FINAL REPORT

SBA VETERANS PROJECT
July 1 - September 30, 1980

Submitted
to the
Small Business Administration
by the
Center for Community Economics

October 3, 1980

Contract No. SBA-4869-ADA/P-80

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October 6, 1980

Dr. Albert J. Prendergast
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Dear Dr. Prendergast:

We are pleased to submit herewith five copies of the Final Report of the SBA Veterans Project, in fulfillment of Contract No. SBA-4269-ADA/P-80 between the Small Business Administration and the Center for Community Economics.

We are very hopeful that the recommendations made in this report will help you in implementing Part 117 of P.L. 93-227 of the Small Business Act of 1975 as amended. We are also hopeful that the outreach and delivery system design contained in the report will enable the SBA to improve the quality and quantity of services offered to veterans, especially disabled and Vietnam veterans.

It has been our pleasure to have had the opportunity to prepare this report on behalf of the Small Business Administration. We thank you for your superb cooperation and for the autonomy which you have given us in completing all phases of the project.

Sincerely yours,

James E. Pechin
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JEP: mah

Enclosures 5

Conducted under SBA contract/grant. Statements and conclusions herein are the contractor's/grantee's and not views of the U.S. Government or Small Business Administration.
ACKNOWLEDGEMENTS

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Minority Veterans Program Administrators, Earl C. Abrams, Chairman Elect, and Frank Brown.

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October 6, 1980
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EXECUTIVE SUMMARY
OF RECOMMENDATIONS

The following is a summary, highlighting some of the most important recommendations contained in the next section.

Programs: Based upon the information and conclusions contained in Task VII (the applicability of the 8(a) program) we believe that Vietnam and disabled veterans should be certified as a group for 8(a) eligibility. However, we do not recommend that Vietnam and disabled veteran-owned firms be placed among the 2100 firms who receive SBA set-aside procurement contracts. The set-aside program was established primarily for ethnic and racial minorities and is not of sufficient size to allow the inclusion of many new firms.

Of much more importance to Vietnam and disabled veterans are other services that the 8(a) designation provides. These are the 8(d) program (procurement assistance), 7(j)(1) through 7(j)(9) (Management Assistance Services), and greater utilization of the 7(i) (Economic Opportunity Loan) programs. Additionally, greater veteran involvement in the PASS (Procurement Automated Source System) program would create more opportunities for all veteran-owned firms.

Reporting: Throughout the project we encountered difficulty in determining the number and types of services being provided to veterans. To remedy this lack of statistical data and information, we recommend modification of all service delivery and internal reporting mechanisms to add veteran identifiers wherever feasible. This will provide for better implementation, monitoring and evaluation of veteran services.

Implementation: We strongly concur with the recommendations in the proposed Executive Order on Veterans-in-Business which were made by the Veterans Task Force at the White House Conference on Small Business in January 1980. We particularly support the proposed provisions of the Order which require that the SBA create an Associate Administrator for Veterans Business Enterprise and that the SBA appoint a full-time Regional Coordinator for Veterans Activities in each of the federal regions. Since the primary function of the locally selected district Veterans Affairs Officers is coordination and referral services, we maintain that the eleven regional coordinator positions must be created and that they have the sole responsibility of ensuring services to veterans as required by P.L. 93-237, as amended.

JAMES E. PECHIN
Executive Director
RECOMMENDATIONS

The Center for Community Economics is required, on page two of contract SBA-4369-ADA/P-80, to submit a series of recommendations which will allow the Small Business Administration to effectively implement SBA regulations in subpart 116, the result of the passage of the Small Business Act of 1974 (P.L. 93-237). This section of the report also makes recommendations about certain SBA policies or practices which are not included in subpart 116 but which do affect the level of services which the Small Business Administration provides to veterans.

The recommendations are based upon:

- In-depth interviews with SBA policy, program and field staff;
- Meetings and discussions with veterans' organizations; and
- In-depth interviews with policy and program staff of federal agencies and departments other than SBA.

The recommendations are not listed in order of importance.

1. SBA develop and implement a long range plan for monitoring and reporting business loan, management assistance and other services to veterans.

2. SBA submit quarterly reports to the Senate and House Committees on Veterans' Affairs, including the participation levels of veterans in all SBA programs and services.

3. SBA Field Offices develop annual goals and timetables for providing services to veterans.

4. SBA amend the District Office monthly reporting form to include services which are provided to veterans.

5. SBA administratively designate Vietnam veterans and disabled veterans "socially disadvantaged" in order for such veterans to qualify, as a group, in the 8(a) program, or, SBA designate Vietnam and disabled veterans for group eligibility in the 8(d) mini-certification program.

6. Following the designation of Vietnam and disabled veterans for group 8(a) eligibility, SBA make such veterans, as a group, eligible for the 8(d) contracts, the 7(i) loan program and the 7(j) management and technical assistance program.

7. SBA develop and implement a system to link veterans who receive 7(i), 7(j) and 8(d) assistance with the Procurement Automated Source System.

8. SBA take administrative action to ensure that Veterans Affairs Officers are employed exclusively to provide services to veterans, their dependents and survivors.
9. SBA develop goals and timetables for systematic training of Veterans Affairs Officers at the District and Regional levels.

10. SBA's Office of Advocacy develop and implement a plan to assist veteran business-owners. The plan should include the budgeting of positions for full-time veterans' affairs staff in the Office of Advocacy.

11. SBA develop and implement an innovative plan which will significantly improve veterans' participation in the Bank Certification Program.

12. SBA develop and implement a nationwide plan to promote the positive image of veteran business-owners and prospective veteran business-owners with commercial lending institutions.

13. SBA develop and implement an Executive Order Pertaining to Veterans in Business as per the recommendation of the Veterans Task Force of the White House Conference on Small Business. The key components of the Executive Order should include but not be limited to the following:

- Targeting, in each fiscal year, a minimum of 25 percent of all direct loan funds and 25 percent of all guaranteed loan funds for veteran-owned businesses. Such percentages should be reflected in Regional operating plans and budgets.

- Establishment of a Task Force on Veterans' Business Enterprise within the White House Veterans Coordinating Committee.

- Designation, by SBA, of an Associate Administrator for Veterans Business Enterprise.

- Appointment, by SBA, of a full-time Regional Coordinator for Veterans Activities in each of the federal regions whose sole responsibility will be to supervise, monitor and coordinate SBA services to veterans. Positions should be budgeted in the Regional operating plan.

- Provision for each SBA Field Office to conduct four special Pre-Business Workshops and Problem Clinics for Veterans in each fiscal year and provision for systematic follow-up assistance.

- Development of an SBA and Veterans Employment Service (U.S. Department of Labor) interagency agreement to coordinate SBA job creation activities with the job placement activities of VES.

- Creation and implementation of an innovative plan for a joint federal and private sector effort to bring about increased numbers of new Vietnam veteran-owned businesses and more successful Vietnam veteran-owned businesses.

14. SBA systematically review the grade levels of all Veterans Affairs Officers in District Offices and ensure that a uniform grade of GS-12 or above is maintained.
15. SBA develop and implement a comprehensive plan to improve the participation of catastrophically disabled veterans in the HAL-1 and HAL-2 programs.

16. SBA systematically review the loan principal-to-collateral ratio to ensure that veteran loan applications are not being denied because of excessive collateral requirements.

17. SBA develop goals, timetables and methodology to improve its hiring performance under the Veterans Readjustment Appointment program.

18. SBA develop goals, timetables and methodology to improve its performance in the Noncompetitive Appointments for Compensably Disabled Veterans program.

19. SBA improve the working relationship with the Veterans Administration by taking the following steps:

   - VA and SBA design and implement a media campaign to inform veterans, especially disabled and Vietnam veterans, of benefits and services provided by both agencies with respect to small business development.

   - VA and SBA arrange for the systematic participation of SBA Veterans Affairs Officers on local VA Civic Councils and Federal Executive Boards.

   - SBA and VA systematically provide comprehensive information seminars on SBA programs and services for VA Veterans Benefits Counselors in the 58 VA Regional Offices.

   - SBA request and VA provide, through "Operation Outreach Vet Center" personnel, sensitivity training about veterans, particularly Vietnam and disabled veterans, to SBA employees in District and Field Offices.

   - SBA remove the "Veterans Administration Guaranteed Loan" provision from its Standard Operating Procedures Manual (i.e., revision 1-A, page 289, effective December 14, 1979). The Veterans Administration Guaranteed Loan does not now exist.

   - SBA field offices develop goals, timetables and methodologies for establishing viable working relationships and substantive linkages with the VA's Operation Outreach Vet Centers.

20. SBA develop a videotape to be used as a component in future training sessions for Veterans Affairs Officers. The purpose of the videotape will be to provide an operational definition of "special consideration." The script for the proposed videotape can be found in Task IX of the Final Report of the SBA Veterans Project.

21. SBA implement the operational definition of "special consideration" as contained in Task VII of the Final Report of the SBA Veterans Project. This comprehensive definition should be included in the Veterans Affairs Handbook which the SBA has produced as a training aid.

22. SBA should enhance veterans' participation in government programs through the following initiatives. (See Task III of the Final Report of the SBA Veterans Project.)
23. Improve the participation of Vietnam and disabled veterans in the SBA managed Procurement Automated Source System (PASS) by:

- Reviewing the current PASS file for Vietnam veteran ownership status during the PASS program listees' yearly update. While SBA Form 1167 (10-79) does have a place for veteran status, its earlier counterpart, 1167, did not. Some offices may still be sending out the earlier forms, since they were instructed to use stocks of the 12-78 edition until they ran out. Use of 12-78 should be abolished, and annual updates should check for Vietnam veteran ownership.

- Inviting Vietnam veteran firms which are included in the PASS program to participate in government contracting seminars with contracting officials. Seminars could be jointly sponsored by the SBA, Federal Executive Boards and veterans organizations.

- Identifying Vietnam veteran-owned business through forms on hand or on those being processed through Management Assistance (Request for Counseling Form, SBA 641 (6-75)); Management Assistance Control Record (SBA Form 1062, 1-80); Financing and Portfolio Management (Loan Inquiry Record, SBA Form 149 (5-75); and the Loan Approval Document (SBA 135 (1-73)). Veteran-owned firms should be sent PASS applications and invitations to government contracting seminars.

- Notifying SBA personnel, government contractors and government contracting officers of the Vietnam veteran identifier on the PASS form. This could be accomplished by using bulletins, brochures and presentations.

24. SBA take systematic and innovative steps to improve veteran participation in the 7(j) and 7(j)(10) programs. SBA should:

- Inform veterans of 7(j) and 7(j)(10) through the use of seminars, publications and direct mailings to those on the PASS list, and through contact with veterans whose names are on file in portfolio management.

- Promulgate a regulation specifically to target Vietnam veterans for 7(j) assistance which would in turn direct SBA field staff to seek out Vietnam veteran-owned businesses.

25. SBA improve veteran participation in the Certificate of Competency program. SBA should:
- Modify their regulations to enable a veteran-owned business to voluntarily request a Certificate of Competency in advance of a contract bid or response to a Request for Proposal. This could increase the incidence of contracting between veteran-owned business and government.

26. SBA should take the following action to improve the accessing of government bid lists by veteran-owned businesses. They should:

- Disseminate government bidding information to veteran-owned businesses through mailings and information seminars. Information should be provided about Commerce Business Daily, Standard Form 129 (Bidders Mailing List Application), Bidders Mailing List Application Supplement (DD-Form 558-1), U.S. Government Purchasing and Sales Directory, Small Business Subcontractors Directory, "Selling to the Military" (DOD), and "Doing Business with the Government" (GSA).

- Revise Bidders Mailing List Application (Form 129) to reflect veteran status.

- Develop and implement an innovative program to systematically inform veteran-owned businesses of procurement information available through Regional Procurement Centers and SBA Procurement Representatives in procurement centers.

- Establish a set-aside for Vietnam and disabled veterans in government procurement contracts, particularly in the Veterans Administration.

27. SBA develop and implement an outreach plan to systematically inform prospective veteran business owners of the Program Logic Automated Training Orientation (PLATO). PLATO is a program of self-instruction on "building your own business."

28. SBA develop and implement an outreach plan to inform veterans who are eligible for the 7(i) program of business counseling, management training, legal and related services available to them.

29. SBA develop a methodology to systematically inform minority veterans of the opportunities available to them under the 8(a) contracting program and the 7(j) program.

30. SBA develop and implement a plan to systematically inform potential veteran business owners of loans available under the 7(a) program.

31. SBA inform veterans, especially Vietnam veterans, of the advantages (i.e. lower equity requirements) of applying for a guaranteed loan under the Economic Opportunity Loan (7(i)) program.
TASK I

DESIGN OF OUTREACH SYSTEM

SBA Veterans Project, James E. Pechin, Executive Director,
SBA Contract No. SBA-4869-ADA/P-80, Washington, D. C.,
September, 1980.
TASK I

DESIGN OF OUTREACH SYSTEM

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(d) - Veterans Service Officers (VA)
(e) - American Legion State Adjutants
(f) - American Legion Service Officers
(g) - AMVETS
(h) - Disabled American Veterans (DAV) Outreach
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DESIGN OF OUTREACH SYSTEM

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(c) - White House Veterans Outreach
(d) - Veterans Service Officers (VA)
(e) - American Legion State Adjutants
(f) - American Legion Service Officers
(g) - AMVETS
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(a) - Veterans Administration Operation Outreach Centers  
(b) - National Veterans Resources  
(c) - White House Veterans Outreach  
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## DESIGN OF OUTREACH SYSTEM

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OUTREACH SYSTEM ORGANIZATION CODES:

(a) - Veterans Administration Operation Outreach Centers
(b) - National Veterans Resources
(c) - White House Veterans Outreach
(d) - Veterans Service Officers (VA)
(e) - American Legion State Adjutants
(f) - American Legion Service Officers
(g) - AMVETS
(h) - Disabled American Veterans (DAV) Outreach
(i) - Paralyzed Veterans of America (PVA)
(j) - VFW Department Service Officers
DESIGN OF OUTREACH SYSTEM

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### Wisconsin, cont.

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**OUTREACH SYSTEM ORGANIZATION CODES:**

1. Veterans Administration Operation Outreach Centers
2. National Veterans Resources
3. White House Veterans Outreach
4. Veterans Service Officers (VA)
5. American Legion State Adjutants
6. American Legion Service Officers
7. AMVETS
8. Disabled American Veterans (DAV) Outreach
9. Paralyzed Veterans of America (PVA)
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(a) - Veterans Administration Operation Outreach Centers
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(f) - American Legion Service Officers
(g) - AMVETS
(h) - Disabled American Veterans (DAV) Outreach
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Missouri

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Vet Center Vet Center
3600 Broadway, Suite 19 2345 Pine St
Kansas City, MO 64111 St. Louis, MO 63103
(816) 753-1866 (314) 231-1260, 61, 62
FTS: 758-7212 FTS: 276-4620

(b) St. Louis Area Veterans (d) Elgin D. Hartshorn
Consortium, Inc. St. Louis, MO
William Elmore FTS: 279-5039
Veterans Service Center St. Louis, MO
8622 St. Charles Rock Rd P.O. Box 179
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(314) 428-6534
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c/o VA, Rm 4027
1520 Market St
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(h) George D. Stout
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1501 Locust, 10th Floor
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(a) - Veterans Administration Operation Outreach Centers
(b) - National Veterans Resources
(c) - White House Veterans Outreach
(d) - Veterans Service Officers (VA)
(e) - American Legion State Adjutants
(f) - American Legion Service Officers
(g) - AMVETS
(h) - Disabled American Veterans (DAV) Outreach
(j) - Paralyzed Veterans of America (PVA)
(k) - VFW Department Service Officers
DESIGN OF OUTREACH SYSTEM

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(d) Robert B. Ziegenhine  
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(e) E. Dean Hunter  
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Denver, CO 80211

(f) Brenda Van Antwerp  
Dept Service Officer  
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c/o VARO  
Denver Fed Center  
Denver, CO 80225  
FTS: 234-2458

(h) Bill Jenkins  
DAV Vietnam Veterans Outreach  
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Denver, CO 80204  
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(k) Edward G. Glade  
VFW Dept Service Officer  
VFW Office  
Denver Federal Center  
Denver, CO 80225  
(303) 234-2424  
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(j) James Hill  
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Denver VA Regional Office  
Denver Fed Center  
Denver, CO 80225  
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(d) Martin F. Bleskey  
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(f) David W. Armstrong, Jr.  
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(h) John Sloan  
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FTS: 783-5693

(e) Vernon Useldinger
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Fargo, ND 58108

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Disabled American Veterans
VA Regional Office
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Fargo, ND 58102
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South Dakota

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Sioux Falls, SD 57102
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(d) Gaylyn W. Reiners
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(h) Lawrence W. Bouska
Disabled American Veterans
VA Regional Office
Court House Plaza
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South Dakota, cont.

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OUTREACH SYSTEM ORGANIZATION CODES:

(a) - Veterans Administration Operation Outreach Centers
(b) - National Veterans Resources
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(g) - AMVETS
(h) - Disabled American Veterans (DAV) Outreach
(i) - Paralyzed Veterans of America (PVA)
(k) - VFW Department Service Officers

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DESIGN OF OUTREACH SYSTEM

List of Veteran Organization Contacts *

REGION IX

Arizona

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(a) Frederick Hoskins  
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(b) Center for Veterans Rights  
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(b) Veterans Counseling & Guidance Center  
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(h) Vet Center  
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(h) DAV Vietnam Veterans Outreach  
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(f) - American Legion Service Officers  
(g) - AMVETS  
(h) - Disabled American Veterans (DAV) Outreach  
(j) - Paralyzed Veterans of America (PVA)  
(k) - VFW Department Service Officers
DESIGN OF OUTREACH SYSTEM

List of Veteran Organization Contacts *

REGION X

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(j) Kaye Herzer  
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400 Boren Ave  
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Seattle, WA 98114  
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OUTREACH SYSTEM ORGANIZATION CODES:

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(f) - American Legion Service Officers  
(g) - AMVETS  
(h) - Disabled American Veterans (DAV) Outreach  
(j) - Paralyzed Veterans of America (PVA)  
(k) - VFW Dept Service Officers
TASK II

ASSESSMENT OF SMALL BUSINESS PROGRAMS
TASK II

ASSESSMENT OF SMALL BUSINESS PROGRAMS

Introduction

Under this task, contractor was required to conduct interviews with SBA personnel in order to analyze the programs listed below and to determine the appropriateness of referring veterans to these programs. The initial listing of programs submitted in the proposal were taken from the Federal Catalog of Domestic Assistance Programs for Fiscal Year 1979. Changes in SBA law and regulations, such as the passage of P.L. 95-507, changed some of the program titles and thereby reduced the number of programs contained in the contract from eleven to nine. The nine programs are: Economic Opportunity Loan (7(i)), Management Assistance, Call Contracting ((7)(j)), Minority Business Development (8(a)), Small Business Investment Corporations (SBICs), Regular Business Loans (7(a)), and Handicapped Assistance Loans (HAL-1 and HAL-2), Service Corps of Retired Executives (SCORE), Active Corps of Executives (ACE), and Procurement Automated Source System (PASS). Based upon research conducted during the past 90 days this contractor has formed the following assessments.

1. Economic Opportunity Loans.

Under Section 7(i) of the Small Business Act the SBA is authorized to make, participate in, or guarantee loans directed toward low-income persons and persons who are socially or economically disadvantaged. Current SBA regulations state that being a Vietnam veteran is a contributing factor to being classified socially or economically disadvantaged. Therefore, it appears that this loan program is the program of greatest benefit to the Vietnam veteran population.

If the veteran is not socially or economically disadvantaged, he/she could qualify for this program by being designated low income which means that the veteran's total family income from all sources must be insufficient to satisfy the basic needs of the family and that this status is not self-imposed, such as a veteran pursuing a full time course of education. The other criteria to qualify for this program require that the veteran have repayment ability or, in other words, be able to service the debt on the loan. As in other SBA loan programs, collateral is the least important factor in evaluating the loan. This loan program provides the greatest opportunity for use by Vietnam veterans and also other veterans who can meet the criteria stated above.

2. Management Assistance

There are numerous areas under management assistance which would be most beneficial for veterans. Veterans may enroll in courses, conferences, problem clinics and pre-business workshops that are co-sponsored by the
SBA several times a year in each region. The courses, conferences and problem clinics would be most useful for veterans already in business and for those veterans who are potential entrepreneurs. A pre-business workshop would be the best way for them to learn the fundamentals of starting a small business. Veterans also could receive some of the over 300 SBA brochures, pamphlets and books on all facets of owning or operating a business. Additionally, in those communities where available, veterans could utilize Small Business Institutes and Small Business Development Centers. A new program which will be beneficial to the veteran population is the Program Logic Automated Training Orientation (PLATO). PLATO is a program of self-instruction on “building your own business”. These courses are offered through Commercial Credit Corporation learning centers. In order to enroll in one of these courses, the veteran should approach the Assistant District Director for Management Assistance. There is no charge for the instruction and any present or prospective manager/owner may participate.

3. **Call Contracting Program (7(j)).**

If a veteran meets the criteria for the 7(i) program described above, such veteran may request 7(j) services. Based upon P.L. 95-507 and with the exception of the 7(j)10 program which is restricted to those firms which are enrolled in the 8(a) program, the SBA is to give special attention to small businesses located in areas of high concentration of unemployed or low-income individuals and to small businesses eligible to receive contracts under section 8(a). Under the Call Contracting Program, consultants are hired by the SBA to provide quality management training intended to result in entrepreneurial and managerial self-sufficiency on the part of the small business owners served. Consultants furnish business counseling, management training, legal and other related services. Veterans eligible under 7(i) criteria may submit a Request for Counseling (Form 641) to the SBA. There is no charge to the small business firm requesting the service and the number of hours needed to assist the small business owner is negotiated between the SBA representative and the consultant/service provider.

4. **The 8(a) Program.**

The 8(a) Program’s primary benefit to the veteran population is for those veterans who are included in certain ethnic groups. These groups include but are not limited to Black Americans, Hispanic Americans, Native Americans, and Asian Pacific Americans. While inclusion in these groups is not required by law to qualify for the 8(a) program, there are very few non-minority firms currently in the program. Based upon the difficulty of receiving 8(a) certification for non-minority veterans, the primary benefit of this program is for those ethnic groups described above.
5. **Small Business Investment Corporations (SBICs).**

Small Business Investment Corporations provide venture or risk equity capital to businesses which would not otherwise be able to obtain it. They make either direct loans or equity-type investments. Businesses which acquire capital through SBICs actually allow the SBIC to own a portion of the business. In return the business receives much needed venture capital. In addition to SBICs there are section 301(d) SBICs which were formerly called Minority Enterprise SBICs (MESBICs). Based upon the fact that service during the Vietnam era is a contributing factor to being classified as socially or economically disadvantaged, Vietnam era veterans could avail themselves of the opportunities presented by 301(d) SBICs as well as SBICs. Since many veterans have a need for venture capital, SBICs are good potential sources of financial assistance.

6. **Regular Business Loans (7(a)).**

The majority of SBA loans made to small businesses are through the 7(a) program. Due to the extremely limited amount of direct loan money available, many veterans should focus their efforts on the 7(1) and 7(a) guaranteed loan programs. The primary advantage of regular business loans vs. an Economic Opportunity Loan is the EOL loans are limited to $100,000 for the SBA share and 7(a) loans may go as high as $500,000. The 7(a) program, based upon the total number of loans guaranteed is the most available loan program for the veteran population. The qualifying criteria for this program are that the funds are not otherwise available, that the applicant is of good character and has repayment ability, and in most cases, the applicant must have sufficient equity and collateral available. The average size loan made under this program is approximately $137,000. The interest rate is limited to a maximum of 2.25\% over the New York prime rate. The limit for a direct loan under the 7(a) program is $150,000, set through administrative regulations. However, the statutory limit is $350,000. The 7(a) program has the greatest potential for providing loans to the most veterans.

7. **Handicapped Assistance Loans (HAL-1 and HAL-2).**

The HAL-1 loan program is the only program in which the SBA may guarantee loans to non-profit organizations. HAL-1 organizations must operate solely for interests of handicapped individuals and not less than 75 percent of its employees must be handicapped as defined by the SBA. Organizations composed of disabled veterans would be the obvious beneficiaries of this program.

The HAL-2 program provides loans to establish, acquire or operate a small business owned by a handicapped person or persons. To qualify for this program a veteran must be handicapped and be unable to engage in "normal competitive business practices" without SBA assistance. In order for a disabled veteran to qualify for the HAL program the veteran must have a
permanent physical, mental or emotional impairment, defect, ailment, disease or disability which limits the choices of employment for which the veteran would otherwise be qualified. Additionally, the veteran must demonstrate economic hardship related to the disability. The greatest advantage of the HAL program is the direct loan rate of three percent per year. However, if the veteran is able to secure a portion of the loan funds needed from a commercial bank, that portion would bear interest at the regular rate established by the bank and SBA. An additional benefit to a veteran applying under this program is that in borderline cases, where reasonable doubt exists as to repayment ability, the decision is usually made in favor of the applicant.

8. Service Corps of Retired Executives and Active Corps of Executives.

These two programs can provide free management assistance to veteran-owned businesses. SCORE currently has over 8,000 retired business executives working on a volunteer basis. These individuals will make on-site visits, discuss and analyze the problems you are having in your business and attempt to help you solve those problems. The Active Corps of Executives provides similar services with the added advantage that they are actively engaged in business and are able to update the management counseling provided by SCORE personnel. The advantage for veterans in both of these programs is that they provide experienced personnel and are free to the veteran requesting such service.


The PASS program is used by government agencies and large government contractors as a resource for screening and locating possible contractors and subcontractors. The PASS entry form dated October 1979 or later contains a veteran identifier as well as a Vietnam veteran identifier. The PASS program can be made an effective tool for expanding disabled and Vietnam veteran involvement in government contracting. The PASS program offers the greatest opportunity for increasing the number of veteran-owned businesses able to locate and enter into procurement contracts with the federal government.
TASK III

REPORT ON SBA
PROCUREMENT PROGRAMS AND
RESOURCES AVAILABLE FOR VETERANS

James L. Finkle
Service Director

ST. LOUIS AREA VETERANS CONSORTIUM, INC.
8622 St. Charles Rock Road
St. Louis, MO 63114
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3. 7(j) and 7(j)(10) Program
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1. Introduction

The information contained in this survey came from personal experience, meetings with several SBA officials including an Assistant District Director for Minority Small Business/Capital Ownership Development, a Subcontract Specialist and a Procurement Center Representative, many phone calls to the SBA, and readings of both SBA and non-SBA publications. While the 8(a) program is a procurement program, it is not discussed in this task because it is described fully in Task VII.

SBA outreach to provide procurement assistance to small businesses, except for some seminars, has been limited. None of the seminars have been directed toward Vietnam or disabled veterans. Instead, the SBA uses indirect means to achieve its outreach objectives. Bankers and other members of the business community are kept up-to-date by SBA so they can respond to requests for information by business owners, or, SBA directly answers questions raised by small business owners in interviews with SBA employees.

It is difficult to retrieve data on the number of Vietnam and disabled veterans served by SBA and what services are being provided to them. SBA forms do not provide for easily retrievable data on Vietnam and disabled veteran business owners. Therefore, the goals set by SBA to serve these groups are difficult to achieve, or at least are difficult to recognize if they are met. The lack of a data base makes program implementation, measurement and possible corrective action difficult.

The most logical place for this demographic information to be collected is the Personal History Form (SBA 912). No information concerning veterans' status appears on this form now, however. The addition of this information would help the SBA to assist Vietnam and disabled veterans, as well as assist the Agency to document and report the results of such assistance.

SBA procurement personnel are currently located at the Regional level or outstationed in Federal Procurement Centers. Although the SBA is now placing procurement personnel at the District level, the process has not yet been completed. However, at no level do SBA procurement personnel have specific responsibilities toward veterans different from any other group they are mandated to serve.

SBA employees, government contracting officers and procurement officers in large government contract firms need to be made aware of Vietnam and disabled veteran small business owners. SBA can accomplish this goal by using:

- set-asides for Vietnam and disabled veteran small business procurement contracts
- forms' modifications
- seminars
- publications
The Procurement Automated Source System (PASS) is used by government agencies and large government contractors as a resource for screening and locating possible contractors and subcontractors.

Government contractors (over $500,000) are required by P.L. 95-507 to show in a business plan how they will subcontract with small businesses. The percentage of contract monies that will be subcontracted out to small business is negotiated by the government's subcontracting specialist with the large contractor. Although a percentage within this amount of money is specifically identified for minorities, none of this is specifically identified for Vietnam and disabled veterans.

Contractors exceeding $10,000 and equal to or less than $500,000 are to include in their contract a statement that they will make their "best effort" to subcontract with small businesses, as long as such contract does not interfere with the performance of their contract.

Government agencies are required to contract with small businesses whenever possible. Exceptions are defense contracts for sophisticated weapons systems, computer and vehicle purchases. However, even under these circumstances, the primary contractor must show, in the business plan presented to the agency, how they will subcontract with small businesses.

Both government contractors and government agencies may use the PASS program to aid them in fulfilling their contracting responsibilities.

Contracting officers in government agencies are responsible for small business contracts, with SBA Procurement Representatives ensuring compliance. SBA Procurement Representatives are located in Federal Procurement Centers. For-profit government contracting firms are audited by SBA Subcontract Specialists located in SBA Regional Offices.

Data on firms are stored in PASS by Standard Industrial Classification Code and geographical area. Other information stored is address; number of employees; percentage of output in manufacturing, research and development, services and construction; type of ownership; employer identification number; years in business; dollar amounts of sales in the commercial, government, Canadian and export sectors; arrival date (system entry); and (most importantly) capabilities.

A firm gains entry into the PASS by filling out an SBA Form 1167 (10-79) (enclosure 1), and returning it to their SBA Regional Office. This form does have a space on it for veteran status and Vietnam era veteran status.

Limits on how many businesses may be in the PASS program in any one area are negotiated between the District, Central and Regional Offices.
The capabilities block of the form is very important. A firm applying for PASS entry should go to the nearest procurement representative and ask to use the PASS Users Guide. Using the key words and phrases found in the dictionary section of the PASS Users Guide will make a more effective PASS presentation.

Recommendations

The PASS program can be an effective tool for expanding Vietnam and disabled veteran involvement in government contracting. There are a number of possible ways of expanding the involvement of Vietnam and disabled veterans in PASS.

A basic measure that must be taken is to review the current file for Vietnam veteran ownership status during the PASS program listees' yearly update. While SBA Form 1167 (10-79) does have a place for veteran status, its earlier counterpart, 1167 (12-78) (enclosure 2), does not. Some offices may still be sending out the earlier forms, since offices were instructed to use stocks of the 12-78 edition until they ran out. Use of 12-78 should be abolished, and annual updates should check for Vietnam veteran ownership.

Vietnam veteran firms in the PASS program could be invited to participate in government contracting seminars with contracting officials. Seminars could be jointly sponsored by the SBA, Federal Executive Boards and veterans organizations.

Vietnam veteran owned businesses can be identified through forms on hand or on those being processed through Management Assistance (Request for Counseling Form, SBA 641 (6-75)); Management Assistance Control Record (SBA Form 1062, 1-80); Financing and Portfolio Management (Loan Inquiry Record (SBA Form 149(5-75)); and the Loan Approval Document (SBA 135(1-73)). Veteran owned firms should be sent PASS applications and invitations to government contracting seminars.

SBA personnel, government contractors and government contracting officers should be notified of the Vietnam veteran identifier on the PASS form. This could be accomplished by using bulletins, brochures and presentations.

3. 7(j) and 7(j)(10) Program

The 7(j) program is primarily for firms located in areas with high concentrations of unemployed or low-income individuals. The firms need not be owned by minorities but they must need financial, accounting, reporting, or marketing consultation assistance and qualify for 7(i) or 8(a) assistance. Service during the Vietnam era may assist veterans in being designated socially or economically disadvantaged. Such designation is a requirement to qualify for Economic Opportunity Loans (7(i)).
The recipient must already be in business and make application on an SBA Form 641 (Request for Counseling). When filling out the form, the narrative block should contain a detailed account of assistance needed, in as much depth as possible. It is very important to check the 406 box under "Type of Service Requested." Checking the box will allow the veteran owned firm access to consulting services provided by for-profit firms under contract to the SBA. There is no charge to the veteran business owner, and the owner benefits from the knowledge of a firm currently in business. The amount of hours needed to assist the small business owner (set forth in the narrative) is settled between the SBA representative and the consultant.

The budget for this program is set nationally, with allocations negotiated at different levels until they reach the District level. The District, if its budget runs low, may go back for more money.

The 7(j)(10) Program is for 8(a) eligibles only. Aside from the eligibility requirement, the systems are identical.

Both programs are presently used primarily as an internal tool for aiding and examining firms delinquent on their SBA guaranteed or direct loans.

Recommendations

The 7(j) and 7(j)(10) programs could be used by more veterans if there was increased veteran awareness and increased veteran use of them through seminars, publications and direct mailings to veterans on PASS lists and veterans on file in portfolio management.

A regulation promulgated to specifically target Vietnam veterans for 7(j) assistance would encourage SBA employees to seek out Vietnam veteran owned business.

4. Certificates of Competency

The Certificates of Competency (COC) program is one that the SBA uses to certify small, untried firms for government contracts. It involves an investigation by SBA personnel of a firm's financial background, managerial and technical expertise, and plant equipment. If a small business is the low bidder on a contract, but the contracting officer proposes to reject the bid because the officer questions the firm's ability to perform the contract on the grounds of capacity, credit, perseverance and integrity, the contracting officer must refer the case to the SBA.

SBA will contact the business owner and tell him/her of the impending decision, but it will offer the owner an opportunity to apply for a Certificate.
of Competency. If the SBA investigation shows that the business meets the standards required by the proposed contract, the small business can be issued a Certificate of Competency. When the owner presents it to the questioning contracting officer, the contract must then be awarded to the small business.

This procedure is a provision required by the Defense Acquisition Regulation (DAR) and the Federal Procurement Regulations (FPR).

Recommendations

Obtaining Certificates of Competency would assist veteran owned small businesses to gain government contracts by removing, in advance, an agency's reluctance to contract with a small firm due to its lack of a track record.

A modification in the regulations could enable a veteran owned business to voluntarily request a Certificate of Competency in advance of a contract bid or response to a Request for Proposal and could increase the incidence of contracting between veteran owned business and the government.

5. Government Bid Lists Access

There are large numbers of purchasing offices for the goods and services required by the government. The offices present a maze of bureaucracy, many with individual systems. The optimum single attempt to access bids is through PASS, however PASS is not comprehensively used by government agencies. Two solutions are: 1) exhaustive research on the part of business owners in research and applying for entry onto individual agency bid lists; and 2) contact with SBA Procurement Center Representatives for advice and assistance.

The two means the government uses to attract offers from potential contractors are formal advertising and procurement by negotiation. Formal advertising involves making the requirements of the contract known and requesting bids to fulfill the contract. The government is obligated to accept the lowest "qualified" bidder. Qualified means a bidder who can fulfill the contract within the time frame, specifications, and other conditions the Invitation for Bids (IFB) may set forth. Procurement by negotiation is used in special circumstances for which formal advertising would be unsuitable or too cumbersome.

For example, if the number of manufacturers for an item is finite (aircraft, vehicles, or medicine) or of a classified nature, procurement by negotiation will be used. If an item is urgently needed or the contract to be let is under $10,000, procurement by negotiation also is used. In the former case, this is due to time constraints, in the latter it is used because of the expense involved in formal advertising. In all cases of procurement by negotiation it is important to note that only bidders already known to the agency are contacted.

Class Mail. Responding to an agency's request for bids (formal advertising) will get a business put on their bidders mailing list, or at least get the forms needed to be placed on the list. Knowledge of contracts settled under procurement by negotiation can be gained by writing each agency's purchasing/contracting department directly and requesting to be put on their list of firms. Requests for Proposals (RFPs) or Requests for Quotation (RFQs).

Another way to get on bidders lists is to fill out Bidders' Mailing List Applications (Standard Form 129) (enclosure 3) and mail it to the agencies. For Department of Defense agencies, a Bidders' Mailing List Application Supplement (DD Form 558-1) also is required.

The two best publications for compilations of mailing lists of agencies are: 1) U.S. Government Purchasing and Sales Directory, and 2) Small Business Subcontractors Directory. Two other publications that are available from any SBA office are: 1) "Selling to the Military" (Department of Defense), Stock Number 008-000-00345-9, for sale by the Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 20402 (enclosure 4); and 2) "Doing Business with the Government" (U.S. General Services Administration), available from Business Services Offices and from the Director of Public Services (AVS), General Services Administration, Washington, D. C. 20405 (enclosure 5).

It is also important to note that these publications are available from Procurement Center representatives and should be available from the procurement staff in SBA Regional Offices.

The Bidders' Mailing List Application does have minority ownership information on it, but does not have any information about Vietnam or disabled veteran ownership.

Recommendations:

To increase the participation of Vietnam and disabled veterans in government bidding activities, information should be disseminated through seminars and mail-outs.

Veterans should be advised to contact their Regional procurement personnel and the SBA procurement representatives in procurement centers.

Once again, government set-asides would greatly aid in establishing goals to specifically include Vietnam and disabled veterans in government procurement practices. In order for set-asides to work, and for goal management and reporting purposes, the Bidders' Mailing List Application (Form 129) should be revised to reflect veteran status, also.

Vietnam veterans should be included in the 8(d) program. Through this program businesses are given the maximum practicable opportunity to participate in contracts let by the government. This program would provide an incentive to government agencies to seek out Vietnam and disabled veteran-owned firms.
Inclusion in the 8(d) program would increase the activity of disabled and Vietnam veteran-owned firms in the government marketplace.

In any preference given to Vietnam veterans in government contracting, the Department of Defense and the Veterans Administration should take the lead in giving veterans preference in procurement contracts. As large procurement agencies intimately connected with veterans, the SBA should meet with these agencies and encourage the initiation of procurement activities in contracting with Vietnam and disabled veterans.

The General Services Administration has established a program to advise Vietnam veterans on how to do business with the federal government. Traveling representatives, stationed at the GSA business service centers, meet with and train Vietnam veterans in government contracting procedures. (A list of GSA business service centers and their directors is attached (enclosure 6). The SBA should establish a similar program utilizing Procurement Center representatives to outreach veterans individually.
## Business Services Directory

<table>
<thead>
<tr>
<th>Director or Manager</th>
<th>Mailing Address and Telephone</th>
<th>Area of Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robert J. Ireland</td>
<td>General Services Administration 18th and F Streets, NW., Rm. 6008 Washington, DC 20405 (202) 566-1240</td>
<td>Nationwide</td>
</tr>
<tr>
<td>Frederick A. March</td>
<td>General Services Administration 18th &amp; F Streets, NW. Rm. 6008 Washington, DC 20405 (202) 566-1240</td>
<td>Nationwide</td>
</tr>
<tr>
<td>Joseph P. Lawless</td>
<td>Business Service Center General Services Administration John W. McCormack Post Office and Courthouse Boston, MA 02109 (617) 223-2868</td>
<td>Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont</td>
</tr>
<tr>
<td>Richard F. Maloney</td>
<td>Business Service Center General Services Administration 7th and D Streets, SW., Rm. 1050 Washington, DC 20407 (202) 472-1804</td>
<td>District of Columbia, Maryland, Virginia, and West Virginia</td>
</tr>
<tr>
<td>Walter Szpanka</td>
<td>Mid-Atlantic Business Service Center General Services Administration 600 Arch Street Philadelphia, PA 19106 (215) 597-9613</td>
<td>Delaware and Pennsylvania</td>
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<tr>
<td>W Quincy Culpepper</td>
<td>Business Service Center General Services Administration 1776 Peachtree Street, NW Atlanta, GA 30309 (404) 881-4661</td>
<td>Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee</td>
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<tr>
<td>Benjamin M Copenhaver</td>
<td>Business Service Center General Services Administration 230 South Dearborn Street Chicago, IL 60604 (312) 353-5383</td>
<td>Illinois, Indiana, Ohio, Michigan, Minnesota, and Wisconsin</td>
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<td>F. Howard Whiteley</td>
<td>Business Service Center</td>
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<tr>
<td>Regional Director of</td>
<td>General Services Administration</td>
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<tr>
<td>Business Affairs</td>
<td>1500 E Bannister Road</td>
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<td></td>
<td>Kansas City, MO 64131</td>
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<td>(816) 926-7203</td>
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<tr>
<td>R. Tom Ratliff</td>
<td>Business Service Center</td>
<td>Arkansas, Louisiana, New Mexico</td>
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<td>Regional Director of</td>
<td>General Services Administration</td>
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<td></td>
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<tr>
<td></td>
<td>(817) 334-3284</td>
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<tr>
<td>M. Tony Williams</td>
<td>Gulf Coast Business Service Center</td>
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<tr>
<td>Manager</td>
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<tr>
<td></td>
<td>(713) 226-5787</td>
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<tr>
<td>John E. Holden</td>
<td>Business Service Center</td>
<td>Colorado, Montana, North Dakota,</td>
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<td>Business Affairs</td>
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<td>(303) 234-2216</td>
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<tr>
<td>Martin Perlmutter</td>
<td>Business Service Center</td>
<td>California (northern), Hawaii, and</td>
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<td>Regional Director of</td>
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<td></td>
<td>San Francisco, CA 94105</td>
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<tr>
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<td>(415) 556-0877</td>
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<tr>
<td>Stanley Anderson</td>
<td>Business Service Center</td>
<td>Nevada (except Clark County)</td>
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<tr>
<td></td>
<td>(415) 556-2122</td>
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<tr>
<td>Cecil L. Sanders</td>
<td>Business Service Center</td>
<td>Arizona, California (southern),</td>
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<td>Manager</td>
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<td>and Nevada (Clark County</td>
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<tr>
<td></td>
<td>300 North Los Angeles Street</td>
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<td></td>
<td>Los Angeles, CA 90012</td>
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<tr>
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<td>Dennis Bracy</td>
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<td>Alaska, Idaho, Oregon, and</td>
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<td></td>
<td>Seattle, WA 98174</td>
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<td></td>
<td>(206) 442-5556</td>
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SMALL BUSINESS ADMINISTRATION
REQUEST FOR COUNSELING

I request appropriate management or technical assistance from the Small Business Administration.

It is understood that such assistance will be provided to me free of charge and that I incur no obligation to reimburse SBA or its counselor(s) providing such assistance.

I authorize SBA to furnish information and data concerning me to the counselor(s) providing such assistance.

I understand that the counselor(s) providing assistance to me have agreed that they will not:

1. recommend the purchase of goods or services from sources in which he has an interest or represents, and

2. accept fees or commissions from third parties who have supplied goods or services to me on their recommendations.

This request may be withdrawn at any time upon written notice to SBA unless I am an SBA borrower.

In consideration of the furnishing of management and technical assistance to me, I waive all claims against SBA personnel or counselors arising in connection with this assistance.

Type of Service Requested (Check Appropriate Box)

| SCORE-ACE | SBI | 406 | Prof. Assoc. |

Complete Below and Sign

Name of Company

Address (Include ZIP Code)

Referred to SBA By

Type of Business

Signature and Title of Company Official

Date
**Data To Be Completed By Applicant**

For the assignment of a qualified counselor(s), please complete this questionnaire before returning to SBA. Any information given here or during counseling will be held in strictest confidence. (SBA personnel: insert address of your local office below)

As soon as you have completed this form and returned it to the address given above, a counselor will be assigned to you.

I request counseling regarding (check appropriate boxes):

- [ ] My present business
- [ ] Purchasing a business

Year founded: __________

- [ ] Starting a new business
- [ ] Sole Proprietorship
- [ ] Partnership
- [ ] Corporation

Kind of business and goods (or services) offered are as indicated below:

- [ ] Retail (Selling)
- [ ] Service (Kind)
- [ ] Manufacturing (Product)

- [ ] Wholesale (Selling)
- [ ] Other (Specify)

Years of experience in this kind of business: __________

Can you furnish a recent balance sheet?  [ ] Yes  [ ] No

Can you furnish a recent profit-and-loss statement?  [ ] Yes  [ ] No

Have you ever applied for an SBA loan?  [ ] Yes  [ ] No

Do you now have an SBA loan?  [ ] Yes  [ ] No

Check the problem areas for which you seek counseling:

1. Sales promotion & advertising
2. Purchasing
3. Engineering and research
4. Financial analysis
5. Foreign trade
6. Records & Credit Collections
7. Market Research
8. Personnel
9. Office & Plant Management
10. Government Procurement
11. Merchandising, inventory
    selection & control
12. 
13. 
14. 
15. Other

If the following information is available please complete, if not, leave blank.

<table>
<thead>
<tr>
<th>Employer's ID # (IRS)</th>
<th>Social Security Number</th>
<th>Loan Number</th>
</tr>
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</table>

Viet. Veteran:  [ ] Yes  [ ] No

Veteran:  [ ] Yes  [ ] No

Name of County

What in your opinion is the greatest problem in your business operation?
# BIDDER'S MAILING LIST APPLICATION

**INITIAL APPLICATION**

**REVISION**

**FEDERAL AGENCY TO WHICH BIDDER'S MAILING LIST APPLICATION IS SUBMITTED**

**FEDERAL AGENCY TO WHICH BIDDER'S MAILING LIST APPLICATION IS SUBMITTED**

**NAME AND ADDRESS (Include county and ZIP Code)**

**ADDRESS (Include county and ZIP Code)**

**TO WHICH SOLICITATIONS ARE TO BE MAILED (If different from line 1)**

**TYPE OF ORGANIZATION (Check one):**

- INDIVIDUAL
- PARTNERSHIP
- NON-PROFIT ORGANIZATION

**HOW LONG IN PRESENT BUSINESS**

**NAMES OF OFFICERS, OWNERS, OR PARTNERS**

- PRESIDENT
- VICE PRESIDENT
- SECRETARY
- TREASURER
- OWNERS OR PARTNERS

**AFFILIATES OF APPLICANT (Names, locations and nature of affiliation. See definition on reverse)**

**PERSONS AUTHORIZED TO SIGN BIDS, OFFERS, AND CONTRACTS IN YOUR NAME (Indicate / agents)**

<table>
<thead>
<tr>
<th>NAME</th>
<th>OFFICIAL CAPACITY</th>
<th>TEL. NO. (Area code)</th>
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**IDENTIFY EQUIPMENT, SUPPLIES, MATERIALS, AND/OR SERVICES ON WHICH YOU DESIRE TO BID (See attached Federal agency's supplemental listing and instructions, if any)**

**TYPE OF OWNERSHIP (See definitions on reverse)**

<table>
<thead>
<tr>
<th>MINORITY BUSINESS ENTERPRISE</th>
<th>OTHER THAN MINORITY BUSINESS ENTERPRISE</th>
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</thead>
<tbody>
<tr>
<td>MANUFACTURER OR PRODUCER</td>
<td>REGULAR DEALER (Type 1)</td>
</tr>
<tr>
<td>SERVICE ESTABLISHMENT</td>
<td>CONSTRUCTION CONCERN</td>
</tr>
<tr>
<td>SURPLUS DEALER (Check this box if you are also a dealer in surplus goods)</td>
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**SIZE OF BUSINESS (See definitions on reverse)**

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<th>OTHER THAN SMALL BUSINESS CONCERN</th>
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<tr>
<td>(a) AVERAGE NUMBER OF EMPLOYEES (Enter the smaller of these two statistics)</td>
<td>(b) AVERAGE ANNUAL SALES OR RECEIPTS FOR PRECEDING THREE FISCAL YEARS</td>
</tr>
<tr>
<td>(c) AVERAGE NUMBER OF EMPLOYEES (Enter the smaller of these two statistics)</td>
<td>(b) AVERAGE ANNUAL SALES OR RECEIPTS FOR PRECEDING THREE FISCAL YEARS</td>
</tr>
</tbody>
</table>

**FLOOR SPACE (Square feet)**

<table>
<thead>
<tr>
<th>MANUFACTURING</th>
<th>WAREHOUSE</th>
<th>DATE</th>
<th>AMOUNT</th>
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**SECURITY CLEARANCE (If applicable, check highest clearance authorized)**

- FOR
  - TOP SECRET
  - SECRET
  - CONFIDENTIAL

**NAMES OF AGENCIES WHICH GRANTED SECURITY CLEARANCES (Include dates)**

**CERTIFICATION**

I certify that information supplied herein (including all pages attached) is correct and that neither the applicant nor any person (or concern) in any connection with the applicant as a proprietor or officer, so far as is known, is now deemed or otherwise declared ineligible by any agency of the Federal Government from bidding for furnishing materials, supplies, or services to the Government or any agency thereof.

**SIGNATURE**

**NAME AND TITLE OF PERSON AUTHORIZED TO SIGN (Type or print)**

---

Figure 1 - Front

129-105

STANDARD FORM 105 (Rev. 3-77)
Presented by GSA, FPR (41 CFR) 1-18.902
### DODDER'S MAILING LIST APPLICATION SUPPLEMENT

**If additional space is required, attach separate sheet and refer to item number.**

<table>
<thead>
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<th>NUMBER OF EMPLOYEES</th>
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<tr>
<td>MAXIMUM LEVEL</td>
<td>MINIMUM END OF YEAR</td>
</tr>
<tr>
<td>PRESENT LEVEL</td>
<td></td>
</tr>
</tbody>
</table>

**Contracts held with Armed Services during past 3 years (list alphabetically)**

<table>
<thead>
<tr>
<th>Contract Number</th>
<th>Description of Items</th>
<th>Dollar Value</th>
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</thead>
</table>

**Types of equipment, components, materials or services now being manufactured, performed, or developed (commercial and military)**

**Floor Space**

<table>
<thead>
<tr>
<th>Floor Space Engineering</th>
<th>Laboratory</th>
<th>Total Floor Space (including warehouses and manufacturing space)</th>
</tr>
</thead>
</table>

**Brief Description of Buildings (Type of construction and use)**

**Machinery and Equipment**

**Testing and/or laboratory facilities**

**Addresses (Including compound) of factories, foundries, mines, or yards, if any (Specify)**

**Security Clearance** (If applicable, check highest clearance authorized by clearance agency)

<table>
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<th>FOR PLANT ONLY</th>
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<tbody>
<tr>
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<tr>
<td>SECRET</td>
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<tr>
<td>CONFIDENTIAL</td>
<td></td>
</tr>
</tbody>
</table>

**List departments which have granted security clearance and dates granted**

**Inclusions**

- Financial statements, including operating statements
- Descriptive literature
- Additional information attached
- Brochure
- Catalog
- Photographs

**I certify that the information supplied herein (including any attachments) is correct.**

**Date**

**Name and address of applicant**

**Signature**

---

*Give brief, representative outline of type and condition of machinery, equipment, and facilities (if available). If not owned by firm, give status in detail.*

---

**DD FORM 558-1**

**Replaces edition of 1 Jan 66, which may be used.**
ENCLOSURES

All enclosures referred to in this section are contained in the original copy of this Report as submitted to the Small Business Administration. However, this copy does not contain the government publications which are identified below:

Enclosure #1 -- The PASS Registration Form and SBA Form 1167 (10-79)
Enclosure #2 -- The PASS Registration Form and SBA Form 1167 (2-78)
Enclosure #4 -- "Selling to the Military," GPO Stock No. 008-000-00345-9
Enclosure #5 -- "Doing Business with the Federal Government," General Services Administration
TASK IV

VETERANS HANDBOOK

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INTRODUCTION

This handbook is designed to be an overview of what the Small Business Administration can offer you as a veteran small business owner or prospective owner. The descriptions of the loan programs, management assistance, procurement and advocacy activities of SBA are general, and of course there are exceptional cases that just do not fit the descriptions offered here.

Some programs are limited to disadvantaged firms or firms located in economically depressed areas of the country. The eligibility criteria for all programs are outlined in this handbook, however, and those specific criteria are included.

The handbook shows you where you can get management assistance—often at no charge to you—from the SBA. There are seven programs listed in this handbook which may be helpful to you, and may assist you if you are just starting out, already in business, or are having problems and need help. Besides specific management assistance programs like SCORE/ACE or Small Business Development Centers, the SBA offers conferences, workshops, problem clinics and pre-business workshops several times a year. They are generally offered at no cost or for a nominal fee.

Of particular interest to new business owners or prospective business owners are pre-business workshops. The SBA is working cooperatively with major veterans organizations to co-sponsor over 400 such workshops in FY 1981 alone. A list of cooperating veterans organizations is in the Appendix to this handbook. You may contact the SBA or any of the veterans groups for more information.

Another part of this handbook is directed toward publications available through the SBA and other sources that might assist you in your business venture. SBA publishes over 300 books, pamphlets, booklets and other materials, and most of them are free. We have included the names and order numbers of some of the publications that might be most helpful to you, but you may write to SBA for a complete publications list. The addresses to order publications that are free or on sale are located in the Appendix.

Owning and operating a small business is extremely difficult work. Over 75 percent of small businesses fail within the first five years of operation. Generally, this is because the owners do not have the needed managerial skills to operate the business successfully. The Small Business Administration is extremely interested in keeping small businesses viable and productive. More Americans are employed by small business owners than any other source in this country, and so small businesses are essential to the nation’s economic well-being.

It is important that you contact the Veterans Affairs Officer at the SBA directly and learn as much as you can about the specifics of each of the programs, policies or business tools contained in this handbook. The SBA can give you the best advice on their own programs, and is eager to do so.
A. RULES AND REGULATIONS

Background

Service to veterans who want to own and manage their own businesses dates back to the first G.I. Bill passed by Congress in 1944. Congress gave the Veterans Administration the authority to guarantee loans made to eligible veterans for up to 50 percent of the loan, but not to exceed $2,000. The program appears to have been popular. In 1951 alone, 42,000 business loans to veterans were guaranteed by the VA. In 1974, however, only 2 VA business loans were guaranteed.

In 1953 Congress created the Small Business Administration. Although no historical evidence exists which suggests that there was a formal agreement between the two agencies that SBA would take over lending services to veterans, the result was that SBA's programs appear to have been more attractive to veterans and they naturally chose SBA lending programs over VA's. Recognizing the lack of participation in the VA program, Congress rescinded VA's business loan guarantee authority in 1974.

That same year, however, in a major reworking of Small Business Administration legislation, Congress passed the Small Business Act of 1974 (Public Law 93-237). The law included a statement providing "special consideration for veterans of United States military service and the survivors of their immediate families." The law directed the Small Business Administration to issue regulations which would define "special consideration."

The following regulations, contained in subpart 116 and which govern SBA services to veterans, were issued in 1975:

1) In-depth management assistance counseling on first interviews. Action will be taken to insure that our management assistance people advise veterans of SBA's programs and the potential benefits to them.

2) Emphasize to SBA personnel designated as Veterans Affairs Officers the need for close cooperation with the local VA offices and organizations having direct interest in veterans affairs.

3) Direct SBA procurement personnel designated as Veterans Procurement Affairs Advisor to emphasize how veterans can obtain procurement contracts from the Government.

4) Local media campaigns to inform the veteran about SBA's ability and desire to help.

5) Special workshops and training.

6) Prompt processing of loan applications of any type.

7) Particular attention to giving maximum loan maturity to veterans.
9) On all direct loans, place a liberal interpretation on present deferment policy.

10) In the awarding of 8(a) contracts, veterans status may be a contributing factor in establishing eligibility as "socially or economically disadvantaged."

11) In all District Offices there shall be one or more loan specialists designated as Veterans Loan Officers.

Definition of Terms

A number of business terms are used throughout this handbook. Some of the major ones are listed below with a brief description of each.

**Assets**
- Things owned by the business which have monetary value, e.g., property, equipment, accounts receivable.

**Bonding**
- Guarantee of the proper performance of certain acts on the part of another such as the carrying out of a contract or the execution of an instrument.

**Balance Sheet**
- Document which shows what a business owns and owes as of a specific date.

**Capital**
- Money that is available to invest, or, the accumulated assets available for production.

**Cash Flow**
- Shows only cash transaction and when money is coming in and going out.

**Collateral**
- Any type of property or asset pledged to secure the payment of a note or an obligation.

**Cooperative**
- Enterprise or organization owned by and operated for the benefit of those using its services.

**Corporation**
- Business venture of a group of individuals treated as one individual under the law.

**Credit**
- Amount of time given to pay for goods sold on trust, or, entry into an accounting system of a payment received.

**Equity**
- Difference between the value of a property or the interest in it and the claims against it.

**Financial Statement**
- Document that shows the financial situation of the business.
Financing - Method of making resources available to a business.
Interest Rates - Amounts lenders charge for the cost of borrowing money.
Liabilities - Debts.
Liquidation - Settlement of a debt, or, the conversion to cash of a non-cash item.
Loan Packaging - Process of preparing an application for a loan that will be submitted to a potential lender.
Market Value - Price at which both buyers and sellers are willing to do business.
Maturity - Date on which a loan is scheduled to be repaid.
Partnership - Legal business relationship of two or more people who share responsibilities, resources, profits, and liabilities.
Prime Rate - Lowest interest rate banks give to their best corporate customers.
Profit & Loss Statement - List of the total amount of sales and costs.
Sole Proprietorship - Business owned by one person.
Risk Capital - See venture Capital.
Security - Something of value, as collateral.
Stock - Ownership share in a corporation. Also called share.
Surety Fees - Fees paid to secure a surety bond. (See Bonding.)
Term - Length of time a borrower has to pay back a lender.
Terms - Conditions of repayment of a loan.
Venture Capital - Investment capital in return for stock (ownership) in the company; primarily invested in firms projected to rapidly increase sales and profits.
Volume - Amount or quantity of business.
B. FINANCING

Guaranteed Loans

The majority of the SBA loans made to small business owners are through SBA's regular loan program, the 7(a) program. Private banks disburse the money, and the SBA guarantees the loans up to 90 percent of the loan value. There are no guaranteed loan funds specifically allocated for veterans. (For additional information, see Business Plan section.)

How can I qualify for an SBA guaranteed loan?

A veteran must own and operate or plan to own and operate a small business, as defined by SBA. The definition of "small" varies according to the type of business. All new businesses are considered small. SBA cannot assist if the funds are available from the personal resources of the owners or principals of the business.

What types of businesses can I own and operate that will qualify for an SBA loan?

Veterans may engage in manufacturing, wholesaling, services, retailing, construction, and agriculture. Certain restrictions, such as the number of employees or annual receipts, apply in each of these areas.

Are there restrictions on the types of businesses which SBA may assist?

Yes. If the applicant is a newspaper, magazine, book publishing company, or similar enterprise, SBA may not lend or guarantee a loan. Exceptions are radio, cable, or TV broadcasting companies.

Are there restrictions on the use of loan funds obtained from SBA?

Yes. SBA may not lend or guarantee a loan if funds are otherwise available on reasonable terms; if the loan is to pay off another loan to a creditor who is inadequately secured and in a position to sustain loss; if the loan is to provide funds for distribution or payment to the principals of the applicant; or to replenish funds previously used for such purposes. SBA may not make loans which allow speculation in any kind of property or if the applicant is a nonprofit enterprise (except for the Handicapped Assistance Loan Program).

If the loan provides funds to a business primarily engaged in lending or investing; or if the loan finances real property that is, or is to be, held for investment, SBA may not lend or guarantee a loan. SBA is also forbidden to make loans to businesses in which the gross income of the applicant is derived from gambling activities.

SBA may not grant or guarantee loans which encourage monopolies or which are inconsistent with accepted standards of free enterprise; or if the loan is used to relocate a business for other than sound business purposes.
What size loan will SBA guarantee?

There is no minimum restriction. SBA will guarantee up to $500,000 on its portion of a guaranteed loan. The average loan is approximately $137,000.

What is the interest rate on an SBA guaranteed loan?

Loans made by banks and guaranteed by SBA vary according to the published prime rate at the time of the loan. They are subject to the maximums set by SBA.

Over what length of time can these loans be repaid?

The length of time, or term, varies. Maximum maturities range from seven years to twenty years, depending on the purpose of the loan funds. Working capital loans generally are restricted to seven years, while the purchase of real estate or construction can have a maturity of up to twenty years.

What type of payments are required on SBA loans?

Most loans are paid in equal monthly installments, for the term of the loan. However, SBA is flexible and payments can be seasonal if income is seasonal or payments can be lower during the early years of the loan and increased in the later years.

What are the equity requirements for an SBA loan?

SBA regulations require the applicant to have a "reasonable amount at stake" in the business. Therefore, SBA cannot finance 100 percent of a new venture or provide funds to an existing business which has no net worth. A "reasonable amount at stake" is generally interpreted by SBA as requiring the total debt of the business, after the loan, to be not more than three to five times the net worth of the business.

How much collateral is required by SBA?

Collateral is the least important factor in evaluating an SBA loan. Much more consideration is given to past or potential earnings of the business, management experience and/or background, and credit history of the applicant. You must pledge any worthwhile collateral, however, to secure the loan.

Does SBA finance the purchase of an existing business?

Yes, with some limitations, if the change of ownership will aid in the development of the business or keep it in operation. The purchaser must receive sound value for the purchase price. No excessive goodwill or inflated values for fixed assets, inventory, etc., is acceptable.
Do veterans receive any special consideration in obtaining financial assistance?

Yes. Equity and collateral requirements are more relaxed and loan applications receive priority in processing.

Are all veterans eligible for special consideration from SBA?

All veterans discharged under conditions other than dishonorable are eligible. Those veterans with a dishonorable discharge are reviewed on a case-by-case basis and may be eligible.

Direct Loans

Very limited direct loan monies are available from the SBA through the 7(a) program and the Economic Opportunity Loan program (7(i)). Some direct loan funds are specifically allocated for veterans. However, under the Economic Opportunity Loan program SBA states that, "Military service in the Vietnam years may be a contributing factor in determining a person's socially or economically disadvantaged status." This can work to the Vietnam era veteran's advantage and is discussed more fully in the section on Economic Opportunity Loans.

The rules and regulations governing SBA direct loan monies are similar to the ones for guaranteed loans. Direct loan monies can be applied only to the same types of businesses as guaranteed loans, and the same restrictions on the types of businesses and the use of loan funds apply. The length of time to repay a direct loan varies according to the purpose of the loan, and the types of payments (seasonal or monthly) also vary according to the purpose of the loan. Equity and collateral requirements are similar to those for guaranteed loans.

How do I qualify for an SBA direct loan?

SBA can only consider making a direct loan to a veteran or other qualified borrower if a private lender (generally a bank) turns down the veteran/borrower or refuses to participate in an SBA guaranteed loan. If you live in a city with a population of 200,000 or more, you must be turned down by two banks before you can apply for an SBA direct loan. If the population is less than 200,000, you only have to be turned down by one bank.

What is the maximum direct loan amount SBA can make?

SBA can make up to $150,000 in direct loans to each qualified veteran borrower. There is no minimum restriction. The average direct loan is approximately $50,000.

What is the interest rate on the SBA direct loan?

Interest rates vary according to the overall cost of borrowing by the federal government. While interest rates on direct loans are lower than for guaranteed loans, they are much more difficult to acquire.
Why should a veteran try to obtain a bank/SBA guaranteed loan when the SBA's direct loan interest rates are so much lower?

The bottom line is that direct loan funds, which are budgeted to SBA by Congress each year, are very limited and in great demand. For example, in FY 80, SBA had only $220 million in direct loan monies, but $3.3 billion in the guaranteed loan program. Proportionately, more persons apply for low-cost direct loans, and the money supply is quickly exhausted. This causes a long delay, maybe for as long as nine months. Few businesses can afford to wait for loan monies for such a long period of time. The market can change drastically in that amount of time, and the reasons for borrowing in the first place may change, too. The budget on guaranteed loans is much greater and generally requires no waiting period. Therefore, in most instances it is more beneficial for the veteran to borrow under the guaranteed than under the direct loan program.

Why should I request an SBA guarantee on my loan?

Since SBA borrowers are generally higher risk than normal, banks often will consider making a loan only with an SBA guarantee. The term of the loan under the guarantee is also usually much longer than the bank would otherwise be willing to extend on its own. In addition, SBA provides services other than financial. These will be discussed in the sections on Management Assistance and Procurement.

Some specific types of loans that may be helpful to veterans are outlined below. These are programs that are general in nature and apply to large numbers of veteran borrowers. However, this is by no means a complete listing of SBA loan programs. For an outline of all SBA loan programs see, "Your Business and the SBA," OPC 2, April 1980.

Economic Opportunity Loans

The Small Business Administration is authorized to make, participate in or guarantee loans to low-income persons or persons who are socially or economically disadvantaged. As stated earlier, military service during the Vietnam era (August 5, 1964 through May 7, 1975) may be a criterion for designation as socially or economically disadvantaged.

How can I qualify for an Economic Opportunity Loan?

A veteran must own and operate a small business, or plan to, and must qualify as low-income, or socially and economically disadvantaged, as defined by the SBA.

How does the SBA define low-income?

For the purposes of an Economic Opportunity Loan (7(i)), an applicant's total family income from all sources must be insufficient to satisfy the basic
needs of the family. Such income includes wages, salaries, pensions, annuities, rental and investment income, and withdrawals or distributions from other businesses. SBA takes into account such factors as size of family, ages of its members, the state of their health, and where they live. Low-income status may not be self-imposed, such as for those pursuing an education, living with and/or dependent on parents or other relatives, or for those who are voluntarily unemployed.

How does the SBA define socially or economically disadvantaged?

There must be a connection between social or economic disadvantage and the veteran's inability to obtain required financing on reasonable terms from a source other than the SBA. Examples include, but are not limited to:

- Financing unavailable because of social background or past practices of discrimination;
- Identifiable physical handicap which severely limits a veteran's ability to obtain adequate financial assistance;
- Residence, for a long period, in an urban area with high concentrations of unemployed or low-income persons;
- Chronic low-income status or frequent unemployment because of residence in a depressed area or due to past discrimination;
- Location of residence and business in an economically deprived area;
- Uninsured or inadequately insured casualty loss. Adequate coverage unavailable on reasonable terms;
- Unusual and unavoidable excessive withdrawals from the business.

Do I have to be a member of a minority group to qualify for an Economic Opportunity Loan?

No. Membership in a minority group is not, in itself, sufficient to justify social or economic disadvantage.

As a veteran applicant, do I have to have an honorable discharge to qualify for an Economic Opportunity Loan?

No. However, veterans with a dishonorable discharge will be reviewed on a case-by-case basis, and may be eligible.

What is the maximum amount of an Economic Opportunity Loan?

Direct loans normally may not exceed $100,000. Immediate participation loans may not exceed $100,00 or 90 percent of the loan, whichever is less.
Other Equal Opportunity Loans are guaranteed up to 90 percent of the loan, which may not exceed $100,000. For 8(a) firms, guaranteed loans cover 100 percent of the loan, and may not exceed $100,000. (See the section on Procurement for an explanation of the 8(a) program.)

What is the interest rate on an Economic Opportunity Loan?

Interest rates vary according to the type of loan and the time period in which the loan is approved.

How long do I have to repay an Economic Opportunity Loan?

The terms may not exceed 15 years, and may be less in some instances. However, SBA recognizes that entrepreneurs may need some flexibility in their repayment schedule. Smaller payments may be established for the early years, and increased in later years. Seasonal adjustments for businesses which fluctuate with the seasons may also be worked out with the SBA.

What are the equity and collateral requirements of an Economic Opportunity Loan?

Collateral is the least important factor in obtaining an Economic Opportunity Loan. The SBA may not deny a loan because of inadequate collateral unless an applicant refuses to pledge available worthwhile collateral.

Do I have to take management courses to qualify for an Equal Opportunity Loan?

Most small businesses fail because of poor management. You may be required to improve your management skills by successfully completing management training. SBA may require the training to help insure the success of the small business.

Handicapped Assistance Loan Program

The Handicapped Assistance Loan Program is separated into two categories, HAL-1 and HAL-2. The HAL-1 loan program is the only program in which the SBA may make or guarantee loans to nonprofit organizations. HAL-1 organizations must operate solely for the interests of handicapped individuals, and not less than 75 percent of its employees must be handicapped, as defined by the SBA.

HAL-2 provides loans to establish, acquire, or operate a small business owned by a handicapped person or persons. Most veterans who are eligible for a HAL loan will apply under this program, and so the following questions and answers apply exclusively to the HAL-2 loan program.

How can I qualify for a HAL-2 loan?

A veteran must be handicapped, as defined by SBA, and be unable to engage in "normal competitive business practices" without SBA assistance. Veterans who can use local, state or other federal programs of assistance, including
SBAs 7(a) and Economic Opportunity Loan programs, cannot be approved for a HAL-2 loan. As in other SBA loan programs, veterans may not qualify if funds are available on reasonable terms from private sources.

What is SBA's definition of "handicapped individual"?

There are two parts to the definition. First, a veteran who has a permanent physical, mental, or emotional impairment, defect, ailment, disease, or disability which limits the choices of employment for which the veteran would otherwise be qualified or qualifiable, is considered handicapped. A permanent disability is one which is of major importance and is not likely to respond to any known treatment.

Secondly, the handicap must limit participation in normal competitive business practices. For example, a veteran confined to a wheelchair who wishes to own a shoe store might have to hire employees to store and pull shoes from racks higher than the veteran is able to reach. Except for the additional expense of extra employees, the veteran is capable of operating and managing the business. The added expense would constitute a limitation to normal competitive business practice.

What is the maximum amount of a HAL-2 loan?

Under law, the SBA is authorized to make HAL-2 loans up to $350,000.

What is the interest rate on a HAL-2 loan?

The HAL direct loan rate is 3 percent per year. However, if a veteran is able to secure a part of the loan funds needed from a commercial bank, then the veteran may only need to borrow a portion of the total amount required through the HAL program. In this case, the veteran pays bank interest at the regular rate, and 3 percent interest on the SBA portion.

What is the term of a HAL-2 loan?

The term may be up to 15 years. There can be some flexibility in the amount repaid.

What collateral is required for a HAL-2 loan?

Collateral is not a major factor in determining eligibility for a HAL loan. The character and ability of the management, as well as prospective earnings, are taken into consideration.

How can HAL-2 loans be used?

HAL-2 loans can be used in the same way that 7(a) loans can be used. However, in addition, HAL-2 loans can be used to acquire an eligible small business concern, and outside representatives necessary to assist the handicapped veteran may be reimbursed out of the loan proceeds.
Are there any ownership limitations of HAL-2 applicants?

Only if the small business is a partnership, corporation, or cooperative. In those cases, the concern must be 100 percent owned by handicapped individuals, as defined by the SBA.

Bank Certification Program

Banks enrolled in SBA's Bank Certification Program (BCP) can be particularly helpful to persons seeking SBA loans. BCP banks are selected by SBA because they have had previous experience with SBA loans, have disbursed a large number of successful SBA guaranteed loans, and have demonstrated a commitment to small business. The purpose of the program is to literally turn over some of SBA's loan making authority and responsibility to the certified lenders.

What this means for the small business owner is that a certified lender is one which has a full understanding of all SBA rules and regulations, and is a bank which is able to review and analyze a loan application in the same way SBA would. SBA will almost always accept the recommendation of the BCP bank without doing its own in-depth analysis.

This can result in a very short turnaround time between the filing of the application and its approval, generally three days. A bank which is not enrolled in the Bank Certification Program may take as long as two weeks to complete the application process from filing to approval.

There are 251 banks qualified as certified lenders. For a complete list, contact the SBA and ask for, "Participants in SBA Bank Certification Program," OPC 4, June 1980.

Seasonal Line of Credit

Some small business concerns, such as ski equipment shops or ice cream stores, operate on a seasonal basis or increase their business activity during a particular season. SBA recognizes that such an increase in activity may result in needed cash to provide for additional inventory or employees during such a period. A Seasonal Line of Credit is short-term financing guaranteed by the SBA, and is paid off at the close of the season when the assets are liquidated.

Small General Contractor Loans

Small general contractors, manufacturers or service industries under contract to provide a specific product or service may qualify for these loans if they have been in operation for one calendar year and are unable to obtain financing to carry out the terms of the contract without an SBA guarantee. Loan proceeds may only be used for labor and materials. Interest rates and
terms vary. Loan guarantees made through the Contract Loan Program are disbursed through the 7(a) program or the Economic Opportunity Loan program. The maximum under 7(a) is $500,000; under Economic Opportunity Loans it is $100,000. This type of loan may only be approved by SBA one time, however. It is not a revolving loan program which allows the borrower to apply for and receive the loan more than once.

**Displaced Business Loans**

If a small business owner suffers an economic injury which is the result of federally, state or locally assisted construction projects, the owner may apply for a Displaced Business Loan. There is no dollar limit on the loans, but interest rates vary. The term of the loan is 30 years, maximum. The rules for 7(a) loans do not apply, allowing newspapers, magazines, book publishing companies, etc. to qualify. Churches, nonprofit firms or individual homeowners cannot qualify, however.

**Surety Bond Guarantees**

SBA will guarantee up to 90 percent of the losses of private surety companies on SBA guaranteed small contractors who cannot otherwise be bonded. To qualify, general and special trade construction firms must not exceed $3,500,000 in gross receipts in the previous fiscal year or as averaged over the past three fiscal years. Non-construction firms must qualify under regular 7(a) size limitations. Contractor and surety fees vary.

**Small Business Energy Loans**

Small business concerns which manufacture, sell, install, service or develop specific energy measures may qualify for Small Business Energy Loans. Direct and immediate participation loans are limited to $350,000. Guaranteed loans are limited to $500,000. Interest rates vary, and the term cannot exceed 15 years.

**Small Business Investment Companies**

Small Business Investment Companies (SBICs) receive financial assistance from the SBA to provide venture or risk equity capital to businesses which would not otherwise be able to obtain it. SBICs are profitmaking corporations, and generally do not make small investments. They make either direct loans or equity-type investments. Businesses which acquire capital through SBICs actually allow the SBIC to "buy" a portion of the business. In return, the SBIC provides the business with venture capital. SBICs may not own controlling shares of a business, however.

Section 3C(d) SBICs, formerly called MESBICs (Minority Enterprise SBIC), are special SBICs designed to assist small businesses owned and managed by
socially or economically disadvantaged persons. As pointed out earlier, veterans who served during the Vietnam era may be determined to be socially or economically disadvantaged.

The 301(d) SBICs operate exactly like SBICs, except that their clientele are solely disadvantaged persons. Venture capital obtained through this program is not limited to ethnic groups.

Both SBICs and 301(d) SBICs are licensed, regulated and partially funded by the Small Business Administration. SBICs invest in manufacturing and service industries, construction, retail and wholesale businesses. The 301(d) SBICs invest in similar types of businesses owned by disadvantaged persons and organized for less than five years.

For more descriptive information on each program ask the SBA for a copy of "SBIC Financing for Small Business," OPI-13, July 1976, or "Section 301(d) SBICs," OPI-51, April 1974. A complete list of SBICs and 301(d) SBICs is available from the Washington, D. C. office of the Small Business Administration.

How to Apply for an SBA Loan

There are some differences in the application procedures for those who own and manage an existing business from those who want to start their own business. The following step-by-step outline will review the two procedures separately, and be followed by information pertinent to both.

Established Businesses

What information should I have available when requesting a loan from the bank?

Every veteran must prepare each of the following:

- Current financial statement (balance sheet) which lists all assets and liabilities of the business.
- Profit and loss statement for the previous calendar year and for the current period to the date of the balance sheet.
- Current personal financial statement of the owner, or each partner or stockholder owning 20 percent or more of the corporate stock in the business.
- List of the collateral to be offered as security for the loan. Should include your estimate of the present market value of each item listed.
- Statement as to the amount of the loan you are requesting. Explain the exact purposes for which it will be used.
What do I do with this information?

Take this information to the bank and request a bank loan.

What do I do if I cannot get a bank direct loan?

If you are unable to secure a loan directly from the bank, then ask them if they will make a loan with an SBA guarantee. In most cases, the SBA will deal directly with the bank.

What do I do if the bank will not make a loan to me, even with an SBA guarantee?

You should then contact the SBA to try to secure an SBA direct loan.

What does the SBA need from me for an SBA direct loan application?

First, you must be turned down by two banks before you can apply for an SBA direct loan if you live in a city with a population of 200,000 or more. (If you live in a city with fewer than 200,000 people, you only need to be turned down once.) Take the letters the banks have sent you stating they will not make a loan to you, and take the financial information which you prepared for the banks. If you are writing to the SBA, be sure to mention that you are a veteran, dependent or survivor. If you go to the SBA in person, ask to see the Veterans Affairs Officer.

New Businesses

What information should a veteran have available when requesting a loan from the bank?

Every veteran must prepare each of the following:

- Detailed description of the type of business to be established.
- Description of your experience and management capabilities.
- Estimate of how much you or others have to invest in the business and how much you will need to borrow.
- Current financial statement (balance sheet) listing all personal assets and all liabilities.
- Detailed projection of earnings for the first year the business will operate.
- List of the collateral to be offered as security for the loan, indicating your estimate of the present market value of each item.
What do I do with this information?

Take this information to the bank and request a bank loan.

What do I do if I cannot get a bank direct loan?

If you are unable to secure a loan directly from the bank, then ask them if they will make the loan with an SBA guarantee. In most cases, the SBA will deal directly with the bank.

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Can SBA help me prepare the loan application?

Only by pointing out areas which should be strengthened or covered more thoroughly. However, there are some organizations which can help prepare applications on a non-fee basis. These organizations are funded by donations, other government agencies, etc. and are usually not permitted to charge the applicant a fee. SBA offices can provide you with information concerning these organizations.

Is it necessary to have a professional loan packager prepare the loan application?

In some cases it is not necessary to utilize the services of a professional loan packager. However, this depends on the amount of knowledge the veteran has regarding primary accounting information and marketing information. In most cases the veteran entrepreneur will be able to prepare the loan package with the assistance of a Certified Public Accountant (CPA).

There are numerous individuals and businesses specializing in loan packaging throughout the United States. Using the same approach that you would with any business decision, it is important that you investigate the character and quality as well as the total price for the services you desire. You may want to contact the local SBA office to determine the prevailing rate being charged in your area. However, you should be aware that by SBA policy
a professional loan packager cannot charge you a straight percentage of the loan proceeds. You may also want to check with the local Chamber of Commerce or Better Business Bureau to obtain the name of a competent, ethical, qualified loan packager. Beware of individuals who assure you that you will receive the loan before you have submitted your proposal to a bank loan officer.

Publications

"ABC's of Borrowing," Small Business Administration, Management Aid #170, April 1977.

"Handicapped Assistance Loans," Small Business Administration, Fact Sheet #7, OPI, August 1979.


"Section 301(d) SBICs," Small Business Administration, OPI-5, April 1974.


"Variable Interest Rate Policy," Fact Sheet #30, Small Business Administration, OPI, August 1978.

C. MANAGEMENT ASSISTANCE

Management Counseling and Training

The SBA believes that no business can be successful unless it is well managed. More businesses fail because of a lack of sound management practices than for any other reason. Using a series of counseling and training techniques, the SBA attempts to assist small business owners who need or desire management assistance.

Courses, conferences, problem clinics and pre-business workshops are co-sponsored by the SBA several times a year in each region. Universities, colleges, distributive education units, trade and professional associations, chambers of commerce, and local business organizations assist SBA with these efforts. Generally, the activities are free. Sometimes participants are charged a nominal fee. Courses, conferences and problem clinics are directed toward persons already operating a small business.

Courses may cover a variety of topics or may zero in on specific management subjects. They are taught by either professional educators or managers, bankers, accountants, lawyers, or other professionals.

Conferences of one day or one evening generally cover a specific topic for large groups of 50 to 100 persons. Speakers, panel discussions, work sessions and question-and-answer sessions are included in the format.

Problem clinics are directed toward small groups of business owner-managers with a common problem. The leader or moderator explores a subject, such as tax law, in depth with the group. Participants provide much of the discussion from their own experiences. The moderator assists in providing possible solutions to the problem being experienced by the participants.

Of particular help to veterans not yet in business are pre-business workshops. Pre-business workshops are designed so that prospective business owners may explore the demands of business and make intelligent decisions about proceeding with, postponing or discontinuing the pursuit of small business ownership. A typical pre-business workshop includes presentations by representatives of the Small Business Administration on loan programs, eligibility requirements, and management assistance.

Financing, including initial capital, lending criteria, when and how to borrow, cash flow, and insurance is discussed by local lenders. A representative from a local business development organization will discuss loan packaging and management assistance provided through such organizations. The legal aspects of small business ownership will be presented by a local attorney and will include contracts, insurance, lease agreements, and the differences between sole proprietorship, partnership, and corporations.

A Certified Public Accountant will present material on accounting and bookkeeping requirements, and a tax guide for business will be presented.
by a representative of the Internal Revenue Service. Sometimes, marketing strategies are included in pre-business workshops, and include public relations and advertising.

A good pre-business workshop will "lay it on the line" about the work involved in small business ownership and operation. It will, if anything, try to discourage you from going into business. Those who are still interested at the end of the workshop probably have a better chance of making it in the business world than those who did not even attend.

Training materials are another tool which SBA uses to work with small business entrepreneurs. SBA publishes over 300 brochures, pamphlets, books and booklets on every facet of owning and operating a business. Most of them are free, and copies of the publications' list can be obtained by contacting the nearest SBA office. A list of particularly helpful publications is located in the Appendix to this handbook.

Small Business Institute

In 1972 the Small Business Administration created a partnership among some of the nation's business colleges, the small business community, and the SBA. Currently over 450 four-year colleges and universities, under contract to the SBA, provide on-site management assistance to small business owners. Senior and graduate students, with faculty and SBA guidance, earn credit by counseling and working directly with small business owners. The service is free, and primarily available to small businesses with SBA loans or those with 8(a) contracts. (A discussion of the 8(a) program can be found in the section on Procurement.) Contact the local SBA office to determine if a college in your area is designated a Small Business Institute.

Small Business Development Centers

Small Business Development Centers (SBDC) provide management training and counseling in a university setting, but they differ from the SBIs in several ways. Local, state, and federal government programs (in addition to the SBA), and the private sector combine with the universities to provide technical assistance small businesses need. There are nearly 20 SBDCs, and at least one is located in each of the 10 federal regions. SBDCs also conduct research studies in management areas. Contact the local SBA office for an updated list of SBDCs in your area.

SCORE/ACE Programs

The Service Corps of Retired Executives (SCORE) is made up of over 8,000 retired business executives who will sit down with small business owners and review the workings of the entire business. SCORE representatives will make on-site visits, discuss and analyze the problems you are having in your business, and attempt to help you solve the problems. The service is provided at no cost to the small business owner.
The Active Corps of Executives (ACE) is comprised of over 3,500 volunteers who are still working in both small and large businesses, professional and trade associations, educational institutions, and the professions. They assist small business owners in much the same way as SCORE volunteers, but their major function is to update management counseling provided by SCORE personnel.

SCORE chapters are located in hundreds of cities across the country. Not every SCORE chapter has an ACE counterpart, however. To locate the SCORE chapter nearest you, contact your local SBA office.

Professional and Trade Associations

SBA has developed linkages with professional and trade associations to assist SBA in providing counseling and training through conferences and workshops. The cooperating associations often co-sponsor these activities with SBA, and they are free. Contact the SBA District Office nearest you for more information.

Call Contracting Program

The Small Business Administration contracts with professional consultants to provide management assistance and training to small business owners qualifying under Sections 7(i) (Economic Opportunity Loan recipients), 7(j)(10) and 8(a) of the Small Business Act of 1974, as amended. Consultants furnish business counseling, management training, and legal and other related services. They emphasize the development of management training programs using resources of the business community.

The overall objective of the consultants is to provide quality management training that will result in entrepreneurial and managerial self-sufficiency on the part of the small business owners served. There is no charge to the qualified small business owner for this service. Small business owners who qualify should contact the Small Business Administration for specific information.

The 7(i) program is discussed in the section on Finance, and 7(j)(10) and 8(a) are discussed in the section on Procurement.

International Trade

Counseling and training in the international market can be provided by SBA to small business owners who want to get into the area or to those who wish to expand their business. The assistance is provided through student volunteers with international trade experience or through professional consulting firms. Conferences and a series of management and marketing publications are available through the SBA. SBA works closely with the U. S. Department of Commerce. Contact the SBA for more information about this program.
Veterans Administration/Small Business Administration Cooperation

Most people think that the Veterans Administration has sole responsibility for all veterans' programming, but that is obviously not so. Just this handbook is evidence that the SBA has a mandate and a commitment to serve veterans, particularly disabled veterans and those who served in Vietnam. However, the SBA thinks it is important the two agencies cooperate to provide the best services possible to veterans.

At the time this book was published, the SBA and the VA had not yet finalized a working agreement. Plans on how best to serve veterans were being made through a series of meetings and strategy sessions with top level policymakers in both agencies. If you are a veteran, you should contact both the SBA Veterans Affairs Officer and the VA Benefits Counselor to learn more about this cooperative arrangement, and see if you can benefit from the agreement made between the SBA and the VA.

PLATO

Program Logic Automated Training Orientation (PLATO) is a program of self-instruction on "Building Your Own Business." It consists of modules which test the experienced small business owner, or learning modules for those not yet in business.

PLATO is offered through Commercial Credit Corporation Learning Centers. If a small business owner or prospective owner wants to take PLATO courses, the owner should contact the District Office of the Small Business Administration for approval by the Assistant District Director for Management Assistance. There is no charge for the instruction, and any present or prospective manager-owner may participate. If approved, SBA will direct the student manager to the closest Commercial Credit Corporation Learning Center where the modular program is located.

Publications


"SCORE and ACE," Fact Sheet #16, Small Business Administration, December 1978.
D. PROCUREMENT

Procurement is the means that the federal government uses to obtain the goods and services it does not produce itself but are necessary to its operation. As the nation's largest customer, the government's agencies and departments buy many of the same items as the consumer market, as well as many things the public does not buy. Because of the volume of goods and services purchased, dealing with this large customer can be complex, frustrating and time consuming. At the same time, it can be very rewarding.

Although a number of programs have been developed to aid small businesses to obtain government contracts, successful penetration of the government market takes patience, careful reading and completion of forms, and attention to laws and regulations.

One of the tools you can use to gain access to government procurement contracts is the Procurement Automated Source System (PASS). PASS is a computer-based program which provides the government or government contractors with the names of small businesses that provide needed products or services. However, registration with PASS does not guarantee government contracts. It can best be viewed as a type of free trade advertising. PASS will be covered in detail in another part of this section.

What should I do first?

First, contact an SBA representative at the District or Regional Office for the name, address and telephone number of the SBA Procurement Officer nearest you. Procurement officers are located in all SBA Regional Offices, in some District Offices, and some are located in Federal Procurement Centers. While not available in every procurement office, you should attempt to locate the SBA Procurement Officer nearest you. These representatives have a great deal of knowledge and experience, and access to that knowledge and experience is free to the small business owner.

What sort of goods and services does the federal government buy?

Everything imaginable, from janitorial services to computer time, and from combat tanks to paper towels.

How can I find out if the government needs my goods or services?

The government uses two methods to reach potential contractors: (1) formal advertising; and (2) procurement by negotiation.

Describe "formal advertising" and give me an example of how this is carried out:

Formal advertising is a process the government uses that names the contracting agency or department seeking the product or service, the product
itself, the quantity, quality standards, and anticipated maximum cost. The contracting agency or department may announce these criteria by advertising in the Commerce Business Daily (CBD). The CBD is available on a subscription basis and is published every weekday. In addition to the above, the CBD tells you who to contact and how much time you have to get your bid or proposal into the agency. A request for proposal (RFP) is sometimes required, usually for services rather than goods, and the bidder must submit a written proposal telling the agency in detail how it will perform the request and how much it will cost. (Cost limitations are generally not published in RFPs. Information on the cost and how to order the CBD can be found at the end of this section.)

What other ways does the government seek out small businesses as qualified bidders?

The government may seek out qualified small businesses through the PASS program, or each agency or department may send out notices to its own list of qualified bidders.

What is the PASS program?

The Procurement Automated Source System (PASS) is a computer file containing profiles of thousands of small businesses. By the end of FY 1982 the SBA plans to list at least 150,000 small businesses in PASS. SBA developed PASS for federal agencies, departments, and private businesses to use in fulfilling their legal obligations to contract and/or subcontract with small businesses. While use is not mandatory, many agencies or businesses use PASS because it saves them time and money, and allows them an efficient means of locating the product or service they need in the geographical area closest to the need.

Registration in the PASS program is free and voluntary and is one of the simplest and most efficient ways of making your firm and its goods and services known to government and government contractors.

What information must I supply for the PASS file?

The PASS profile contains vital statistics on a company such as its name, address, ownership, product(s) or services offered. Previous government contracts, past customers, volume of business, characteristics of ownership (veteran, Vietnam era veteran, woman or minority), total employees, and, most importantly, capabilities are also listed on the form.

Using this profile, government agencies and contractors can target their mailings to small businesses with the product, geographical location, ownership characteristic and capabilities dictated or desired by the agency or business, as well as the type of contract or subcontract they are filling.

How does the PASS program work?

When an agency wants to contract, or a large government contractor wants to subcontract, with a small business using the PASS program as a
resource, they contact an SBA Procurement Center Representative or a procurement specialist at an SBA Regional Office and provide them with their specifications. The SBA representative types the specifications into a portable computer terminal (located at most procurement centers, all regional SBA offices, and some other federal agencies). The computer scans its banks according to the specifications and produces a list of firms which prospectively can fill the contract.

**How can I register with PASS?**

Entry into the PASS program is obtained by filling out an SBA PASS company profile (SBA Form 1167). When you request this profile from your Procurement Center representative or Regional Procurement Specialist, be sure and request the 10-79 or later edition since it contains information about veteran ownership. Previous editions of the form did not have the veteran identifier on them.

When filling out the form, be accurate, concise and as comprehensive as the space and instructions provided allow. Give the "capabilities" block your special attention. It is the heart of what appears on the computer print-out, and is the key to what PASS program users are looking for in a small business.

**Can SBA or some other government agency assist me in completing the PASS form?**

Yes. The SBA Regional Procurement Specialist or a Procurement Center representative can help you with the capabilities section of the PASS form. They can provide key words and phrases from the dictionary section of the PASS System Users Guide that will help make an efficient PASS program presentation.

If my firm is already in the PASS program, should I also try to get on agency bidders' lists?

Yes. Time and resources permitting, you should get on every list possible. There are many federal agencies and thousands of government contractors, many with independent purchasing departments. Use of PASS by government agencies or contractors is not mandatory, and contracts for under $10,000 are not usually advertised in Commerce Business Daily, so a number of contracts are let without use of these two resources.

**How do I get on the mailing lists?**

In order to get on the mailing lists of the agencies, you must complete a bidders list application (standard form 129). For Department of Defense agencies, a bidders list application supplement (D.D. Form 558-1) also must be submitted. Both forms are available from the SBA Procurement Representative or directly from each agency.

**Where do I send the forms after I have completed them?**

Complete the forms and mail them to each of the agencies with which you want to do business. The mailing addresses for each agency are contained
in an SBA publication, "U.S. Government Purchasing and Sales Director," available at any SBA office.

What other publications might be helpful to me?

Two other good resources are, "Doing Business with the Federal Government," published by the General Services Administration, and "Selling to the Military," published by the Department of Defense. Both are available at most SBA offices. (For additional information on publications, see the end of this section.)

How can I contact government contractors?

Government contractors have their own contracting offices, personnel and procedures. They are large businesses which have contracts with the government. Those with contracts over $500,000 (services) or $1,000,000 (construction) must demonstrate in their business plan how they plan to contract with small businesses.

For lists of businesses which have this obligation, get a copy of the "Small Business Subcontractors Directory," available at any SBA office. This guide will tell you who the contractors are, and where to get in touch with them. Contractors between $10,000 and $500,000 must make their "best effort" to subcontract with small businesses. The SBA Subcontract Specialist located in the SBA Regional Office may be able to help you contact these firms.

What happens after I respond to a request for a bid?

The agency will review your proposal along with those of other bidders. Federal agencies are required by law to contract with the lowest "qualified" bidder.

What does "qualified" bidder mean?

You must have sufficient capacity, credit, facilities, quality control, history of performance on previous government contracts, and overall integrity to perform the contract. The qualifications are determined by the agency contracting officer based on the standards contained in the procurement regulations.

What if I am the low bidder, but the contracting officer doubts the capability of my firm to perform the contract?

If a small business is the low bidder on a contract, but the contracting officer proposes to reject the bid because the officer questions the firm's ability to perform the contract on the grounds of capacity, credit, perseverance and integrity, the contracting officer must refer the case to the SBA.

What can SBA do to help?

SBA will contact you and tell you of the impending decision, but it will offer you an opportunity to apply for a Certificate of Competency (COC).
What is a Certificate of Competency?

The small business owner who receives a Certificate of Competency presents it to the contracting officer who questioned the business's capabilities, and the contract must then be awarded to the small business.

The need for a Certificate of Competency does not reflect badly on a small business. It may just mean that the firm has never contracted with the government before, is entering a new area of business, or expanding its scope of effort.

This program is how the SBA ensures businesses get a fair chance and aren't turned down because they haven't contracted with the government before. At the same time, it protects the government's money and interests.

What other agency can assist me with government contracting?

The General Services Administration, which is the major procurement office for the government, can assist you. You can contact them through GSA Regional Business Service Centers. (A list of the centers is attached to this section.) They currently have a special outreach program for Vietnam veterans.

Surety Bond Guarantees

SBA will guarantee up to 90 percent of the losses of private surety companies on SBA guaranteed small contractors who cannot otherwise be bonded. To qualify, general and special trade construction firms must not exceed $3.5 million in gross receipts in the previous fiscal year or as averaged over the past three fiscal years. Non-construction firms must qualify under regular 7(a) size limitations. Contractor and surety fees vary.

7(j) and 7(j)(10) Programs

In 1978 Congress amended the Small Business Act "to provide financial assistance to public or private organizations to pay all or part of the cost of projects designed to provide technical or management assistance to individuals or enterprises eligible for assistance under sections 7(i), 7(j)(10), and 8(a)" of the Act. Under the law, SBA is to give special attention to small businesses located in areas of high concentration of unemployed or low-income individuals and to small businesses eligible to receive contracts under section 8(a) of the Act.

One of the major services provided for under this law (P.L. 95-507) is the Call Contracting Program. Consultants are hired by SBA to provide quality management training that is intended to result in entrepreneurial and managerial self-sufficiency on the part of the small business owners served. Consultants furnish business counseling, management training, and legal and other related services. They emphasize the development of management training programs by using resources within local business communities.
Who can apply for this service?

Only applicants already in business and who qualify for Equal Opportunity Loans under section 7(i) of the Act, or firms which qualify as 8(a) contractors may apply. (The 8(a) program will be discussed in detail later in this section.)

Do veteran-owned firms with EOL Loans have a special advantage?

Yes. Veteran-owned firms have a special advantage under the 7(i) program because they only have to be declared low income or socially or economically disadvantaged. Under the 8(a) program, which is directed primarily toward minority-owned firms, qualified veterans have to be declared socially and economically disadvantaged. This designation is much more difficult to obtain.

How do I apply for this service?

Complete an SBA Request for Counseling form (Form 641), which can be obtained from the nearest SBA office.

When filling out the form, the narrative block should contain a detailed account of what your firm needs. It is very important to check the 406 box under, "Type of Service Requested." Checking this box will allow the veteran-owned firm access to consulting services provided by for-profit firms under contract to the SBA. These firms have a working knowledge of business management and are "making it" in the business world. Therefore, they have current experience and expertise to sue on behalf of small businesses.

Is there a charge for this service?

No, there is no charge to the small business firm requesting the service. The number of hours needed to assist the small business owner is settled between the SBA representative and the consultant, however.

8(a) Program

Through this program, the Small Business Administration itself becomes the prime contractor with other government agencies. Small businesses which meet 8(a) eligibility standards are then subcontracted with to perform the service or produce the goods needed by the agency. Firms with an 8(a) designation must be socially and economically disadvantaged, as defined by SBA.

What is the SBA's definition of "socially disadvantaged?"

Individuals who have been subjected to racial or ethnic prejudice or cultural bias because of their identification as members of certain groups, without regard to their individual qualities, are "socially disadvantaged." The groups include, but are not limited to, Black Americans, Hispanic Americans, Native Americans (including American Indians, Eskimos, Aleuts and Native Hawaiians), and Asian Pacific Americans.
How does SBA determine whether a person is socially disadvantaged?

SBA determines the eligibility of each individual on a case-by-case basis. Membership alone in any group is not enough to prove social disadvantage.

What is SBA's definition of "economically disadvantaged?"

Economically disadvantaged persons are socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities, as compared with others in the same line of business and competitive market area who are not socially disadvantaged.

Publications


E. ADVOCACY

Small businesses employ more individuals and create more jobs in the national economy than do large corporations. Therefore, they are extremely significant to the economy and the nation.

While all companies and concerns complain about "government red tape," no matter what their size, for the small business owner the actual work involved in complying with government laws and regulations can impede or even harm the progress of the small business. Laws and regulations are sometimes made without considering the adverse effect they might have on small business concerns.

Recognizing this, the Congress created (in 1976) an Office of Advocacy within the Small Business Administration to act on behalf of small businesses. At the national level, the Office of Advocacy, through the Chief Council for Advocacy, represents small entrepreneurs before all government agencies to help reduce cumbersome, costly compliance requirements, and enhance opportunities for the small business owner within the federal government.

If you are a small business owner and find that a federal rule, regulation or policy is adversely effecting your business, you should contact the nearest SBA Regional Office. (A list is included in this handbook.) Regional Advocates handle individual cases on behalf of small business owners with federal and state agencies in the region. In addition, Regional Advocates are mandated to work closely with local organizations and associations to inform them of government policies, particularly SBA’s, which may be helpful to small business owners.

Advisory Councils

The Small Business Administration (has set up or is setting up) advisory councils at the District, Regional and National levels. The councils (include or will include) SBA personnel, local community business leaders, and members of special interest groups, SBA (has urged or urges) all advisory councils to include organizations interested in veterans' problems both to provide input into the decision making process at the three levels, and to provide a network for the SBA into the community.

Publications

F. BUSINESS PLAN

The sample Business Plan below was developed by the Center for Community Economics (Copyright 1980) and is reprinted with their permission.

A Business Plan is an extremely important document for the current or future business owner. It is your sales pitch to lenders or suppliers from whom you want to borrow money. It should tell the complete story about your business (past, present and future) as briefly and as clearly as possible.

Business Plans show potential lenders and suppliers that you have thought about the basics of business in general, and about your business in particular. It also shows that you plan for the future.

A Business Plan can serve as your guide to your own business. It organizes, on paper, your thoughts about why you are in business, who your customers and competition are, your strengths and weaknesses, and your plans for the future. It is a very good idea to update the Business Plan at the beginning of each year.

Business Plans are required by the Small Business Administration and are strongly preferred by private lenders.

Briefly, the contents of a Business Plan should include:

- Name of Firm
- Owner or Owner-To-Be
- Amount/Purpose of Loan
- Information on the Business
- Market Analysis
- Marketing Strategy
- Management
- Financial Data

A more detailed outline appears below.

Guide to Writing A Business Plan

1) Name of Firm
   State the business' legal name.

2) Owner or Owner-To-Be
   State owner(s) name(s), as well as the form and percent of ownership.

3) Amount/Purpose of Loan
   State amount of loan requested and briefly describe how loan funds will be sued.
4) **Information on the Business**

a) **Type of Business and Product or Service**

State the type of business (manufacturing, service, construction, wholesale, retail, other).

State the company's goals and objectives.

Describe your products and/or services. Briefly state who buys the product/service and who the final users are.

Describe how the product/service is sold to customers (walk-in stores, mail, delivery, etc.).

Comment on quality of product/service.

Estimate average price of product/service.

b) **History**

If new, so so. If existing, discuss age of business, prior owners, how acquired and length of time operated by you, image or reputation, number of employees, last year's sales volume and profit, and any significant events that have affected the company development.

c) **Offices/Plant**

Give addresses and description of area and building.

State whether rented, leased or owned. If rented or leased, state from whom and under what conditions.

Describe type of access to building (major roads, freeways, walking, parking, etc.).

Is the location a good one that is convenient to customers?

State business hours.

State size (square footage).

d) **Personnel**

For the present and future, state: number of employees, type of labor (skilled, unskilled, etc.), sources of labor (especially minorities, handicapped, veterans or other socially or economically disadvantaged groups), timing of hiring (or layoffs).

Comment on the quality of the staff.
Economic/Accounting

Describe how this business makes money.

State how prices are or will be determined and by whom.

State what financial records will be kept and by whom.

Inventory, Supplies, Suppliers and Equipment

Describe what inventory, raw materials and/or supplies the business uses (initial and continuing).

List your suppliers (name, address, type and percent of supplies furnished and length of time you have been buying from each, reliability and frequency of purchase).

How easy or difficult is it to get necessary supplies? If it is difficult, how will you deal with potential or actual shortages?

Are the prices of your supplies steady for fluctuating? If fluctuating, how do you deal with changing costs?

List the equipment used by the business and comment on its condition. If the equipment has been appraised, include values and state who did the appraisal.

Legal

State form of business (sole proprietorship, partnership, corporation) and status (already formed or in process of formation).

State licensing requirements (type and licensing source) and status (not yet applied, applied and pending, obtained).

State zoning requirements and status (verified, O.K., rezoning).

State insurance requirements (type, source) and status.

Have building codes been complied with?

State any health code requirements.

Describe any other laws and regulations that affect the business.

Describe leases, if any.

Trademarks, patents, licenses and copyrights should be checked for legality.

Future Plans

What are your plans for the future (maintain, expand, diversify, sell, etc.)?
5. Market Analysis

a) Customers (Market)

What is your market, or, who are your customers (wholesalers, retailers, consumers, government, etc.)?

Why does this market need your product/service?

How long will this market need your product/service? Is your product/service a fad or continuing need; being phased out or created by new technology?

List the characteristics of your average customers: age, location (market area), average income/sales, sex, lifestyle (family or single), working and other important information.

What do customers like and dislike about your product/service or business?

Estimate the size of the market (in terms of number of customers).

Estimate how much the total market will spend on this or similar products/services in the next year.

b) Environment

Discuss any environmental factors (economic, legal, social or technological) that affect your market or product/service.

c) Competition

Discuss your competition: number of competitors (direct and indirect), type of company (i.e. product or service), location, age, reputation, size (sales or customers), market share.

List major competitors (names and addresses) and discuss their: product/service features, price, location/distribution, reputation/image, market share, size, age, product/service quality.

d) Competitive Advantages and Disadvantages

Discuss how your product/service meets market needs and how you compare with the competition in terms of product/service features, location/distribution, price, other.

e) Projections

Give your projections in terms of the number of customers or items sold or contracts obtained, etc.
6) Market Strategy
   a) Sales Strategy

   Present your marketing strategy; in other words, tell how you will
   get the edge on your competition and get customers. This is your
   action plan to get business.

   Your product/service will sell because one or more of the
   following is attractive: features, pricing (high, medium or low),
   distribution system (limited, widespread, etc.).

   b) Promotion

   Describe how you plan to promote your product/service. State
   how you will promote: advertising, direct mail, personal con-
tacts, sponsoring events or other (word-of-mouth, trade association).

   If you plan to advertise, state what media you will use: radio
   television, newspaper, magazines, telephone book yellow pages,
   and/or other (billboard, etc.).

   State the content of your promotion or advertising: What your
   product/service is, why it is attractive, business location,
   business hours, business phone number and other.

7) Management

   Why have you chosen this type of business? For key management personnel,
   include the following: resumes, personal financial statements, tax
   returns for last 3 years, personal family budget, debt schedule.

   Describe prior experience that qualifies management to run this type
   of business. State why you feel you can run this business. State
   how much time management will devote to running this business.

3) Financial

   a) Sources and Uses

   Describe the project to be financed.

   State where the money to pay for the project will come from
   (sources) and show in detail how it will be used (uses).

   b) Statements - Historical and Projected

   If business is an existing one, include business tax returns and
   financial statements for the last 3 years. Financials statements
   should include:
For both existing and new businesses, project the following financial statements for the next 3 years (monthly for 1st year, annually for 2nd and 3 years):

- Operating (or Income) Statement with explanation (sales, expenses, profit)
- Balance Sheet
- Reconciliation of Net Worth
- Cash Flow with Explanation
- Breakeven Analysis
APPENDIX

Resources - Veterans Associations/Organizations

Most of the following organizations will be able to assist you with information. Some will be sponsoring local pre-business workshops with the SBA. Contact them directly for more specific information.

Executive Director
American Legion
1608 K Street, N.W.
Washington, D.C. 20006
(202) 393-4811

Executive Director
Disabled American Veterans
807 Maine Avenue, S.W.
Washington, D.C. 20024
(202) 554-3501

Executive Director
AMVETS
1710 Rhode Island Ave., N.W.
Washington, D.C. 20036
(202) 223-9550

Executive Director
Paralyzed Veterans of America
4330 East West Highway
Suite 300
Washington, D.C. 20014
(202) 652-2135

Executive Director
Blinded Veterans Association
1735 DeSales Street, N.W.
Washington, D.C. 20036
(202) 347-4010

Executive Director
Veterans of Foreign Wars
200 Maryland Avenue, N.E.
Washington, D.C. 20002
(202) 543-2239

Executive Director
Vietnam Veterans of America
329 8th Street, N.E.
Washington, D.C. 20002
(202) 546-3700

Resources - SBA Field Offices

Check your telephone white pages for the Small Business Administration, listed under "United States Government." The complete address and telephone number for the SBA Field Office in your area should be found there.

The following is a list of SBA Field Offices. Check the list to see which is nearest you.

Agana, GU
Albany, NY
Albuquerque, NM
Anchorage, AK
Atlanta, GA
Augusta, ME
Baltimore, MD
Biloxi, MS
Birmingham, AL
Boise, ID
Boston, MA
Buffalo, NY
Casper, WY
Charlestown, WV
Charlotte, NC
Chicago, IL
Cincinnati, OH
Clarksburg, WV
Cleveland, OH
Columbia, SC
Columbus, OH
Concord, NH
Coral Gables, FL
Corpus Christi, TX
Dallas, TX  
Denver, CO  
Des Moines, IA  
Detroit, MI  
Eau Claire, WI  
Elmira, NY  
El Paso, TX  
Fairbanks, AK  
Fargo, ND  
Fresno, CA  
Gulfport, MS  
Harlingen, TX  
Harrisburg, PA  
Hartford, CT  
Helena, MT  
Holyoke, MA  
Honolulu, HI  
Houston, TX  
Indianapolis, IN  
Jackson, MS  
Jacksonville, FL  
Kansas City, MO  
Knoxville, TN  
Las Vegas, NV  
Little Rock, AR  
Los Angeles, CA  
Louisville, KY  
Lubbock, TX  
Madison, WI  
Marquette, MI  
Marshall, TX  
Memphis, TN  
Milwaukee, WI  
Minneapolis, MN  
Montpelier, VT  
Nashville, TN  
Newark, NJ  
New Orleans, LA  
New York, NY  
Oklahoma City, OK  
Omaha, NE  
Philadelphia, PA  
Phoenix, AZ  
Pittsburgh, PA  
Portland, OR  
Providence, RI  
Rapid City, SD  
Richmond, VA  
Rochester, NY  
Sacramento, CA  
St. Louis, MO  
Salt Lake City, UT  
San Antonio, TX  
San Diego, CA  
San Francisco, CA  
Seattle, WA  
Sioux Falls, SD  
Spokane, WA  
Springfield, IL  
Syracuse, NY  
Tampa, FL  
Washington, DC  
Wichita, KS  
Wilkes-Barre, PA  
Wilmington, DE

SBA Central Office  
1441 L Street, N.W.  
Washington, D.C. 20416

Resources - Other Selected Publications

The following is a list of additional SBA publications which might be helpful to you. Those listed below are available from the SBA at no charge. You may call and order, toll free (800) 433-7212 (Texas only call 800-792-8901) or write: U.S. Small Business Administration, P.O. Box 15434, Fort Worth, TX 76119.

Publication Number and Name

MA 193. What Is the Best Selling Price?  
MA 194. Marketing Planning Guidelines  
MA 201. Locating or Relocating Your Business  
MA 206. Keep Pointed Toward Profit  
MA 208. Problems in Managing a Family-Owned Business  
MA 218. Business Plan for Small Manufacturers  
MA 220. Basic Budgets for Profit Planning  
MA 221. Business Plan for Small Construction Firms  
MA 223. Incorporating a Small Business  
MA 229. Cash Flow in a Small Plant  
MA 231. Selecting the Legal Structure for Your Business  
MA 233. Planning and Goal Setting for Small Business  
MA 234. Attacking Business Decision Problems With Breakeven Analysis
MA 235. A Venture Capital Primer for Small Business
MA 238. Organizing and Staffing a Small Business
MA 241. Setting Up a Pay System
MA 249. Should You Lease or Buy Equipment?
SMA 71. Checklist for Going Into Business
SMA 126. Accounting Services for Small Service Firms
SMA 141. Danger Signals in a Small Store
SMA 142. Steps in Meeting Your Tax Obligations
SMA 144. Getting the Facts for Income Tax Reporting
SMA 150. Business Plan for Retailers
SMA 153. Business Plan for Small Service Firms
SMA 155. Keeping Records in Small Business
SMA 160. Advertising Guidelines for Small Retail Firms
SMA 166. Simple Breakeven Analysis for Small Stores
SMA 167. Learning About Your Market
SMA 170. Thinking About Going Into Business?

SBF 9. Marketing Research Procedures
SBF 10. Retailing
SBF 75. Inventory Management
SBF 86. Training for Small Business
SBF 87. Financial Management
SBF 89. Marketing for Small Business

The following list are SBA publications which are for sale from the Superintendent of Documents, not the SBA. Send your name, company name (if you are already in business), street, city, state and zip code to: Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. You must enclose a check or money order made out to Superintendent of Documents. If you wish, you may charge your order on Visa or Master Charge. Enclose your credit card number and the date of expiration with your order. Prices are subject to increase without notice.

SBMS 15. Handbook of Small Business Finance, 045-000-00139-3, $3.00
SBMS 25. Guides for Profit Planning, 045-000-00137-7, $2.50
SBMS 30. Insurance and Risk Management for Small Business, 045-000-00037-1, $3.00
SBMS 32. Financial Recordkeeping for Small Stores, 045-000-00142-3, $4.00
SBMS 35. Franchise Index/Profile, 045-000-00125-5, $2.00

Starting and Managing a Small Business of Your own, 045-000-00123-7, $3.50
U.S. Government Purchasing and Sales Directory, 045-000-00153-9, $5.50
Buying and Seiling a Small Business, 045-000-00164-4, $3.50
TASK V

REPORT ON LITERATURE SEARCH

TASK V

OVERVIEW OF VETERANS SMALL BUSINESS LOAN PROGRAM

LEGISLATIVE HISTORY

Title III of Public Law 78-346, the Servicemen's Readjustment Act of 1944 (G.I. Bill), established a small business loan program for World War II veterans. To be eligible, a veteran had to serve for a period of 90 days or more (unless discharged for a service-connected disability), and be discharged under conditions other than dishonorable. Unremarried widows of otherwise eligible veterans who died either while in service or from service-connected causes, were also eligible for Veterans Administration (VA) loan benefits. Veterans had to apply for the loan within two years after separation from the service, or two years after termination of World War II. The program originally provided for loans to begin after the war ended so as not to interfere with the war effort. However, in 1945 Congress extended the eligibility period to ten years.

The ten-year provision went into effect on the date of passage, December 28, 1945, except for those veterans who applied within 90 days of enactment. Technically, those veterans applied for a guaranteed loan under the 1944 legislation. P.L. 78-346 was in effect for only a brief period before being amended by Congress in 1945, and so probably few veterans were able to use the benefits provided for in the 1944 law.

P.L. 79-268, passed in 1945, authorized the Administrator of Veterans Affairs to guarantee a small business loan up to 50 percent of the total, but not to exceed $2,000. The same program also provided for guarantees on home and farm loans (up to 50 percent, but not to exceed $4,000), and is probably best known for the home loan provision which is still in effect today.

One extremely interesting provision in the 1945 legislation appears to have given the Veterans Administration the authority to pay the interest on a guaranteed loan to an eligible veteran, an amount up to four percent of the original guarantee.

The 1945 law added a foreclosure provision which allowed the Administrator, upon notification by the veteran that the loan was to be foreclosed, to pay the balance plus accrued interest. The Administrator then received assignment of the loan and security (within 30 days of notification by the veteran).

The Administrator was authorized to prescribe terms and conditions under which loans would be approved by the VA. The 1944 law required that loans could not bear an interest rate in excess of four percent per annum. This was changed in 1948 to four-and-one-half percent per annum. Loans were payable over a ten-year period.

Section 503 of Title III, Purchase of Business Property, was amended in 1944 and specified the criteria under which a small business loan guarantee would be made (P.L. 79-268). A loan could be guaranteed for the purchase of a business, land, buildings, supplies, equipment, machinery or tools, inventory, stock in trade, or for the cost of the construction, repair, alteration or
improvement of any real or personal property. The law provided that the loan must be used by the veteran applicant in "pursuing a gainful occupation." The criteria for approval required:

1. Proceeds from the loan be used for any of the purposes described above;

2. Property purchased be useful in and be reasonably necessary for the efficient and successful pursuit of the business;

3. Ability and experience of the veteran and the conditions under which the veteran would pursue the business be such that there was reasonable likelihood the veteran would be successful in the business; and

4. Purchase price paid for the property or business could not exceed reasonable appraised value. (Appraisals were conducted by VA-designated appraisers.)

Another key provision of the 1945 legislation was the VA's guarantee of loans to refinance delinquent indebtedness. A loan could be made to a veteran for the purpose of refinancing (including business indebtedness), delinquent taxes and assessments, if the following criteria were met:

1. Loan became in default or the delinquency occurred not later than ten years after the termination of the war;

2. Refinancing would aid the veteran in his/her economic readjustment; and

3. Amount of the guaranteed loan did not exceed the reasonable value of the property or business, as determined by a VA-designated appraiser.

According to a 1952 study conducted by Congressmen Olin E. Teague, by June 25, 1952, over 2,861,000 loans, with an initial principal amount of more than $18 billion, had been guaranteed by the Veterans Administration under Title III of the legislation. More than 2.7 million loans were for housing, about 58,700 were for farm loans, and approximately 84,200 were for business, totalling $289 million. Small business loans amounted to about 3 percent of all the loans made to World War II veterans.

In 1952 Congress extended the World War II loan program to include Korean war veterans. Small business loans were limited to $2,000, as they had been previously, and Korean veterans were given up to ten years to apply for the benefit. There were no significant changes from the World War II legislation.

The 1952 study conducted by Congressman Teague showed that considerable effort was made to improve quality control in VA guaranteed home loans. Hearings conducted on the loan programs gave no reference to abuse or problems in the business loan program. The overall default rate on all VA loans was less than one percent.
In 1953 legislation was passed by Congress creating the Small Business Administration. On May 19, 1953, then VA Administrator Carl R. Gray, Jr. sent a letter to Senator Homer E. Capehart, Chairman of the Committee on Banking and Currency in the Senate (the committee with jurisdiction over the SBA legislation). Administrator Gray’s letter contained an overview of the intent and mission of the SBA, and a review of the VA’s relations with SBA’s predecessor, the Small Defense Plants Administration. The VA also cited the fact that it had let out more contracts to small businesses than any other federal agency.

What is more interesting than what the letter said, however, is what it did not say. At no point did Gray address the VA’s small business loan program or even refer to any coordination or interrelation of services between the two agencies. Apparently not until 1972 did the SBA and VA enter into any joint agreements to assist veterans seeking to start up small businesses.

On August 1, 1972, the Administrators of the Small Business Administration and the Veterans Administration Thomas S. Kleppe and Donald Johnson, respectively, issued a joint press release which stated in part, "...honorably discharged Vietnam era veterans are now eligible for business loans, Federal contracts and management assistance under SBA programs which previously were restricted to socially or economically disadvantaged persons." The release further stated, "...under the same program that previously has applied only to minorities and other disadvantaged persons, veterans are now eligible for Federal contracts (under Section 8(a) of the Small Business Act) commonly called 'B(a)' contracts."

Regrettably, information on the numbers of veterans who participated in the 8(a) program under the plan announced in 1972 is not readily available. No directive implementing the plan has been found. However, Amendment 5, Sections 124.8-1 and 124.8-2 (8(a) Program) of Part 124 of SBA Rules and Regulations published and effective May 25, 1973, provided for the following eligibility in the 8(a) program:

(c) Eligibility. (1) Social or economic disadvantage.

An applicant concern must be owned and controlled by one or more persons who have been deprived of the opportunity to develop and maintain a competitive position in the economy because of social or economic disadvantage. Such disadvantage may arise from cultural, social, chronic economic circumstances or background, or other similar cause. Such persons include, but are not limited to, Black Americans, American Indians, Spanish-Americans, Oriental Americans, Eskimos, and Aleuts. Vietnam-era service in the Armed Forces may be a contributing factor in establishing social or economic disadvantage. (emphasis added)

By 1974 the VA small business loan program, once well established, had declined to a negligible rate. According to a Senate report on the Veterans Housing Act of 1974 (Report No. 93-1334, December 11, 1974), the VA had guaranteed thousands of business loans in 1951. In 1974, however, only 2 business loans were guaranteed by the VA.
...Due to the availability of more attractive programs administered by the Small Business Administration of the Farmers Home Administration, lenders have not been making loans. For example, in 1951, the VA guaranteed 42,000 business loans. Since that time the volume has dwindled to negligible proportions and in fiscal year 1974 only two business loans were guaranteed...

The report added an extremely significant statement, however, pointing up congressional concern for the treatment of veterans under other government loan programs:

In deleting these provisions, the Committee wishes to emphasize its continuing concern that veterans who apply for farm or business loans under other Federal programs be accorded the emphasis that our Nation expects to be given to those who have honorably served their country.

Although not mentioned specifically, the Small Business Administration was the obvious agency to deal with veterans seeking business loans.

In 1974 Congress enacted P.L. 93-237 which provided for "special consideration" for veterans of United States military service and the survivors of their immediate families." The entire legislative history of the special consideration provision, however, consists of only two sentences and additional remarks made by Congressman Edward Koch of New York prior to the passage of the bill.

On June 19, 1973 the House Banking and Currency Committee issued its report on H.R. 8606, amending the Small Business Act. The report stated:

Section 9.--Makes it clear that in the conduct of all of the programs administered by the Small Business Administration that no person or small business concern can be discriminated against because of sex. In addition, the section provides that the Administration shall give special preference with regards to programs it administers to veterans of U.S. military service and the surviving members of their immediate family. Your committee expects that the Small Business Administration will adopt regulations to carry out the veterans preference section so as to provide veterans and the surviving members of their immediate family the best possible advantages in obtaining assistance from the Small Business Administration.

Congressman Koch's brief statement contained in the above House report was: "I intend to vote for this bill as it covers a desperate need in stimulating enterprises in poverty-stricken areas and among disadvantaged people. The special needs of the Vietnam veteran are covered in this bill, an area where recognition is lacking elsewhere, and I applaud this bill for such inclusion."
The conference between the House and the Senate accepted the House language without additional comment, and the special consideration provision went into the 1974 legislation.

P.L. 93-237 resulted in the following regulations being issued by the Small Business Administration:

1. In-depth management assistance counseling on first interviews;

2. Emphasizing to SBA personnel designated as Veterans Affairs Officers the need for close cooperation with the local VA offices and organizations having direct interest in veterans affairs;

3. Directing SSA procurement personnel designated as Veterans Procurement Affairs Advisors to emphasize how veterans can obtain procurement contracts from the Government;

4. Local media campaigns to inform the veterans about SBA's ability and desire to help;

5. Special workshops and training;

6. Prompt processing of loan applications of any type;

7. Particular attention to giving maximum loan maturity to veterans;

8. Loans would not be declined solely because of the lack of collateral, providing the veteran, dependent, or survivor will provide any worthwhile collateral;

9. On all direct loans, placing a liberal interpretation on present deferment policy;

10. In the awarding of 8(a) contracts, veterans' status may be a contributing factor in establishing eligibility as socially and economically disadvantaged; and

11. In all district offices there shall be one or more Loan Specialists designated as Veterans Loan Officers.
TASK VI

DATA COLLECTION:
REGIONAL SBA SERVICES
TASK VI
DATA COLLECTION: NATURE AND SCOPE
OF EXISTING SBA SERVICES

OBJECTIVE -- To define the nature and scope of existing SBA services to veterans offered in various SBA field offices across the country.

RATIONALE -- There appears to be a great deal of diversity of program efforts and approaches among SBA regional, district and field offices regarding the implementation of subpart 117 of the SBA regulations which define "special consideration" for veterans in SBA services. Therefore, the Center for Community Economics subcontracted with five community-based veterans organizations who collected information from SBA offices in order to compare types of services currently being offered.

SBA Contract No. SBA-4869-ADA/P-80 stated that, "The contractor shall collect information from six (6) SBA regional offices of program efforts and approaches among the six (6) regions and compare the type of services being offered." Frequently when the SBA district and regional offices were located in the same city, the regional office voluntarily included a district office representative in the interview with the SBA Veterans Project subcontractor. Therefore, the number of SBA office representatives who were interviewed increased from six to twelve.

METHODOLOGY -- The SBA Veterans Project subcontracted with five community-based veterans organizations across the country to make on-site visits to SBA field offices. The purpose of the visits was to interview SBA personnel and to collect information on the extent of existing SBA services to veterans. During July of 1980, SBA Veterans Project staff and subcontractors interviewed SBA personnel in the following offices:

- New York, New York
- Newark, New Jersey
- Syracuse, New York
- Montpelier, Vermont
- Harrisburg, Pennsylvania
- St. Louis, Missouri
- Kansas City, Missouri
- Minneapolis, Minnesota
- Seattle, Washington
- Seattle, Washington
- San Francisco, California
- San Francisco, California

Regional Office
District Office
District Office
District Office
Branch Office
District Office
Regional Office
District Office
District Office
Regional Office
The process of interviewing SBA field offices was not intended to be a "scientific sampling." It merely attempted to define the nature and scope of existing SBA services to veterans in the context of the "special considerations" clause in P.L. 93-237. The questions were drawn directly from part 117 of the SBA regulations.

The number of responses to the eleven questions asked of each SBA office may vary because, in some cases, SBA district and regional representatives were interviewed simultaneously and the regional representatives may have deferred the question to the district representative or vice versa. In addition, on many of the questions, particularly questions 10 and 11, subcontractors were unable to elicit a direct response.

Responses to Interviews with SBA Personnel

The responses reported below are gleaned directly from the reports submitted by the community-based veterans organizations who interviewed the SBA personnel at the twelve SBA offices listed above. Each of the interviewers asked the same set of questions during the interview process. (See page 16). The responses, in most cases, are direct quotes from SBA personnel. The names of the interviewees and locations of their offices have been deleted. The responses listed below represent the interviewees' direct responses to the questions. Extraneous information and responses which are irrelevant to the questions have been omitted.

1. Management Counseling

Do veterans receive in-depth management assistance counseling on their first interview? Who is responsible for providing that counseling?

Responses:

"Veterans receive basically the same management assistance as other first-time applicants. The applicant does not meet with the management assistance officer because he oversees the three SCORE representatives, the SBDCs and covers the six counties. The loan officer provides information and assistance to veterans."

"The type of counseling given depends upon the level of understanding the client has about the SBA, his desires in terms of business interests, and areas
in which assistance is needed or required. When
veterans receive counseling it is from Mr. ___
who is the local officer assigned to work directly
with veterans. However, all SBA counselors are
'generalists' and must be able to work with any
type of 'group.'"

"In Region ___ the Management Assistance Division
is responsible for providing in-depth counseling
although the SCORE/ACE counselor is often delegated
the task of actual one-to-one counseling. The burden
is on the veteran to call us and tell us his needs.
Once a determination is made on whether it's a
management or loan problem the appropriate division
is assigned to the veteran's case."

"Yes, they do if they desire it. Veterans, as a
group, do not receive any more or any less than
would anyone else coming to SBA for assistance.
The management assistance officer is the person best
able to provide needed counseling." The veterans
affairs officer stated that it is part of his work
to channel veterans to the best people to handle
their special needs.

"Yes, vets receive anything they're looking for."

"We have no special services for Vietnam era veterans
--after Vietnam they were automatically eligible for
the EOL program--but I don't think it's automatic
anymore."

"Yes. Average of 30 minutes of counseling--it's
provided by the veterans affairs officer."

"We give in-depth management assistance counseling
on first interviews and then a referral to the appro-
priate division."

"I use SCORE and the management assistance officer
to counsel veterans."

Summary:

Four of the SBA personnel responded generally that
veterans receive in-depth management counseling on
their first interview.

Two said veterans receive counseling if it is needed.
Two said SBA personnel who provide in-depth management training include the loan officer, Vets Affairs Officer, SCORE/ACE counselor and management assistance officer.

One said no special services are provided.

Conclusion:

About half the SBA field offices interviewed provide in-depth management counseling on the first interview. The balance of the offices provide in-depth management counseling if it is needed or provide the same level of services as is provided to non-veterans.

2. Coordination with Veterans Programs

What efforts has the SBA Veterans Affairs Officer made in order to achieve close cooperation with local VA officials and organizations having direct interest in veterans affairs?

Responses:

"Well, I briefed the VA's veterans benefits counselors regarding SBA programs on April 7, 1980. I go to the VA's Civic Council occasionally."

"I have no idea -- we are a branch office. The Veterans Affairs Officer is in ______ at the district office."

"I work with the VA when they call me to participate. I serve on the Mayor's Vietnam Veterans Coordinating Council."

"I am a referral resource for the VA. There aren't enough staff to work with VA on a full-time basis."

"Mr. ______ addressed the VA's service officers in July 1976 to inform them of SBA's responsibilities to veterans. Another such meeting is planned soon."

"The Vets Affairs Officer from the district office spoke to the local Vietnam Veterans Civic Council on one occasion. We send a man to the VA on a yearly or semi-yearly basis to update VA personnel on how the SBA functions."

"We cooperate with the VA, American Legion, colleges and the state association of veterans program administrators."
"There is no formal coordination with veterans groups. They do send referrals to us though."

"We work with the Vets Service Center. They initiated contact with us."

"This office works with the VA, but we have no special programs for veterans."

Summary:

Three of the SBA personnel responded that they have no cooperation with local VA officials, or they don't know what cooperation has taken place, or there isn't enough staff to cooperate with VA.

Three of the SBA personnel responded that they occasionally attend VA Civic Council meetings or have addressed VA "service officers."

Two said they generally "cooperate" or "work with" the VA.

One said he cooperates with the VA when they call him.

One works with a community-based veterans organization per a request from that organization.

Conclusion:

There is no uniform coordination and cooperation between the SBA and the VA except that about one-third of SBA offices attend VA Civic Council meetings when invited. SBA offices generally do not take the initiative to contact and promote coordination with veterans organizations and the VA.

3. Procurement

How has the Veterans Procurement Officer emphasized that veterans can obtain procurement contracts for the government?

Responses:

"We don't have a Vets Procurement Officer or vets loan officer. We never get new bodies for these positions; we only get new hats."

"Procurement information is available at the regional, not district, level."
"I am not aware that we have a Veterans Procurement Officer."

"All procurement contracts are handled regionally."

"There is no veterans procurement officer at this district office—we are not slotted for any procurement officer. However, we do have an employee who is serving as a procurement contact. The extent of this district office involvement regarding veterans procurement is to counsel the veteran on the 8(a) program."

"There is no government procurement specialist in this office. We are starting to work with veterans in PASS."

"The problem is that we don't have enough personnel to do this."

"A Veterans Procurement Officer would be a 'window dressing title and largely symbolic.' Although there is no special program for getting veterans government contracts, his procurement division will go all out for a veteran once identified."

"There is no Veterans Procurement Officer at the regional office."

"The Veterans Procurement Officer is at the regional office."

Summary:

Five of the SBA personnel responded that they have no Veterans Procurement Officer.

Three of the respondents said that veterans procurement activities are handled at the regional office.

Two of the respondents had no Veterans Procurement Officer but in some way tried to provide information to veterans about government procurement contracts.

Conclusion

The majority of SBA officers interviewed have no Veterans Procurement Officer. There appears to be no systematic effort to provide veterans with assistance in obtaining government procurement contracts.
4. **Media Campaigns**

How many media campaigns has your SBA office conducted to inform veterans about SBA's ability and desire to help?

**Responses:**

- "I don’t recall that we have received any public service announcements or other publicity geared toward veterans."
- "The management and finance divisions have not conducted any media campaigns on their own. Media efforts are generally designed for the general public."
- "Local media campaigns are the responsibility of the Regional Public Affairs Officer."
- "There has been no local advertising--only that which is done on a national scale."
- "None. This district office has no budget for outreach via radio, television or newspaper."
- "We have no special media efforts geared exclusively toward veterans."
- "None so far."
- "No specific outreach attempts are made to contact veterans--they are not a target group like minorities."

**Summary:**

Seven SBA persons said that no media campaigns had been conducted to inform veterans of SBA programs.

One said that media campaigns are the responsibility of the regional office.

**Conclusion:**

Neither district nor regional SBA offices are conducting media campaigns to inform veterans of SBA programs and services.

5. **Pre-Business Workshops**

How many workshops has the SBA office conducted for veterans and what kind of training have they provided for veterans?
Responses:

- "We don't segregate our training—anybody can attend our pre-business workshops. We would be glad to have veterans organizations co-sponsor pre-business workshops geared exclusively to veterans because they could be responsible for doing the outreach. We would be responsible for providing the speakers, etc."

- "The SBA was one of the public sector representatives in attendance at four of the Veterans Employment Seminars conducted jointly by the National Alliance of Business and PAVE in the last three years."

- "This district office provides referrals for training a computer-programmed-learning course (PLATO) in small business management."

- "I am aware of only one pre-business workshop for veterans—it was held in the VA hospital."

- "Special workshops should involve the Vets Affairs Officer. We are scheduling pre-business workshops for veterans now."

- "We are planning a pre-business workshop for veterans this fall. The regular monthly pre-business workshops have a 2-3 percent vet participation."

- "There have been no special workshops."

- "No special workshops have been given."

- "We do special workshops when it appears that a need exists."

Summary:

- Three of the SBA personnel said or inferred that no veterans workshops have been held.

- Two said no workshops have been held but workshops are being scheduled for veterans.

- One said he recalled of one pre-business workshop for veterans being held.

- Three of the respondents did not directly respond to the question in that anybody can attend their workshops, that small business management courses are available, or that SBA participated in another agency's seminars. (Subcontractors were unable to elicit a direct response from these three respondents.)
Conclusion:

Only one of nine of the SBA field offices has sponsored a pre-business workshop for veterans.

6. Prompt Processing

How does the SBA office define "prompt processing" of loan applications and what is the reality of that processing time?

Responses:

- "Generally three-to-six days is the time which it takes to have a guaranteed loan approved by the district office."

- "Processing a guaranteed loan application can take from 24 hours to a week or longer depending on any special problems in completing the loan application."

- "Guaranteed loans are being processed within six (6) working days after receipt from the bank."

- "Ten days. This time is the same for veteran and non-veteran applicants."

- "Ten working days following receipt of the application from the bank."

- "Ten working days after the loan has been through the approval process and the bank."

- "Ten working days."

- "All loan applications are processed promptly in about twelve days."

- "We have no special processing for loan applications from Vietnam era veterans--all applications are processed promptly."

Summary:

Processing time for guaranteed loan applications ranged from one day to 12 days with 5 and 10 days' processing time being most common.

Conclusion:

Veterans are treated as any other applicant in the processing of loan applications. It appears that the processing time is about 10 working days.
7. Maximum Loan Maturity

Do you give particular attention to providing maximum loan maturity to veterans?

Responses:

- "I try to--but I don't always know if the applicant is a vet."
- "I don't know because that's a processing function--but I am sure they give the maximum time for vets to pay off their loans."
- "The usual maturity is 8-10 years, but the loan officers can extend the period to 15 years at their discretion. Since veteran status is not known, there is no way to determine if this provision has helped veterans."
- "Yes, all loan officers have been made aware by the Veterans Affairs Officers of having the option of giving to veterans a maximum loan maturity of seven to ten years."
- "We give veterans the longest time period possible for loan maturity."
- "Veteran status is not a significant factor. They try to give maximum loan maturity to everyone."
- "All loans receive maximum loan maturity."
- "Maximum loan maturity is available for all applicants."
- "We work out the payment plan that benefits the applicant the most, no one is treated specially."

Summary:

- Three respondents said that veterans receive maximum loan maturity or they were fairly sure they did.
- Three respondents said that all loan applications receive maximum loan maturity and that veteran status is not a significant factor.
- Two respondents said that veteran status is not always known.
- One respondent said that no one is treated specially.
Conclusion:

The majority of loan applications received for veterans and non-veterans receive maximum loan maturity—veteran status is not a significant factor.

8. Collateral

What special consideration do veterans receive with regard to collateral for loan requests?

Responses:

• "You can define special consideration any way you want. The only people who don't get some form of special consideration are WASPs."

• "The same as everyone else in the direct loan program."

• "When veteran status is not known we cannot give 'special consideration.'"

• "It is our policy to disregard collateral as a major factor in a loan application decision for veterans."

• "Collateral is not a strong factor for loan approval. If veterans as well as other applicants meet all of these criteria, collateral is not necessary. If, however, the client has assets available, pledging of these assets is required."

• "Loan officers are aware that veterans cannot be turned down solely for lack of collateral for a loan."

• "Collateral is not really used anymore—repayment ability is the key."

• "Veterans receive a much more liberal interpretation of what adequate collateral is—depending on repayment ability."

• "Maximum loan maturity is available for everyone."

Summary:

Three respondents made statements which appear to be a form of special consideration with regard to collateral for veterans, e.g., "We disregard collateral as a major factor for veterans." "Vets cannot be turned down solely because of lack of collateral,"
"For veterans we use a more liberal interpretation of what collateral is."

- Two respondents said that collateral is not really a strong factor in loan approvals.
- Two respondents said that virtually everyone gets some form of consideration.
- One respondent said that SBA cannot give special consideration to veterans because they do not know who they are.
- One respondent said veterans are treated like everyone else.

Conclusion:

The great majority of SBA persons interviewed stated that virtually all applicants receive some form of "special consideration" regarding the amount of collateral needed for a loan—or that collateral is not a strong factor in making loan approvals. Veterans are treated no differently than other applicants.

9. Deferment

With respect to the direct loan program, how has your office provided for a liberal interpretation on present deferment policy?

Responses:

- "I can't really say whether deferment policy for veterans is different than for others."
- "We interpret deferment as six months no payment, six months interest only, and then normal payment after that depending on circumstances of the individual case."
- "Deferments are based on the 'legitimate needs' of the business."
- "The deferment policy on direct loans is liberal and involves much discretion. In a loan payment problem the principal will usually be deferred but not the interest."
- "Principal payments, interest payments, or both can be deferred up to six months and this discretion has
been exercised in the past. However, since veteran status is not known, the office does not have the ability to demonstrate that such an interpretation has been given to veterans because they are veterans."

- "Deferment policy works the same for everyone."
- "The SBA is not in the business of foreclosing on people. The districts are liberal with everyone."
- "It's a standard operating procedure for everyone."

Summary:

- Four respondents implied that deferment policy is the same for everyone—vets and non-vets.
- Two respondents stated that policies provide for deferment of principal or interest payments.
- One respondent stated that veteran status is not known and that veteran participation in liberal deferment policy cannot be determined.
- One respondent said that deferment is based on the legitimate needs of the business.

Conclusion:

Generally, deferment policy for veterans appears to be the same as it is for other applicants.

10. 8(a) Contracts

In the awarding of 8(a) contracts, is veterans status a contributing factor in establishing eligibility as socially and economically disadvantaged?

Responses:

- "A non-minority veteran can qualify for an 8(a) contract if he/she is socially and economically disadvantaged. The problem is the definition of that category is decided in Central Office, which is another way of saying, 'It's not my job.'"
- "It is a factor—but not high on the list."
- "The 8(a) program doesn't really help veterans very much because of the involved eligibility process.
and the fact that being a Vietnam era veteran doesn't automatically qualify as socially and economically disadvantaged."

Summary:
- Two respondents felt that being a veteran doesn't really help very much in establishing 8(a) eligibility.
- One respondent felt that being a veteran can be a contributing factor in establishing 8(a) eligibility.

Conclusion:
Although the number of respondents to this question was small, the majority felt that veteran status was not an aid to establishing 8(a) eligibility.

11. Veterans Loan Officers

In district offices is there one or more loan specialist designated as Veterans Loan Officer?

Responses:
- "We don't have a Vets Loan Officer per se."
- "Veterans get the same loan counseling as other applicants."
- "We have a Vets Affairs Officer who does this."
- "The veterans affairs person makes sure that veterans get the loan information which they need."
- "I wear a lot of hats—you could say I am the Vets Loan Officer because I am already the vets affairs officer."

Summary:
- Two of the respondents said that veterans are provided the necessary loan counseling either directly or indirectly through the Veterans Affairs Officer.
- One respondent said that his district office does not have a Veterans Loan Officer.
- One respondent said that he wears the veterans loan officer hat and Veterans Affairs Officer hat simultaneously.
One respondent said that veterans get the same loan counseling as non-veterans.

Conclusion:

Most district offices have not appointed Veterans Loan Officers per se, although many offices maintain that veterans receive the loan counseling which they need.
QUESTIONS USED IN CONDUCTING INTERVIEWS 
WITH SBA PERSONNEL 
FOR THE PURPOSE OF THE TASK VI DATA COLLECTION

1. (Management Counseling): Do veterans receive in-depth management assistance counseling on their first interview? Who is responsible for providing that counseling?

2. (Coordination with Veterans Programs): What efforts has the SBA Veterans Affairs Officer made in order to achieve close cooperation with local VA officials and organizations having direct interest in veterans affairs?

3. (Procurement): How has the Veterans Procurement Officer emphasized that veterans can obtain procurement contracts for the government?

4. (Media Campaigns): How many media campaigns has your SBA office conducted to inform veterans about SBA's ability and desire to help?

5. (Pre-Business Workshops): How many workshops has the SBA office conducted for veterans and what kind of training have they provided for veterans?

6. (Prompt Processing): How does the SBA office define "prompt processing" of loan applications and what is the reality of that processing time?

7. (Maximum Loan Maturity): Do you give particular attention to providing maximum loan maturity to veterans?

8. (Collateral): What special consideration do veterans receive with regard to collateral for loan requests?

9. (Deferment): With respect to the direct loan program, how has your office provided for a liberal interpretation on present deferment policy?

10. (8(a) Contracts): In the awarding of 8(a) contracts, is veterans status a contributing factor in establishing eligibility as socially and economically disadvantaged?

11. (Veterans Loan Officers): In district offices is there one or more loan specialist designated as Veterans Loans Officer?
SUMMARY OF CONCLUSIONS
(Nature and Scope of Existing SBA Services)

1. Management Counseling

About half of SBA field offices interviewed provide in-depth management counseling on the first interview. The balance of the offices provide in-dept management counseling if it is needed or provide the same level of services as is provided to non-veterans.

2. Coordination with Veterans Programs

There is no uniform coordination and cooperation between the SBA and the VA except that about one-third of SBA offices attend VA Civic Council meetings when invited. SBA offices generally do not take the initiative to contact and promote coordination with veterans organizations and the VA.

3. Procurement

The majority of SBA officers interviewed have no veterans procurement officer. There appears to be no systematic effort to provide veterans with assistance in obtaining government procurement contracts.

4. Media Campaigns

Neither district nor regional SBA offices are conducting media campaigns to inform veterans of SBA programs and services.

5. Pre-Business Workshops

Only one of nine of the SBA field offices have sponsored a pre-business workshop for veterans. However, two of the offices are in the process of planning pre-business workshops for veterans.

6. Prompt Processing

Veterans are treated as any other applicant in the processing of loan applications. It appears that the processing time is about ten working days.

7. Maximum Loan Maturity

The majority of loan applications received for veteran and non-veterans receive maximum loan maturity—veteran status is not a significant factor.
8. Collateral

The great majority of SBA persons interviewed stated that virtually all applicants receive some form of "special consideration" regarding the amount of collateral needed for a loan—or that collateral is not a strong factor in making loan approvals. Veterans are treated no differently than other applicants.

9. Deferment

Generally, deferment policy for veterans appears to be the same as it is for other applicants.

10. 8(a) Contracts

Although the number of respondents to this question was small, the majority felt that veteran status was not an aid to establishing 8(a) eligibility.

11. Veterans Loan Officers

Most district offices have not appointed Veterans Loan Officers per se, although many offices maintain that veterans receive the loan counseling which they need.
TASK VII

SHOULD CERTAIN VETERANS, AS A GROUP, QUALIFY AS "SOCIALLY DISADVANTAGED" IN THE SBA'S 8(A) PROGRAMS?
Introduction

A key issue in the area of SBA services to veterans is whether Vietnam veterans and disabled veterans of all wars should be designated by the SBA as an administratively defined group of "socially disadvantaged" individuals, pursuant to 13 CFR Par. 124.1-1(c)(3)(iii).

Under SBA regulations, the group designation which conceivably could be sought by Vietnam and disabled veterans would, if granted, ease the access of individual veterans to two programs established in the Small Business Act, as amended by Public Law 95-507, enacted October 24, 1978. The first program, commonly referred to as "the 8(a) program," is a business development program in which SBA enters into contracts with other federal agencies and then arranges for the performance of such contracts by negotiating or otherwise letting subcontracts to socially and economically disadvantaged small business concerns.

The second program, referred to as "the 8(d) program," involves federal contracts above certain amounts awarded to private firms. Under the 8(d) program, the prime contractor is required to take steps to award subcontracts to firms owned and controlled by socially and economically disadvantaged individuals, among others.

With respect to the 8(a) program, approving a group designation of "social disadvantage" would specifically identify the applicant group as composed of individuals who have been subjected to racial or ethnic prejudice or cultural bias because of their membership in the group. If a firm seeking 8(a) certification was owned and operated by members of such groups, it would still have to make an individualized showing of economic disadvantage. The value, then, of group designation of social disadvantage would be that the entry of members of such groups into the 8(a) program would be expedited. It would not, however, prohibit others from gaining access to the program.

Approving a group designation of social disadvantage for purposes of the 8(a) program would mean that prime contractors could, with respect to their 8(d) subcontracting responsibilities, presume that any firm owned and operated by members of the group is owned and operated by socially and economically disadvantaged individuals. For purposes of the 8(d) program, membership in a group designated as socially disadvantaged is not a requirement of participation in the subcontracting program. If a firm is not owned and operated by individuals who have such status, it has to meet the 8(a) standard of individual social and economic disadvantage. Once SBA made that determination, the firm would be eligible.
Thus, what is ultimately at issue is whether the expedited processing into the 8(e) and 8(d) programs that is available to members of groups designated socially disadvantaged is also available to Vietnam and disabled veterans.

Economic Conditions Among Vietnam and Disabled Veterans

A. Background

Senator Alan Cranston, Chairman of the Senate Committee on Veterans Affairs, made the following opening remarks at hearings on small business programs for veterans on August 25, 1980:

"Assuring self-sufficiency is one of the most successful means of promoting an individual's self-esteem and productivity. In essence, that is really one of the basic tenets of small business. For the veteran, particularly the disabled or Vietnam era veteran who is seeking to make a transition from military service to the civilian labor market, I can think of few means promoting that transition as effective as assisting that veteran in becoming a successful small business man or woman. At the same time, it bolsters our economy, enhances our employment situation, and increases our nation's productivity.

It is, indeed, unfortunate that although the special consideration provision was enacted in 1974, little has been done to provide for its aggressive implementation. Too many years have passed and too few veterans have received the assistance and the special consideration mandated by law to be provided by the S.B.A. However, it is my hope that by working together, we will turn this situation around so that no veteran will be denied the assistance Congress promised more than six years ago.

Disabled Veterans. As of September, 1979, there were 550,410 6/ Vietnam era veterans with disabilities adjudged to be service-connected (153,000 were rated 50 percent or more disabled). 7/ There are a total of 2,271,984 living service-connected disabled veterans from all war eras. Their service by era is listed below: 8/

| Regular Establishment | 257,709 |
| Vietnam             | 550,410 |
| Korea               | 235,974 |
| World War II        | 1,197,499 |
| World War I         | 30,387  |
| Spanish American    | 2       |
| Mexican Border Service | 3      |
| **Total**           | 2,271,984 |
Vietnam Era Veterans. The civilian population of the United States now includes nearly 9 million veterans of the Vietnam era. The average age of Vietnam era veterans was 34 as of September 1980. Ninety percent of the Vietnam era veteran population is white, and 9.3 percent is Black; 5 percent have Spanish surnames; and 2 percent are women. (sic) Relatively more Vietnam era veterans are Black or of Hispanic origin than are veterans of earlier wars (WW II, 7 percent and 2 percent; Korea, 9 percent and 4 percent.)

The recent independent study by Louis Harris Associates, Inc., written at the request of the Veterans Administration and the White House, produced some revealing information about Vietnam and Vietnam era veterans. The title of the study was, Myths and Realities: A Study of Attitudes Toward Vietnam Era Veterans. For example, the study found that:

- Fully 95 percent of the veterans of the Vietnam era are men. (p. 3)
- Almost half (48 percent) of all veterans who served during the Vietnam era served in the Vietnam theater of operations. (p. 2)
- Most of the veterans who served in the Vietnam area experienced moderate or heavy combat conditions while there. (p. 2)
- A somewhat greater percentage of those who were drafted (53 percent) than of those who enlisted (46 percent) served in the Vietnam area. (p. 5)
- Those who were drafted were also more likely to see combat in Vietnam than were other Vietnam era veterans. (p. 5)

(Further data and characteristics on Vietnam veterans are discussed on page 13 under the heading of Social Adjustment of Vietnam Era Veterans.)

There is evidence that Vietnam veterans and disabled veterans are disadvantaged due to physical, employment and social adjustment barriers which have subsequently affected a positive readjustment to civilian life. The extent of such disadvantage is discussed below.

B. Unemployment among Disabled and Vietnam Veterans

Unemployment rates for disabled veterans are not developed by the Bureau of Labor Statistics (BLS), although some studies done for the Department of Labor indicate that disabled veterans experience unemployment rates which range from 30 to 50 percent, with the rate increasing with the severity of the disability. For the catastrophically disabled veteran, the employment situation can be devastating. The Paralyzed Veterans of America report that they have endured discrimination in the field of employment for 34 years. Even today, of the 25,000 spinal cord
injured veterans, 11,000 of whom are members of PVA, less than six percent are employed. 12/

The Blinded Veterans of America and Disabled American Veterans report similar employment problems among disabled veterans. The Blinded Veterans of America estimate that there are in excess of 50,000 blinded veterans who are receiving disability compensation from the Veterans Administration—they estimate that about 80 percent of these veterans are unemployed. 13/

The Disabled American Veterans have testified frequently before the Congress during the past ten years and have consistently stated that the unemployment rate of service-connected disabled Vietnam veterans is 50 percent or more. Regretfully, the present unemployment rate for Vietnam era veterans also is increasing.

The Department of Labor's Bureau of Labor Statistics reported in July 1980 that unemployment among Vietnam era veterans (ages 25 to 39) has more than doubled in July 1980 as opposed to July 1979. The numbers rose from 240,000 to 501,000—a more than 100 percent increase. Percentage-wise the unemployment rate for this group more than doubled from 3.5 percent in July of 1979 to 7.1 percent in July of 1980. 14/

A factor which clouds the employment picture of Vietnam veterans is the incidence of underemployment. The 1978 Presidential Review Memorandum on Vietnam Era Veterans pointed out that only 64 percent of all Vietnam Era Veterans who worked at all worked in full-time, year-round jobs. The 1977 Current Population Survey data discloses that 21 percent of all Vietnam era veterans (including Vietnam combat veterans) had personal incomes of less than $7,000 per year. In addition, the unemployment rates for Black, Hispanic and other minority veterans continued to be about twice that of white Vietnam era veterans. 15/

Another factor in the employment of Vietnam era veterans is the abysmal record of affirmative action programs for disabled and Vietnam era veterans. For example, P.L. 93-508, Chapter 42, Title 38, U.S.C. requires affirmative hiring of Vietnam era and disabled veterans by employers in the private sector when such employers are providing goods and services under contract to the federal government.

Ronald W. Drach, national employment director of the Disabled American Veterans, succinctly described the lack of success of affirmative action for veterans in his August 21, 1980, testimony before the House Committee on Veterans Affairs:

Mr. Chairman, the law is very explicit as to who is intended to be served by affirmative action programs, i.e., certain disabled and Vietnam era veterans, as defined in Chapter 42. In Fiscal Year 1979 there were approximately 1.2 million job openings received by the local job service offices from covered federal contractors. Of those openings,
were 41,500 (3.5%) and 3,254 (.3%) Vietnam era and disabled veterans, respectively, were placed in them. In addition to requiring federal contractors to list their jobs, the employment service is mandated by Section 2012 to give priority referral of qualified disabled and Vietnam era veterans to these job openings. It is significant to point out, Mr. Chairman, that of the total number of people placed in these job openings, non-veterans constituted 70.3%, while covered veterans received less than 4%.

This appalling situation is not unique to Fiscal Year 1979. Cumulatively for Fiscal Years 1975 through 1979, employers listed more than 5.3 million job openings under the mandatory job listing program with less than 9% going to the target groups. A total of 459,000 (8.5%) and 16,953 (.3%) Vietnam era and disabled veterans, respectively, obtained jobs through the mandatory job listing program.

While private sector employers claim that their interest in hiring Vietnam and disabled veterans is high, it would appear that their actions are still very low. Mr. Drach elaborates this fact in his August 21, 1980, testimony:

Mr. Chairman, we have had an opportunity to review another employer survey titled "Employer Attitudes Toward Affirmative Action" commissioned by Barnhill-Hayes, Incorporated, a management consulting firm in Milwaukee, Wisconsin. The purpose of this survey was to assess employer attitudes toward affirmative action as a social issue and to further determine which of several "disadvantaged" groups were most/least likely to make significant strides in the employment arena over the next several years. Despite the employers' "positive attitudes" toward Vietnam era veterans revealed in the Harris Study, we believe the Barnhill-Hayes study to be more pragmatic in revealing employers' actions rather than words. Of five categories of "disadvantaged" people, Vietnam veterans ranked fourth in making the least significant strides over the next five years. (Emphasis added.) The most frequently mentioned reason for this assessment was that Vietnam veterans "lacked clout."

The SBA's 8(a) program, in effect, is an affirmative action type program which is designed to be consistent with congressional intent that groups with members who are socially disadvantaged "include, but are not limited to, Black Americans, Hispanic Americans, Native Americans, and other minorities." [16] A recent study conducted at the request of the White House and the Veterans Administration tells us about the attitudes of employers regarding veterans and the success of veterans in the affirmative action sweepstakes.

The October 10, 1978, Policy Review Memorandum on Vietnam Era Veterans directed the Veterans Administration to conduct a survey which would:
• determine public's perceptions of Vietnam era veterans
• determine public perceptions of the problems facing Vietnam era veterans
• determine public perceptions of the country's obligation to Vietnam era veterans in order to aid the government in making policy decisions relating to veterans.

To fulfill the Presidential mandate, the Veterans Administration awarded a competitive contract to Louis Harris and Associates, Incorporated. As an independent contractor, Louis Harris and Associates had complete autonomy in conducting the study. The Harris study titled, Myths and Realities: A Study of Attitudes Toward Vietnam Era Veterans, was released by the VA in July 1980. The study arrived at some interesting conclusions regarding the employment status of Vietnam era veterans and combat veterans.

For example:

• For Vietnam era veterans, employment problems have been the most widespread type of problem encountered since leaving the service....Almost half (49%) cite employment problems as one of the most serious problems faced by veterans since leaving the service. (p. 210)

• On each of 19 specific attributes, employers are more likely to say that the Vietnam era veterans they have employed are better than "nonveterans of the same age in similar jobs," rather than that veterans are worse. For instance, 27 percent say Vietnam era veterans are better on "motivation to learn," while only two percent say they are worse. The list is comprehensive and Vietnam era veterans outscore nonveterans on each aspect of their performance as employees. (p. 212)

• One of the critical changes that has occurred over the course of the decade is the proliferation of competition for employers' preference in hiring. Today, Vietnam era veterans find themselves in competition with a number of other affirmative action groups, and they do not always win the competition. ...On the critical question of which groups actually get special preference when hiring decisions are made, only 16 percent of the employers cite Vietnam veterans. (p. 213)

• Employers rank Vietnam veterans fourth among the eleven as a group to which employers should give preference; however, Vietnam veterans fall back to sixth place when it comes to ranking which groups actually do get preference in hiring. (p. 213)

• Fewer employers feel that women need special help than feel that Vietnam veterans need special help, and fewer cite Blacks,
Hispanics or women as groups that should get special help. (p. 213) Nevertheless, according to employers, women and other groups all beat Vietnam veterans in the affirmative action sweepstakes.

The Harris study further states that, "Not only do we find that better than seven out of ten Americans favor preferential hiring of veterans for federal jobs, but we also find more support among Blacks than whites, and nearly equal support among women and men." (p. xxviii)

C. Summary of Economic Conditions Among Vietnam and Disabled Veterans

- Unemployment levels among our nation's 2 million disabled veterans is as high as 50 percent. This jobless rate is a national tragedy. It is not because disabled veterans are unskilled.

- Undoubtedly, many disabled and Vietnam veterans are now ready to advance their careers toward entrepreneurship. From June 1943 through September 1979, a total of over 831,700 service-connected disabled veterans trained under the VA's vocational rehabilitation programs for disabled veterans, and during FY 1979 there were an additional 29,500 Vietnam era veterans still in training. More than 65 percent of these veterans attended colleges and universities.

- Affirmative action programs for veterans have failed miserably. For Vietnam veterans, the unemployment levels are clouded by high incidence of underemployment. In 1977, 21 percent of all Vietnam era veterans (including combat veterans) had personal incomes of less than $7,000 per year. For Black, Hispanic and other minority veterans the unemployment rates continue to be about twice that of all Vietnam era veterans.

Employers admit that affirmative action programs for veterans "lack clout." Yet, seven out of ten Americans favor preferential hiring of veterans for federal jobs.

Social Adjustment of Vietnam Veterans

A. Background

There is strong evidence that Vietnam era veterans and Vietnam combat veterans have suffered significant readjustment problems which, in turn, result in social disadvantage.

Testimony by psychiatrists, psychologists, social workers, and counselors, and by VA Administrator Max Cleland as far back as 1969, has concluded that many of our nation's Vietnam veterans have suffered significantly as a result of society's general indifference to the sacrifices they have made.
during periods of military service. Large numbers of returning Vietnam veterans have experienced guilt, bewilderment, alienation, pessimism, tension, restlessness and other barriers to readjustment.

Many psychologists and psychiatrists believe that some Vietnam veterans are suffering from Delayed Stress Reaction (also called Post-Traumatic Stress Disorder) which is not mental illness. Rather it is a reaction to the extreme stress that servicemen and women were placed under during and after the war in Southeast Asia. These problems may result in unemployment, family and other interpersonal relations difficulties, alcohol or drug dependence, arrest records, and other forms of social and economic stress. For example:

- The Disabled American Veterans Forgotten Warrior Research Project on Vietnam Combat Veterans has played a significant role in informing the Congress that many Vietnam veterans who were actually in combat in Southeast Asia are badly in need of "readjustment" assistance. In a two-year scientific sampling of 346 combat and non-combat veterans in the Cleveland area, the DAV found the following:
  - Among black combat veterans, unemployment was 48 percent; among whites, 39 percent.
  - Thirty-one percent of Black and 22 percent of white combat veterans were divorced.
  - Forty-one percent each of Blacks and whites had alcohol problems.
  - Thirty-seven percent of Black combat veterans and 28 percent of the whites had negative attitudes about themselves.

- The Presidential Review Memorandum on Vietnam Era Veterans (VEVs) found that, although Vietnam Era Veterans comprise only 29 percent of the current population, they account for 40 percent of the patients discharged from VA hospitals in FY 1977 with psychotic diagnoses. VEVs represent 31 percent of all VA patients with all types of psychiatric diagnoses (including alcohol and drug-related diagnoses). Proportionately fewer VEVs were being treated for alcohol dependence problems (19 percent of 91,000 VA inpatients; 22 percent of 42,000 VA outpatients treated). Alcohol problems are increasing, however, and the number of hospitalized VEVs identified as alcoholics or problem drinkers more than doubled from 13 percent in 1970 to 31 percent in 1977.

With respect to VA treatment of drug dependence problems, VEVs account for 39 percent of 18,000 inpatients treated and 55 percent of the 13,000 veterans receiving outpatient care. White House studies cited in reports to the President's Commission on Mental Health this year disclosed that while drug usage
increased substantially among VEVs while serving in Vietnam, it had generally declined to pre-Vietnam usage rates (or lower) within three years following such Vietnam service. Information from the Public Health Service Center for Suicide Statistics (1975) reveals that when compared to non-veterans matched for age and sex, VEVs under 34 had a suicide rate 23 percent higher. 

B. Findings of Social Disadvantage

The Louis Harris study, Myths and Realities: A Study of Attitudes Toward Vietnam Era Veterans, provides some valuable insight regarding the socio-economic status of Vietnam and Vietnam era veterans which points strongly toward the social disadvantage which Vietnam veterans have suffered and continue to suffer. For example:

- The data support the charge that the burdens of the war in Vietnam fell unequally on different socio-economic classes. College graduates did not bear as much of the burden of the service in Vietnam or in heavy combat as did their peers who had completed fewer years of education. While 54 percent of the Vietnam Era Veterans who had not completed high school before induction served in Vietnam, only 35 percent of college graduates did so. Moreover, among those who served in Vietnam, those with less than high school educations were three times as likely to see heavy combat as those with college educations (49 percent, compared to 15 percent). (p. 6)

- It appears that service in the Vietnam theater and exposure to heavy combat was not so much a product of racial discrimination as of class discrimination. (p. 7)

- Many of the young Americans who fought in this war were, because of unique generational and social conditions, inadequately equipped, both experientially and emotionally, to meet the demands of the situations into which they were thrust. (p. 17)

- Vietnam era veterans are more highly alienated than the public as a whole across all generational and socio-economic categories, and those differences tend to narrow as age and education increase. (p. 125)

(Emphases added)

A final factor which contributes to the social disadvantage of Vietnam era veterans is the impact of the draft and Project 100,000 on minority veterans.

Lawrence M. Baskir and William A. Strauss, former General Counsel and Director of Planning and Management, respectively, for President Ford's Clemency Board describe Project 100,000 in Chance and Circumstance: The Draft, the War and the Vietnam Generation:
The ostensible purpose of the manpower programs of the 1960s was to apply military training and discipline to the rehabilitation of America's disadvantaged youth. Yet instead of reducing the effect of social and economic inequities, they had the opposite effect. The burden of the war shifted even more to society's less privileged. While these men were volunteering and filling draft quotas, their more favored peers were staying in college, joining the reserves, or figuring out other ways to stay away from Vietnam.

On August 23, 1966, when former Secretary of Defense Robert McNamara announced Project 100,000, he billed it as a great society program which would rehabilitate the nation's "subterranean poor." These youths, said McNamara:

...have not had the opportunity to carry their fair share of this nation's abundance, but they can be given an opportunity to return to civilian life with skills and aptitudes which for them and their families will reverse the spiral of decay.

After serving in the military, they would return to civilian life with an earning capacity "two to three times what it would have been had there been no such program." 20/

McNamara's words were echoed by General Herman Nickerson, Jr., Deputy Chief of Manpower for the Marines:

Those of our youth who lack education, those who live in ghettos, combine the ills of idleness, ignorance, and apathy. Our task is to help cure these ills with education, training, and incentives. 20A/

Under Project 100,000 individuals whose intelligence induction test scores were between the tenth and thirtieth percentiles were no longer determined ineligible for induction. For example:

From 1966 to 1968, Project 100,000 brought in 240,000 recruits, usually to the Army and Marines. Many more Category IV troops were signed up through relaxed standards not officially part of Project 100,000...Forty-one percent were black, and almost 50 percent came from the South. This contrasted with a military-wide black representation of 12 percent, and a southern share of 28 percent. Almost 60 percent of the Category IV recruits came from broken homes, three-quarters were from low-income backgrounds, o.p.n. 90 percent were high school dropouts, and half had IQs of less than 85. More than 40 percent had a reading ability at less than a sixth-grade level, and almost 15 percent read below fourth-grade. 21/

The draft and Project 100,000 had a devastating effect on disadvantaged recruits. They carried a heavy share of the combat burden in the Vietnam conflict:

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Thirty-seven percent of these Project 100,000 men were sent to the infantry units in Vietnam. During the first years of the program, 225,000 men were admitted into the military under the modified mental standards but only 7.5% of them received remedial education. Reportedly, more than 40% of the Project 100,000 men were given combat related assignments in infantry, armor, or artillery; and half of the Army and Marine contingent went to Vietnam. By the time they were an average of 18 months into their period of service, the Project 100,000 men had been decimated--10% (or 10,000) were either killed, wounded, or received less than honorable discharges. 22/

Project 100,000 was devastating to its participants, but the draft itself proved to be even more inequitable to the socially and economically disadvantaged male youth of the country. There is no doubt that minorities did more than their share of the fighting and dying. However, as Baskir and Strauss point out, "The most serious inequities were social and economic. Poorly educated, low-income whites and poorly educated, low-income blacks together bore a vastly disproportionate share of the burdens of Vietnam." 23/

C. Summary of Social Adjustment of Vietnam Veterans

- The Vietnam era draft, by its very nature, drafted socially disadvantaged American males to fight in the Vietnam war. There is much evidence which shows that the burdens of fighting and dying fell unequally on different socio-economic classes. Poorly educated, low-income whites and poorly educated, low-income Blacks together bore a vastly disproportionate share of the burdens of Vietnam.

However, overall, the most serious inequities in American draft policy was not a product of racial discrimination as of class discrimination. By far, the most serious inequities in our draft policy were social and economic.

- There is significant evidence that a substantial percentage of Vietnam veterans are still suffering from various socio-economic readjustment problems which, in turn, result in social disadvantage.

Since the U.S. Government maintained a Vietnam era draft policy which worked adversely against the socially and economically disadvantaged male youth--it should be similar government policy to provide socially and economically disadvantaged veterans with a meaningful opportunity to participate in government contracts through the 8(a) program.
Cultural Bias Suffered by Disabled and Vietnam Veterans

There is strong evidence that Vietnam veterans as well as disabled veterans have suffered from significant cultural bias as an outgrowth of either the unpopularity of the Vietnam war or the unfair stereotypes which the general public associates with disabled persons and Vietnam veterans. As a result, Vietnam veterans and disabled veterans have experienced significant obstacles and biases in their attempts to seek and retain jobs in the public and private sector.

A. Disabled Veterans

As reported on page 3, the White House Policy Review Memorandum on Vietnam Era Veterans estimates that disabled veterans experience unemployment rates which range upward from 30 to 50 percent with the rate increasing with the severity of the disability.

The cultural bias against our nation's disabled veterans and other handicapped persons is pervasive. In many ways, the cultural problems faced by disabled veterans are very similar to the problems of the 15 million severely disabled persons living in the United States. The employment, training, physical accessibility, special housing and other basic needs are generally the same for disabled veterans as they are for other disabled adults. But, the reason or cause of the veteran's disability is significantly different than the non-veteran's simply because the veteran's disability was incurred in war-time, while serving our country at great personal sacrifice.

As indicated earlier, more than 831,700 of our nation's 2.2 million service-connected disabled veterans have trained under the VA's vocational rehabilitation programs. During FY 1979 there were an additional 29,500 Vietnam era veterans still in training. A significant percentage of these trained veterans will choose entrepreneurship.

Without a doubt, service-connected disabled veterans have proven that initiative, indeed, can breed opportunity. Disabled veterans can provide the initiative--and the Small Business Administration should provide the opportunity through 8(a) group eligibility for disabled veterans.

Entrepreneurship is a viable option for disabled veterans in today's job market and economic climate. Dr. Robert M. Goldenson, a nationally known expert on disabled persons and society, and also author of Disability and Rehabilitation Handbook (McGraw Hill, 1978), has concluded that:

Self-employment may also be the only recourse for partially disabled individuals who have the skill, competence, and even stamina for outside jobs but who are excluded from the labor market by reason of prejudicial attitudes, transportation problems, or preference for the able-bodied when work is scarce.
However, assuming that entrepreneurship is a viable option for disabled veterans, how do we know that such veterans possess the necessary work records in terms of reliability, initiative and on-job performance that are requisite to entrepreneurship? Do disabled veterans have a good record as employees? Are they good workers? The research done by Goldenson and others says yes:

Records of companies employing disabled workers show that they perform as well or better than nondisabled workers, with the most severely disabled often the top performers. 26/

What about the performance of disabled veterans in particular? The Human Resources Research Organization (HumRRO) also has found disabled veterans' work performance and work experience exemplary. The HumRRO's 1974 national survey on the employment potential of severely disabled veterans found that many such veterans had overcome their disabilities and have become excellent workers and managers. For example:

<table>
<thead>
<tr>
<th>Nature of Disabilities</th>
<th>Job Held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amputation of both feet</td>
<td>Heavy equipment driver, construction</td>
</tr>
<tr>
<td>Amputation of both feet, paralysis of peripheral nerves</td>
<td>Draftsman for defense supply contractor</td>
</tr>
<tr>
<td>Amputation of leg at thigh, removal of testes, injury to leg muscles, skin scars</td>
<td>Farmer, self-employed</td>
</tr>
<tr>
<td>Bone inflammation (Osteomyelitis)</td>
<td>Clerk for soft drink company</td>
</tr>
<tr>
<td>Loss of movement of spine</td>
<td>Earth moving equipment operator</td>
</tr>
</tbody>
</table>

In summary, the HumRRO study found that disabled veterans had much to offer in the job market and in fact are "highly motivated." 28/ Many of these disabled veterans now have completed their vocational training, have completed their on-job experience and are ready to advance toward entrepreneurship.

The cultural bias against disabled veterans and other disabled persons is well defined by Goldenson in Disability and Rehabilitation Handbook. In effect, Goldenson's description shows that cultural bias is a result of prejudicial attitudes, handicapism, discrimination, and employer prejudices against disabled veterans and other persons who aspire to become entrepreneurs. For example:
(1) Disabled Veterans Suffer Cultural Bias Through Prejudicial Attitudes. Goldenson points out that this bias is real:

People with disabilities have a wide variety of experiences regarding prejudice. The most common experience of persons with a disability is to encounter a range of subtle and not so subtle prejudices almost every day of their lives.  

Research into attitudes of nondisabled persons toward the disabled reveals an uneasiness in the presence of a disabled person due to a lack of social contact. 

Moreover, most disabled veterans refer to themselves as the "able disabled." Goldenson says further that, "A disability is not a handicap. A disability is a loss of some physical, mental, or sensorial function; attitudes of the nondisabled toward a person with a disability are handicapping." 

(2) Disabled Veterans Suffer Cultural Bias Through Handicappism. Disabled veterans, particularly those who are disfigured, have to deal with "handicappism" on an almost daily basis. "Handicappism" is very similar to racism and sexism. Douglas Biklen and Robert Bogdan, in the article "Handicappism in America" (Journal WIN, 1976), define "handicappism" as follows:

...a theory and set of practices that promote unequal and unjust treatment of people because of apparent or assumed physical or mental disability. It manifests itself in relations between individuals, in social policy and cultural norms (emphasis added), and in the helping professions as well. Handicappism pervades our lives, but the concept of handicappism can also serve as a vital tool by which anyone can scrupulously examine personal and societal behavior toward disabilities. 

(3) Disabled Veterans Suffer Discrimination. The rationale for the SBA providing certain racial and ethnic group members with 8(a) eligibility is meritorious and necessary. Disabled veterans face similar discrimination in entrepreneurship. For example, Goldenson's research has found that:

Efforts in the last ten years by minority groups and women to acquire the right to equal opportunity have uncovered widespread social stereotyping and personal prejudices. The disabled are similarly discriminated against, not only in employment but in every other area of social functioning.

Employers can be expected to participate in these cultural stereotypes (emphasis added) in their limited contact with disabled individuals.
The U. S. Department of Labor, in *Jobs for Veterans with Disabilities*, surveyed 7,800 disabled Vietnam era veterans and found similar discrimination toward disabled veterans:

Do employers discriminate against disabled veterans in hiring—or do they give them preference?

Three out of ten disabled veterans believed that some employers had not hired them because of their disability, with half of the severely disabled reporting such discrimination. 34/

A final recognition of the cultural barriers which disabled veterans and other disabled persons must overcome was expressed by President Carter on May 1, 1980:

We must now bring down the barriers that prevent handicapped Americans from full participation, for just as all of us have benefitted from the increased participation of minorities and women in the past decades, all Americans will benefit from the full participation of handicapped people in the years to come. 35/

B. Vietnam Veterans

The cultural bias experienced by Vietnam veterans can best be described by the devastating affect of the Vietnam era draft, which by its very nature drafted poor and uneducated American males to fight in the Vietnam war. Poorly educated, low-income whites and poorly educated low-income Blacks together bore a vastly disproportionate share of the burdens of Vietnam. Such veterans are four or more years behind their non-veteran peers in terms of meaningful job experience, career enhancement and entrepreneurship.

There were 28,000,000 men who came of draft age between August 4, 1964 (when the Tonkin Gulf Resolution marked the nation's formal entry into the Vietnam war), and March 28, 1978, when the last American troops left Vietnam. 36/ However, only about 4,259,000 veterans served in the Vietnam theater of operations during the Vietnam era. 37/ There were 50,000 who died—17,000 from gunshot wounds, 7,500 from multiple fragmentation wounds, 5,750 from grenades and mines, 10,500 from other enemy action, 9,000 from non-hostile causes, and 350 by suicide. 38/

Another 270,000 were wounded. Because of the advances in medical techniques and the coverage of helicopter medevac pilots and crews, Vietnam veterans survived crippling wounds that would have been fatal due to shock or loss of blood in previous wars. Thus the percentage of Vietnam soldiers suffering amputation or disability injury to their legs or feet was 300 percent higher than in World War II and 70 percent higher than in Korea. 39/
As noted on page 16 below, the Conference Report on P.L. 95-507 stated that prejudice or bias as a determinant of social disadvantage for eligibility in the 8(a) program was not to be limited to racial minorities:

...the Conferees realize that other Americans may also suffer from social disadvantagement because of cultural bias. For example, a poor Appalachian white person who has never had the opportunity for a quality education or the ability to expand his or her cultural horizons, may similarly be found socially disadvantaged, provided that the conditions leading to such disadvantagement are beyond the ability of the person to control.40/

The key words in the Conference Report above, which clearly confirm congressional intent, are as follows:

- "never had the opportunity for a quality education"
- "never had the ability to expand his or her cultural horizons"
- "conditions leading to such disadvantagement are beyond the ability of the person to control"

Each of the above conditions, in fact, describe Vietnam veterans as a group and should be key factors in determining their group eligibility for the 8(a) program. For example:

(1) Most Vietnam Veterans Never Had An Opportunity for a Quality Education.

(a) The educationally disadvantaged were drafted or were forced to enlist in the Armed Forces during the Vietnam War. The Vietnam war, unlike World War II and Korea, granted student deferments to college students. Student draft deferments grew by 900 percent between 1951 and 1966,41/ and were primarily utilized by middle class youths who had the money and life style conducive to college. Hence, much of the fighting in Vietnam was done by the working class and urban poor who were less able to utilize that legal dodge.42/

(b) A 1965-66 survey discovered that college graduates made up only 2 percent of all draftees.43/

(c) A Harvard Crimson editor from the class of 1970 tallied his twelve hundred classmates and counted only 56 who entered the military, just two of whom went to Vietnam.44/

(d) Post-war Army records showed that an enlisted man who was a college graduate had a 42 percent chance of going to Vietnam, versus a 64 percent chance for a high-school graduate and a 70 percent chance for a high school dropout.45/
(e) Gilbert Badillo and David Curry found youths from neighborhoods with low educational levels to be 4 times as likely to die in Vietnam as youths from better-educated neighborhoods. 46/

(f) The National Guard and Reserves were attractive avenues for avoiding Vietnam. However, few disadvantaged youth were able to get into the Guard or Reserves. Most recruits (for the Guard and Reserves) were high school graduates, but a disproportionate number were college graduates. In 1969-70, for example, 28,000 more college trained men entered the National Guard or Reserves than were enlisted or inducted into all active forces combined. 47/

(g) If a young man had sufficient education and a high enough IQ to meet their tougher enlistment standards, a draft-vulnerable man could also reduce his chances of engaging in combat by joining the Coast Guard, Navy or Air Force. 48/

In summary, educationally disadvantaged veterans were in large part unable to get college student deferments, were unable to access the Guard and Reserves, were frequently non-high school graduates and, in turn, had a very high chance of going to Vietnam.

(2) Most Vietnam Veterans Never Had the Ability to Expand His or Her Cultural Horizons.

(a) Going to Vietnam was the penalty for those who lacked the wherewithal to avoid it. The 1979 Harris survey found that most Americans believed that those who went to Vietnam were "suckers, having to risk their lives in the wrong war, in the wrong place at the wrong time." 49/

(b) Many poor and uneducated youth had few opportunities to obtain "student deferments" from military service. The men who fought in Vietnam were largely society's "losers," the same men who lost out in schools, jobs, and other forms of socio-economic competition.

(c) Disadvantaged youth had little chance of getting into the Guard or Reserves. For political reasons, the 1 million member force of Guard and Reserves was not called to active duty to serve in Vietnam. 50/

(d) Many Vietnam veterans are now nearly as bad off as they were before they were sent to Vietnam. The 1978 White House Policy Review Memorandum on Vietnam Era Veterans found that, "For many veterans--especially minority and disadvantaged veterans--the transition to civilian life has led to unemployment, poverty, and frustrations. The key to making our veterans' programs successful--and efficient--is to target them carefully on those who continue to need help." 51/
Another problem among Vietnam veterans is what psychologists call Post Vietnam Stress Syndrome or Delayed Stress Reaction, which is not mental illness. Rather it is a reaction to the extreme stress that servicemen and women were placed under during and after the war in Southeast Asia.

In summary, many of our nation's approximately 4.2 million Vietnam veterans came from the lower socio-economic level of society and were unable to expand beyond these levels while serving in combat in Vietnam. After Vietnam, many veterans experienced significant readjustment problems which have led to unemployment, underemployment, and poverty.

(3) For Vietnam Veterans Conditions Leading to Such a Disadvantage were Beyond the Ability of the Person to Control.

(a) "If you've got the dough, you don't have to go." This was a common phrase during the Vietnam war which meant if you could afford a competent attorney, avoiding the draft was virtually assured. Disadvantaged persons could not partake of this luxury. Their destiny was more or less at the whim of "chance and circumstance."

(b) A Notre Dame survey found that men from disadvantaged backgrounds were about twice as likely as their better-off peers to serve in the military, go to Vietnam, and see combat. These were the men President Eisenhower once called "sitting ducks" for the draft.

(c) Badillo and Curry have reported in "Armed Forces and Society" that they have analyzed casualties suffered by young males in Chicago neighborhoods with different socio-economic characteristics. They discovered that youths from low-income neighborhoods were three times as likely to die in Vietnam as youths from neighborhoods from high-income neighborhoods.

(d) Recruits with above-average aptitude or ability were skimmed from the personnel pool and assigned special functions, often far from the combat zone. The fighting was left to those with lesser talents.

(e) In October 1966 the Department of Defense implemented "Project 100,000." Under this program, individuals whose intelligence induction test scores were between the tenth and thirtieth percentiles, e.g., category IV on the Armed Forces Qualification Test (AFQT), were no longer determined ineligible for induction. There were 37 percent of the Project 100,000 men sent to infantry units in Vietnam. During the first years of the program, 225,000 men were admitted into the military under the modified mental standards, but only 1 percent received remedial education. From 1966 to 1968, Project 100,000 brought in 240,000 recruits, usually to the Army and Marines. Forty-one percent were black, and almost 50 percent came from the South.

(g) By the time they were an average of 18 months into their period of service, the Project 100,000 men had been decimated--
percent were either killed, wounded, or received less than honorable discharges. 59/

(h) For draftees, the plight was also a devastating one. For example:

By 1966, one of every five Americans killed was a draftee. In 1967 and 1968, more than one of every three American soldiers who died was a draftee. By 1969 and 1970 draftees suffered more than 40 percent of total U.S. casualties in Vietnam and 60% of U.S. Army combat deaths. Draftees comprised 54 percent of those wounded in 1969. 60/

In summary, disadvantage of young American males who were either draftees, enlisted under Project 100,000 or enlisted as a person from a disadvantaged background was basically beyond the person's ability to control. Military manpower policies focused on the underprivileged. As documented above, the poor, the uneducated and the socially disadvantaged had little wherewithal to make choices other than those which led to Vietnam. The Vietnam era draft essentially promoted a "class war." The American males from the lower socio-economic strata had little control over their own destiny because the draft laws, in fact, were targeted to seek them out.

C. Summary of Cultural Bias Suffered By Disabled and Vietnam Veterans

Disabled Veterans:

- The cultural bias suffered by our nation's 2.2 million service-connected disabled veterans is pervasive and unfounded. Contrary to public attitudes, for disabled veterans, a disability is not a handicap. Research shows that disabled veterans are excellent employees, have exemplary work records and growth potential. Nevertheless, disabled veterans suffer from a significant cultural bias which is a result of prejudicial attitudes, handicapism, discrimination, employer prejudices, cultural "norms" and cultural stereotypes.

- The cultural bias suffered by disabled veterans is basically similar to the biases suffered by the nation's non-veteran adult disabled population. However, the disability of the veteran was incurred while serving our country at a great personal sacrifice. Based on this honorable and courageous service, the SBA can and should make service-connected disabled veterans, as a group, eligible for the 8(a) program. Such designation is consistent with legislative intent and committee reports which state clearly that "minority status shall not be the sole determinant for consideration as 'socially disadvantaged' in the 8(a) program and that socially disadvantaged persons are those who have been subject to racial or ethnic prejudice or cultural bias"—as is the case of service-connected disabled veterans.
Many Vietnamese veterans, such as Appalachian whites, never had a real opportunity for a quality education; or the ability to expand their cultural horizons; or to overcome conditions leading to disadvantagement which were beyond veterans' control. Congress stated clearly in the Conference Report on P.L. 95-507 that other Americans, e.g., non-minority Americans, also may suffer from social disadvantagement because of cultural bias. In turn, cultural bias is a significant factor in determining 3(a) group eligibility. The cultural bias experienced by Vietnam veterans can best be described by the devastating affect of the Vietnam era draft, which by its very nature drafted poor and uneducated American males to fight in the Vietnam war. Poorly educated, low income whites and poorly educated low income Blacks together bore a vastly disproportionate share of the burdens of Vietnam. Such veterans easily fall four or more years behind their non-veteran peers in terms of meaningful job experience, career enhancement, and for those who desire it, entrepreneurship.

The educationally disadvantaged were drafted or forced to enlist in the Armed Forces during the Vietnam war. Much of the fighting in the Vietnam war was done by the working class and urban poor who were much less able to use the legal dodge. During the Vietnam war, unlike World War II and Korea, deferments were granted to college students. Educationally disadvantaged men, therefore, were seldom able to utilize the college deferment.

Many Vietnam veterans never had a meaningful opportunity to expand their cultural horizons. Such Vietnam veterans, according to a 1971 Harris survey, were "suckers, having to risk their lives in the wrong war, in the wrong place at the wrong time." For many of these men, the post-Vietnam experience has been one which has led to poverty, unemployment and frustration.

Disadvantagement was frequently beyond the control of the young American male who eventually became a part of America's fighting force. Military manpower policies focused on the underprivileged. In effect, young American males who were poor, uneducated or socially disadvantaged had little wherewithal to make choices to keep them out of Vietnam. Young American males from the lower socio-economic strata had little control over their own destinies because the draft laws, in fact, were targeted to seek them out.
Legal Issues

A. Legislative Overview of the 3(a) Program

As originally enacted by Congress, Section 3(a) of the Small Business Act (15 U.S.C. 637(a), 1958) contained no reference to socially or economically disadvantaged individuals or groups, nor was there any language with respect to the federal government contracting with minority owned or operated small business enterprises. In 1967 the Small Business Administration used the general grant authority in section 8(a) to initiate a "test program" offering government contracts on a non-competitive basis to companies which agreed to locate in or near "ghetto areas" and to hire the unemployed and underemployed. This program experienced little success and was discontinued.

In 1969, a program for minority business enterprise was established in the executive branch through administrative regulation and by Executive Orders 11458 and 11625. In response to the Executive Orders, the Small Business Administration used its section 8(a) authority to set aside a certain portion of federal procurement contracts for certain minority small business firms. Such contracts were ostensibly reserved for socially and economically disadvantaged business owners, but in practice the 8(a) program was specifically directed at certain minority groups. For example, Black Americans received 65.7 percent of the 8(a) set-asides, and Spanish Americans 61% received 17.3 percent.

On August 1, 1972, the Small Business Administration's Administrator Thomas S. Kleppe and Veterans Administration Administrator Donald Johnson jointly announced that honorably discharged Vietnam era veterans were now eligible for business loans, federal contracts and management assistance under SBA programs which previously were restricted to socially or economically disadvantaged persons. In addition, under the same program that previously had applied only to minorities and other disadvantaged persons, veterans were now eligible for federal contracts (under Section 8(a) of the Small Business Act) commonly called "8(a)" contracts.

Regrettably, information on the numbers of veterans who participated in the 8(a) program under the plan announced in 1972 is not readily available. A directive to implement the plan is not known. A review of the SBA's Standard Operating Procedures for the 8(a) program shows no standard operating procedure regarding the eligibility of Vietnam veterans in the 8(a) program, i.e., SOP 60-42, dated June 6, 1972, and SOP 60-40-1 dated August 15, 1973. However, Amendment 5, Sections 124.8-1 and 124.8-2 (8(a) Program) of Part 124 of SBA Rules and Regulations published and effective May 25, 1973, provided for the following eligibility in the 8(a) program:

(c) Eligibility. (1) Social or economic disadvantage.--An applicant concern must be owned and controlled by one or more persons who have been deprived of the opportunity to develop and maintain a competitive position in the economy because of social or economic disadvantage. Such disadvantage may arise...
from cultural, social, chronic economic circumstances or background, or other similar cause. Such persons include, but are not limited to, Black Americans, American Indians, Spanish-Americans, Oriental Americans, Eskimos, and Aleuts. Vietnam-era service in the Armed Forces may be a contributing factor in establishing social or economic disadvantage. (Emphasis added)

It is apparent that the May 25, 1973 regulatory language stating that "Vietnam era service may be a contributing factor in establishing social or economic disadvantage" differs significantly from Administrator Kleppe's language that "veterans are now eligible for federal contracts... under the same program that has previously applied only to minorities and other disadvantaged persons." Nevertheless, the 1973 regulatory inclusion of veterans in the 8(a) program established a precedent applicable to certain veterans' participation in the 8(a) program today.

The development of the 8(a) program along racial and ethnic lines seems to have caused some concern about its propriety and legality both at the Small Business Administration and among the appropriate oversight committees in the Congress. For example, in a January 1977 report to SBA Administrator Vernon Weaver by the Section 8(a) Review Board, a reference was made to the legal problems inherent in the program focused on minorities rather than on socially or economically disadvantaged persons:

The eligibility question dominated discussion with the Board seeking to suggest improvement, as had several bodies before them. There were conflicting viewpoints on whether 8(a) is or should be a minority program, with the Constitutional aspect of this question forming part of the discussion. 64/

In 1978 Congress made an effort to establish a statutory basis for the 8(a) program. Previously, there was none, except through the appropriations' process. Reports prepared by the General Accounting Office found that the 8(a) program had not been as successful as it could have been. 65/ SBA had difficulties controlling the supply of contracts from other federal agencies and had found non-disadvantaged firms using minorities or disadvantaged persons to "front" for them in obtaining 8(a) contracts.


...(5) Socially disadvantaged individuals are those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities.

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Economically disadvantaged individuals are those socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same business area who are not socially disadvantaged. In determining the degree of diminished credit and capital opportunities the Administration shall consider, but not be limited to, the assets and net worth of such socially disadvantaged individuals.

According to Conference Committee Report No. 95-1714, the final language regarding 8(a) eligibility represented a compromise between the House and the Senate. The House passed H.R. 11318 which created a rebuttable presumption that Black and Hispanic Americans were to be considered "socially and economically disadvantaged" unless the SBA, on the basis of substantial evidence, could establish that the individual applicant had not experienced business impediments as the result of being a member of one of these groups.

The Conference Committee, in effect, adopted the House provision with an amendment that dropped the rebuttable presumption regarding Black and Hispanic Americans. The amendment included mention of "Native Americans" along with Black and Hispanic Americans. By Native Americans, the conference meant native American groups such as American Indians, Eskimos, Aleuts, and native Hawaiians. Further, the conference substitute stated that many persons are socially disadvantaged because of their identification as a member of certain groups including, but not limited to Black and Hispanic Americans, Native Americans and other minorities that have suffered the effect of discriminatory practices or similar invidious circumstances over which they have no control. Therefore, the language of P.L. 95-507 read as follows:

(e)(1) with respect to the Administration's business development programs the Congress finds --

(A) that the opportunity for full participation in our free enterprise system by socially and economically disadvantaged persons is essential if we are to obtain social and economic equality for such persons and improve the functioning of our national economy;

(B) that many persons are socially disadvantaged because of their identification as members of certain groups that have suffered the effects of discriminatory practices or similar invidious circumstances over which they have no control;

(C) that such groups include, but are not limited to, Black Americans, Hispanic Americans, Native Americans, and other minorities; ... (Emphasis added)
Obviously, while the statute implies that substantial consideration be given to minority status, legislative intent and committee reports make it clear that minority status shall not be the sole determinant for consideration as "socially disadvantaged" under the 8(a) program.

With respect to program eligibility, both the House and Senate bills required that a small business applicant must be 51 percent owned and operated by a socially and economically disadvantaged person or persons. The conference language stated that "socially disadvantaged persons are those who have been subject to racial or ethnic prejudice or cultural bias (regardless of their individual qualities or personal attributes) because they have been identified as a member of certain groups that have generally suffered from prejudice or bias." But, the conference report stated that prejudice or bias was not limited to racial minorities:

...the Conferences realize that other Americans may also suffer from social disadvantage because of cultural bias. For example, a poor Appalachian white person who has never had the opportunity for a quality education or the ability to expand his or her cultural horizons, may similarly be found socially disadvantaged, provided that the conditions leading to such disadvantage are beyond the ability of the person to control.

B. "Special Consideration" for Veterans, Survivors and Dependents

On January 2, 1974, Congress enacted P.L. 93-237 which added the following sentence in Section 8:

In carrying out the programs administered by the Small Business Administration including its lending and guaranteeing functions, the Administrator shall not discriminate on the basis of sex or marital status against any person or small business concern applying for or receiving assistance from the Small Business Administration, and the Small Business Administration shall give special consideration to veterans of the Armed Forces of the United States and their survivors or dependents. (Emphasis added)

This sentence was also included in the amendments to the Small Business Act which were enacted on August 4, 1977.

The "special consideration" language originated in the House Bill (H.R. 5606, June 19, 1973) and the Senate accepted the House language in conference committee without additional comment or clarification.

It appears reasonably certain that absent any further specific legislative intent Congress intended for the Small Business Administration to establish regulations and procedures for providing veterans with "special consideration."
The House Committee Report to accompany H.R. 8606 clearly establishes congressional intent:

In addition the section provides that the Administration shall give special preference with regard to programs it administers to veterans of U.S. military service and the surviving members of their immediate family. Your committee expects that the Small Business Administration will adopt regulations to carry out the veterans preference section so as to provide veterans and their surviving members of their immediate family the best possible advantage in obtaining assistance from the Small Business Administration. 71/

The Small Business Administration developed regulations effective December 5, 1975, which defined "special consideration" in the 8(a) program as follows:

...(10) In awarding of 8(a) contracts, veteran status may be a contributing factor in establishing eligibility as socially or economically disadvantaged.

However, it appears that this regulation did not meet congressional intent for two reasons:

(1) House Committee report language (H.R. 6808) that the SBA "shall give special preference with regard to programs it administers to veterans of the U.S. military service and the surviving members of their immediate family." This language is significant in that the general use of the words "special preference" implies advantages should be given to veterans over all equally qualified individuals who are not veterans.

(2) House Committee report language is quite clear in its intent: "...the SBA will adopt regulations to carry out the veterans preference section so as to provide veterans and their surviving members of their immediate family the best possible advantage in obtaining assistance from the SBA." Congress clearly implied that veterans and their immediate surviving family members should receive consideration and opportunities equal to those accorded the most favored groups by the SBA.

Finally, it should be noted that Congress is not satisfied with the Small Business Administration's implementation of "special consideration" for veterans:

Veterans, especially disabled and Vietnam era veterans, have been neglected in the design and implementation of government business development programs. Congress has established that veterans deserve special consideration under many of these programs....Four years after the enactment of P.L. 92-237, there is little evidence that...
C. Summary of Legislative History of 8(a) and Summary of "Special Consideration"

Legislative History of 8(a):

1. On August 1, 1972 the Small Business Administration's Administrator Thomas S. Kleppe and Veterans Administration Administrator Donald Johnson jointly announced that honorably discharged Vietnam era veterans have now been declared eligible for business loans, Federal contracts and management assistance under SBA programs which previously were restricted to socially or economically disadvantaged persons. In addition, Johnson and Kleppe announced that under the same program that previously has applied only to minorities and other disadvantaged persons, veterans are now eligible for Federal contracts under Section 8(a) of the Small Business Act commonly called "8(a)" contracts. Regrettably, information on the numbers of veterans who participated in the 8(a) program under the plan announced in 1972 is not readily available. A directive to implement the plan is not known. A review of the SBA's Standard Operating Procedures for the 8(a) program shows no standard operating procedure regarding the eligibility of Vietnam veterans in the 8(a) program, i.e., SOP 60-42, dated June 6, 1972, and SOP 60-40-1 dated August 15, 1973. However, Amendment 5, Sections 124.8-1 and 124.8-2 (8(a) Program) of Part 124 of SBA Rules and Regulations published and effective May 25, 1973, provided that "Vietnam era service in the Armed Forces may be a contributing factor in establishing social or economic disadvantage."

2. It is apparent that the May 25, 1973, language stating that "Vietnam era service may be a contributing factor in establishing social or economic disadvantage" differs significantly from Administrator Kleppe's 1972 language that "veterans are now eligible for Federal contracts...under the same program that has previously applied only to minorities and other disadvantaged persons." Nevertheless, the 1973 regulatory inclusion of veterans in the 8(a) program established a precedent applicable to certain veterans' participation in the 8(a) program today.

3. On October 24, 1978, Congress enacted Public Law 95-507 which amended the Small Business Act of 1974 and the Small Business Investment Act of 1958. P.L. 95-507, in effect, ratified the past 35 years practice of establishing economic and social disadvantage on apparent racial and ethnic lines. However, the conference report stated clearly that a disadvantaged due to prejudice or bias was not limited to racial minorities.
The report stated that other Americans, such as a poor Appalachian white person, may also suffer from social disadvantage.

"Special Consideration for Veterans, Their Survivors and Dependents:

- On January 2, 1974, Congress enacted P.L. 93-237 which added the following sentence in Section 8:

  ...the Small Business Administration shall give special consideration to veterans of the Armed Forces of the United States and their survivors and dependents.

- The Small Business Administration developed a regulation effective December 5, 1975, which defined "special consideration" in the 8(a) program as follows:

  ...in awarding of 8(a) contracts, veteran status may be a contributing factor in establishing eligibility as socially or economically disadvantaged.

- It appears that the December 5, 1975 SBA regulatory language on the 8(a) program and "special consideration" for veterans did not meet congressional intent. There are two reasons:

  (a) The House Committee Report language regarding "special consideration" calls for "special preference" for veterans which implies that advantages should be given to veterans over all equally qualified individuals who are not veterans.

  (b) The House Committee Report language states that veterans and the surviving members of their immediate family should receive the best possible advantage in obtaining assistance from the SBA. Congress clearly implied that veterans and their immediate surviving family members should receive consideration and opportunities equal to those accorded to the most favored groups by the SBA.

CONCLUSION

Many Vietnam and disabled veterans are struggling to overcome the social and economic disadvantages which are a result of the personal sacrifices which they made for their country during a period of war or military conflict. These disadvantages in essence are due to invidious circumstances which were beyond their control.

Disabled veterans are struggling to overcome a cultural bias which is a result of prejudicial attitudes, handicapism, discrimination, employer
prejudices, cultural "norms," and cultural stereotypes. The cultural bias suffered by disabled veterans is basically similar to the biases suffered by the nation's non-veteran disabled population. However, the disability suffered by the veteran was incurred while serving our country at great personal sacrifice.

Vietnam veterans also face a significant cultural bias because the Vietnam era draft, by its very nature, drafted socially and economically disadvantaged American males to fight in the Vietnam war. The most serious inequities in the Vietnam era draft policy were not the product of racial discrimination but of class discrimination. By far the most serious inequities in our draft policy were social and economic. They are the inequities which the 8(a) program is designed to correct. Vietnam veterans are basically a minimum of four years behind their non-veteran peers in terms of meaningful work experience, education and training, earning potential, and meaningful opportunities for entrepreneurship.

To overcome the social, economic and cultural disadvantages suffered by Vietnam and disabled veterans, the SBA should administratively designate Vietnam and disabled veterans as a "socially disadvantaged" group, which will make such veterans eligible for 8(a) contracts. Such group eligibility is not unprecedented.

On August 1, 1972, Small Business Administration Administrator Thomas S. Kleppe announced that honorably discharged Vietnam era veterans were eligible for business loans, federal contracts and management assistance under SBA programs which previously were restricted to socially or economically disadvantaged persons. In addition, Kleppe announced that under the same program that previously had applied only to minorities and other disadvantaged persons, veterans were now eligible for federal contracts under section 8(a) of the Small Business Act.

An SBA administrative designation of Vietnam era and disabled veterans as "socially disadvantaged" would be consistent with congressional intent in P.L. 95-507 in which the Committee report stated that a determination of disadvantagement due to prejudice or cultural bias was not to be limited to racial minorities. Moreover, the Congress stated clearly in P.L. 93-237, as amended, that the Small Business Administration should give special consideration to veterans, their dependents and survivors. The group designation of disabled and Vietnam veterans as "socially disadvantaged" would be consistent with legislative intent as supported in the following statements:

(1) House Committee report language for H.R. 8606 states that the SBA "shall give special preference with regard to programs it administers to veterans of the U.S. military service and the surviving members of their immediate family." This language is significant in that the general use of the words "special preference" implies advantages should be given to veterans over all equally qualified individuals who are not veterans.
(2) House Committee report language also is quite clear in its intent: "...the SBA will adopt regulations to carry out the veterans preference section so as to provide veterans and the surviving members of their immediate family the best possible advantage in obtaining assistance from the SBA." Congress clearly implied that veterans and their immediate surviving family members should receive consideration and opportunities equal to those accorded the most favored groups by the SBA.
1. Vietnam veterans are veterans who served in the Vietnam theater (Vietnam, Laos, Cambodia, Thailand, or the South China Sea) while on active duty with the United States Armed Forces during the Vietnam era (August 5, 1964 to May 7, 1975).

2. Disabled veterans are veterans who incurred a service-connected disability while serving on active duty and are receiving disability compensation from the Veterans Administration.

3. A general overview of the SBA's 8(a) program, with respect to a group application, can be found in the April 23, 1980, SBA decision on Hasidic Jewish Americans written by William A. Clement, Jr., Associate Administrator for Minority Small Business, Washington, D.C.


5. Ibid.


11. Ibid., p. 13.

12. Delaney, Michael, Testimony of the Paralyzed Veterans of America Before the Senate Committee on Veterans Affairs, Washington, D.C., August 26, 1980, p. 3.


20A. Ibid.


26. Ibid., p. 73.


28. Ibid., p. 12.


30. Ibid., p. 72.

31. Ibid., p. 73.


33. Ibid., p. 72.


42. Ibid.


44. Ibid.

45. Ibid., p. 10.

46. Ibid.

47. Ibid., p. 49.

48. Ibid., p. 54.


53. Ibid., p. 9.


58. Ibid.

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60. Ibid., p. 348.

61. Federal use of the term "Spanish American" was later changed to "Hispanic American." That progression is reflected in this paper.


63. Ibid., p. 3.

64. Congressional Record (Senate), Remarks by Senator Warren Hatch and James H. Mentzel, September 3, 1979, p. S11317.


68. Ibid., p. 22.

69. Ibid.

70. Ibid.


TASK VIII

DEFINITION OF SPECIAL CONSIDERATION
FOR INCLUSION IN VETERANS' AFFAIRS OFFICER'S HANDBOOK

OPERATIONAL DEFINITION OF SPECIAL CONSIDERATION FOR VETERANS AND THEIR SURVIVORS OR DEPENDENTS UNDER SUBPART A OF PART 116 OF SBA RULES AND REGULATIONS

I. In depth management assistance counseling on first interviews.

The counselor should take action to insure that SBA management assistance staff advise veterans of SBA's programs and how they can benefit veterans. The SBA District Office staff should discuss the merits of the veteran's business proposal and the chances for obtaining financing. The District Office staff should furnish the veteran with SBA literature which explains eligibility in various programs, lending criteria, and the pre-requisites for obtaining assistance.

The following types of assistance should be emphasized when counseling veterans:

- **Pre-Business Workshop**

  Pre-business workshops are designed for persons who are interested in operating their own business or who have been in business for a year or less. They may be one-day sessions or a series of evening meetings totalling six to eight hours. The purpose of the workshops is to help prospective owner-managers make a careful analysis of what is involved in starting and managing a small business. Workshops are designed to deal with the fundamentals of good management applicable to any type of business. SBA District Offices should seek assistance from local veterans organizations and community-based veterans service centers in cosponsoring Pre-Business Workshops for Veterans. When possible, workshops should be held at local veterans organization posts or service centers. Veterans organizations and service centers should assist the SBA in recruiting veterans to attend the workshops.

- **Business Management Courses**

  Management courses provide classroom training on a variety of management subjects. Courses may be general surveys of 8-10 different areas of business management or a series of in-depth sessions on a single subject. Instructors are drawn from teaching staffs or educational institutions or from professionals such as management consultants (bankers, lawyers, accountants, and others who have teaching ability in addition to expertise in a particular subject.

- **Problem Clinics**

  Small groups of owner-managers under the guidance of a leader or moderator give intense, in-depth treatment to a single subject. Much of the discussion comes from the participants' own knowledge.
and experience. SBA and its co-sponsors act as catalysts to bring together people with interests in a common problem, such as expanding marketing areas, crime prevention, or personnel training.

- **Management Publications**

  The services of professional management consultants are readily available to big business firms, but are rarely within the means of small business owners. To help them keep abreast of modern management techniques and maintain efficient management policies, SBA issues about 300 publications on management problems in readable, non-technical form. Professionals in many business areas contribute their work as a public service.

  Management assistance publications, which are distributed free through SBA offices, include the following leaflet series:

  - Management Aids for Small Manufacturers
  - Small Marketers Aids
  - Small Business Bibliographies

- **Small Business Development Centers (SBDCs)**

  The SBDC is designed to draw together the total resources—including faculty and students—of a university and to make these resources available to new and existing small businesses. Other government agencies which have pertinent campus programs and additional volunteers from the private sector are also part of the SBDC program.

- **Service Corps of Retired Executives (SCORE) and the Active Corps of Retired Executives (ACE).**

  Each of these voluntary organizations provides individual business counseling to prospective business owners.

  Assigned SCORE counselors visit the owners in their place of business. Through careful observation, an analysis is made of each business and its problems. On a complex problem, other volunteer experts may be asked to assist. Finally, a plan is offered to correct the trouble and help the owner through the critical period. This service is provided at no cost to the small business owner.

  ACE augments SCORE's services and keeps management counseling on a continually updated basis. Its members are active executives from all major industries, professional and trade associations, educational institutions, and many of the professions. Over 3,500 ACE members throughout the country volunteer their specialized kind of expertise, not usually found in every SCORE chapter.
Many of the staff at SBA district offices who hold the collateral duty of Veterans Affairs Officers are Management Assistance Officers. Others are Loan Officers. However, the SCORE or ACE Representative is frequently the counselor who provides initial, management assistance counseling. Therefore, it is important that the Veterans Affairs Officer work closely with SCORE, ACE and other staff to ensure that the veteran receives quality counseling and assistance.

2. Emphasize to SBA personnel designated as Veterans Affairs Officers the need for close cooperation with the local VA offices and organizations having direct interest in veterans affairs.

The SBA Veterans Affairs Officers should take the initiative to contact veterans organizations and community-based veterans service centers to establish a working relationship. It is not a good policy for the Veterans Affairs Officer to wait for the local veterans organization to call him or her because many such organizations are generally unfamiliar with SBA's services. Examples of offices and organizations who have a direct interest in veterans affairs are:

- Veterans Administration Regional Offices and Vet Centers
- American Legion, Veterans of Foreign Wars, Disabled American Veterans and AmVets (chapters and posts)
- College and university veterans affairs offices
- State, city or county departments of veterans affairs
- Community-based veterans service organizations
- Veterans Employment Service Representatives and Disabled Veterans Employment Assistants
- Local organizations who represent minority, women and disabled persons
- CETA prime sponsors and program operators.

Each of the Veterans Administration's 58 regional offices maintain a Civic Council which is designed to promote coordination between the Veterans Administration and other programs which serve veterans. Veterans Affairs Officers from the 64 district offices should participate on the Civic Councils. Civic Councils can be an excellent avenue for the SBA to inform the VA and numerous other agencies and organizations of its services to veterans.

The end product of an effective linkage between the SBA District Offices and veterans organizations/programs would be an increased outreach effort. Specifically, veterans organizations/programs can co-sponsor
Pre-Business Workshops for Veterans and help recruit veterans to attend the workshops.

3. **Direct SBA procurement personnel designated as Veterans Procurement Affairs Advisors to emphasize how veterans can obtain procurement contracts from the government.**

Historically, SBA has never designated specific personnel as Veterans Procurement Advisors since these services are specialized, and for the most part, are delivered at the regional level. The District Veterans Affairs Officers along with the Officers' regional counterparts, are qualified to deliver procurement information. Routine inquiries are handled at the District Office level. More complex inquiries are referred to specialists who can give information on any complex procurement question which may arise.

The SBA has never requested funding for Veterans Procurement Affairs Advisors in their annual budget requests to Congress. It is therefore difficult to state that veterans are receiving special assistance in obtaining procurement contracts from the federal government. It appears that the extent of SBA services regarding procurement contracts for veterans is to counsel veterans on the 8(a) program.

The SBA has established a program to improve potential government contract and subcontract opportunities for interested small businesses. The program is called the "Procurement Automated Source System" or PASS, which is designed to be responsive to the requests of government agencies and major corporations for profiles of potential bidders. It will permit firms registered with PASS to have their capabilities available when requests are made by federal procurement offices or purchasing agents of prime contractors.

Registration with PASS is free and voluntary. When PASS began, the SBA did not ask for identification of the business owner in terms of veterans status. In 1979 the SBA revised the PASS form to include veteran data. However, SBA Central Office has directed its district offices to exhaust the old PASS forms prior to using the new ones (SBA Form 1167(10-79)). Therefore, it appears that many veterans will not be included in PASS until the old forms are exhausted.

Of the 8,433 firms submitting data since October 1979, 1,705 or 20 percent are veteran-owned. There are 17,445 firms in the system whose veteran status will be verified during the anniversay update of their files. This cycle will take approximately a year to obtain accurate data on all veteran-owned firms included in the 25,878 firms in the system as of May 23, 1980.

Much more needs to be done to determine how to enhance veterans registration in PASS and to give them preference in obtaining government contracts.
procurement contracts. To this end, SBA representatives should take the following action:

-- Distribute the PASS registration forms to veterans at all pre-business workshops. (Make sure that these forms contain the veteran and Vietnam veteran identifier.)

-- Explain to veterans registering with PASS the value of having a well-worded capability statement.

-- Refer veterans to GSA procurement personnel. GSA has instituted a special outreach system for Vietnam veterans.

In addition to the above, there are other SBA services which need to be targeted to veterans in order to enhance veteran participation in government procurement contracts:

- **U.S. Government Purchasing and Sales Directory.**

  This publication is designed to assist small businesses in selling to the U.S. Government. The directory contains lists of products purchased by major military and civilian purchasing firms as well as lists of major purchasing offices.

- **Procurement Center Representatives (PCRs)**

  The SBA has assigned Procurement Center Representatives (PCRs) to federal installations, both military and civilian, which have major buying programs. PCRs are in the review cycle of the requirement packages as they are being processed by the contracting officer. The installation is required, by its own regulations, to submit all requirements, which are over $2,500 and are not to be processed as restricted to small business only, to the SBA PCR for review.

  The PCR is also interested in advising, counseling, and assisting small business concerns which are having procurement or contracting problems with a purchasing activity or with contract administration. In addition to the PCRs, all SBA Regional Offices can provide information, guidance and counseling to veteran-owned small businesses on procurement matters.

- **Certificates of Competency**

  An important phase of the SBA contracting assistance effort revolves around the Certificates of Competency program (COC). If a contracting Officer proposes to reject the bid of a veteran-owned small business firm which is a low bidder because he questions the firm's ability to perform the contract on the grounds of capacity, credit, perseverance and integrity, the case is referred to the SBA. As required by the Defense Acquisition Regulation (DAR) and the Federal Procurement Regulations (FPR), SBA personnel then contact the
company concerned to inform it of the impending decision, and offer it an opportunity to apply to SBA for a COC. If the COC is granted, it would require award of the contract to the firm in accordance with the Small Business Act.

- Standard Form 129

There is no standard or uniform procedure by which business concerns can bring their products to the attention of federal agencies. Most agencies rely upon suppliers to demonstrate an interest in government contracting by submitting a "Bidders Mailing List Application" (Standard Form 129). Suppliers should be sure, when completing the form, that the application reflects individual items rather than categories of items. Veteran small business owners or managers should ask the appropriate agencies for the Standard Form 129.

4. Local media campaigns to inform the veterans about the SBA's ability and desire to help.

A variety of public communication tools need to be used to inform veterans of the SBA programs available to serve their needs. Use of print, radio and TV media is essential, and District Veterans Affairs Officers should maintain close liaison with their SBA Public Information Officers at the Regional level. The Veterans' Affairs Officer's Handbook contains some sample news releases which the District Veterans Affairs Officers can use to publicize SBA's services to veterans.

The SBA has designated its Assistant Administrator for Public Communications to develop a uniform public information campaign to inform veterans of SBA programs. The SBA is quite aware that its public information effort for veterans has been non-existent and that Regional and District Offices have been deficient in developing their own public information services for veterans.

District SBA Offices have no budget to purchase radio, television or newspaper advertisements. However, public service announcements can be developed by the Central Office and in turn the Regional and District offices have the capability to personally deliver them to the media outlets.

5. Special workshops and training.

It is the responsibility of the SBA's 64 district offices to sponsor pre-business workshops for veterans. The workshops should be co-sponsored with local veterans' organizations such as the Veterans of Foreign Wars, Disabled American Veterans, American Legion, AMVETS, or with local community-based veterans service centers. Each of these organizations can assist the SBA in identifying veterans to attend workshops and they can also provide a facility for the workshop.

The pre-business workshop for veterans is necessary because regular workshops historically have not accessed veterans in any meaningful way.
The SBA needs to ensure that the pre-business workshop for veterans is offered systematically by District Offices across the nation. Historically, pre-business workshops for veterans have been offered in a fragmented way with only a few District Offices sponsoring them for veterans and their dependents.

Special workshops and training for veterans should not be determined solely by "local needs," which has been SBA's policy. Local needs can be deceiving. Many Vietnam veterans are not aware of SBA's services to veterans. Therefore, veterans may not be inclined to visit the SBA for assistance and information. In turn, some District Offices may perceive this limited response by veterans as a reason for not sponsoring SBA pre-business workshops for veterans.

The primary purpose of the pre-business workshops for veterans is to make SBA services more visible to veterans in the community and to complement the day-to-day informational services which are available in District Offices. The workshop for veterans is particularly necessary given that many Vietnam veterans are now ready to begin their own businesses.

6. **Prompt processing of loan applications of any type.**

   The bottom line on prompt processing of loan applications is that veterans' applications should be processed as expeditiously as applications from other clients.

   As of April 1980 the average processing time for loan applications was 14 days. However, due to the current economic climate, SBA is experiencing an increased demand for its services. (As the number of applications increase, the time for the processing of applications from the date received to the date of final decision, is also increased.) This problem is not unique to veterans applications. It is important that District Veterans Affairs Officers make every effort to ensure "prompt processing" during periods of high demand for SBA loans. One way of ensuring "prompt processing" of guaranteed loans is to refer the veteran to a bank which is a member of the Bank Certification Program (BCP).

7. **Particular attention giving maximum loan maturity to veterans.**

   Generally the maturity of a loan, including the renewals or extensions thereof may not exceed ten (10) years. There are exceptions: notably when construction is involved, in which case the maturity may extend to twenty (20) years plus construction time on that portion of the loan.

   In many District Offices the Veterans Affairs Officer may be a person who is not a Loan Officer. Therefore, it is important that the Veterans Affairs Officer work with the Loan Officer in terms of advocating maximum guaranteed loan maturity for veterans. Providing maximum loan
maturity for veterans is consistent with SBA's general policy of giving all applicants maximum loan maturity whenever feasible.

8. **Loans will not be declined solely because of the lack of collateral, providing the veteran, dependent, or survivor will provide any worthwhile collateral.**

   This statement reflects SBA's general policy regarding SBA loans. Veterans are included in this general policy. This policy applies only to direct loans. It does not apply to guaranteed loans because they must be approved by a bank first and a bank usually will not loan money without collateral.

   Loan officers need to inform veterans of the improved equity position they can obtain through Economic Opportunity Loans. Vietnam veteran status is considered a contributing factor to being determined socially or economically disadvantaged, and under this loan program the total debt of the business after the loan should not be more than three-to-five times the net worth of the business. Therefore, a Vietnam veteran can qualify for a loan with a lesser amount of equity at stake than would normally be the case.

9. **On all direct loans, place a liberal interpretation on present deferment policy.**

   On October 2, 1979, Administrator Weaver clarified present deferment policy to all Regional and District Offices. Weaver listed deferment of loan payments as a positive means of helping businesses remain viable during the present period of economic stress. Deferment policy works the same for everyone--veteran-owned businesses included.

10. **In the awarding of 8(a) contracts, veteran status may be a contributing factor in establishing eligibility as "socially or economically disadvantaged."**

   Under P.L. 95-507, 8(a) contract eligibility is restricted to persons who are both socially and economically disadvantaged. Socially disadvantaged individuals are defined as individuals who have been subjected to racial or ethnic prejudices or cultural biases because of their identification with certain groups without regard to their individual qualities...." Veterans, therefore, are not excluded from the program.

   Only 6.5 percent of 8(a) contracts in 1979 went to minority veterans. We can only speculate about the reasons for a low percentage of minority veteran participation in the 8(a) program. The reasons may be manifold and include:
Only a small percentage of minority veterans have become small business owners;

Only a small percentage of minority business owners chose to participate in the 8(a) program; and/or

Minority small business owners are not aware of, or do not understand, the 8(a) program.

For whatever reasons, minority veteran participation in the 8(a) program continues to be low when compared to the fact that high percentages of minority persons served in our Armed Forces during the peak combat years of the Vietnam conflict. Since Vietnam era veteran status may be a contributing factor in establishing 8(a) eligibility, the Veterans Affairs Officers in the District Offices need to ensure that local veteran organizations and local veteran program staff are aware that minority veterans are potentially eligible for the 8(a) program.

II. In all District Offices there should be one or more Loan Specialists designated as Veterans Loan Officer(s).

Since the publication of the SBA regulations in 1975, the Agency has assigned lending personnel by territorial emphasis rather than by lending program emphasis. It is conceivable that in some SBA District Offices the person who has been designated "Veterans Affairs Officer" could also be designated "Veterans Loan Officer." If the Veterans Affairs Officer is a full-time Loan Officer, then it is conceivable that he or she could accept the collateral duty of "Veterans Loan Officer."

However, if the "Veterans Affairs Officer" has the full-time responsibility of Management Assistance Officer, then it would be impractical to give him the collateral duty of Veterans Loan Officer because he is not a loan specialist.
TASK IX

TRAINING PACKAGE
Task IX of SBA Contract 4869-ADA/P-80 requires the Center for Community Economics to develop an "in-house" training package for the SBA's Veterans Affairs Officers. The package shall consist of video-taped discussions about veterans and specifically, disabled and Vietnam veterans. It shall describe specific characteristics such as socio-economic background, level of education, marital status, and other characteristics of the veteran population. This material shall be developed in conjunction with the SBA's Assistant Administrator for Public Communications.

The purpose of the video-taped discussions is to serve as a component in the overall training package which the SBA is providing for its Veterans Affairs Officers. In July 1980, the SBA developed and published a Veterans Affairs Officer's Handbook which SBA used in providing training to 10 regional Veterans Affairs Officers on July 29-30, 1980. The Handbook serves as a first attempt at describing the Veterans Affairs Officers responsibilities in serving veterans, their dependents and survivors.

The Center for Community Economics SBA Veterans Project staff, in discussion with SBA Associate Administrator Albert Prendergast, mutually decided that the most needed component in future SBA training for its Veterans Affairs Officers would be an operational definition of the meaning of "special consideration" in providing SBA services to veterans, their survivors and dependents as provided for in P.L. 93-237 and part 116 of SBA regulations.

To this end, the SBA Veterans Project staff has developed a script which will be recorded on videotape for a training session with SBA Veterans Affairs Officers. The videotape will serve as an adjunct to the Veterans Affairs Officers Handbook.
SCRIPT FOR VIDEOTAPED DISCUSSION ON
VIETNAM ERA VETERANS

IN-HOUSE TRAINING FOR SBA VETERANS AFFAIRS OFFICERS

Participants: Charles Searcy,
Assistant Administrator for Public Communications

James E. Pechin
Director, SBA Veterans Project

MR. SEARCY: Hi, I'm Chuck Searcy. I'm Assistant Administrator for Public Communications at the SBA. With me today is Mr. Jim Pechin, a Vietnam veteran who is under contract with the SBA to help us improve our outreach services to disabled and Vietnam veterans.

The purpose of this training session is twofold: (1) to talk about the characteristics and needs of Vietnam veterans as they relate to SBA services; and 2) to talk about what "special consideration" means in terms of services to veterans.

As you know, the SBA, by law, must provide a wide variety of services to veterans and we are anxious to fulfill that responsibility.

MR. SEARCY: There are about 30 million living veterans. The great majority of these veterans served during the Vietnam, Korean and World War II eras. There are about nine million Vietnam era veterans, six million Korean conflict veterans and 12.5 million World War II veterans. In addition there are about 839,000 post-Vietnam era veterans, three million veterans who served after Korea but before the Vietnam era, and there are 556,000 living World War I veterans.

MR. SEARCY: Vietnam era veterans are the youngest group of war veterans--what kind of profile and characteristics do they have?

MR. PECHIN: Vietnam era veterans have some very positive characteristics which I think make them ready now to advance their careers toward entrepreneurship. Before I talk more about this, let me give you a general profile of Vietnam era veterans:

• Vietnam era veterans are veterans who served in the Armed forces between August 5, 1954 and May 7, 1975.

• The average Vietnam era veteran was 34 years old, as of June 1980. The veteran is married and has one or more children.

• About 65% of all Vietnam era veterans have used the GI Bill to pursue various types of education and training. The majority have pursued college level training.
Interestingly, this usage rate is a very good one. It exceeds the GI Bill participation rates for World War II, and Korean conflict veterans by almost 10%.

A great percentage of Vietnam era veterans have completed their educational pursuits, have gained valuable job experience in the private or public sector, and are now equipped and ready to start their own businesses.

Mr. Searcy: What about the re adjustment of Vietnam veterans, that is those who fought in combat in Southeast Asia? Don't they have a bad image in the media?

Mr. Pechin: I think that the great majority of Vietnam veterans have made a positive re adjustment to civilian life. They are solid citizens and a great number are leaders in their communities. Unfortunately, the media has tended to focus on the minority of Vietnam veterans who have had the most difficulty in the re adjustment process. For example, veterans with drug and alcohol problems, psychological re adjustment problems, criminal offenders, make more exciting stories than honest factory workers or Little League coaches.

An independent study by the Lou Harris poll people, released in August of 1980, provided some revealing information about Vietnam veterans and the attitudes of the general public toward Vietnam veterans. The Harris Study was funded by the Veterans Administration and written at the request of the White House.

One of the most significant findings of the study was that the American public is now, several years after the war, ready to separate the war from the warrior. In retrospect, the American public had serious doubts about the wisdom of our having entered the Vietnam conflict. This caused "national self-doubt" in the late 60s and 1970's, and that doubt had a profound effect on how the American public received Vietnam veterans as they returned home, and on the problems which Vietnam veterans have faced in readjusting to civilian life.

However, the Harris study found that while the American people believe our involvement in Southeast Asia was a mistake, they do not hold the veteran responsible for the war, and for not winning it. The Harris study found that disillusionment with political leaders and governmental institutions is the legacy of the Vietnam war.

When asked about the effects of the Vietnam war on American society, the public most frequently cited lack of trust in the government, loss of national prestige, and lack of confidence in political institutions. Interestingly, 64% of the 2,500 persons interviewed in 1979 felt the "Vietnam veterans were made suckers--having to risk their lives in the wrong war in the wrong place at the wrong time."
The Harris study also found that two-thirds of the public felt that the federal government should do more to help Vietnam veterans. Fortunately, the unpopularity of the Vietnam war has not made the public unwilling to support programs for Vietnam veterans.

MR. SEARCY: Let's turn now to a portion of the law and the SBA regulations which pertain to veterans. As you know, on June 12, 1975, the SBA proposed regulations to define the "special consideration" to be given veterans, their survivors and dependents. Part 116 of the SBA regulations contains 11 specific areas of "special consideration" for veterans. Let's review each of the areas and specifically describe what "special consideration" means in terms of SBA services to veterans.

(1) The first area of special consideration is: "In-depth management assistance counseling on first interviews. Action will be taken to insure that SBA management assistance people advise veterans of SBA's programs and the potential benefits to them."

I would like Jim to discuss the meaning of this first area of special consideration based on the recommendations he has made to the SBA.

MR. PECHIN: This is really a straightforward activity. It means simply that the Veterans Affairs Officer insures that the SBA Management Assistance staff advise veterans of SBA's programs and how they can benefit veterans.

The SBA District Office should discuss the merits of the veterans business proposal and the chances for obtaining financing, and should furnish the veteran with SBA publications about various programs. Eligibility, lending criteria and the pre-requirements for obtaining assistance should be explained to the veterans.

The following types of assistance should be emphasized when counseling veterans:

- The Pre-Business Workshop (each SBA District Office will be sponsoring four such workshops during fiscal year 1981)
- Business Management Courses
- Problem Clinics
- Management Publications
- Small Business Development Centers
- SCORE AND ACE Services
SBA Veterans Handbook: The Office of Public Information is now developing a booklet for veterans which will provide comprehensive information about SBA programs. The handbook can help veterans start and retain a small business. The handbook provides information on:

- SBA Rules and Regulations
- Financing
- Management Assistance
- Procurement Assistance
- Advocacy and
- Business Plans.

Mr. Searcy: The second area of special consideration is: "Emphasize to SBA personnel designated as Veterans Affairs Officers the need for close cooperation with the local VA offices and organizations having direct interest in veterans' affairs."

Mr. Pechin: This area requires a minimum of three basic activities on the part of the Veterans Affairs Officer:

1. Contact, establish and maintain a working relationship with veterans organizations and community-based organizations.

The National Coordinator For Veterans in Business can provide you with lists of these organizations.

However, it is not a good policy for you as the Veteran Affairs Officer to wait for local veterans organizations to call you because many of the organizations which have a direct interest are unaware of the SBA's services to veterans.

Examples of veterans organizations you might want to work with are:

- Veterans Administration Regional Offices and Vet Centers
- American Legion, Veterans of Foreign Wars, Disabled American Veterans and AmVets (chapters and posts)
- College and university veterans affairs offices
- State, city or county department of veterans affairs
- Veterans Employment Service Representatives and Disabled Veterans Employment Assistants
Local organizations represent minority, women and disabled persons

- CETA prime sponsors and local CETA programs operators

The second basic area is:

(2) Participation on VA Civic Councils.

Each of the Veterans Administration's 58 regional offices maintains a Civic Council which is designed to promote coordination between the Veterans Administration and other programs which serve veterans. The SBA Veterans Affairs Officers from the SBA Field Offices should participate on the Civic Councils. The Civic Councils can be an excellent avenue for the SBA to inform the VA and numerous other veterans agencies and organizations of our services to veterans.

The end-product of an effective linkage between SBA District Offices and veterans organizations and programs would be an increased outreach effort. To meet this goal, veterans organizations and programs can co-sponsor Pre-Business Workshops for Veterans with SBA and help recruit veterans to attend the workshops.

The third basic areas is:

(3) Orientation Training for VA Personnel.

You, as SBA Veterans Affairs Officers, should provide a training seminar to VA's Veterans Benefits Counselors and to the veterans affairs staffs from colleges and universities, community-based veterans organizations, CETA prime sponsors, employment security offices and others. A semi-annual orientation will be a valuable asset to the SBA because it will equip non-SBA veterans affairs workers with general SBA information that can augment the SBA's veterans outreach effort.

MR. SEARCY: The third area of special consideration is, "Direct SBA procurement personnel designated as Veterans Procurement Affairs Advisors to emphasize how veterans can obtain procurement contracts from the government."

MR. PECHIN: As you know, the SBA Central Office has decided that it is not the SBA's policy to appoint a Veteran Procurement Affairs Advisor for each District Office. Therefore, the Veterans Affairs Officer must establish an appropriate referral system and find ways to disseminate information to assist veterans to obtain procurement contracts.
One SBA program which can help veterans is PASS. As you know, the SBA established the PASS program to respond to government and major corporation requests for profiles of potential bidders. PASS permits firms to have their capabilities readily available when requests are made by Federal procurement offices or purchasing agents of prime contractors.

Registration with PASS is free and voluntary. When PASS began, the SBA did not ask for the identification of the business owner in terms of veteran status. However, in 1979, the SBA revised the PASS form to include veteran data. The District Offices are to exhaust the old PASS forms before using the new forms. Therefore, it appears that many veterans will not be included in PASS until the old forms are exhausted.

Much more can be done to enhance veterans registration in PASS and give them preference in obtaining government procurement contracts. To achieve this goal, SBA District Offices should take the following action:

(1) At all pre-business workshops for veterans you should distribute the PASS registration form. Please make sure that this registration form contains both the veteran and Vietnam veteran identifier. You should also point out to veterans the importance of having a well-worded capability statement. Also, you should refer veterans to General Services Administration Procurement Centers because they currently have special outreach programs for Vietnam veterans.

(2) In addition to PASS, Veterans Affairs Officers need to target information to veterans about the following programs:

- U.S. Government Purchasing and Sales Directory
- Procurement Center Representatives
- Certificates of Competency
- Standard Form 129
- Surety Bond Guarantees.

MR. SEARCY: The fourth area of special consideration is: "Local media campaigns to inform veterans about SBA's ability and desire to help."

I think I'll answer this one myself. Public communication is first and foremost -- an outreach tool. I know there is a definite need for improvement in this area, so we have rewritten the veterans information handbook and expanded it into a comprehensive booklet called the SEA Veterans Handbook. A large part of the Handbook is in a question and answer format which avoids bureaucratic language and describes services in plain English. The booklet is available.
through our field offices, at our Pre-Business Workshops for veterans, and through a media campaign which we shall be developing early in 1981.

I have provided District Veterans Affairs Officers with news releases which they should use locally to inform veterans of SBA services. The releases are already included in the Veterans Affairs Handbook.

MR. SEARCY: The fifth area of special consideration is: "Special workshops and training." As you know, in fiscal year 1981, each District will be required to sponsor a minimum of four pre-business workshops for Veterans. We strongly suggest that District Offices work closely with traditional veterans organizations and with community-based veterans service organizations. We suggest that such organizations be responsible for the bulk of the veterans outreach work for the Pre-Business workshop. When conducting the Pre-Business workshops, District Offices need to be careful not to unfairly raise expectation levels about the availability of direct loan funds. SBA Deputy Administrator Bill Mauk has told the Congress that only 15% of 1981 direct loan monies will be set aside for veterans. This money, regretfully, will not stretch very far. Our goal in the Pre-Business Workshops for Veterans is basically the same as it is in the regular Pre-Business Workshops, e.g., to review the management techniques associated with starting a small business.

MR. SEARCY: The sixth area of special consideration is: "Prompt processing of loan applications of any type."

MR. PECHIN: It is important that District Veterans Affairs Officers make every effort to insure the prompt processing of veterans' loan applications. As of April 1, 1980, the average processing time for loan applications was fourteen days. As you know, in the current economic climate the SBA is experiencing an increased demand for its services. Therefore, the Veterans Affairs Officers need to insure that expectation levels of veteran applicants' are not unfairly raised during periods of high demand for SBA loans.

MR. SEARCY: The seventh area of special consideration is: "Giving maximum loan maturity to veterans."

MR. PECHIN: The SBA generally tries to give maximum loan maturity to everyone. Generally the maturity of a loan, including renewals or extensions, may not exceed ten (10) years. There are exceptions of course: such as when construction is involved. Then maturity may extend to twenty (20) years plus construction time on the portion of the loan.

In many District Offices the Veterans Affairs Officer may be a person who is not a Loan Officer. Therefore, it is important that the Veterans Affairs Officer work with the Loan Officer to advocate maximum loan maturity for veterans is consistent with SBA's general policy of giving all applicants maximum loan maturity whenever feasible.
MR. SEARCY: The eighth area of special consideration states that: "Loans will not be declined solely because of lack of collateral, providing the veteran, dependent or survivor will provide any worthwhile collateral."

MR. PECHIN: This is a statement of SBA policy with reference to all direct loans. Veterans are covered under this policy. Loan Officers also should inform veterans about the Economic Opportunity Loan program. SBA regulations state that military service in the Vietnam years may be a contributing factor in determining a person's socially or economically disadvantaged status. The primary advantage for a veteran qualifying under this program is that it reduces that amount of equity the veteran needs in order to obtain a loan. Many banks require one-to-one debt-to-equity coverage, but under the EOL program the SBA will generally allow the total debt of the business (after the loan) to be not more than three-to-five times the net worth (equity) of the business.

MR. SEARCY: The ninth area of special consideration is: "On all direct loans, place a liberal interpretation on present deferment policy."

MR. PEACHIN: On October 2, 1979, Administrator Weaver clarified present deferment policy to all Regional and District Offices. Mr. Weaver listed deferment of loan payments as a positive means of helping businesses remain viable during the present period of economic stress. The deferment policy works the same for everyone—veteran-owned businesses included.

MR. SEARCY: The tenth area of special consideration is: "In the awarding of 8(a) contracts, veteran status may be a contributing factor in establishing eligibility as 'socially or economically disadvantaged'."

MR. PECHIN: As you know, under P.L. 95-507, 8(a) contract eligibility is restricted to persons who are both socially and economically disadvantaged. Socially disadvantaged individuals are defined as individuals who have been subjected to racial or ethnic prejudices or cultural biases because of their identification with certain groups without regard to their individual qualities..." Veterans, therefore, are not excluded from the programs.

Only 6.5 percent of 8(a) contracts in 1979 went to minority veterans. We can only speculate about the reasons for this low participation rate in the 8(a) program. The reasons may include:

- Only a small percentage of minority veterans have become small business owners;
- Only a small percentage of minority small business owners choose to participate in the 8(a) program.
- Minority small business owners are not aware of, or do not fully understand, the 8(a) program.
For whatever reasons, minority veteran participation in the 8(a) program continues to be low when compared to the fact that high percentages of minority persons served in our Armed Forces during the peak combat years of the Vietnam conflict. Since veteran status may be a factor in establishing 8(a) eligibility, the Veterans Affairs Officers in the District Offices need to ensure that local veterans organizations, local minority organizations and community-based veteran program staffs are aware that minority veterans are potentially eligible for the 8(a) program.

MR. SEARCY: The eleventh and final area of special consideration is: "In all District Offices there should be one or more Loan Specialist designated as Veterans Loan Officer(s)."

MR. SEARCY: Jim, I think I will respond to this one myself. Since the publication of the SBA regulations in 1975, the Agency has assigned lending personnel by territorial emphasis rather than lending program emphasis. In some SBA District Offices the person who has been designated Veterans Affairs Officer is also designated Veterans Loan Officer. This is not always the case, however.

In practical terms, it is more important that we have professional staff to ensure that veterans receive the loan information which they need rather than having a Veteran Loan Officer per se. We can provide loan information to the veteran through a number of people including a Loan Specialist, Veterans Affairs Officer or the SCORE or ACE representative.

The key here is that the Veterans Affairs Officer is responsible for coordinating the delivery of information and assistance to veterans. The results of these efforts are good staff coordination and delivery quality assistance to veterans.
TASK X

SBA/VA COOPERATION

Prepared by James E. Pechin, Executive Director, SBA Veterans Project, Washington, D. C., SBA Contract No. SBA-4369-ADA/P-80 September, 1980
The information contained in this task is based upon meetings conducted with various Veterans Administration officials including Mr. James Cox, Director for the Veterans Assistance Service; Mr. Guy H. McMichael III, General Counsel; Dr. Donald Crawford, Director for Operation Outreach; and Mr. Dean Phillips, Special Assistant to the Administrator.

During the initial meeting with Mr. Cox I inquired about the information describing SBA which is contained in the Veterans Benefits Counselors Handbook, the primary source of information for all Veterans Benefits Counselors employed by the VA. Mr. Cox responded that the Handbook was in the process of being updated and he gave me a copy of the chapter on the Small Business Administration. At that time all of the material for the reprinting of the Handbook had been sent to the printer to revise and update information from the February 1978 printing.

According to Mr. Cox, Chapter 9 on the SBA had been transmitted to the SBA for review in 1979. Mr. Don Perry in the Office of Public Information had reviewed and commented on the information and sent it back to the Veterans Administration. At the time of the printing approximately one year had elapsed since Mr. Perry's response, and as a result some of the information contained in the chapter was outdated.

Based upon this information Mr. Cox stopped the printing of the chapter. This allowed time for it to be hand carried by this contractor back to the SBA for an additional update in order to include the most current information possible in the Handbook. Through the efforts of Mr. Charles Searcy and Dr. Albert Prendergast, the updating was completed quickly and returned to the VA for inclusion in the printing of the Handbook.

While this activity was not specifically included in the contract, it enabled the contractor to ensure that Veterans Benefits Counselors could make accurate referrals to the SBA as specified in some of the following areas of cooperation between the VA and the SBA.

The areas of cooperation between the SBA and the Veterans Administration, the first six points of which have received verbal approval from both the General Counsel and the Director for the Veterans Assistance Service, are the following:

1. The VA and SBA design and implement a media campaign to make veterans, especially Vietnam veterans, aware of benefits and services that may be provided by the agencies.

The VA currently conducts ongoing media campaigns in order to access the veteran population. Through cooperation with the
SBA, information about small business services can be included in VA efforts. This activity would greatly enhance outreach efforts for Vietnam veterans.

We recommend that the Public Information Officer of the SBA cooperate with a similar individual in the Veterans Administration to design and implement a media campaign.

2. The VA cooperate in implementing SBA pre-business workshops, problem clinics, conferences and training sessions directed solely toward veterans, particularly disabled and Vietnam veterans.

The VA's primary responsibility in this activity will be to inform veterans of and enroll them in these activities.

3. The VA systematically invite SBA Veterans Affairs Officers to serve on VA Civic Councils.

The VA has a Civic Council to foster cooperation among various federal, state and local agencies providing service to veterans. VA has indicated that SBA Veterans Assistance Officers would be a welcome addition to their Civic Councils.

At the request of SBA, the Director for the Veterans Assistance Service will invite SBA Veterans Assistance Officers to participate in Civic Councils.

4. The VA request SBA staff to systematically provide information seminars on SBA programs to Veterans Benefits Counselors in the VA's 58 regional offices.

The VA conducts many information seminars for its counselors, and SBA staff could greatly assist in creating an awareness of SBA programs.

5. The Director of the Veterans Assistance Service should direct that all Veterans Benefits Counselors review the SBA portion of their Handbooks.

This could be accomplished quickly and easily through a memorandum to the Veterans Benefits Counselors from the Director of the Veterans Assistance Services.

6. The SBA should request and the VA should provide sensitivity training about veterans, particularly Vietnam and disabled veterans, to SBA employees.

The Veterans Administration could use Operation Outreach staff to conduct the training. There are currently 91 Vet Centers located throughout the United States, and Vet Center personnel...
are trained to provide information about Vietnam veterans.

The Small Business Administration should request that the VA provide sensitivity training to the employees of each Regional and District Office.

7. SBA remove the "Veterans Administration Guaranteed Loan" provision from its Standard Operating Procedures manual.

The SBA's Standard Operating Procedures, Section 50, No. 10, revision 1-A, page 289, effective December 14, 1979, Appendix 2, point number 9, titled "Veterans Administration Guaranteed Loans," states that:

"Loans made to veterans, a part of which are guaranteed by the Veterans Administration, are referred to as VA loans or as veterans guaranteed loans."

This section also describes the use of VA Form 41842. (Both are attached). This form was last printed in August 1959. Based upon research conducted by project staff, it appears that this provision of the SOP became inoperative due to a change in the law in 1974.

We recommend that this obsolete section of the SOPs be removed since there currently is no authority to engage in such activity.

8. A veteran receiving an SBA loan add the cost of instruction required by the SBA to the amount of the loan, rather than using VA entitlement.

The Veterans Administration has determined that it has the authority, under section 1652(b) of Title 38, to pay educational assistance allowances to eligible veterans for enrollment in and pursuit of one or more unit courses which would not otherwise constitute a "program of education," if the SBA certifies that such a course or courses are needed to assure success in a specific small business and is a condition to the making of or guaranteeing of a loan to such veterans.

Due to the fact that veterans are eligible for educational entitlement from the VA for ten years after their date of discharge, and that the Vietnam war ended in 1975, there are currently only approximately four million Vietnam era veterans still eligible for such assistance out of a total population of nine million Vietnam era veterans. Eligible veterans would only be able to use this program where it is a condition to the making of or guaranteeing of a loan. The net result of the limited number of veterans eligible, and the fact that it must be a condition to the making of or guaranteeing of a loan, severely restricts the number of veterans able to avail themselves of this opportunity. It appears that this is almost a "Catch-22" situation.
Most veterans need this training to be able to organize a business prior to applying for a loan. Conversely, if veterans have been approved for the receipt of a loan, the training available would be secondary to the ongoing conduct of their businesses. This process appears to require a great deal of administrative action to obtain some training for a very limited number of veterans.

The proposed agreement described above appears to have limited value and it is our opinion that more beneficial efforts to assist veterans could be obtained by redirecting agency efforts to points 1-6 described above.

CONCLUSION

A working relationship between the agency with primary responsibility for serving veterans (the VA) and the agency with primary responsibility for assisting small businesses (the SBA), is obviously in the best interest of serving veterans. Rather than create new programs, it seems that a relationship whereby each agency utilizes its own strengths and expertise would result in improved service to the entire veteran population.

The VA should focus on outreach and the provision of information, and the SBA should concentrate on providing services to the veterans who are referred to them.
APPENDIX 2

3. LOANS TO ENCOURAGE EXPORTS

On December 21, 1976, the Secretary of Commerce and the Administrator of the Small Business Administration signed an agreement on cooperation in support of international trade. (The full agreement is contained in Appendix 20, SOP 60.10, "Management Assistance Program"). Through its business loan programs, SBA can help to establish a new business or expand an existing business to serve new foreign markets. While an SBA loan cannot be used to establish or expand a business located outside the United States, loans can be made to help defray the cost of developing foreign markets. Eligible purposes would include:

(1) Professional foreign marketing advice and services.
(2) Foreign business travel.
(3) Ocean freight and insurance.
(4) Shopping foreign markets.
(5) Participating in U.S. trade center shows.
(6) Exhibiting at International Trade Fairs.
(7) Foreign advertising.
(8) Preparation of promotional material and related promotional activities.

Additional information can be found in SOP 50.10.1, Chapter 9, 'International Trade Program.'

3. VETERANS ADMINISTRATION GUARANTEED LOANS

Loans made to veterans, a part of which are guaranteed by the Veterans Administration, are referred to as VA Loans or Veterans Guaranteed Loans.
APPENDIX 2

a. **General Policies.** In the consideration of applications of veterans for business loans to be guaranteed by the Veterans Administration, the district office shall apply the same general principles that are applicable to other business loans. The guaranty of the VA may be treated as supporting collateral to loan. If the application is approved, the loan shall be made in accordance with the regulations of the Administrator of Veterans Affairs.

b. **Veterans Administration Form VA-41842.**

A veteran applicant for a loan with partial VA guaranty must also submit Form VA-41842, "Application for Business Loan Guaranty or Insurance." The original should be forwarded to the loan guaranty officer at the appropriate regional office of the Veterans Administration and one copy retained by the SBA field office for its file.

**10. PILOT PROGRAM**

**MINI - LOANS TO WOMEN IN BUSINESS**

Direct, immediate participation, or guaranteed loans to women owned businesses in the amount of $20,000 or less shall be classified as mini-loans under the section 7(a) loan program, and be processed in accordance with the instructions in this section. Loans in excess of $20,000 shall be processed using regular 7(a) or EOL processing procedures.

It is this Agency's intent to extend to the applicants under this pilot program total SBA effort from the time of the initial interview to the final decision on an application.

This will entail greater involvement by the loan specialist and other field office personnel than is usually necessary in the normal 7(a) loan application.
### TASK X -Attachment

**APPLICATION FOR BUSINESS LOAN GUARANTY OR INSURANCE**

**VETERANS ADMINISTRATION**

**INSTRUCTIONS:** For use by ALL lenders when applying for PRIOR APPROVAL of a proposed business loan. ORIGINALLY to be forwarded to the Veterans Administration DUPLICATE to be retained by lender. In every case, this lender should submit, to be attached to this application, a credit report on the veteran and either the veteran's discharge or the VA Certificate of Eligibility, if any, issued to the veteran. In special cases, such as loans to refinance delinquent mortgages, supplemental items, etc., other attachments to this application may be necessary. Lenders should consult with the VA regional office in this regard. If additional space is needed for any items on form, attach a separate sheet. (Indicate each such item by number.)

**DATE OF THIS APPLICATION**

**PROCESSED UNDER TITLE 38, U.S.C.**

<table>
<thead>
<tr>
<th>DEC. 1962</th>
<th>DEC. 1964</th>
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**LAST NAME** | **FIRST NAME** | **MIDDLE NAME OF VETERAN** (Type or print) | **ADDRESS OF VETERAN** |
|-------------|---------------|------------------------------------------|------------------------|

The undersigned veteran and lender hereby apply to the Administrator of Veterans Affairs for ☐ GUARANTY ☐ INSURANCE the loan described herein and severally agree that the Regulations promulgated pursuant to Chapter 27, Title 38, U.S.C. in effect on the date said loan is approved for guaranty or insurance shall govern the rights, duties, and liabilities of the parties hereto.

### SECTION I - PURPOSE, AMOUNT, TERMS OF AND SECURITY FOR PROPOSED LOAN

- **PURPOSE:** Loan (from the business involved in, or to be, a partnership or corporation, subject to the terms of any contract or agreement of personal liability)
- **AMOUNT OF LOAN:** (Including interest)
- **DATE OF NOTE:**
- **TERM:** YRS.
- **MATURE:**

#### TERMS OF PROPOSED LOAN

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<th>AMOUNT OF INTEREST</th>
<th>INTEREST PER</th>
<th>PROPOSED MATURITY</th>
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#### INSTRUCTIONS:

- Complete Item 25.

**NOTE:** The property being acquired is to be listed in the following table.

#### APPROPRIATE MUNICIPAL HAZARD INSURANCE PREMIUM

| ESTATE IN ⇑ SUBJECT PROPERTY WILL BE | REASON | DATE OF CONTRACT |

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#### SECTION II - PERSONAL DATA, FINANCIAL STATUS, AND BUSINESS EXPERIENCE OF VETERAN

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#### ASSETS

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#### TOTAL DEBTS

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#### BUSINESS EXPERIENCE OF VETERAN

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#### TOTAL BUSINESS EXPERIENCE

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**SECTION III - STATES OF BUSINESS**

**CONDUCT OPERATING STATEMENT**

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<th>COLUMN B</th>
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Complete only when an established business is involved in the transaction.

1. Net Sales (Credit less any Returns and Allowances) $   
2. Cost of Goods and Services Sold $   
3. Operating Expenses $   
4. Net Profit $ (Less Costs Than Operating Expenses) $   
5. Other (Insurance, etc.) $   
6. Total $   
7. Net Profit $   

**SECTION IV - ESTIMATE OF TOTAL COST**

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<th>ITEM</th>
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1. PURCHASE OF IMPROVED REALTY $   
2. CONSTRUCTION $   
3. UTILITIES, MOWING, DUPLICATE INSTRUCTIONS (Existing Building) $   
4. PURCHASE OF EQUIPMENT (Including good will) $   
5. LENDER INTENT IN BUSINESS $   
6. LEASEHOLD INTEREST $   
7. LEASEHOLD INTEREST $   
8. TOTAL (Items 1 through 7; Col. B) $   
9. WORKING CAPITAL $   
10. OTHER (Specify) $   
11. TOTAL CLOSING COSTS $   
12. SPECIAL ASSESSMENTS $   
13. OTHER (Specify) $   
14. TOTAL PREPAID ITEMS $   
15. TOTAL COST (Add Items 9 through 14; Col. B) $   
16. CASH FROM VETERAN $   
17. OTHER CREDITS $   
18. OTHER CREDITS $   
19. TOTAL CREDITS $   
20. AMOUNT OF LOAN: Item 21 (less Item 22; Col. B) $   
21. TOTAL COST $ (Add Items 15 through 19; Col. B) $   
22. AMOUNT OF LOAN: Item 21 (less Item 22; Col. B) $   
23. TOTAL CREDITS $   
24. UNDERWRITER TO ESTABLISH SEVERAL PENALTIES FOR ANY FRAUD, INSTRUCTIONAL VIOLATION, OR CRITICAL CONTEST CAPITAL TO INFLUENCE THE ISSUANCE OF ANY GUARANTEE OR ENDORSEMENT BY THE ADMINISTRATOR.

**SECTION V - MUST BE SIGNED BY VETERAN AND LENDER**

I, the undersigned veteran certifies that all information reflected in this application is true to the best of my knowledge and belief.

Signature of Veteran

I, the undersigned lender, certify that all information reflected in this application is true to the best of my knowledge and belief.

Signature of Lender
TASK XI

SBA WORKSHOPS
OBJECTIVE -- To determine the potential for conducting SBA workshops for veterans and to determine the level of interest among veterans' organizations in sponsoring such workshops.

RATIONALE -- One-day workshops, particularly the Pre-Business Workshops, are a proven method of informing individuals about SBA programs, as well as providing information which can assist individuals in starting a business.

METHODOLOGY -- SBA Contract No. SBA-4869-ADA/P-80 stated that a workshop design (specifically for veterans) will be submitted as part of the final report and that a survey of all veterans' agencies will be conducted as determined in the Objective to judge the level of interest by these agencies in co-sponsoring a one-day workshop.

In addition to the survey and the workshop design, the SBA Veterans Project staff developed sample public service announcements which can be used to help publicize the workshops and wrote sample letters for the major veterans organizations to use in communicating with their Department Commanders, Adjutants and Service Officers asking for their sponsorship and support of the workshops.

**Workshop Design**

The sample design for a Pre-Business Workshop for Veterans is attached at the end of this Task. The workshop format is based on a standard SBA Pre-Business Workshop format and on successful Pre-Business Workshops for Veterans which were held in California and New York in 1980. The topic areas for the workshops are as follows: Financing the Small Business, Business Development Organizations, Legal Aspects of Small Business, Financial Accounting for Small Business, Internal Revenue Service, and Marketing Strategies.

The Pre-Business workshop for Veterans not only provides information to veterans, but it also serves as a vehicle for substantive cooperation between SBA field offices and the traditional veterans' organizations, community-based veterans organizations, and multi-service centers. During meetings with veterans' organizations and in subsequent correspondence, the SBA Veterans Project staff suggested that the Pre-Business Workshops for Veterans be held at local veterans' organization posts or at community-based veterans' service centers. Project staff also suggested that veterans' organizations/centers should be primarily responsible for "outreach" to veterans to encourage them to attend the workshops. In turn, the SBA Field Office should be responsible for identifying speakers for the workshops and for supervising the workshops.

**Survey of Veterans' Organizations**

On August 6 - 7, 1980, the SBA Veterans Project staff wrote letters...
to the following organizations/centers to survey their interest in sponsoring or co-sponsoring a Pre-Business Workshop for Veterans.

Included with the letters were a sample Pre-Business Workshop format, response form, sample public service announcements and a self-addressed return mailer (stamped). Each of these items, except the return mailer, is attached at the end of this task. Organizations which received survey letters are as follows:

1. Operation Outreach Vet Centers (91)
2. Community-Based Veterans Organizations (CBVOs) and White House Veterans Outreach and Community Services (VOCS) Projects (26)
3. National Veterans Organizations (4)

The responses to the survey are summarized below:

1. Operation Outreach Vet Centers
   - Thirty-eight Vet Centers responded and stated an enthusiastic interest in co-sponsoring a Pre-Business Workshop for Veterans. Seven of the Vet Centers stated that they were scheduling a workshop for September or October 1980.
   - Three Vet Centers stated that they were unable to sponsor a workshop at this time.
   - Two Vet Centers stated that they were in the process of surveying their clients to determine their interest in the workshops.
   - Forty-eight Vet Centers did not respond.

2. Community-Based Veterans Organizations and White House Veterans Outreach and Community Services Projects
   - Six CBVOs and VOCS responded and stated an interest in co-sponsoring the workshops.
   - Twenty CBVOs and VOCS did not respond.

3. National Veterans Organizations (4)
   - The American Legion responded affirmatively to the survey and indicated the development of a pilot program of co-sponsoring workshops in selected states in cooperation with the SBA. Following an evaluation of the pilot project, the Legion will determine whether to replicate the workshops nationally through their Department Service Officers.
   - The Disabled American Veterans, Veterans of Foreign Wars and AMVETS responded verbally to the survey stating an interest in co-sponsoring the workshops. Letters are forthcoming from these organizations which will indicate their interest in co-sponsoring the workshops. Upon receipt, the letters will be submitted to the SBA for inclusion in this report.
Conclusion

Even though the small business issue is a relatively new one for most local veterans' organizations, their initial interest in co-sponsoring pre-business workshops is encouraging. Forty-one percent of the Vet Centers have indicated an interest in co-sponsoring the workshops and all four of the major national veterans' organizations have indicated an interest. The American Legion has already formulated a pilot pre-business workshop effort.
Fellow Veteran:

I am currently engaged in a 90-day contract to assist the SBA in providing more and improved services to veterans. As part of this project we are suggesting to the SBA that they co-sponsor a pre-business workshop specifically for veterans in all regional and district offices of the SBA. In conjunction with this task I am soliciting your input and interest in co-sponsoring these workshops. For your information we have enclosed a sample program for a pre-business workshop as well as three public service announcements which you could use to inform your clients and/or members.

Starting or expanding a business is a complicated and time-consuming task. I have operated a business development organization in California for the past three years. One of our most important functions is disseminating information to existing or prospective entrepreneurs. We have found it extremely beneficial to provide basic information to groups of individuals as a first step in this process. Many times we are able to locate veterans who are bankers, CPAs, lawyers, and other professionals who assist businesses. If you choose to co-sponsor a pre-business workshop you would work closely with your local SBA in planning and conducting the workshop. Your specific responsibility would be outreach and assistance in providing a location.

If you are interested in providing this most worthwhile service to our fellow veterans, please send me an indication of your interest as well as the name and address and phone number of the person who would serve as primary contact for this effort. Please use the enclosed form and self-stamped mailer for your response.

I would also appreciate it if you would contact your state commanders, state adjutants, or state department service officers so you can then inform me of their interest in co-sponsoring a pre-business workshop. I would be glad to answer any questions you may have.

Thank you for your cooperation.

Sincerely,

James E. Pechin
Executive Director
SAMPLE PRE-BUSINESS WORKSHOP FOR VETERANS
Co-Sponsored by the Small Business Administration and
V. F. W. Post 127

PROGRAM

3:45 a.m.  REGISTRATION / GREETINGS FROM HOST

9:00    SMALL BUSINESS ADMINISTRATION (SBA)
        Loan programs, eligibility requirements, management assistance
        Speaker: Veterans Affairs Officer, SBA

10:00   FINANCING THE SMALL BUSINESS
        Initial capital, lending criteria, when and how to borrow, cash flow, insurance
        Speaker: Assistant Vice-President or loan officer from local bank

11:00   BUSINESS DEVELOPMENT ORGANIZATIONS/SERVICES
        Loan packaging, management assistance
        Speaker: Representative from local business development organization

12:00 Noon  LUNCH

1:00 p.m.  LEGAL ASPECTS OF SMALL BUSINESS
        Contracts, insurance, lease agreements, proprietorship, partnership, corporation
        Speaker: Attorney from local law firm

2:00    FINANCIAL ACCOUNTING FOR SMALL BUSINESS
        Accounting and bookkeeping requirements
        Speaker: Certified Public Accountant

3:00    INTERNAL REVENUE SERVICE (IRS)
        Tax Guide for Business
        Speaker: Representative from IRS

4:00    MARKETING STRATEGIES (optional)
        Marketing strategies, public relations, advertising
        Speaker: Representative from local public relations firm

5:00    WORKSHOP EVALUATION

ADJOURN


8/80
CHECK ONE:

--- Yes, our organization is interested in co-sponsoring small business workshops with the SBA (District office)

--- Our organization is not interested in co-sponsoring small business workshops with the SBA.

Comments: ______________________

NAME OF ORGANIZATION ____________________________
Address ____________________________
City, State, ZIP ____________________________
Phone ( ) ____________________________
Contact Person: ____________________________

(Please return this form to SBA Veterans Project, Suite 410, One Dupont Circle, Washington, D. C. 20036. Thank you.)
The Small Business Administration, Minneapolis Chapter 127 of the Disabled American Veterans, and the Veterans Resource Center are sponsoring a workshop for disabled and Vietnam veterans who are interested in starting their own business on Friday, July 25, 1980, from 9:00 until 4:00 p.m. If you are interested in attending please call the Minneapolis office of the Small Business Administration at 644-5434.

PUBLIC SERVICE ANNOUNCEMENT - 30 Seconds

Are you a Vietnam era veteran or disabled veteran who is interested in starting a small business?

If so, please plan to attend the Veterans Pre-Business Workshop which will be held on Friday, July 25 from 9:00 a.m. until 4:00 p.m. at Post 127 of the American Legion, 520 Main Street, in Fresno.

Representatives of the Small Business Administration and several other organizations will be on hand to provide you with information and assistance. The cost for the workshop is $8.00.

To register, call Warren Kitchtingler, Veterans Affairs Officer, at the Fresno office of the Small Business Administration at 487-5786.

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Are you a Vietnam era veteran or disabled veteran who is interested in starting a small business?

On Friday, July 25th, the Small Business Administration and Little Rock Post 127 of the Veterans of Foreign Wars will sponsor a pre-business workshop for veterans. The workshop will be held at 520 Main Street in Little Rock.

Representatives of the Small Business Administration, the local business development organization, local banks and others will be on hand to help disabled and Vietnam era veterans find out just what programs and assistance are available to them.

For more information call Edward C. Elsken, veterans affairs coordinator at the Little Rock office of the Small Business Administration; the telephone number is 378-5871.

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