

START-UP

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SELF-EMPLOYMENT TECHNICAL ASSISTANCE,
RESOURCES, & TRAINING

Self-Employment Q and A: Disabled Veterans and Self-Employment

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According to the Small Business Administrations' (SBA's) Office of Veterans Business Development, the number of veteran-owned businesses stands at more than 4-million. However, service-disabled veterans are self-employed at a rate significantly lower than the veteran population as a whole, according to a study released by the Office of Advocacy of the U.S. Small Business Administration. The needs and challenges experienced by veterans with disabilities often require a different and innovative mode of self-employment structure, management, marketing, and operations than those experienced by other individuals with disabilities. This Q and A on self-employment for veterans with disabilities and service-connected disabilities provides information on resources that are available to assist them in starting and operating a business.

What is the first thing that a disabled veteran should do if he or she wants to start a business?

The first step is to collect as much information on the disability benefits that the veteran may qualify for or is receiving. This includes obtaining the guidelines related to self-employment specific to each benefit. If a veteran is applying for or receiving disability benefits from the Veterans Administration (VA) and/or the Social Security Administration (SSA), he or she is advised to consult with a qualified benefits counselor or expert in this field. Benefits assistance is available from Work Incentive Planning and Assistance (WIPA) projects. A WIPA is an organization that has arranged with SSA to provide information and planning services about work and work incentives to Social Security and Supplemental Security Income (SSI) disability beneficiaries. WIPA services are available in every State and Territory and include but are not limited to the following services:

- ◆ Answer questions about how part-time, full-time, or seasonal work would affect the veteran's disability benefits and other benefits a person may receive from Federal, State, and local programs.
- ◆ Answer questions about how work would affect health care.
- ◆ Answer questions about SSA work incentives and work incentives of other programs.
- ◆ Discuss individual employment goals, including possible barriers and the resources or services that a disabled veteran would need to overcome any barriers.
- ◆ Assist in finding resources and services.

To locate a WIPA and to learn more about the services, visit: <http://www.socialsecurity.gov/work/ServiceProviders/WIPADirectory.html>

Are employment services and supports the same for all veterans with disabilities regardless of how they became disabled?

There is a difference between having a service-connected disability and a non-service connected disability. For instance, the State Vocational Rehabilitation System may assist all eligible disabled veterans, if they qualify for services regardless of how the veteran became disabled. The Veterans Benefits Administration's Vocational Rehabilitation and Employment (VR&E) services are primarily for veterans whose disabilities are service-connected.

The term service-disabled veteran means a veteran with a disability that is service-connected as defined in section 101(16) of title 38, United States Code. The disability must have resulted from or aggravated by an injury or illness while the veteran was serving on active duty in the military. When a veteran is determined to have a service-connected disability, he or she receives a rating ranging from 0% to 100%. One of the eligibility requirements to receive VA VR&E services is that the veteran has at least a 20% service-connected disability. A vocational rehabilitation (VR) counselor completes a comprehensive evaluation to determine if the veteran is

entitled to services. Once the veteran with a service-connected disability is determined entitled to services, he or she works with a VR counselor to develop and implement a rehabilitation plan¹. VetSuccess.Gov is a website with information about the services provided by the VR&E program to veterans with service-connected disabilities.




Can VR&E assist service-disabled veterans in becoming self-employed?

In 2004, a Task Force recommended to the VA system that VR&E develop a five-track system. Self-employment is one of these five tracks with the others including 1) Re-employment, 2) Rapid Access to Employment, 3) Employment through Long-Term Services, and 4) Independent Living. Services for achieving self-employment may include analysis of the veteran's business concept, development of a business plan, training in the operation of a small business, marketing and financial assistance, and guidance on obtaining adequate resources to implement the plan. These services will vary based on each veteran's rehabilitation plan.

VR&E has established Guidelines for the Administration of a Self-Employment Plan that provides information on the standards of practice for the development and implementation of a veteran's self-employment plan. According to these guidelines, a case manager can assist the service-disabled veteran in becoming self-employed by²:

- ◆ Enhancing vocational opportunities for veterans for whom self-employment is the most viable option to become suitably employed;
- ◆ Assisting veterans in identifying self-employment potential and candidacy based on eligibility criteria for Category I or Category II levels of service;
- ◆ Completing, coordinating, or contracting for a preliminary evaluation of a veteran's potential for self-employment, to include identifying areas of concern or barriers to the successful pursuit of a self-employment plan;
- ◆ Conducting a thorough and adequate feasibility analysis of all proposed business plans;
- ◆ Establishing realistic self-employment goals based on sound business research;
- ◆ Providing services based on economic viability and the severity of disability;
- ◆ Monitoring, evaluating, measuring, and verifying all self-employment plans/goals; and
- ◆ Providing services and assistance that produce a sustaining and successful self-employment business, which continues after rehabilitation services are completed.



Are there any other agencies or organizations that can assist service-connected veterans in becoming self-employed?

PL 106-50, The Veterans Entrepreneurship and Small Business Development Act of 1999, established the National Veterans Business Development Corporation. This corporation is doing business as The Veterans Corporation (TVC), which is a federally chartered 501(c)(3) organization. TVC is charged with creating and enhancing entrepreneurial business opportunities for veterans, including service-disabled veterans.

The Veterans Corporation (TVC) provides online training resources, has a Virtual Business Incubator, and has three centers that provide face-to-face assistance and training. The TVC Veterans Virtual Business Incubator (VBI) can assist a veteran to start or expand a business by locating small business resources in their area. In addition, the Veterans VBI offers business services (accounting, printing, website development, etc.) The regional education sites are located in Boston Massachusetts, Flint Michigan, and Saint Louis, Missouri. The link to these regional centers is provided under the references and resource section of this Q&A.

In addition, the Small Business Administration has an Office of Veterans Business Development. There are five Veterans Business Outreach Centers located in: Albany, NY; Pittsburgh, PA; Lynn Haven, FL; Edinburg, TX; and Sacramento, CA. These Centers offer a number of services to include pre-business plan workshops, concept assessments, comprehensive feasibility analysis, entrepreneurial training and counseling, mentorship, and other business developmental related services. A point of contact and information on the location of the Centers can be found by using the link at the end of this Q and A.



Can Small Business Development Centers assist veterans with disabilities in becoming self-employed?


Small Business Development Centers (SBDCs) offer classes and seminars on starting and operating a small business and can provide individualized consultations on writing business plans, designing a feasibility study, reviewing financial statements, and other issues related to operating a business. The experience that a SBDC has with individuals with disabilities in general and more specifically veterans with disabilities will vary from state to state and location to location. In most instances, these centers offer generic services.

The classes and seminars that are offered by SBDCs can be free or may have a fee for participation. Section 305 of the Veterans Benefits Act of 2003 authorizes the use of VA education benefits to pay for non-

¹Refer to <http://www.vba.va.gov/bln/vre/vrs.htm#bk01>.

²Guidelines for the Administration of a Self-Employment Plan available online at <http://www.warms.vba.va.gov/admin28/m28/part4/subptiv/ch08/ch08.doc>

degree/non-credit entrepreneurship courses at approved institutions. This includes courses offered by Small Business Development Centers and the National Veterans Business Development Corporation (Veterans Corporation). These courses must be approved in order for reimbursement to occur. Veterans may receive reimbursement for approved entrepreneurship courses if they are eligible for VA Education Programs to include the Montgomery GI Bill - Active Duty, Montgomery GI Bill - Selected Reserve, and Veterans' Educational Assistance Program Section 903 of Public Law 96-342. Information is provided at the end of this Q and A on how to obtain more information on the GI Bill and educational benefits.



Does the U.S. Department of labor have any programs for veterans who are interested in self-employment?

The Department of Labor Veterans' Employment & Training Service (VETS) has several programs to support the employment of veterans. One such program is the Veterans Workforce Investment Program (VWIP). This program is funded through P.L. 105-220, Workforce Investment Act, Section 168, Veterans-Workforce Investment Programs (VWIP). VWIP serves veterans with service-connected disabilities, veterans who have significant barriers to employment, veterans who served on active duty in the armed forces during a war or in a campaign or expedition for which a campaign badge has been authorized, and recently separated veterans. The program provides employment and training programs, through grants or contracts.

Another example is the Homeless Veterans' Reintegration Program (HVRP). HVRP's mission is to provide services to assist in reintegrating homeless veterans into meaningful employment. These projects can be found associated with State and local Workforce Investment Boards, public agencies, for-profit/commercial entities, and non-profit organizations, including faith-based and community based organizations. Both of these DOL programs have the capacity to support veterans interested in pursuing self-employment as an employment goal.



Does the VA provide small business loans to veterans?

No, the Department of Veteran Affairs does not make small business loans. Veterans will need to seek funding from other sources. Two options are the Microloan Program and the new Patriot Express Loan Initiative under the Small Business Administration (SBA). First authorized in 1992, the Microloan Program provides very small loans to start-up, newly established, or growing small businesses. This program is for anyone who is starting or growing a small business and is not specifically for veterans with disabilities.

Under the Microloan Program, the SBA makes funds available to nonprofit community-based lenders known as intermediaries. These intermediaries (e.g., credit unions) actually make the loans to eligible borrowers. The maximum amount of a microloan through this program is \$35,000, and the average loan is \$13,000. Individuals submit applications to the local lender, and all credit decisions are made at the local level.

Community-based lenders have their own lending and credit requirements. Usually, they will require some type of collateral and a personal guarantee from the business owner. Individuals and small businesses applying for a microloan may be required to fulfill training and/or planning requirements before a loan application is considered. Veterans interested in applying for a microloan should contact their local SBA offices [<http://www.sba.gov/gopher/Local-Information/Local-SBA-Offices/>] to identify a microlender in their areas. Or, check the SBA website [www.sba.gov] for additional information.

The Patriot Express Loan was announced in June of 2007 and is available through the SBA's network of participating lenders nationwide. The program is open to veterans, service-disabled veterans, active-duty service members participating in the military's Transition Assistance Program, Reservists and National Guard members, current spouses of any of the above, and the widowed spouse of a service member or veteran who died during service or of a service-connected disability. The Patriot Express Loan can be used for most business purposes, including start-up, expansion, equipment purchases, working capital, inventory or business-occupied real-estate purchases.

Loans will be available up to \$500,000 and qualify for SBA's maximum guaranty of up to 85 percent for loans of \$150,000 or less, and up to 75 percent for loans over \$150,000 up to \$500,000. Patriot Express Loans have SBA's lowest interest rates for business loans, generally 2.25% to 4.75% over the prime rate depending on the size and maturity of the loan. Veterans should contact their local SBA offices for a list of lenders for this loan.³

³Patriot Express Pilot Loan Initiative -- <http://www.sba.gov/patriotexpress/index.html>

Are there any other loans available that are specifically for veterans that could be used to start-up or fund a small business?

Yes, the Veterans Corporation (TVC) has partnered with the National Economic Opportunity Fund to provide veteran and service-disabled veteran entrepreneurs with access to business loans. These loans can range from \$500 to \$3 million. Veterans interested in applying for a loan should visit the Veterans Corporation website to download, complete, and submit the Capital Questionnaire⁴. Once the Questionnaire is submitted, it will be reviewed by TVC. A representative will contact the applicant and provide assistance through the process. A veteran applying for a loan through this program must be prepared to submit the following information:

1. A thorough Business Plan;
2. Monthly cash flow projections;
3. Specific details of how the loan will be used;
4. Organizational chart and company brochure, if available;
5. Management profile;
6. The last three (3) Fiscal Year financial statements of the Principal applicant and all related companies;
7. Current interim financial statements; and
8. Personal financial statements of the shareholders.

Summary

This Self-Employment Q and A: Disabled Veterans and Self-Employment has provided basic information on benefits and resources that may be available for starting a small business. This Q and A resource is not intended as all inclusive, and veterans interested in self-employment should contact the Veterans Administration as well as review the references and resources provided in this document. There are eligibility requirements for many of the programs described, and there are no guarantees that access will be automatic. Staff from START-UP / USA is available to assist veterans with disabilities with their questions. A veteran or other individual can request additional information by going to <http://www.start-up-usa.biz/ir/ir.cfm>

Resources & References

- ◆ Disabled Businesspersons Association (National Disabled Veterans Business Center) -- www.DisabledBusiness.com
- ◆ Frequently Asked Questions by Veteran Entrepreneurs -- <http://www.veteranscorp.org/Public/StartingFAQ.aspx>
- ◆ Guidelines for the Administration of a Self-Employment Plan -- <http://www.warms.vba.va.gov/admin28/m28/part4/subptiv/ch08/ch08.doc>
- ◆ Homeless Veterans' Reintegration Program -- <http://www.dol.gov/vets/programs/hvrp/main.htm>
- ◆ HVRP National Technical Assistance Center, Virginia Commonwealth University -- Contact Valerie Brooke, vbroke@vcu.edu
- ◆ Small Business Development Center's Office of Veterans Business Development -- <http://www.sba.gov/aboutsba/sbaprograms/ovbd/index.html>
- ◆ The Veterans Corporation; 1625 K Street, NW, Suite 750; Washington, DC 20006 -- www.veteranscorp.org -- vetregistrar@veteranscorp.org -- Toll Free: 866-283-8267
- ◆ The Veterans Corporation Regional Education Sites -- <http://www.veteranscorp.org/Public/Education/RegionalEducationSites.aspx>
- ◆ Title 38, United States Code - Veterans' Benefits (As Amended through P.L. 110-17, Enacted April 9, 2007) -- <http://veterans.house.gov/documents/title38.pdf>
- ◆ U.S. Department Of Labor Veterans' Employment & Training Service -- <http://www.dol.gov/vets/>
- ◆ VA Education Benefits -- www.GIBILL.va.gov (Click on Ask a Question.) -- Voice at 1-888-GIBILL-1 / TTY 1-800-829-4833
- ◆ Veterans Benefits Administration's Vocational Rehabilitation and Employment -- <http://www.vba.va.gov/bln/vre/vrs.htm#bk01>
- ◆ Veterans Business Outreach Centers -- http://www.sba.gov/aboutsba/sbaprograms/ovbd/OVBD_VBOP.html
- ◆ VetSuccess.Gov -- <http://vetsuccess.gov/>
- ◆ Veterans Virtual Business Incubator -- <http://www.veteranscorp.org/Education.aspx>

⁴The Veterans Corporation -- <http://www.veteranscorp.org/>

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