



Highlights of [GAO-03-434](#), a report to the House and Senate Committees on Small Business and Veterans' Affairs.

### Why GAO Did This Study

The Veterans Entrepreneurship and Small Business Development Act of 1999 (Act) created the National Veterans Business Development Corporation (The Veterans Corporation) to address perceived gaps in providing small business and entrepreneurship assistance to veterans. The Act requires GAO to review The Veterans Corporation. As agreed with committee staff, GAO described The Veterans Corporation's (1) efforts to provide small business assistance to veterans, including service-disabled veterans; (2) use of and controls over federal funds in providing these services; and (3) efforts to become financially self-sufficient.

[www.gao.gov/cgi-bin/getrpt?GAO-03-434](http://www.gao.gov/cgi-bin/getrpt?GAO-03-434).

To view the full report, including the scope and methodology, click on the link above. For more information, contact William O. Jenkins, Jr. at (202) 512-8757, or [JenkinsWO@gao.gov](mailto:JenkinsWO@gao.gov).

## SMALL BUSINESS

# The National Veterans Business Development Corporation's Progress in Providing Small Business Assistance to Veterans

### What GAO Found

The Veterans Corporation is providing veterans with entrepreneurial training, on-line educational resources, micro loans, business insurance, and an on-line marketplace. The Veterans Corporation identified initial challenges that slowed program progress, including getting information on transitioning military personnel; and veteran-owned businesses; and delays in making management appointments. Because the programs are new, it is too early to determine their effectiveness.

During its first 2 years of operation, The Veterans Corporation spent about \$5 of \$8 million in total federal appropriations; about \$1 million in fiscal year 2001; and about \$4 million in fiscal year 2002, with the largest part of the increase due to salaries and program costs. An external audit for fiscal year 2001 identified internal control issues, such as the lack of adequate supporting documentation for disbursements and untimely reconciliation of bank accounts. According to the external auditor, all but one of the deficiencies was addressed in 2002.

The Veterans Corporation has developed a financial self-sufficiency plan based on four major revenue sources—an on-line marketplace, a credit card program, an insurance service program, and fund-raising. At the time of GAO's review, most of these efforts were just beginning to produce revenue. According to the plan, The Veterans Corporation is not expected to achieve self-sufficiency until the fourth quarter of fiscal year 2004. If outcomes do not meet projections, Veterans Corporation officials stated that they would explore alternatives.

Description and Status of Key Initiatives, as of March 2003

Initiative	Description	Status
Micro Loan Program	Loan referral program with regional banks.	Operational in February 2002. Three participating banks in eastern United States.
<a href="http://www.veteranscorp.org">www.veteranscorp.org</a>	Web site of The Veterans Corporation.	Launched in April 2002 and operational.
Veterans Marketplace	E-commerce platform that facilitates purchases between veteran-owned and other businesses.	Launched in June 2002.
Veterans Entrepreneurial Training Program	A business training program consisting of 30-45 hours of interactive training.	Launched in October 2002 with three pilot locations.
Veterans Business Success Seminars	One-day seminars on what veterans need to know before starting a business.	Two pilot seminars held in October and November 2002.
Insurance/Benefits Program	Business insurance products at group rates.	Launched in December 2002.
Veterans Corporation Platinum BusinessCard	Credit card for business use.	Launched in January 2003.
Veterans Capital Fund	Venture capital fund for veteran-owned and other businesses; proceeds fund veteran programs.	In planning. Expected to launch in 2003.

Source: GAO.