



Contracting



Capital



Counseling



Disasters

U.S. Small Business Administration

Summary of Performance and Financial Information

FY 2011

*Giving Small Businesses
the Tools They Need to
Grow and Create Jobs*



*Karen G. Mills
Administrator*

The work of the Small Business Administration (SBA) to assist entrepreneurs and small business owners is critical as the economy continues to recover and grow. Throughout America's history, small businesses have played the leading role in job creation. More than half of working Americans own or work for a small business and small businesses are responsible for two out of every three net new private sector jobs created over the past decade.

In FY 2011, the SBA leveraged its public-private partnerships to achieve all-time records in the Agency's history, with over \$30 billion in lending support to 60,000 small businesses in its top two lending programs – 7(a) and 504. The SBA's Small Business Investment Company program, which focuses on high-growth small businesses, experienced an all-time record year with \$2.8 billion in overall support to over 1,300 small firms. Major strides were also taken in government contracting with the rollout of the new women's contracting rule, and in business counseling and training with over one million entrepreneurs and small businesses served.

SBA's headquarters is located in Washington, D.C. while its business products and services are delivered with the help of field personnel and a vast network of private sector and non-profit partners in each U.S. state and territory.

SBA's Mission Statement

The mission of the U.S. Small Business Administration is to maintain and strengthen the nation's economy by enabling the establishment and vitality of small businesses and by assisting in the economic recovery of communities after disasters.

Strategic Goal 1

Growing businesses and creating jobs

- 1.1 Expand access to capital
- 1.2 Ensure federal contracting goals are met or exceeded
- 1.3 Strengthen entrepreneurial education, counseling and training
- 1.4 Ensure disaster assistance can be deployed quickly, effectively and efficiently
- 1.5 Strengthen relevance to high-growth small businesses to drive innovation and job creation
- 1.6 Strengthen outreach to underserved communities and populations

Strategic Goal 2

Building an SBA that meets the needs of today's and tomorrow's small businesses

- 2.1 Strengthen core programs and operations
- 2.2 Invest in SBA's employees
- 2.3 Mitigate risk to taxpayers and improve oversight across programs

Strategic Goal 3

Serving as the voice for small business

- 3.1 Collaborate with other agencies to strengthen delivery of services
- 3.2 Encourage awareness about unfair regulatory enforcement and compliance efforts
- 3.3 Promote accurate and detailed statistics on small business

SBA By The Numbers

(Dollars in Millions)

		FY 2008	FY 2009	FY 2010	FY 2011
Total Portfolio⁽¹⁾	Outstanding Principal Balance	\$ 88,096	\$ 90,451	\$ 93,340	\$ 99,204
Capital⁽²⁾					
7(a) Loans	Dollars of Gross Loans Approved	\$ 12,671	\$ 9,191	\$ 12,407	\$ 19,638
	Number of Gross Loans Approved	69,434	41,289	47,000	53,706
504 Loans	Dollars of Gross Loans Approved ⁽³⁾	\$ 5,290	\$ 3,834	\$ 4,433	\$ 4,845
	Number of Gross Loans Approved	8,883	6,608	7,833	7,983
Microloans	Dollars of Gross Loans Approved for Micro borrowers	\$ 31	\$ 35	\$ 45	\$ 47
	Number of Gross Loans Approved for Micro borrowers	2,682	2,727	3,795	3,991
Surety Bond	Number of Bid and Final Bonds Guaranteed	6,055	6,135	8,348	8,638
Contracting⁽⁴⁾					
Prime Contracting	Dollars of Annual Federal Contracts Awarded to Small Businesses	\$ 93,306	\$ 96,834	\$ 97,947	N/A
Prime Contracting (%) ⁽⁵⁾	Percentage of Federal Contracts Awarded to Small Businesses	21.5%	21.9%	22.7%	N/A
HUBZone	Dollars of HUBZone Contracts	\$ 10,157	\$ 12,413	\$ 11,969	N/A
8(a) Program	Dollars of 8(a) Contracts	\$ 16,173	\$ 18,670	\$ 18,466	N/A
Counseling and Training					
SCORE	Number of Small Businesses Assisted	360,559	380,357	407,240	356,837
SBDC	Number of Small Businesses Assisted	558,487	583,770	589,352	557,698
WBC	Number of Small Businesses Assisted	159,879	155,383	160,735	138,923
Disaster Assistance^{(1) (2)}					
	Dollars of Gross Loans Approved	\$ 826	\$ 1,130	\$ 574	\$ 739
	Number of Gross Loans Approved	15,128	21,780	15,356	13,643
High-growth Small Businesses					
SBIC	Dollars of Gross Financings Invested in Small Businesses ⁽⁶⁾	\$ 2,427	\$ 1,856	\$ 2,047	\$ 2,833
	Number of Small Businesses Financed	1,905	1,481	1,331	1,339

- (1) The total portfolio consists of guaranteed loans outstanding, defaulted guaranteed business loans receivable, direct disaster loans, and direct business loans receivable.
- (2) There are three basic ways to present loan data: Gross Loans Approved (the total loans approved); Net Loans Approved (gross loans approved plus any loan increases minus any cancellations); and, Disbursed Loans (the amount that is actually given to the borrower). Gross Loans Approved is presented in the Capital and Disaster Assistance part of this table because it is the only loan data that remains constant over the year.
- (3) Lending Supported for 504 loans includes the SBA share and third party loans that are made by commercial lenders as part of the funding package. In FY 2011 gross approvals of \$4.84 billion supported \$10.9 billion in small business lending under the 504 Certified Development Company loan program.
- (4) Federal agencies have not yet certified their FY 2011 data. The SBA expects to receive the FY 2011 certified data in the 3rd or 4th quarter of FY 2012.
- (5) Currently, the federal goal is to give small businesses at least 23 percent of all government-wide contract dollars. The SBA negotiates the goals annually with each federal agency on an individual basis.
- (6) This reflects totals for all SBICs, including those that are no longer approving new funds (i.e., participating securities and specialized SBICs) but that have funds still actively investing.

Key SBA Accomplishments in FY 2011

Record in SBA lending: The SBA increased overall lending supported from \$22.6 billion in FY 2010 to \$30.5 billion in FY 2011. This reflected the highest ever SBA lending year in the 60-year history of the Agency.

High Priority Performance Goal

Expand access to capital by increasing the number of active SBA lending partners for the 7(a) loan program to 3,000 by September 30, 2011, a 15% increase over the FY 2008 and FY 2009 average

ACHIEVED
GOAL



Record in growth-capital: Due to a reduction in licensing times and attraction of new funds in the Small Business Investment Company program, SBA's SBIC Debenture Program supported nearly \$2.6 billion in overall financings to "high-growth" small businesses that drive net new job creation, a 63 percent increase from FY 2010.

High Priority Performance Goal

Improve the Small Business Innovation Research program (SBIR) by: (1) deploying an improved data collection and reporting system, including implementing performance metrics, (2) implementing more systematic monitoring for fraud, waste and abuse, and (3) improving commercialization from existing program awards

ACHIEVED
GOAL



Increase in small business contracting in the federal government: Through stronger efforts to coordinate and reach out to other federal agencies, the SBA worked with government agencies to increase the percentage of contracts going to small business from 21.9 percent (FY 2009) to 22.7 percent (FY 2010), just shy of the goal of 23 percent. (FY 2011 numbers are not reported until the third quarter of FY 2012.)

High Priority Performance Goal

Increase small business participation in federal government contracting to meet the statutory goals and reduce participation by ineligible firms

SUBSTANTIALLY
ACHIEVED
GOAL



Optimized disaster assistance in record year: The SBA quickly responded to over 300 disasters, a record number of SBA-declared disasters that included devastating tornadoes (Alabama and Missouri), floods (North Dakota), and hurricanes (Irene). The SBA approved over \$700 million in loans to businesses and homeowners. Turnaround time on SBA disaster loan applications averaged less than 10 days.

High Priority Performance Goal

Process 85 percent of disaster loan applications for home and businesses within standard (14 days for home loans and 18 days for business loans)

ACHIEVED
GOAL



Strengthened delivery of entrepreneurial counseling and training: SBA's grant-funded resource partners continued to drive business success by training and counseling over one million clients in FY 2011.

There was no High Priority Performance Goal established for this initiative.

Performance Information on Key SBA Programs

The following table presents key SBA FY 2011 performance data from Strategic Goal 1 - *Growing businesses and creating jobs*. An analysis has determined that 98 percent of all SBA costs are associated with Strategic Goal 1. Therefore, only performance indicators for that goal's strategic objectives (as stated on page one) are presented here. Detailed performance information on all SBA programs are presented, and all variances explained, in the FY 2013 Congressional Budget Justification and FY 2011 Annual Performance Report. These reports are available online at www.sba.gov/performance.

Strategic Objective 1.1 – Capital

Program	Performance Indicator ⁽¹⁾	Type	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Target	FY 2011 Actual	FY 2011 Variance
7(a) and 504	Lending Supported (\$ Billions) ⁽¹⁾	Output	\$28.5	\$24.6	\$17.8	\$22.4	\$23.5	\$30.5	30% G
7(a), 504, Microloan, and SBG	Jobs Supported ⁽²⁾	Outcome	918,061	713,574	514,035	583,737	583,800	700,715	20% G

(1) Lending Supported includes gross approvals in the 7(a) loan program, gross approvals in the 504 loan program, and third party loans that are made by commercial lenders as part of the 504 funding package.

(2) Job Supported numbers are self-reported by the borrower and appear in the SBA loan application form. A filter was applied to reduce outliers and jobs associated with cancelled loans.

Strategic Objective 1.2 – Contracting

Program	Performance Indicator ⁽³⁾	Type	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Target	FY 2010 Actual	FY 2010 Variance
Prime Contracting	Percent of Federal Contract Dollars Awarded to Small Businesses	Outcome	22.0%	21.5%	21.9%	23.0%	22.7%	-1% Y

(3) The data supporting these indicators are not finalized until the 3rd or 4th quarter of the next year. Therefore, prior year numbers are reported.

Strategic Objective 1.3 – Counseling and Training

Program	Performance Indicator	Type	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Target	FY 2011 Actual	FY 2011 Variance
SBDC, WBC, and SCORE	Small Businesses Assisted (#) ⁽⁴⁾	Output	1,083,904	1,078,925	1,119,510	1,157,327	N/A	1,053,458	N/A
SBDC, WBC, and SCORE	Small Businesses Created (#)	Outcome	9,031	14,400	14,201	15,831	14,200	15,181	7% G

(4) SBDCs do not have a target for small businesses assisted.

Strategic Objective 1.4 – Disaster Assistance

Program	Performance Indicator	Type	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Target	FY 2011 Actual	FY 2011 Variance
Disaster	Average Processing Days for Business Applications	Output	11	11	14	10	18	10	44% G
Disaster	Average Processing Days for Home Applications	Output	7	6	6	8	14	8	43% G
Disaster	Customer Satisfaction Rate for Approvals (%)	Outcome	66%	65%	72%	74%	71%	80%	13% G

Strategic Objective 1.5 – High-growth Small Businesses

Program	Performance Indicator	Type	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Target	FY 2011 Actual	FY 2011 Variance
SBIC	Debt Leverage Committed to SBICs (\$ Millions)	Output	\$708	\$1,029	\$788	\$1,165	\$1,352	\$1,827	35% G



The Actual result meets or exceeds target.



The Actual result is within 10% or less of the target.



The Actual result is 90% or less than target.

Summary of SBA's Most Serious Management and Performance Challenges

On October 21, 2011, the OIG submitted to the SBA its report entitled: "Fiscal Year 2012 Report on the Most Serious Management and Performance Challenges Facing the Small Business Administration." This report, although titled FY 2012, represents OIG's findings for SBA's FY 2011 activity. The report is based on specific OIG, GAO, and other official reports, as well as the OIG's general knowledge of SBA programs and operations. This report represents the OIG's current assessment of Agency programs or activities that pose significant risks, including those that are particularly vulnerable to fraud, waste, error, mismanagement, or inefficiencies.

The following table provides a summary of the 32 recommended actions identified in this report.

Challenge		Color Scores*					
		Status at End of FY 2011				Change from Prior Year	
		Green	Yellow	Orange	Red	Up	Down
1	Small Business Contracting	1		2		1	1
2	IT Security		2	2			1
3	Human Capital		1		1		1
4	Loan Guaranty Purchase		1			1	
5	Lender Oversight		4	2			
6	8(a) BD Program		1	2	1		3
7	Loan Agent Fraud		2				
8	Loan Management and Accounting System			4			
9	Improper Payments	3		3		3	
TOTAL		4	11	15	2	5	6

*Green = "Implemented"; Yellow = "Substantial Progress"; Orange = "Limited Progress"; and Red = "No Progress"

Agency Response to Report on Management and Performance Challenges

One of the Agency's core management priorities is to ensure effective program oversight and execution of its fiduciary responsibility to safeguard taxpayer resources. Instituting sound internal management processes leads to reduced government risk; lower cost to the taxpayer; and reduced potential for waste, fraud and abuse. SBA notes the following results in this year's report:

1. Achieved 4 green ("implemented") ratings on 32 OIG-recommended actions, 11 yellow ("substantial progress"), 15 orange ("limited progress"), and 2 reds ("no progress").
2. Improved ratings in five of the 32 actions and downward changes from last year in six of the 32 actions.

The SBA appreciates the cooperation and work done by the OIG in helping the Agency to continue to address its major management challenges.

FY 2011 Financial Highlights¹

(Dollars in Thousands)

	FY 2011	FY 2010	% Change
Loan Portfolio ²	\$ 99,203,933	\$ 93,339,844	6.3%
Total Assets	\$ 16,882,801	\$ 15,230,476	10.8%
Total Liabilities	\$ 17,191,824	\$ 16,765,021	2.5%
Total Net Position	\$ (309,023)	\$ (1,534,545)	79.9%
Total Net Cost of Operations	\$ 3,460,562	\$ 5,277,197	-34.4%

¹ SBA received on unqualified opinion with no material weaknesses on its FY 2011 financial statements audit.

² The total portfolio consists of guaranteed loans outstanding, defaulted guaranteed business loans receivable, direct disaster loans, and direct business loans receivable.

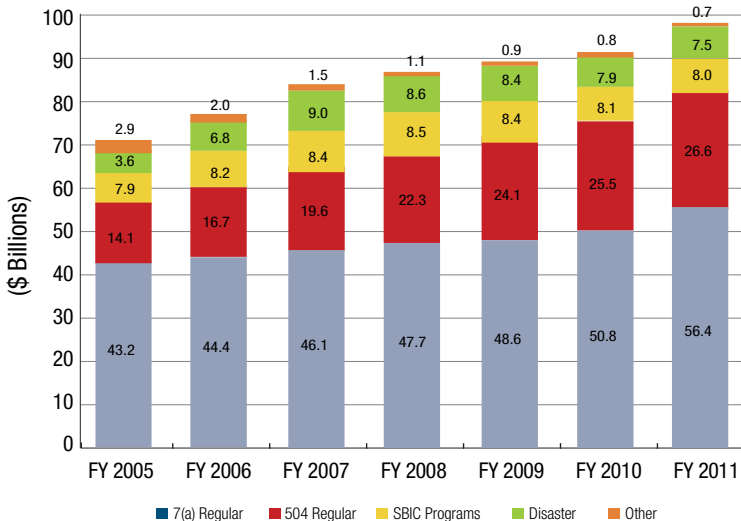
The following programs represent more than 75 percent of SBA's total budgetary resources for FY 2011:

Program	FY 2011	FY 2010	% Change
Disaster Assistance	\$ 253,428	\$ 248,669	1.9%
SBDCs	\$ 136,323	\$ 128,232	6.3%
7(a) Loans	\$ 83,000	\$ 95,090	-12.7%
8(a) Program	\$ 58,274	\$ 56,817	2.6%
504 Loans	\$ 38,888	\$ 36,232	7.3%
Prime Contracting	\$ 22,663	\$ 26,136	-13.3%

FY 2011 Staffing Snapshot

	FY 2011	FY 2010	% Change
Regular FTE Employees	2,166	2,135	
Disaster Employees	1,141	1,120	
Total Employees	<u>3,307</u>	<u>3,255</u>	1.6%

SBA's Outstanding Loan Portfolio



Contact SBA: Useful Sites and Numbers

The SBA home page is www.sba.gov. The more frequently visited sites are listed below:

SBA INFORMATION	
About SBA	www.sba.gov/about-sba
SBA Direct	www.sba.gov/sba-direct
SBA Strategic Plan	www.sba.gov/about-sba-info/11572
SBA Performance, Budget & Planning	www.sba.gov/performance
SBA's Role in Small Business Advocacy	www.sba.gov/advocacy
Inspector General	www.sba.gov/oig

STARTING AND MANAGING A BUSINESS	
What is a Small Business?	www.sba.gov/content/am-i-small-business-concern
Thinking about starting a business?	www.sba.gov/category/navigation-structure/starting-managing-business/starting-business/thinking-about-starting
Resources: SBA District Offices	www.sba.gov/about-offices-list/2
Lender Resources	www.sba.gov/lender_resources
Financing Growth	www.sba.gov/content/financing-growth
Explore Exporting	www.sba.gov/exporting

LOANS and GRANTS	
Small Business Loans	www.sba.gov/financialassistance
Bonds	www.sba.gov/content/surety-bonds-explained www.sba.gov/content/tax-exempt-bonds
Grants	www.sba.gov/content/facts-about-government-grants

CONTRACTING	
Government Contracting	www.sba.gov/contracting
Contracting Opportunities	www.sba.gov/contracting-opportunities
Register as a Contractor	www.bpn.gov/ccr/default.aspx

COUNSELING AND TRAINING	
Online Training	www.sba.gov/training
SBDCs	www.sba.gov/sbdc
Women's Business Centers	www.sba.gov/content/womens-business-centers
SCORE Counselors	www.sba.gov/score
Veterans Outreach	www.sba.gov/content/veterans-business-outreach-centers

DISASTER ASSISTANCE	
Disaster Assistance	www.sba.gov/disaster
Disaster Area Office Locations	www.sba.gov/about-offices-list/4
Disaster Customer Service Center	(Toll Free) (800) 659-2955
Locations for a Declared Disaster	www.sba.gov/content/current-disaster-declarations
FEMA Information	www.fema.gov

SBA National Answer Desk: (800) 827-5722