment Services and Unemployment Benefits

By **Dennis K. Rhoades**

For most veterans who are retiring or separating from military service, the most immediate need is for a source of income. For some veterans, including deactivating National Guard and Reservists, this means returning to their previous jobs. (See Chapter 12, “Re-employment Rights and Associated Rights for Time Spent in Military Service.”) For other veterans, it means immediate enrollment in a training or education program under the GI Bill.

Many veterans, however, are faced with the prospect of finding a new job, or finding an alternative income stream while they are looking for work. Even in good economic times finding work can be an intimidating process, particularly for those who are unskilled or have not had a job in the military which is readily transferable into the civilian labor market. Even worse, there is no single agency responsible for employment assistance for veterans. Unless you are a disabled veteran enrolled under VA Vocational Rehabilitation, the VA will not help you find a job.

In previous chapters, this book discussed a variety of programs and services for veterans. The common denominator among all of them was the VA. This creates the impression that the VA is all things to all veterans. From here on, we will be discussing other programs and benefits which you must access through agencies other than the VA. For this chapter, we will start with the U.S. Department of Labor (DOL).

Although federal law assigns responsibility for veterans employment to DOL, the Department provides little in the way of direct services to veterans, with the exception of re-employment rights. Instead, veterans employment and training services are provided by agencies of state and local government which are funded by DOL. These agencies, though required by federal law to provide assistance to veterans, operate by their own set of rules, and have their own priorities about whom to serve and how.

State Employment Service

Chief among the state agencies responsible for the delivery of employment-related services for veterans is the state employment security agency (SESA) in each state. These agencies go by different names, depending on the state –

Employment Services, Employment Security Commission, Job Service, One-Stop Job Center, or Workforce Development Center. There are approximately 1,800 SESA local offices nationwide. Your job search may sooner or later lead you to one of these offices, so you should know how they are set up.

A local SESA office functions primarily as a labor exchange; that is, they are a clearinghouse for matching job applicants to jobs in the local labor market. These offices thus work both with applicants and local employers. As a veteran you are entitled to priority in services the office provides. In most offices, you can conduct your own electronic job search, but we recommend that you ask to see one of two state employees:

A Local Veterans Employment Representative (LVER) is assigned in each office to facilitate employment, training and placement services furnished to veterans. The LVER also conducts outreach to employers to assist veterans in getting a job.

Most offices also employ a Disabled Veterans Outreach Program (DVOP) specialist who is responsible for providing intensive services to severely disabled veterans, other disabled veterans, and other veterans such as those who are economically or educationally disadvantaged.

In larger offices, the staff identified as the LVER or DVOP may be assigned full time to these positions. In smaller offices, LVERs and DVOPs are assigned part time and thus have other responsibilities in the office. These staff are key contacts not only for your job search, but also for training opportunities in the local area under the Workforce Investment Act. LVERs and DVOPS also facilitate many of the Transition Assistance Program job preparation workshops conducted on military bases throughout the nation.

Other services of local Employment Service Offices include:

- Provision of vocational counseling, if you need help deciding your career goals or don't know how to go about achieving them.
- Referral to state vocational rehabilitation if you are unable to qualify for the VA's vocational rehabilitation program
- Knowledge of local job market information, including what occupations are in demand, what occupations are not.
- Referral to local job training opportunities available under the Workforce Investment Act.

You should understand that SESAs have been the subject of criticism over the years, some of it deserved, some not. Some critics believe that local offices carry only low-paying jobs that private employment agencies refuse to carry.

Others believe that local offices give priority to services for youth, day labor and public welfare clients at the expense of the general public, including veterans. Still others maintain that local offices operating in smaller states, or areas outside of major cities, are more effective in matching job seekers to employers. You will have to decide for yourself if a given local office is meeting your needs. If it isn't, try another office.

Community-Based Organizations

In many communities, veteran-oriented community-based organizations have evolved over the past 30 years. These organizations are not-for-profit and are designed to serve veterans and their families. Many of these organizations maintain robust employment or training programs designed especially for veterans. Organizations such as Swords to Plowshares, Vietnam Veterans of California, and the Philadelphia Veterans Multi-Service Center have deep roots in the community and may provide you with the kind of effective, individualized assistance that government agencies cannot or will not provide.

Transition Assistance Program (TAP)

If you are still in military service, but within one year of separation or two years of retirement, you may find that attending a TAP workshop is a good first step in returning to the civilian labor market. TAP is a partnership among the Departments of Labor, Defense, Veterans Affairs and Homeland Security to provide employment information to active-duty servicemembers and their eligible spouses.

TAP workshops are designed as three-day sessions to be conducted at selected military installations in the United States. At U.S. installations overseas, TAP workshops are available in:

- Germany
- Japan (including the prefecture of Okinawa)
- Great Britain
- Italy
- Korea

The workshops are conducted by professionally trained facilitators from the local state employment service, military family support centers, federal or

state contractors, or federal staff from the Veterans Employment and Training Service of the Department of Labor.

Workshop attendees learn about:

- The job search process
- Career decision-making
- Resume preparation
- Interviewing skills
- Current occupational and labor market conditions

You will also be provided with an evaluation of your employability relating to your skill level and the job market. A half day (usually the last) is given over to a briefing on benefits and services available through the VA.

If you anticipate leaving military service with a disability, you may want to attend a Disabled Transition Assistance Program (DTAP) session, normally conducted following the regular TAP workshop. These sessions are conducted by VA staff to provide individual instruction and to address the special needs of veterans with disabilities.

You may not feel that you need to attend the workshops if you already have a job waiting for you upon your retirement or separation. You should evaluate your situation carefully, however, and ask yourself if the information from the workshop might not be of some value to you down the road. We especially recommend that you attend the VA Benefits portion of the workshop. TAP workshop participants generally receive valuable information that gives them an edge over other job seekers and makes the transition from military service to civilian life less difficult than it otherwise would be. An independent national evaluation of the program estimated that TAP participants, on average, found their first post-military job three weeks sooner than those who did not participate in TAP.

That's the good news—the way TAP is supposed to work. Be aware that there are some limitations to TAP as it is actually carried out in the field. First, owing to Defense Department restrictions, TAP is not currently available in Iraq, Kuwait, or Afghanistan or certain smaller bases in the Middle East. These restrictions particularly affect members of the National Guard and Reserve, who have little opportunity to attend the workshops during the process of demobilization of their units.

Second, you may find that TAP sessions are shorter than three days at your installation. Although the participating agencies have agreed to the length of

the workshops, the actual time a servicemember is allowed to attend TAP is very much at the discretion of local commanders.

Finally, if you are unable to attend TAP while on active duty, you may still attend a workshop once you get out. TAP is available to any veteran within six months following separation from active duty. This will require contact with your local office of the state employment service (see below), to find out the schedule for TAP at a local military installation, as well as what you need to do to gain base access.

Unemployment Benefits

Unemployment Insurance provides unemployment benefits to eligible workers who are unemployed through no fault of their own. Unlike other workers, when you leave or retire from military service you are automatically entitled to receive these benefits, provided that you were separated under honorable conditions. This program is called Unemployment Compensation for Ex-Servicemembers (UCX).

As with general unemployment benefits, UCX is administered by the individual state in which you apply. The cost of the benefit is paid for by the various branches of the military.

Unemployment benefit amounts will vary, depending both on the state in which you make your initial claim and your military pay. Benefits are based upon a percentage of your earnings over a recent 52-week period. You may receive benefits for a maximum of 13 to 26 weeks. In time of high unemployment, Congress may extend this time period to 39 or even 52 weeks.

How to file a claim and what to expect.

To file a claim for UCX, you should contact the State Unemployment Insurance agency, normally listed under “State Government” in the phone directory. In some states you can now file a claim over the Internet. In filing a claim, be sure you have a copy of your DD214. This provides proof of service, character of discharge, and rank.

It generally takes two to three weeks after you file your claim to receive your first benefit check. Some states require a one-week waiting period, so that the second week claimed is actually your first week of payment.

You will have to file weekly or biweekly claims and respond to questions concerning your continued eligibility. Keep in mind that while you are drawing

UCX you must be able and available for work. When you are asked if you looked for a job during the week, answering “No, I was sick,” may temporarily disqualify you from receiving benefits.

You may be asked to report to the local state unemployment insurance office on a scheduled day and time. Be certain you keep your appointment; otherwise your benefits could be denied.

You may be directed to register for work at the state employment service office. If you turn down a referral to a legitimate job, it could jeopardize your UCX claim.

You may find that drawing unemployment benefits is not a particularly pleasant experience. In some states, that is by design in order to discourage claimants from staying on any longer than necessary. But unemployment is not welfare, and is there to provide you with a modest income stream while you are seeking work, and is thus a valuable resource to you as you get back into civilian life.

Here’s a helpful tip: The amount of unemployment you receive will depend upon the state in which you first make your claim. If you should move, that claim and its dollar amount will follow you. Therefore you would be wise to do advance research on what a state’s maximum unemployment benefit will be, both for the state in which you will be immediately upon discharge, and the state where you ultimately may be living. This can be a real advantage to you, for example, if you make your initial claim in California, where the benefits are high, and move to state like Mississippi, where benefits are considerably lower. Your California claim and its dollar amount will be transferred to Mississippi.

Dennis K. Rhoades is a Vietnam veteran who spent 35 years working on behalf of his fellow veterans. He has held positions in the Departments of Veterans Affairs and Labor and at the White House, Vietnam Veterans of America and The American Legion. Rhoades was also appointed by U.S. District Court Judge Jack B Weinstein to set up and administer the Agent Orange Class Assistance Program, a part of the 1984 Agent Orange Settlement. He retired in 2006.