

**Hearing before the House Veterans Affairs Committee, Subcommittee on Economic Opportunity  
April 23, 2009; Washington, D.C.**

**Executive Summary of Testimony Presented by Acting Chief Counsel Shawne Carter McGibbon**

**Sources of data on veterans in business.** The best source of data on veterans in business that we now have is the U.S. Census Bureau's 2002 Survey of Business Owners and Self-Employed Persons (SBO). In 2007, Census issued two important reports on veterans in business based on its SBO data, and Advocacy released its own report the same year also using this data.

**How many veteran-owned firms are there?** Subject to caveats explained in the testimony, Advocacy estimates that there were about 3.3 million veteran-owned firms in 2007, of which about 230,000 were owned by service-disabled veterans. Census found that 14.5 percent of all respondent business owners were veterans, and about 7 percent of those were service-disabled. About 12.2 percent of all businesses were veteran-owned.

**Veteran-owned firms were similar to all U.S. firms in most respects, except for their age.** Their distribution by size was nearly identical to all firms, both in terms of revenues and employees. This correspondence also was true of their distribution by type of industry; in the percentage of those which were home-based; in their level of franchise ownership; in the sources of capital used for business start-up, acquisition and expansion; in the types of workers they used; and in the types of their major customers.

**Top five industries for veteran-owned firms.** Veteran-owned firms had the largest shares of firms in the same five major industry groups (two-digit NAICS codes) as all U.S. firms: professional, scientific, and technical services, 18.7%; construction, 13.9%; other services, 10.2%; retail trade, 9.5%; and real estate and rental/leasing, 9.3%.

**Government customers are a larger share of veteran-owned firms' major customers than for other firms.** Among veteran-owned firms, 2.6% reported that the federal government was a "major customer" (one accounting for 10% or more of a firm's sales), while the corresponding percentage for all firms was 2.0%. State and local governments were major customers for 6.0% of veteran-owned firms, and 5.3% of all firms.

**Owner demographics.** Veteran business owners are much older than other owners; 67.8% were age 55 or older in 2002, compared to 30.9% of all owners. Veteran owners were also 97.3% male. Both the age and gender of veteran owners reflect the characteristics of the underlying veteran population. With respect to race and ethnicity, in 2002, 95.5 percent of veteran business owners were White; 3.2 percent were Black; 2.3% Hispanic; 1.0% Native American; and 0.9% Asian. Veteran owners were better educated than other owners. Among veteran business owners, income from their businesses was the primary source of personal income for 69% of employers, but only 39% of non-employers.

**Additional findings from Advocacy research.** Advocacy-sponsored research found that about 22 percent of veterans were either acquiring a business or considering starting one; that military service provided necessary business skills to at least one-third of both current veteran business owners and those planning to become owners; and the self-employment rate of male veterans was higher than that of non-veterans through the entire 25-year period (1979-2003) of the study.

**Problems affecting veteran entrepreneurs.** The most current research Advocacy has on this subject was released in 2004, although new work is underway now. The older research indicated that the most important problems included access to and affordability of health insurance, knowledge about programs which could be of assistance, access to financing, understanding tax law, and disadvantages in government contracting. In today's economic environment, access to financing is probably near the top of all firms' concerns.