Post 9-11 Veteran Business Acceleration Act

Veteran small-business owners are an important part of the U.S. economy. Veterans own 7.2% of the nation’s 5.5 million businesses with employees, according to latest data from the U.S. Census Bureau. Still, new businesses need assistance at some point, and that’s where small-business grants, loans and other financing resources for veterans come into play.

We believe that using the Post 9-11 GI Bill as an entrepreneurial fund would be an opportunity for veterans to easily transition into civilian life. This opportunity would give veterans a choice to use the hard earned skills they learned while in military service.

Financial support, using the Post 9-11 GI Bill as an entrepreneurial fund for the purposes of starting a business would include funding the education and training related to starting a business, funding the education and training required to own a franchise, funds for procurement and establishment, and credit or guarantees for business loans.

The main federal mechanism for supporting veterans and other individuals in starting businesses is the Small Business Administration (SBA). The SBA offers programs specific to veterans. For more information, see CRS Report R42695, SBA Veterans Assistance Programs: An Analysis of Contemporary Issues, by Robert Jay Dilger and Sean Lowry. If you have additional questions regarding the SBA programs and recent proposals to expand veteran-specific provisions, please contact Robert Jay Dilger or Sean Lowry.

For other federal programs that support individuals starting a business and that may serve as an example for a new program that uses GI Bill benefits, see CRS Report R41253, The Self-Employment Assistance (SEA) Program, by Katelin P. Isaacs.

Under current law among other uses, GI Bill benefits may be used to pursue any unit course or subject, or combination of courses or subjects, pursued by an eligible veteran at an educational institution, required by the Administrator of the Small Business Administration as a condition to obtaining financial assistance under the provisions of section 7(i)(1) of the Small Business Act (15 U.S.C. 636 (i)(1)).

**Highlights:**

- This would start as a pilot program with approximately 500 businesses

- Gives a qualified Veteran one year of BAH. Calculation of BAH is based off the same formula that the current Post 9/11 GI Bill determinations are. According to CRS: In general, the monthly housing allowance is based on the Department of Defense (DOD)-determined monthly basic allowance for housing (BAH) for a member of the Armed Forces with dependents in pay grade E-5 and varies depending on location.
• Gives a qualified Veteran a maximum payment of $20,000 each year for a period not to exceed three years. We feel that the decrease amount (max tuition rate offered can be up to $24,500 a year) will allow the VA to save money and apply it towards a better administrative process for the program.

• Allows multiple veterans to apply for the pilot program to pursue a common business goal (multiple veterans apply for the program to start a company using their combined funds).

• This bill will allow a veteran to opt-out of the Business acceleration program and pursue college if they do not wish to continue (the veteran will be able to have the educational benefits remaining to him/her if they only use part of the stipend but can only switch between the education and startup business program one time).

Proposals to expand the eligibility of individuals to use GI Bill benefits for entrepreneurship or starting a business have been offered.

To my knowledge, no bills have been introduced in the 114th, 115th, or 116th Congresses, however in the 113th Congress, a couple of related bills were introduced:

• The Franchise Education for Veterans Act (HR 179) was introduced. It would permit GI Bill payments under Chapters 30, 32, 33, and 34 for franchise training at a training establishment for up to 12 months and up to $15,000 total.

• The Franchise Education for Veterans Act of 2013 (S 938) would amend Chapters 30 and 33 to allow franchise training programs as programs of education using Chapter 33 payment schedules for up to 12 months and $15,000.

In the 112th Congress, two bills were introduced to expand entrepreneurship funding for GI Bill participants.

• The VET Act of 2011 (H.R.3167) would establish a veteran’s small business entrepreneurship program allowing eligible individuals to receive up to $1,421 monthly under the Montgomery HI Bill-Active Duty or up to $17,500 annually under the Post-9/11 GI Bill to acquire or start business.

• The SUCCESS Act of 2012 (S 3442) would change the definition of qualified providers of entrepreneurship education to be only any small business development center described in section 21 of the Small Business Act (15 U.S.C. 648), insofar as such center offers, sponsors, or cosponsors an entrepreneurship course, as that term is defined in section 3675(c)(2).

Several bills were introduced in prior years. A few of the salient concerns that have been raised regarding the possible use of GI Bill benefits for starting a business are establishing duplicative federal programs, the lack of expertise within the VA and state approving agencies to re-
For the latest GI Bill, the Post-9/11 GI Bill, I am not aware of publicly available data on the percentage of potentially eligible individuals who use the benefit. This statistic may be difficult to calculate because the Department of Defense and Department of Veterans Affairs would need to collaborate to determine the universe of eligible servicemembers and veterans and their family members. In addition, individuals may use their benefit immediately or several years (15 years or more) after discharge or release from active duty.

- Concerns about Multi-Level Marketing using this as a way to sell the military dreams of riches without any real changes of profitability (only 1% make money vs 39% of small businesses)

It is well known that starting a small business is a risk and our bill ensures that the Veteran receives the proper training and mentorship while on the program. The amount of money that the Veteran will receive is not enough to start a Fortune 500 company on day one, however it will allow them to use the funds that are obligated to them. Our office has received support from numerous veterans for this bill, as we are finding out that there are servicemembers that do not wish to pursue college after they leave the military. However, servicemembers have special skills that could be utilized, and this bill can help them get started.

**This bill could help Veterans who wish to pursue a small business for example:**

* A veteran utilizes the money to help start a small trucking company, the funds could help towards a down payment for a truck and the BAH that he/she will receive the first year will ease the stress of making a house payment.

* A group of Veterans want to start a Yoga studio or Barber Shop and our bill will allow them collectively to put their money into the business.

For further information on Post 9-11 Veteran Business Acceleration please contact ROA, Kevin Hollinger at (202) 670-1826 or khollinger@roa.org. If you are interested in Co-Sponsoring this projected Legislation please contact Jonathan Spangler at (202) 226-9203 or JK.Spangler@mail.house.gov.