U.S. Small Business Administration

FY 2011 Congressional Budget Justification
and
FY 2009 Annual Performance Report

U.S. Small Business Administration

Your Small Business Resource

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Overview of Budget Request

The U.S. Small Business Administration (SBA) helps Americans grow businesses and create jobs by providing resources and tools, including access to capital; opportunities in federal contracting; access to entrepreneurial education; and disaster assistance for businesses, homeowners, and renters.

SBA's efforts to assist entrepreneurs and small business owners are especially critical during these difficult times for the U.S. economy. Throughout America's history, small businesses have played a leading role as the driver of economic growth and job creation. In fact, more than half of working Americans either own or are employed by a small business. Also, over about the last decade, small businesses were responsible for nearly 65 percent of net new private sector jobs.

Already, SBA provisions implemented (FY 2009) and extended (FY 2010) as part of the American Recovery and Reinvestment Act (Recovery Act) have helped tens of thousands of small businesses through SBA-backed loans, federal contracts, and more. This budget request builds on this success, giving entrepreneurs and small business owners the tools they need to strengthen America's foundation of competitiveness, innovation, and job creation.

Strategic Focus Areas

This budget request provides the opportunity to strengthen the Agency's efforts in the key strategic focus areas:

I. **Growing businesses and creating jobs**

   a. Expanding access to **capital** through SBA's extensive lending network and a portfolio of more than $90 billion in outstanding SBA loans and guaranties
   b. Ensuring that federal **contracting** goals are met and/or exceeded by collaborating across the federal government
   c. Providing **counseling**, entrepreneurial education and training through SBA field operations and nationwide network of resource partners
   d. Providing **disaster** assistance for businesses, homeowners, and renters
   e. Turning innovation into jobs through existing programs and new initiatives that support high-growth, high-impact small businesses

II. **Building an SBA that meets 21st Century needs of small businesses**

   a. Strengthening SBA's core programs to ensure that they are simple, effective, and relevant in the small business community
   b. Investing in people and technology at the SBA
   c. Managing risk to taxpayers and improving oversight across SBA programs

III. **Serving as the voice for small business**

   a. Leading interagency collaborations to strengthen the federal government's ability to deliver programs, resources and services to small businesses and foster a small business-friendly environment
   b. Strengthening outreach to underserved communities, including two of the fast-growing sectors of the small business community — minorities and women — and veterans
   c. Advocating for both Main Street and high-growth, high-impact small businesses

High Priority Performance Goals

The SBA has identified four performance goals which reflect high priorities of SBA leadership, and the Administration, and are critical to success in the strategic focus areas. These goals are supported by the FY 2011 budget request and reflect the breadth and depth of SBA's commitment both to taxpayers and to the small business community. By actively pursuing these goals, the SBA will strengthen its national contributions to entrepreneurship, innovation, and competitiveness.

1. ***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 percent increase over the FY 2008 and FY 2009 average.*** The SBA will increase its outreach to lending partners so that small business owners will have more access points to capital. This initiative will be led by the Office of Capital Access which manages the SBA lending programs through product development, oversight and processing. The primary "on the ground" contacts for these lenders are SBA staff in the Office of Field Operations' district offices that provide outreach and lender training.

2. ***Increase small business participation in federal government contracting to meet the statutory goals and reduce participation by ineligible firms.*** Congress has mandated that small businesses should receive at least 23 percent of federal government prime contracts and has set separate goals for other subsets of the small business community. SBA's Office of Government Contracting and Business Development will play the lead coordinating role in helping federal agencies reach their specific goals. The Office of Field Operations will also help by promoting contracting opportunities to small business owners through marketing and outreach efforts.

3. ***Process 85 percent of home disaster loan applications within 14 days and 85 percent of business disaster loan applications within 18 days.*** SBA's Office of Disaster Assistance will lead the Agency in overseeing the success of this goal. The Office of Field Operations' network of providers and partners will help as needed when disaster strikes a particular SBA region or district.

4. ***Improve the Small Business Innovation Research (SBIR) program.*** The SBIR program can support research and development activities that meet federal agency needs and also drive innovation in the general marketplace to increase America's global competitiveness. The SBA will build on the success of this program by: (1) deploying an improved data collection and reporting system and continue implementing performance metrics; (2) implementing more systematic monitoring for fraud waste and abuse, and; (3) improving commercialization from existing program awards.

Highlights of the Budget Request

SBA's total budget request for FY 2011 is $994 million in new budget authority. Of this amount, the operating budget request (excluding funds for the Disaster program, Office of Inspector General, Surety Bond Guarantee program, business loan subsidy, and non-credit programs) is $429 million for FY 2011. This also excludes fee income, transfers from disaster loans into the salary and expenses account, and reimbursables. The FY 2011 funding requested for non-credit programs totals $174 million.

Growing businesses and creating jobs

This budget request allows the SBA to advance its core mission of providing access to capital, opportunities in federal contracting, entrepreneurial education, and disaster assistance for businesses, homeowners, and renters.

<u>Providing Access to Capital</u> — SBA's capital access programs provide a critical foundation for small business development and economic growth, especially as credit has tightened in the conventional lending market. These programs have been successful in economic recovery efforts.

The FY 2011 resources requested will support a total of more than $28 billion in small business financing through the 7(a), 504/Certified Development Company (CDC), Small Business Investment Company (SBIC) debentures, and direct Microloan programs. For its 7(a) guaranty loan program, the SBA requests $165.4 million of credit subsidy budget authority to support a program level of $17.5 billion, which includes $16 billion in term loans and $1.5 billion in revolving line of credit facilities. The latter is expected to support $39 billion in total disbursement activity, as borrowers draw and repay over the life of the guaranty. Therefore, when included with 7(a) term loans, the budget supports $55.3 billion in total 7(a) credit activity.[1]

The Agency also requests $7.5 billion in lending authority for the 504/CDC program. For the remaining loan programs, the SBA requests $3 billion in authority for the SBIC debenture program and $3.8 million in credit subsidy budget authority to support a microloan direct program loan level of $25 million. Finally, $12 billion in authority is requested for the 7(a) secondary market guaranty program.

The 2011 budget also includes a number of legislative proposals that will help improve small business access to credit. They include increasing the maximum 7(a) loan size from $2 million to $5 million; increasing the maximum 504 loan size from $2 million to $5 million for regular projects and from $4 million to $5.5 million for manufacturing projects; and increasing the maximum microloan size to $50,000. The budget also proposes to increase the maximum outstanding loan amount to microloan intermediaries in their first year of participation from $750,000 to $1 million, and from $3.5 million to $5 million in the subsequent years.

Due to projected economic conditions and actual defaults on prior year loans, the SBA is recording a record $4.5 billion upward reestimate of credit subsidy. This additional subsidy cost is covered by mandatory appropriations that increase the deficit in 2010. In addition, the 7(a) subsidy budget authority costs have roughly doubled in 2011 as compared to 2010. Therefore, the Administration will submit legislative language as part of the 2010 SBA legislative package to provide SBA the flexibility to adjust fees over time to make the program more self-financing. These fee adjustments would be effective for loans approved in FY 2012.

In addition to the loan subsidies requested to implement SBA loan programs, the Office of Capital Access, working alongside the Office of Field Operations, will play a leading role in meeting the high-priority performance goal (#1) of increasing the number of active SBA lenders. At the same time, in FY 2010 the SBA will continue to focus on process improvements and simplification efforts to help strengthen the Agency's ability to efficiently and effectively provide the access to capital small businesses need to grow and create jobs.

Providing Opportunities in Government Contracting and Business Development — SBA's government contracting and business development programs provide critical opportunities for small businesses to grow and create jobs. These programs help small businesses meet the needs of the federal government and other customers while exhibiting high levels of responsiveness and innovation. For example, as part of the Recovery Act, billions of dollars in prime federal contracting has been awarded to help with key infrastructure projects.

To help ensure adequate resources are in place to support the Agency's high priority performance goal (#2) of meeting and exceeding the government contracting goals and reducing participation by ineligible firms, the FY 2011 budget includes an additional request for $2 million for contracting and business development activities. These funds are requested for programmatic efforts to reduce fraud, waste and abuse; monitor compliance with statutory requirements; increase oversight responsibilities; help

[1] OMB Circular A-11 requires that the SBA revise its 7(a) program level to reflect for economic activity of the revolving loans that exist in its loan portfolio, to better reflect the total economic activity supported by the federal guaranty. The SBA must ensure the portfolio considers each disbursement and repayment when calculating the activity of the portfolio. This adjustment accounts for the increase in program level from $17.5 billion to $55.3 billion.

strengthen the integrity of SBA's contracting programs; and protect taxpayer dollars. It is critical that the SBA has the resources necessary to sustain public trust and meet its fiduciary duty. Any efforts to meet the government contracting goals will be undermined if the Agency does not have effective oversight tools in place to ensure that federal contract dollars are flowing to small businesses. The Agency's efforts will maximize contracting opportunities for all categories of small businesses, with a focus on women and veteran-owned small businesses, as well as firms in the HUBZone and 8(a) programs.

Providing Access to Entrepreneurial Education, Counseling and Training — SBA's counseling, training and entrepreneurial education efforts are reflected in the daily work of Agency field staff throughout the country as well as SBA's approximately 14,000 resource partners including about 900 small business development centers, more than 100 women's business centers and more than 350 chapters of the mentoring program, SCORE. Through these efforts, the Agency provides critical assistance to hundreds of thousands of small businesses each year, with metrics showing that these education and counseling relationships contribute to the long-term success of these businesses and their ability to grow and create jobs.

Over the past few years, the SBA has gathered data from its high-intensity year-long entrepreneurial training program Emerging Leaders (previously called "e200") for mid-stage small businesses located in underserved areas. Graduates of this program have already reported significant increases in revenues, government contracts, local hires and access to financing.

To continue this program and build on its success, $3 million is requested for a broader Emerging Leaders program, based on the e200 success. This program will involve establishing a training program based on the best practices for growing businesses in distressed areas. The program will also involve strategic recruitment of firms in distressed areas that are poised for growth, innovation, job creation and economic impact, including those firms involved in SBA's business development programs.

The Emerging Leaders curriculum will be led by expert trainers, counselors and mentors who help entrepreneurs explore a number of strategies for growth, such as opportunities in exporting, opportunities in government contracting, leveraging new technologies, business-to-business networking, venture capital opportunities, and more.

Maximizing the Impact of Successful Innovation Programs — SBA's Small Business Innovation Research (SBIR) program has helped small businesses develop innovations to meet the research and development needs of the federal government (about $2 billion annually), and then commercialize those innovations in the marketplace. In addition to helping meet federal research and development needs, the SBIR can advance American innovation and competitiveness in the broader economy.

In order to fulfill a high-priority performance goal (#4) for the SBA, the budget provides $2 million to improve data collection of SBIR projects, which will allow the Agency to continue to refine performance metrics for the SBIR program. The SBA will implement performance measures in FY 2010. In addition, the increased funding will strengthen oversight, and help develop best practices that maximize commercial potential of new innovations.

Leading the Way with Regional Innovation Clusters — Regional clusters represent "a geographic concentration of interconnected businesses, suppliers, service providers and associated institutions in a particular field."[2] Clusters have been identified as an innovative, "bottom-up" approach to building entrepreneurial and sustainable industries in various regions throughout the U.S.

Building on the success of an SBA-led cluster formed in Michigan and others that are in early stages of formation, $11 million is requested to enable the SBA to develop a regional innovation cluster initiative. These clusters will involve public-private partnerships which align federal resources – including SBA's

[2] A Blueprint for American Prosperity, The Metropolitan Policy Program at Brookings, April, 2008.

extensive entrepreneurial education network – with existing regional strengths and economic growth opportunities in communities.

Specifically, this funding will be used to incentivize and support self-organized, market-driven regional innovation clusters. Successful clusters will include partnerships comprised of economic and entrepreneurial education programs, business and industry partners, and training initiatives that reflect a commitment to developing industry-specific focus and collaboration. These clusters will create and follow roadmaps which enhance the region's ability to compete on a global scale, to attract further business investments, and to create sustainable job growth. The SBA will use these funds to continue the cluster initiatives begun in FY 2010.

Providing Disaster Assistance — The SBA works alongside other federal agencies to provide support both in helping communities prepare for and recover from disasters.

The 2011 budget supports SBA's disaster assistance high-priority performance goal (#3) and the Agency's efforts to continually process disaster loan applications within standard turnaround times. Specifically, this budget supports a disaster loan volume of $1.1 billion in direct lending (the Agency's 10-year average based upon "normalized" activity adjusted for inflation) provided by the estimated unobligated loan subsidy budget authority carried over into FY 2011. The SBA requests $203 million for disaster administrative expenses, an increase of $126 million from the 2010 enacted level, as it is estimated that there will no longer be unobligated balances available from prior year appropriations. These funds are critical in supporting SBA's effort to efficiently and effectively service the Agency's large outstanding loan portfolio.

Building an SBA that Meets the 21st Century Needs of Small Businesses

As part of the Agency's efforts to more effectively and efficiently deliver and strength its programs, the budget supports a multifaceted effort to build on SBA's strengths, reduce risk, improve oversight, strengthen management and accountability, and enhance performance by investing in people and technology.

Investing in Human Resources — The people of the SBA remain the Agency's most valuable asset.

SBA's FY 2011 budget request will support 2,209 full time equivalents from the salaries and expenses budget and includes cost of living increases and the government pay raise. This reflects an increase of 6 FTEs from the FY 2010 staffing level for an Administration-wide initiative to improve acquisition and procurement practices. The budget provides an additional $1.8 million to strengthen SBA's acquisition workforce capacity and capability through training, recruitment, retention, and hiring of contracting officers, technical representatives, and/or program managers.

To ensure that the SBA workforce has the knowledge and skills needed to help small businesses grow and succeed, the budget also supports continuation of the Office of Human Capital management training program, mentoring programs, succession planning efforts and more. In addition, the budget allows the SBA to continue its efforts to develop the overall talents of its workforce while improving organizational efficiency and building diverse and effective teams.

The SBA is aware of how important its employees are to the performance of the Agency and has placed a great deal of emphasis on creating an environment that supports efficient and effective SBA services. OPM's employee surveys in both 2004 and 2006 indicated morale and job satisfaction at the SBA were lower than at other federal agencies. However, in the 2008 survey the Agency began to show signs of improvement and the SBA received the Most Improved Federal Agency in the 2009 "Best Places to Work in the Federal Government" rankings. Continued efforts to improve morale and strengthen SBA's human capital initiatives are particularly critical because 31 percent of the Agency's workforce is eligible to retire.

Managing and Reducing Risk — Reducing risk across SBA's programs is essential to ensuring that small businesses have access to and fully benefit from the Agency's programs, while maintaining the Agency's integrity as a good steward of taxpayer dollars.

Monitoring and mitigating the levels of risk involved with SBA lending is critical to ensuring that SBA's overall loan portfolio is characterized by acceptable levels of default rates, reflecting strong stewardship of taxpayer dollars, and consistent with the Agency's mission. SBA's risk management efforts are more important than ever, given recent trends in credit markets. A $2 million increase is requested to strengthen lender oversight – including on-site reviews (consistent with Government Accountability Office recommendations) – to help ensure that SBA's lending partners are exhibiting accountable and responsible practices in issuing and managing SBA loans. SBA's Office of Capital Access will work closely with Office of General Counsel on this initiative.

Strengthening Program Management and Evaluation — Understanding how SBA programs achieve success is critical to refining the management of such programs and maximizing their future impact on the small business community.

This budget requests $1.1 million to formally evaluate SBA loan, entrepreneurial development, or SBIR programs and policies in order to allow the SBA to maximize taxpayer dollars and increase the viability and effectiveness of these programs.

Investing in Technology to Enhance Operations and Customer Service — Strengthening SBA's information technology infrastructure is critical to providing an effective, robust, secure and easily accessible information systems environment to support the Agency's business decisions and operations and to secure offsite data storage and computing facilities.

Central to this effort is the continued modernization of the Agency's Loan Management and Accounting System (LMAS), which includes major contracts for the implementation of the disaster loan servicing program, the initiation of the modernization of the 7(a) and microloan loan programs, and initiating the implementation of data warehousing.

The LMAS modernization project is a major Agency-wide undertaking that is an essential cornerstone of the SBA's efforts to strengthen its service to lending partners, increase the number of active lenders, and expand access to capital for small businesses. This project began in FY 2006 and is expected to be completed by FY 2014. The Agency completed the acquisition strategy and recently awarded three different blanket purchase agreements, for program management; system integration, hosting and application management; and independent quality assurance and independent verification and validation.

This initiative falls under the OMB-mandated Financial Management Line of Business guidance for acquiring and deploying financial management systems. The program management blanket purchase agreement (BPA) has a ceiling of $5 million over 5 years; the independent quality assurance BPA has a ceiling of $7.5 million over 5 years; and the system integration, hosting and application management BPA has a ceiling of $250 million over 10 years.

For FY 2011, the SBA is requesting $18.4 million, an increase of $6.7 million from its FY 2010 budget, in regular salaries and expenses funding for this initiative (to be complemented by a similar amount in disaster administrative expense funding). Considering the nature and complexity of the project and the underlying uncertainties of the acquisition process, it is requested that the funds appropriated for the project in FY 2011 be available for two years, which is consistent with the FY 2009 and FY 2010 enacted appropriations.

Serving as the voice for small business

Finally, this budget allows the SBA to strengthen its role as the voice across the Administration in support of “Main Street” and “high-growth, high-impact” small businesses that are poised to drive innovation and make major contributions to the economy and to America’s competitiveness. The SBA will continue to work across federal agencies and throughout the diverse small business community to find new ways to create well-paying, 21st century jobs.

Overall, the proposed FY 2011 budget provides the U.S. Small Business Administration a critical framework to spur growth and innovation in America’s small business community, which includes nearly 30 million small business owners. Through this investment of $994 million to build businesses and create jobs, the SBA will be able to continue to give small businesses the tools to help lead the United States toward economic recovery and growth.

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Understanding the Budget Tables

Table 1 - Summary of New Budget Authority

This table shows the Gross and Net amounts of new funding appropriated by Congress for FY 2009 and FY 2010 and requested for FY 2011. New funding is different from total funding in that it does not include funds carried over from year to year and other sources of funding, such as fees and reimbursable expenses.

- *Gross New Budget Authority* is the amount appropriated by Congress.
- *Salaries and Expenses, Business Loan Program, Disaster Loan Program, Inspector General,* and *Surety Bond Guarantee* are the five appropriation accounts for the SBA.
- This table can be cross-referenced with Table 2 as discussed below.

Table 2 - Summary by Source

This table shows the total resources that the Agency had at its disposal in FY 2009, enacted for FY 2010 and requested for FY 2011 to cover program and administrative costs. The data is summarized by the source of funds. An explanation of these sources follows:

- *Gross New Budget Authority* equals the amount of new funding appropriated by Congress for FY 2009 and FY 2010 and requested for FY 2011. (This is the same as *the Total, Gross New Budget Authority* amount shown in Table 1)
- *Carryover from Prior Year* refers to multiyear funds that were appropriated in a prior fiscal year but were not spent and are available during the current fiscal year.
- *Carryover into Next Year* refers to multiyear funds that were not spent in the current fiscal year and can be carried forward to the next fiscal year.
- *Other Fee Income* refers to collections from the public for services provided and for which legislative authority permits collecting fees, e.g. certain licensing and examinations.
- *Reimbursable Income* is funding received from other federal agencies for services performed by the SBA.
- *Recoveries* are the result of loan cancellations of prior year obligations for which unexpired subsidy budget authority is made available in the current year.

To understand how this table relates to the other tables, first note that it contains the same data that is presented in Table 3, but from the perspective of Sources of Funds rather than the appropriation account. Second, it is also a summary of the detail presented in Tables 10 and 11.

Table 3 - Summary by Appropriation Account

This table shows the total resources that the Agency had or projects to have at its disposal for program and administrative operations. The resources are presented by the name of the appropriation account, e.g. Salaries and Expenses, rather than the type or source of funds, e.g. New Budget Authority, Carryover, Fee Income, or Recoveries (as in Table 2). Total amounts in this table tie to Table 2.

Tables 4 – 6 - Salaries and Expenses

The top part of Table 4 shows the major uses of the Salaries and Expenses budgetary resources. The following explains the major categories:

- *Office Operating Budgets* (See detail on the bottom half of page.) These are the funds that program and administrative offices directly manage for daily operations, e.g., travel, supplies, and contracted services.

- *Agency-wide Costs* (See Table 5). These are costs such as rent and telecommunications, which are managed centrally by the Agency.
- *Compensation and Benefits* (See Table 5). All Compensation and Benefits for the Salaries and Expenses Account are managed centrally. The Full Time Equivalents supported by Compensation and Benefits appear in Table 9, in addition to FTEs that support Disaster, the Inspector General, Reimbursable Funds, and Line Item Initiatives.
- *Non-Credit Programs* (See Table 6). These programs have received separate funding in the Salaries and Expenses account in the past. In an effort to better manage the Agency's resources, avoid duplication of administrative systems, and allow more flexibility in managing resources, the Agency is requesting that some of the current non-credit programs be merged into office operating budgets.
- *Congressional Initiatives* (See Table 4). These are constituent interest grants authorized by Congress for administration by the SBA.
- *Reimbursable Expenses* (See Table 6). These are programs for which the SBA receives reimbursable budget authority from other federal government agencies.

The bottom part of Table 4 shows the detail of Office Operating Budgets (from the top part of the chart) by major program office, e.g. Capital Access, Entrepreneurial Development.

Table 7 - Summary of Credit Programs and Revolving Fund

The table summarizes all credit programs (plus the Surety Bond Guarantee program, a revolving fund). Credit program activity is displayed by total program level, subsidy amount, and subsidy rate for each fiscal year. The data on this table do not cross reference to Table 8. For example, the amount shown for the Surety Bond Guarantee program on Table 7 is SBA's share of the liability for guaranteeing performance bonds for small businesses. The amount shown for the Surety Bond program in Table 8 is the salaries, benefits, various fixed costs, and overhead for administering the Surety Bond Guarantee program in Table 7. See the explanation for Table 8 below.

Table 8 - Total Cost by Program and Activity

This table displays the full cost for administering each of SBA's major programs and services. This includes direct costs from the operating budget plus compensation and benefits, Agency-wide costs (such as rent and telecommunications), and indirect costs such as Agency overhead (e.g., financial management). This information varies from Table 4, which shows the direct operating budget costs for major program offices. It also differs from Table 6, which shows the total amount for grants, but excludes administrative direct, indirect, and overhead costs.

The costs presented in Table 8 are used in the performance tables that are included in the Performance Budget. Table 8 does not include subsidy budget authority for business and disaster loan programs or the appropriation for surety bond guaranties.

Table 9 - Full Time Equivalent Employees

This table shows the number of Full Time Equivalent employees by fiscal year and major program activity. FTE is different from positions or headcount in that it is calculated by the number of employee hours worked during the fiscal year.

Table 10 - Sources of Funds: Appropriation Detail

This table shows the detail for Tables 2 and 3 (Sources of Funds summaries). The Disaster Assistance and Business Loans programs accounts include additional detail regarding the administrative and loan program components. The Business Loan administrative account and a portion of the Disaster administrative account are transferred to and combined with the Salaries and Expenses account to cover the administrative cost of operating those programs.

Table 11 - Sources of Funds: Detail for Business Loan Programs

This table shows the funding source detail for each of SBA's business loan programs.

Table 12 – Sources of Funds: Salaries and Expenses Operating Budget

This table shows the detail for the sources of funding for the Agency Operating Budget, as follows:

- *Salaries and Expenses Appropriation* is the amount appropriated by Congress prior to rescissions. These amounts are also shown on Table 1.
- Less: *Non-Credit Programs* - These are the programs that receive separate line item funding in the appropriation each year. See the detail for Non-Credit Programs on Table 6.
- Less: *Congressional Initiatives* – These are constituent interest grants authorized by Congress for administration by the SBA.
- Plus: *Transfer from Business Loans* – The entire amount appropriated for administering the business loan program, e.g. 7(a), 504, etc. is transferred and combined with Salaries and Expenses funding. See the Salaries and Expenses and Business Loans sections of Table 10.
- Plus: *Transfer from Disaster Loans* – A specific amount in the appropriation is given to be transferred from the Disaster Assistance program to Salaries and Expenses to cover administrative overhead costs. See the Salaries and Expenses and Disaster Assistance sections of Table 10.
- Plus: *Net Carryover of Funds* – This is the net amount of unexpired funds carried over from the prior fiscal year less the amount estimated to remain unexpired and carried over into the next fiscal year. See the Salaries and Expenses portion of Table 10.
- Plus: *Fee Income* - refers to authorized collections from the public for services provided, e.g. certain licensing and examinations. See the Salaries and Expenses portion of Table 10.
- Plus: *Reimbursable Expense* -- refers to reimbursable budget authority received by the SBA from other federal government agencies.

Table 13 – Summary of Changes – Agency Operating Budget

This table is a reconciliation of the amounts needed for the Salaries and Expenses operating budget. The amounts shown for the Salaries and Expenses operating budget are the same as shown in Tables 4 and 12. The amount requested for FY 2011 is reconciled to the amount enacted for FY 2010. The Explanation of Change shows the major reasons for the requested increase or decrease in funding.

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Budget Tables

Table 1
FY 2011 Congressional Budget Submission
SUMMARY OF NEW BUDGET AUTHORITY
(Dollars in Thousands)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	FY 2011 Incr/(Decr)
Gross New Budget Authority				
Salaries and Expenses	$ 455,503	$ 492,438	$ 446,036	$ (46,402)
Business Loan Program				
Administration	138,480	153,000	157,000	4,000
Loan Subsidy	2,500	83,000	169,151	86,151
Disaster Loan Program				
Administration	0	76,588	203,000	126,412
Loan Subsidy	0	1,690	0	(1,690)
Inspector General	16,750	16,300	18,000	1,700
Surety Bond Guarantee	2,000	1,000	1,000	0
Total, Gross New Budget Authority	$ 615,233	$ 824,016	$ 994,187	$ 170,171

* Note: Enacted amounts do not include funding provided in the American Recovery and Reinvestment Act of 2009 and the Department of Defense Appropriations Act, 2010.

Table 2
FY 2011 Congressional Budget Submission
SUMMARY BY SOURCE
(Dollars in Thousands)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	FY 2011 Incr/(Decr)
Summary, Total SBA				
Gross New Budget Authority	$ 615,233	$ 824,016	$ 994,187	$ 170,171
Carryover from Prior Year	1,350,210	1,030,985	827,314	(203,671)
Carryover into Next Year	(1,030,985)	(827,314)	(692,580)	134,734
Other Fee Income	11,514	12,402	12,060	(342)
Reimbursable Income	118	1,000	1,000	0
Recoveries	34,728	10,000	10,000	0
Total	$ 980,818	$ 1,051,089	$ 1,151,981	$ 100,892

* Note: Enacted amounts do not include funding provided in the American Recovery and Reinvestment Act of 2009 and the Department of Defense Appropriations Act, 2010.

Table 3
FY 2011 Congressional Budget Submission
SUMMARY BY APPROPRIATION ACCOUNT
(Dollars in Thousands)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	FY 2011 Incr/(Decr)
Summary, By Appropriation Account				
Salaries and Expenses	$ 607,905	$ 667,840	$ 625,096	$ (42,744)
Business Loan Program	(4,210)	44,152	168,885	124,733
Disaster Assistance Administration	255,313	202,874	193,000	(9,874)
Disaster Loan Program	103,060	117,923	145,000	27,077
Inspector General	16,750	17,300	19,000	1,700
Surety Bond Guarantee Program	2,000	1,000	1,000	0
Total	$ 980,818	$ 1,051,089	$ 1,151,981	$ 100,892

* Note: Enacted amounts do not include funding provided in the American Recovery and Reinvestment Act of 2009 and the Department of Defense Appropriations Act, 2010.

Table 4
FY 2011 Congressional Budget Submission
SALARIES and EXPENSES
(Dollars in Thousands)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	FY 2011 Incr/(Decr)
Salaries and Expenses Budget				
Office Operating Budgets	$ 88,791	$ 103,779	$ 120,803	$ 17,024
Agency-wide Costs	47,343	50,527	53,834	3,307
Compensation and Benefits	245,549	268,185	275,711	7,526
Subtotal, Agency Operating Budget	381,683	422,491	450,348	27,857
Non-Credit Programs	171,089	185,350	173,749	(11,601)
Congressional Initiatives	55,015	59,000	0	(59,000)
Reimbursable Expenses	118	1,000	1,000	0
Total	$ 607,905	$ 667,841	$ 625,097	$ (42,744)
Office Operating Budget Detail				
Executive Direction	$ 16,679	$ 25,985	$ 33,643	$ 7,658
Capital Access	20,061	23,341	23,441	100
Gov Contr/Business Development	1,555	6,562	8,562	2,000
Entrepreneurial Development	1,751	2,616	2,616	0
Management and Administration	11,933	13,303	14,502	1,199
Chief Information Officer	32,596	26,762	32,829	6,067
Regional and District Offices	4,216	5,210	5,210	0
Total	$ 88,791	$ 103,779	$ 120,803	$ 17,024

* Note: Enacted amounts do not include funding provided in the American Recovery and Reinvestment Act of 2009 and the Department of Defense Appropriations Act, 2010.

Table 5
FY 2011 Congressional Budget Submission
AGENCY-WIDE COSTS
(Dollars in Thousands)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	FY 2011 Incr/(Decr)
Express Mail	$ 259	$ 490	$ 496	$ 6
Judgment Fund	2,124	765	776	11
Office Security	2,679	2,953	2,994	41
Performance Awards	2,354	2,401	2,435	34
Postage	701	592	600	8
Reasonable Accommodations	23	41	41	0
Relocation	93	765	776	11
Rent	32,038	34,847	37,844	2,997
Telecommunications	4,128	4,511	4,575	64
Transit Subsidy	1,134	1,184	1,332	148
Unemployment Compensation	188	396	401	5
Workers Compensation	1,622	1,582	1,564	(18)
Total	$ 47,343	$ 50,527	$ 53,834	$ 3,307
Compensation and Benefits	$ 245,549	$ 268,185	$ 275,711	$ 7,526

Table 6
FY 2011 Congressional Budget Submission
NON-CREDIT PROGRAMS and REIMBURSABLE EXPENSES
(Dollars in Thousands)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	FY 2011 Incr/(Decr)
Non-Credit Programs				
7(j) Technical Assistance Program	$ 2,380	$ 3,400	$ 3,400	$ 0
Drug-Free Workplace	997	1,000	1,030	30
HUBZone Program	2,150	2,200	2,200	0
Microloan Technical Assistance	19,813	22,000	10,000	(12,000)
National Women's Business Council	751	1,000	1,900	900
Native American Outreach	1,027	1,250	1,250	0
PRIME Technical Assistance	5,000	8,000	3,469	(4,531)
SBDC Grants	116,068	113,000	113,000	0
SCORE	5,000	7,000	7,000	0
Veterans Business Development	1,200	2,500	2,500	0
Women's Business Centers Grants	13,750	14,000	14,000	0
Enterpreneurial Development Initiatives (Clusters)	0	10,000	11,000	1,000
Emerging Leaders	0	0	3,000	3,000
Total, Non-Credit Programs	$ 168,136	$ 185,350	$ 173,749	(11,601)
Reimbursable Expenses				
Small Disadvantaged Businesses	$ 0	$ 0	$ 0	$ 0
Business Gateway	2,643	0	0	0
Rural Business Investment Program	0	100	100	0
Other	118	900	900	0
Total, Reimbursable Expenses	$ 2,761	$ 1,000	$ 1,000	$ 0

Table 7
FY 2011 Congressional Budget Submission
SUMMARY OF CREDIT PROGRAMS & REVOLVING FUND
(Dollars in Millions)

	Program Level			**Subsidy Amount**			**Subsidy Rate**		
	FY 2009 Actual	**FY 2010 Enacted**	**FY 2011 Request**	**FY 2009 Actual**	**FY 2010 Enacted**	**FY 2011 Request**	**FY 2009 Actual**	**FY 2010 Enacted**	**FY 2011 Request**
Guarantied Loans									
Section 7(a) Guaranty	$ 8,907	$ 16,282	$ 15,970	$ 0.0	$ 79.5	$ 118.2	0.00%	0.46%	0.74%
Section 7(a) Guaranty Revolvers	0	0	39,340	0.0	0.0	47.2	0.00%	0.00%	0.12%
Section 7(a) Dealer Floor Plan	16	1,218	0	0.0	0.5	0.0	0.00%	0.04%	0.00%
Section 504 CDC Guaranty	3,790	7,500	7,500	0.0	0.0	0.0	0.00%	0.00%	0.00%
SBIC - Debentures	787	3,000	3,000	0.0	0.0	0.0	0.00%	0.00%	0.00%
Total	$ 13,500	$ 28,000	$ 65,810	$ 0.0	$ 80.0	$ 165.4			
Direct Loans									
Microloan Direct Program	$ 38	$ 25	$ 25	$ 4.0	$ 3.0	$ 3.8	11.66%	12.04%	15.06%
Total Business Loans	$ 13,538	$ 28,025	$ 65,835	$ 4.0	$ 83.0	$ 169.2			
Secondary Market Guaranties	$ 1,400	$ 12,000	$ 12,000	$ 0.0	$ 0.0	$ 0.0	0.00%	0.00%	0.00%
Disaster Assistance	$ 1,130	$ 1,100	$ 1,100	$ 158.3	$ 0.0	$ 0.0 2/	14.92%	10.77%	13.22%
Surety Bond Gurantee Program 1/	$ 462	$ 1,000	$ 1,000	$ 2.0	$ 1.0	$ 0.0			
Intermediate Disaster Assistance		$ 12			$ 0.4			2.83%	
Expedited Disaster Assistance		$ 59			$ 1.3			2.14%	

* Note: Enacted amounts do not include funding provided in the American Recovery and Reinvestment Act of 2009 and the Department of Defense Appropriations Act, 2010.

1/ The funds requested for Surety Bonds and displayed under Subsidy Amount are for claims.

2/ The estimated program level of $1.1 billion is supported by sufficient unobligated balances in subsidy budget authority funds that are expected to be carried over from FY 2009 into FY 2010/FY 2011.

3/ The FY 2011 subsidy rate for these programs assume enactment of the legislative proposals proposed in the FY 2011 Budget.

Table 8
FY 2011 Congressional Budget Submission
TOTAL COST BY PROGRAM AND ACTIVITY
(Dollars in Thousands)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request
Capital Access Programs			
International Trade Program	$ 4,660	$ 5,056	$ 5,223
New Market Venture Capital	454	316	329
Surety Bond Program	4,904	5,505	5,740
Subtotal	$ 10,018	$ 10,877	$ 11,292
7(a) Loans			
Loan Making - 7(a) Loans	$ 53,552	$ 59,810	$ 63,858
Loan Servicing - 7(a) Loans	5,330	6,017	6,714
Loan Liquidation - 7(a) Loans	23,320	25,192	28,109
Lender Oversight - 7(a) Loans	8,562	9,554	11,833
Subtotal	$ 90,764	$ 100,573	$ 110,514
504 Loans			
Loan Making - 504 Loans	$ 19,492	$ 22,084	$ 23,837
Loan Servicing - 504 Loans	1,768	2,012	2,249
Loan Liquidation - 504 Loans	4,034	4,593	5,129
Lender Oversight - 504 Loans	6,595	7,360	9,114
Subtotal	$ 31,889	$ 36,049	$ 40,329
Microloans			
Loan Making - Microloans	$ 3,238	$ 3,583	$ 3,773
Loan Servicing - Microloans	933	959	1,073
Loan Liquidation - Microloans	224	230	257
Microloan Technical Assistance	20,388	22,556	10,580
Prime Technical Assistance	5,112	8,108	3,583
Subtotal	$ 29,895	$ 35,436	$ 19,266
SBIC Loans			
Loan Making - SBIC Loans	$ 2,711	$ 2,824	$ 3,140
Loan Servicing - SBIC Loans	11,438	11,767	13,076
Loan Liquidation - SBIC Loans	5,017	5,162	5,736
Subtotal	$ 19,166	$ 19,753	$ 21,952
GCBD Programs			
7(j) Program	$ 4,880	$ 6,580	$ 6,723
8(a) Program	52,458	61,765	66,423
HUBZone Program	12,936	11,654	12,101
Prime Contract Program	24,230	31,967	33,975
Business Matchmaking	2,430	2,750	2,870
Small Disadvantaged Business	228	0	0
Subcontracting Program	3,182	4,263	4,400
Federal and State Technology Program	0	2,490	0
Subtotal	$ 100,344	$ 121,469	$ 126,492

Table 8
FY 2011 Congressional Budget Submission
TOTAL COST BY PROGRAM AND ACTIVITY
(Dollars in Thousands)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request
Entrepreneurial Development Programs			
Drug Free Workplace	$ 1,042	$ 1,054	$ 1,086
SCORE	8,922	11,135	11,209
Small Business Development Centers	130,020	129,428	130,139
Small Business Training Network	432	585	604
Native American Outreach	3,400	4,050	4,139
Women's Business Ownership	22,166	23,525	23,957
Emerging Leaders	0	0	3,776
Developmenet of Clusters	0	0	13,846
Entrepreneurial Development Initiative	0	12,451	0
Subtotal	$ 165,982	$ 182,228	$ 188,756
Executive Direction			
Advocacy	$ 10,660	$ 11,944	$ 12,392
National Women's Business Council	1,014	1,346	2,500
Ombudsman	1,236	1,646	1,682
Veteran's Business Development	5,230	7,644	7,849
Subtotal	$ 18,140	$ 22,580	$ 24,423
Regional and District Office Programs			
Field Offices - Counseling	$ 6,709	$ 7,580	$ 7,928
Field Offices - Training	9,558	10,785	11,287
Subtotal	$ 16,267	$ 18,365	$ 19,215
Total - Regular Funds	$ 482,465	$ 547,330	$ 562,239
Disaster Assistance			
Loan Making - Disaster	$ 271,961	$ 220,066	$ 211,636
Loan Servicing - Disaster	40,213	32,540	31,293
Subtotal	$ 312,174	$ 252,606	$ 242,929
Other			
Inspector General	$ 24,071	$ 23,533	$ 26,054
Congressional Grants	57,968	59,000	0
Rural Business Investment Program	36	100	100
Business Gateway	3,254	4,545	4,874
Other Reimbursable Programs	0	900	900
Subtotal	$ 85,329	$ 88,078	$ 31,928
Total Obligations	$ 879,968	$ 888,014	$ 837,096

Table 8
FY 2011 Congressional Budget Submission
TOTAL COST BY PROGRAM AND ACTIVITY
(Dollars in Thousands)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request
Overhead *(already included in the above cost estimates)*			
General Planning and Management	$ 40,878	$ 43,218	$ 47,081
Information Technology Management	39,155	41,142	42,595
Procurement and Contracting Services	14,687	15,329	17,613
Improved Financial Performance	13,809	14,410	15,776
Budget and Performance Integration	2,456	2,740	2,805
Competitive Sourcing	49	55	57
E-Government	1,455	1,369	1,586
Human Capital Management	11,118	11,548	13,061
Improper Payments	205	229	234
Total	$ 123,812	$ 130,040	$ 140,808

Table 9
FY 2011 Congressional Budget Submission
FULL TIME EQUIVALENT (FTE) EMPLOYEES

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	FY 2011 Incr/(Decr)
Regular Funds	2,081	2,183	2,189	6
Disaster Loan Making	1,617	1,000	1,000	0
Disaster Loan Servicing	126	171	171	0
Line Item Initiatives	17	20	20	0
Reimbursable Funds	0	0	0	0
Inspector General	104	116	122	6
Total	3,945	3,490	3,502	12

Table 10
FY 2011 Congressional Budget Submission
SOURCES OF FUNDS: APPROPRIATION DETAIL
(Dollars in Thousands)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	FY 2011 Incr/(Decr)
Salaries and Expenses				
Net New Budget Authority	$ 455,503	$ 492,438	$ 446,036	$ (46,402)
Carryover from prior year	31,851	28,927	29,137	210
Carryover into next fiscal year	(28,927)	(29,137)	(29,403)	(266)
Transfer from Business Loans	138,655	153,210	157,266	4,056
Transfer from Disaster Loans	0	9,000	9,000	0
Reimbursable Expenses	118	1,000	1,000	0
Estimated Fee Income	11,514	12,402	12,060	(342)
Unobligated Bal./Rec. at Year End	(809)	0	0	0
Total Budget Authority	$ 607,905	$ 667,840	$ 625,096	$ (42,744)
Business Loans				
Administrative Expenses				
New Budget Authority	$ 138,480	$ 153,000	$ 157,000	$ 4,000
Carryover from prior fiscal year	0	0	0	0
Carryover into next fiscal year	0	0	0	0
Transfer from Other Accounts	0	0	0	0
Transfer to Other Accounts	(138,480)	(153,000)	(157,000)	(4,000)
Unobligated Balances at Year End	0	0	0	0
Total Budget Authority	$ 0	$ 0	$ 0	$ 0
Loan Subsidies				
New Budget Authority	$ 2,500	$ 83,000	$ 169,151	$ 86,151
Subsidy Reciepts	0	0	0	0
Carryover from prior fiscal year	369	6,904	45,542	38,638
Carryover into next fiscal year	(6,904)	(45,542)	(45,542)	0
Transfer from Other Accounts	0	0	0	0
Transfer to Other Accounts	(175)	(210)	(266)	(56)
Rescission on Unobligated Balances	0	0	0	0
Total Budget Authority	$ (4,210)	$ 44,152	$ 168,885	$ 124,733
Disaster Assistance				
Administrative Expenses				
New Budget Authority	$ 0	$ 76,588	$ 203,000	$ 126,412
Carryover from prior fiscal year	391,599	136,286	0	(136,286)
Carryover into next fiscal year	(136,286)	0	0	0
Transfer from Disaster Loans	0	0	0	0
Recoveries	0	0	0	0
Transfer to Inspector General	0	(1,000)	(1,000)	0
Transfer to Salaries & Expenses	0	(9,000)	(9,000)	0
Rescission on Unobligated Balances	0	0	0	0
Total Budget Authority	$ 255,313	$ 202,874	$ 193,000	$ (9,874)

Table 10

FY 2011 Congressional Budget Submission

SOURCES OF FUNDS: APPROPRIATION DETAIL

(Dollars in Thousands)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	FY 2011 Incr/(Decr)
Direct Loans Program				
New Budget Authority	$ 0	$ 0	$ 0	$ 0
New BA: Test Under Farm Bill	0	1,690	0	(1,690)
Carryover from prior fiscal year	920,756	853,233	747,000	(106,233)
Carryover into next fiscal year	(853,233)	(747,000)	(612,000)	135,000
Recoveries from prior years	35,537	10,000	10,000	0
Rescission on Unobligated Balances	0	0	0	0
Total Budget Authority	$ 103,060	$ 117,923	$ 145,000	$ 27,077
				0
Inspector General				0
New Budget Authority	$ 16,750	$ 16,300	$ 18,000	$ 1,700
Carryover from prior fiscal year	5,635	5,635	5,635	0
Carryover into next fiscal year	(5,635)	(5,635)	(5,635)	0
Transfer from Disaster	0	1,000	1,000	0
Reimbursable Expenses	0	0	0	0
Unobligated Balances at Year End	0	0	0	0
Total Budget Authority	$ 16,750	$ 17,300	$ 19,000	$ 1,700
Surety Bond Guarantee Program				
New Budget Authority	$ 2,000	$ 1,000	$ 1,000	$ 0
Total Budget Authority	$ 2,000	$ 1,000	$ 1,000	$ 0
Total Financing Available	$ 980,818	$ 1,051,089	$ 1,151,981	$ 100,892

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Table 11
FY 2011 Congressional Budget Submission
SOURCES OF FUNDS: DETAIL
BUSINESS LOAN PROGRAMS
(Dollars in Thousands)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	FY 2011 Incr/(Decr)
BUSINESS LOANS SUMMARY				
New Budget Authority	$ 138,480	$ 236,000	$ 326,151	$ 90,151
Subsidy Receipts	0	0	0	0
Carryover from prior fiscal year	369	369	369	0
Carryover into next fiscal year	(369)	(369)	(369)	0
Transfer to/from Other Accounts	(138,655)	(153,210)	(157,266)	(4,056)
Recoveries	0	0	0	0
Rescission of Unobligated Balances	(210)	0	0	0
Total Budget Authority	$ (385)	$ 82,790	$ 168,885	$ 86,095
Administrative Expenses				
New Budget Authority	$ 138,480	$ 153,000	$ 157,000	$ 4,000
Carryover from prior fiscal year	0	0	0	0
Carryover into next fiscal year	0	0	0	0
Transfer to/from Other Accounts	(138,480)	(153,000)	(157,000)	(4,000)
Recoveries	0	0	0	0
Rescission of Unobligated Balances	0	0	0	0
Total Budget Authority	$ 0	$ 0	$ 0	$ 0
7(a) General Business				
New Budget Authority	$ 0	$ 80,000	$ 165,386	$ 85,386
Carryover from prior fiscal year	75	6,640	42,842	36,202
Carryover into next fiscal year	(6,640)	(42,842)	0	42,842
Transfer to/from Other Accounts	0	0	0	0
Recoveries	0	0	0	0
Rescission of Unobligated Balances	0	0	0	0
Total Budget Authority	$ (6,565)	$ 43,798	$ 208,228	$ 164,430
504 CDC Guaranty				
New Budget Authority	$ 0	$ 0	$ 0	$ 0
Subsidy Reciepts	0	0	0	0
Carryover from prior fiscal year	0	0	0	0
Carryover into next fiscal year	0	0	0	0
Transfer to/from Other Accounts	0	0	0	0
Recoveries	0	0	0	0
Rescission of Unobligated Balances	0	0	0	0
Total Budget Authority	$ 0	$ 0	$ 0	$ 0
Microloans - Direct				
New Budget Authority	$ 2,500	$ 3,000	$ 3,765	$ 765
Carryover from prior fiscal year	274	264	2,700	2,436
Carryover into next fiscal year	(264)	(2,700)	(2,700)	0
Transfer to/from Other Accounts	(175)	(210)	(266)	(56)
Recoveries	0	0	0	0
Rescission of Unobligated Balances	0	0	0	0
Total Budget Authority	$ 2,335	$ 354	$ 3,499	$ 3,145

Table 12
FY 2011 Congressional Budget Submission
SOURCES OF FUNDS: SALARIES AND EXPENSES (S&E) OPERATING BUDGET[1]
(Dollars in Thousands)

	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	FY 2011 Incr/(Decr)
Resources Available for S&E Operating Budget				
Salaries and Expenses Appropriation	$ 455,503	$ 492,438	$ 446,036	$ (46,402)
Less: Non-Credit Programs	(171,089)	(185,350)	(173,749)	11,601
Congressional initiatives	(55,015)	(59,000)	0	59,000
Plus:				
Transfer from Business Loans	138,655	153,000	157,000	4,000
Subtotal, S&E Operating Budget Not Including Disaster Transfer/Reimbursables/ Fees	$ 368,054	$ 401,088	$ 429,287	$ 28,199
Plus:				
Transfer from Disaster Loans	0	9,000	9,000	0
Net Carryover of Funds	2,924	(210)	(210)	0
Fee Income	11,514	12,402	12,060	(342)
Reimbursable Expenses	118	1,000	1,000	0
Total Resources for S&E Operating Budget	$ 382,610	$ 423,280	$ 451,137	$ 27,857

[1]The amounts shown do not include Disaster Assisance or Inspector General.

Table 13
FY 2011 Congressional Budget Submission
SUMMARY OF CHANGES - Agency Operating Budget
(Dollars in Thousands)

Salaries and Expenses Operating Budget		
FY 2010 Enacted	$	422,491
FY 2011 Request		450,348
Change - Increase/(Decrease)	**$**	**27,857**
Adjustments:		
Mandatory salary and other adjustments-Pay COLA	$	7,525
Increased funding to cover inflation for Operating Budgets.		3,500
Increase in Agency-wide costs		3,307
Federal and State Technology Partnership Prog adjustment		(2,000)
Optimizing Core Operations:		
Increase for Loan Modernization and Accounting System		6,657
Additional lender oversight activities, including additional on-site reviews, to mitigate risk.		2,000
Government-wide Collaborative Initiatives:		
Government-wide effort to improve government acquisition and procurement practices, including additional FTEs.		1,767
SBIR operational initiatives and program evaluation.		2,000
Evaluation initiative on core agency programs.		1,100
Counseling and Government Contracting		
For programmatic efforts to head off fraud, waste and abuse and maintain statutory requirements and oversight responsibilities.		2,000
Total Change - Increase/(Decrease)	**$**	**27,857**

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FY 2011 Performance Plan and FY 2009 Annual Performance Report

This FY 2011 Performance Plan lays out the activities that the SBA will undertake as it moves forward to expand opportunities for the nation's small businesses and to assist victims of federally-declared disasters. The goals, objectives and strategies outlined in this plan are guided by four core values which serve as the foundation for SBA's FY 2008 – FY 2013 Strategic Plan:

- *Outcomes Driven* — The SBA will clearly define the outcomes it is targeting and ensure that its programs, processes and policies are aligned in achieving them.
- *Customer Focused* — The Agency serves people and will be responsive to their needs, both in the services it provides and in how they are delivered.
- *Employee Enabled* — SBA employees extend the hand of service to Americans every day, and the Agency must ensure they have the tools, training, and support they need to be effective.
- *Accountable, Efficient and Transparent* — The SBA has an obligation to the taxpayer to manage efficiently, invest capital prudently, and be open and honest about its results.

Interim Adjustments to the Strategic Plan

In advance of the Agency's three year revision cycle the SBA is making minor adjustments to the strategic goals and objectives contained in the 2008 – 2013 plan to reflect the focus and priorities of the new Administration. In FY 2010 the SBA will develop the Agency's FY 2011 – 2016 Strategic Plan for which it will conduct consultative and outreach activities to solicit and consider the views of interested parties.

Original Goals and Objectives in the FY 2008 – 2013 Strategic Plan:

	Strategic Goal	Objectives
1	**Expand America's ownership society, particularly in underserved markets.**	1. Improve access to SBA programs and services by small businesses to drive business formation, job growth, and economic activity. 2. Support entrepreneurship in markets with higher poverty and unemployment, and in the military community. 3. Ensure stewardship and accountability over taxpayer dollars through prudent financial portfolio management and oversight.
2	**Provide timely financial assistance to homeowners, renters, nonprofit organizations and businesses affected by disaster.**	1. Respond quickly, efficiently and effectively to disaster applicants.
3	**Improve the economic environment for small business.**	1. Protect, strengthen and effectively represent the nation's small businesses to minimize the regulatory burden. 2. Foster a more small-business-friendly environment.
4	**Ensure management and organizational excellence to increase responsiveness to customers, streamline processes, and improve compliance and controls.**	1. Deploy a skilled workforce capable of executing high-quality programs. 2. Provide a safe and secure information system environment to support business decisions and Agency operations. 3. Provide financial and performance management services to support efficient and effective program delivery.

Revised Goals and Objectives in the FY 2008 – 2013 Strategic Plan:

Strategic Goal	Objectives
1 Drive business formation, job growth and economic expansion particularly in underserved markets[3]	1. Improve access to capital to start-up and existing small businesses. 2. Support entrepreneurship development through training, counseling, and technical assistance. 3. Improve small business participation in federal government contracting. 4. Ensure stewardship and accountability over taxpayer dollars through prudent financial portfolio management and oversight.
2 Provide timely financial assistance to homeowners, renters, nonprofit organizations and businesses affected by disaster.	1. Respond quickly, efficiently and effectively to disaster applicants.
3 Improve the economic environment for small business by ensuring their needs are being met.	1. Protect, strengthen and effectively represent the nation's small businesses to minimize the regulatory burden. 2. Advocate for small business across the federal government to ensure that policies and programs foster a small-business-friendly environment.
4 Optimize core operations to increase responsiveness to customers, streamline processes, and improve compliance and controls.	1. Maximize the Agency's human resources through training and professional development. 2. Maximize operational capacity and efficiency through safe and secure information technology. 3. Provide financial and performance management services to support efficient and effective program delivery and to measure and communicate progress.

The revised strategic goals outlined here are not significantly different from those of recent SBA planning cycles. The Agency's core objectives of effectively supporting the nation's entrepreneurs and providing assistance to victims of disasters remain unchanged. However, the means for achieving these goals reflects the lessons learned through experiences in serving customers across the nation and from listening to, and working with, Agency employees at all organizational levels. As this plan reflects, the SBA continues to focus on the impact of its programs and its effectiveness in managing operations. The Agency is driving improvements in customer service and simplifying its programs to make them more accessible and more useful to small business owners.

[3] The strategic plan defined underserved markets as communities with high unemployment and high levels of poverty. The SBA is expanding the definition to include specific underserved populations (i.e., veterans, women and minorities).

Strategic Goal One — Drive business formation, job growth and economic expansion, particularly in underserved markets

The SBA helps entrepreneurs and small business owners take advantage of the opportunities the market offers by providing knowledge, skills and technical assistance; access to loans and equity; and contracting opportunities either directly from the SBA or through the Agency's resource partners. The Agency places particular emphasis on groups that own and control little productive capital and have limited access to markets.
Strategic Goal One has four Long-Term Objectives:

LTO 1.1 — Improve access to capital to start-up and existing small businesses

LTO 1.2 — Support entrepreneurship development through training, counseling, and technical assistance

LTO 1.3 — Improve small business participation in federal government contracting

LTO 1.4 — Ensure stewardship and accountability over taxpayer dollars through prudent financial portfolio management and oversight.

Financial Assistance — The financial vulnerability of a small business may make SBA financial assistance a vital tool for success. The SBA has structured its programs to fill the financial gap as determined by differing financial markets and the various stages of a small company's lifecycle. The Agency has placed a focus on providing financing assistance that is both effective and at the lowest possible cost to the taxpayer. The SBA provides loans through its 7(a), 504, and Microloan programs, as well as equity financings through its SBIC program. The Surety Bond Guarantee program assists small businesses in obtaining required bonding in the construction, supply, and service sectors by guaranteeing between 70 and 90 percent of the value of the bond issued to the small business by a surety company.

Management and Technical Assistance — The SBA, through its management and technical assistance programs, helps small businesses start, grow, create jobs, and contribute to the economy. The Agency offers a wide spectrum of services through a nationwide network of resource partners, an online training network, and specialized programs such as a high-intensity year-long entrepreneurial training program. Counseling and training programs serve both budding entrepreneurs and highly-experienced small business owners. Also, technical assistance programs provide entrepreneurs with a solid foundation of business knowledge and skills. Six years of longitudinal impact studies show there is a significant economic impact on businesses receiving technical assistance through SBA's Entrepreneurial Development programs.

SBAs programs also help small businesses avoid negative consequences such as business failure and bankruptcy. Many businesses fail due to the lack of sufficient capital, inadequate short- and long-term planning, inadequate market research, and inadequacies in the management team. SBA counseling and training not only help to prevent these potential pitfalls, but also provide entrepreneurs with the management tools and resources to run successful businesses.

Contracting Assistance — The SBA works across federal agencies to ensure that U.S. small businesses have opportunities to sell products and services to the federal government, helping to meet the 23 percent contracting goal and additional goals for underserved populations. For example, the 8(a) program is a business development program that offers a broad scope of assistance to socially and economically disadvantaged firms. In addition, the HUBZone program is a place-based contracting assistance program whose primary objective is job creation and increasing capital investment in distressed communities.

Financial Assistance/Office of Capital Access

In FY 2009, small businesses were particularly impacted by the credit crisis, which significantly reduced access to capital for small businesses. The American Recovery and Reinvestment Act of 2009 (Recovery Act) was signed in February 2009 and expanded SBA's existing credit and investment programs. It also created new programs to expand financing opportunities for small businesses during the economic recovery. The Recovery Act's **temporary** programs or initiatives included:

- **Loan Fee Reductions:** Upfront guaranty fees paid by small business borrowers in both the 7(a) and 504 programs (as well as certain lender fees in the 504 program) were eliminated through Recovery Act funds.
- **Guaranty Level Increases**: Most 7(a) loans could receive an increased guaranty up to 90 percent (with a $1.5 million maximum guarantied amount).
- **America's Recovery Capital (ARC) Loans:** A new loan program providing deferred payment, 100 percent interest-free loans of up to $35,000 to help viable small businesses facing immediate financial hardship make payments on existing debt.
- **Guarantied 504 First Mortgage Loan Pools**: A new program to help spur a secondary market for first mortgages associated with CDC loans.
- **Direct loans to Broker Dealers:** A new program to help backstop credit availability for systemically important broker dealers/pool assemblers who participate in the secondary market for 7(a) guaranties.
- **Higher Contract Dollar Surety Bonds**: The contract limit in the Surety Bond program was increased from $2 million to $5 million, and in some cases up to $10 million.
- **Expanded Funding for Microloans:** The Recovery Act provided additional program funds for microloans and related technical assistance.

The Recovery Act also created **permanent** program changes, including:

- **CDC Project Expansion Refinancing:** Firms expanding business are now able to refinance a limited amount of existing debt in connection with 504 loans for expansion projects. In addition, the Recovery Act changed the job creation requirements of the 504 loan program.
- **Small Business Investment Company Increases:** The Recovery Act increased total allowable leverage limits for funds and fund families.

To successfully launch these initiatives, the SBA formed inter-departmental project teams, increased staffing levels and training at the loan processing centers, developed risk management plans, made system modifications, developed communications, and conducted lender trainings.

As of December 31, 2009, the SBA approved $14.2 billion in Recovery Act 7(a) and 504 loans, which supported $19 billion in lending to small businesses. This activity includes both the initial Recovery Act appropriation in February 2009 of $375 million, and the additional appropriation of $125 million to continue the fee waivers and higher guaranties, that was passed in December 2009 through the Department of Defense Appropriations Act, 2010 (Public Law 111-118).

In addition, starting in October 2008, the secondary market for SBA 7(a) loans was greatly reduced as part of the overall credit crisis. Approximately 40 to 50 percent of the guarantied portion of SBA 7(a) loans is sold onto the secondary market each year, which provides a critical source of liquidity for SBA lenders in allowing them to make new small business loans. Secondary market sales volume decreased by 70 to 80 percent during the credit crisis.

The SBA worked closely with the Department of Treasury and the Federal Reserve Bank of New York to include SBA loans in the Term Asset-Backed Securities Loan Facility. In addition, the Department of Treasury committed up to $15 billion from the Trouble Asset Relief Program to support the secondary market for SBA loans. These efforts helped restore the 7(a) secondary market, helping to promote access to capital for small businesses in this challenging economic period.

Beyond the economic recovery activities, SBA's Office of Capital Access led several initiatives in FY 2009 to improve the performance and quality of its core operations and loan processing centers. The Agency also strengthened relationships with existing SBA lenders and attracted new SBA lenders and partners through expanded outreach around Recovery Act initiatives. In addition, the SBA redoubled efforts to monitor the performance of loans in its existing portfolio, particularly given the context of rising defaults in the current recession. The Office of Credit Risk Management has carefully analyzed trends related to the servicing and purchase of SBA-guarantied loans, and has worked closely in overseeing lenders to ensure the appropriate management of risk in SBA programs.

Going forward into FY 2010 and FY 2011, the Office of Capital Access' priorities include helping the Agency meet the high priority performance goal of expanding access points to capital through outreach to lenders; building on the Recovery Act's success through continued program and policy adjustments to meet market needs; simplifying SBA's products and processes where appropriate; and continuing to improve risk management to help minimize waste, fraud, and abuse.

7(a) and 504 Loans

Loans Approved	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
7(a) and 504 Loans Approved Combined ($000)	$20,275,389	$20,254,795	$20,605,967	$17,960,926	$13,025,367
7(a) and 504 Loans Approved Combined (#)	105,094	107,234	110,275	78,317	47,897

In the following pages, the 7(a) and 504 programs are presented separately (individual charts and narratives) to highlight their individual contributions to SBA's family of loan programs.

7(a) Loan Program

7(a) Loan Program

Performance Indicator [1]	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Acutal	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
Loans Approved ($000) (Non-Recovery)	Output	$15,223,526	$ 14,525,100	$ 14,292,141	$ 12,671,136	$ 2,808,969	Baseline	NM*	$5,800,000	$ 12,210,000
Loans Approved ($000) (Recovery)	***Output***	***N/A****	***N/A****	***N/A****	***N/A****	***$ 6,382,135***	***$ 4,050,000***	***58%***	***$5,300,000***	***N/A****
Total Loans Approved ($000)	**Output**	**$15,223,526**	**$ 14,525,100**	**$ 14,292,141**	**$ 12,671,136**	**$ 9,191,104**	**N/A**	**NM***	**$ 11,100,000**	**$ 12,210,000**
SB Assisted (#) (Non-Recovery)	Output	86,215	88,292	90,146	62,441	12,175	42,786	-72%	23,000	33,300
SB Assisted (#) (Recovery)	***Output***	***N/A****	***N/A****	***N/A****	***N/A****	***24,978***	***17,700***	***41%***	***14,500***	***N/A****
Total SB Assisted (#) [4]	**Output**	**86,215**	**88,292**	**90,146**	**62,441**	**37,153**	**60,486**	**-39%**	**37,500**	**33,300**
Jobs Created/Retained (#) (Non-Recovery)	Outcome	N/A*	705,481	776,729	586,955	136,838	722,993	-81%	443,300	418,000
Jobs Created/Retained (#) (Recovery)	***Outcome***	***N/A****	***N/A****	***N/A****	***N/A****	***287,142***	***202,500***	***42%***	***181,700***	***N/A****
Total Jobs Created/Retained (#) [4]	**Outcome**	**N/A***	**705,481**	**776,729**	**586,955**	**423,980**	**925,493**	**-54%**	**625,500**	**418,000**
USM - SB Assisted (#) [4] [5]	Output	58,968	60,042	61,780	43,699	24,096	23,127	4%	25,500	32,000
Cost per SB Assisted ($)	Efficiency	NM*	$ 821	$ 792	$ 1,382	$ 7,460	-	-	$ 8,294	$ 3,418

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual		FY 2010 Request	FY 2011 Request
Total Administrative Resources ($000)	**$ 73,238**	**$ 72,485**	**$ 71,387**	**$ 86,282**	**$ 277,157**		**$ 311,009**	**$ 113,833**
Administrative Resources ($000) (Non-Recovery) [2]	$ 73,238	$ 72,485	$ 71,387	$ 86,282	$ 90,764		$ 100,573	$ 110,514
Administrative Resources (000) (Recovery) [3]	***$ -***	***$ -***	***$ -***	***$ -***	***$ 186,393***		***$ 210,436***	***N/A***

*N/A - Not Available

*NM - Not Measurable

(1) 7(a) results supported by Recovery Act provisions are segregated from total program performance. Recovery targets and results include all eligible activity since 2/17/2009 using Recovery Act funds.

(2) Non Recovery Funds - includes allocated overhead costs.

(3) Recovery Funds - does *not* include overhead costs.

(4) A more precise methodology w as developed in FY 2009 to calculate "Jobs Created/Retained", "Small Businesses Assisted", and "Underserved Markets SB Assisted". Prior year results have been restated to reflect this change.

(5) The SBA expanded the definition of USM to include specific underserved populations (i.e., veterans, w omen and minorities). Prior-year results have been restated to reflect this change.

Variance Explanation

Loans Approved ($000) (Recovery) (58% over target) - Recovery loan actuals exceeded goals by more than 10% because of three factors. (1) the SBA w as able to get the section 501 fee relief and section 502 higher guaranty amount to market in less than 30 days. It normally takes months to implement a statutory change. (2) The combination of fee relief and higher guaranties affected both supply and demand for loans in a synergistic fashion. (3) The creation of Term Asset-backed Securities Loan Facility (TALF) and the Treasury Department's commitment of $15 billion in TARP funds as a source of stand-by liquidity for SBA's secondary markets helped restore investor confidence. This in turn raised premiums on loans purchased and gave banks more funds to lend.

Total SB Assisted (#) (Non-Recovery) (-72% under target) - The FY 2009 goals w ere established in 2007 w hen the nation's economy w as still expanding. The negative variance is the result of the economic recession that began in the second quarter of fiscal year 2009, coupled w ith increasing loan losses for many of the nation's banks that began in 2008 and greatly accelerated in 2009. The declining economy and loan losses forced the vast majority of lenders to significantly increase their credit standards throughout FY 2009 as reported by the Federal Reserve Bank Loan Officer Survey. In addition, the collapse of Bear Sterns in March, 2009 created a banking liquidity crisis that further lessened the availability of capital. The collapse of the secondary market for SBA loan guaranties and the liquidity it provides for SBA lenders near the end of the fiscal year w as a final blow to loan production. As a result of these factors throughout 2009, lenders significantly curtailed lending in general. This not only affects the number of loans approved, but also had a corresponding affect on the small businesses assisted, jobs created and retained, and USM - SB Assisted as they are all interdependent.

Total SB Assisted (#) (Recovery) (41% over target) - FY 2009 actuals exceeded goals by more than 10% because of three factors. (1) the SBA w as able to get the section 501 fee relief and section 502 higher guaranty amount to market in less than 30 days. It normally takes months to implement a statutory change. (2) The combination of fee relief and higher guaranties affected both supply and demand for loans in a synergistic fashion. (3) The creation of Term Asset-backed Securities Loan Facility (TALF) and the Treasury Department's commitment of $15 billion in TARP funds as a source of stand-by liquidity for SBA's secondary markets helped restore investor confidence. This in turn raised premiums on loans purchased and gave banks more funds to lend.

Jobs Created/Retained (#) (Non-Recovery) (-81% under target) - The FY 2009 goals w ere established in 2007 w hen the nation's economy w as still expanding. The greater than 10% negative variance is the result of the economic recession that began in the second quarter of fiscal year 2009, coupled w ith increasing loan losses for many of the nation's banks that began in 2008 and greatly accelerated in 2009. The declining economy and loan losses forced the vast majority of lenders to significantly increase their credit standards throughout FY 2009 as reported by the Federal Reserve Bank Loan Officer Survey. In addition, the collapse of Bear Sterns in March, 2009 created a banking liquidity crisis that further lessened the availability of capital. The collapse of the secondary market for SBA loan guaranties and the lack of liquidity it provides for SBA lenders near the end of the fiscal year w as a final blow to loan production. As a result of these factors throughout 2009, lenders significantly curtailed lending in general. This not only affects the number of loans approved, but also had a corresponding affect on the small businesses assisted, jobs created and retained, and Underserved Markets - SB Assisted as they are all interdependent.

Jobs Created/Retained (#) (Recovery) (42% over target) - Recovery loan actuals exceeded goals by more than 40% because of three factors. (1) The SBA w as able to get the section 501 fee relief and section 502 higher guaranty amount to market in less than 30 days. It normally takes months to implement a statutory change. (2) The combination of fee relief and higher guaranties affected both supply and demand for loans in a synergistic fashion. (3) The creation of Term Asset-backed Securities Loan Facility (TALF) and the Treasury Department's commitment of $15 billion in TARP funds as a source of stand-by liquidity for SBA's secondary markets helped restore investor confidence. This in turn raised premiums on loans purchased and gave banks more funds to lend.

Underserved Markets - SB Assisted (#) (4% Over Target) - "The performance goal w as set at an approximate target level, and the deviation from that level is slight. There w as no effect on overall program or activity performance."

FY 2009 Accomplishments – 7(a)

The Recovery Act, in combination with an improvement in overall credit market conditions, helped lead to a significant rebound of lending volume in the 7(a) program in FY 2009, following the credit crisis. Through the end of September 2009, the 7(a) average weekly dollar loan volume increased over 70 percent compared to the weeks before the Recovery Act. Through the end of September 2009, the SBA had approved over 27,000 7(a) Recovery Act loans for over $6 billion in financing to small businesses.

Furthermore, the SBA saw an increase in lenders joining or returning to programs. From February 17 to September 30, over 1,260 lenders that had not made an SBA loan since October 2008 made a 7(a) loan. Of those lenders, over 760 had not made a loan since at least 2007.

To complement the Recovery Act, the SBA also launched a pilot initiative in July 2009 to allow SBA lenders to add SBA-guarantied Dealer Floor Plans to their product offerings. Floor plan lending is a specialized type of asset-based finance used by automobile, recreation vehicle, boat and similar retail dealers to finance their inventory. The initiative was launched to address the significant reduction in floor plan financing given the collapse of the secondary market.

The SBA Lender Relationship Management initiative has succeeded in improving the quality and effectiveness of lender interaction with SBA's loan processing centers. The initiative includes (1) assisting the largest volume lenders to improve workflow efficiency through the processing centers while making more resources available to assist lower volume lenders; (2) helping all lenders to reduce errors and deficiencies in their loan processing; and (3) providing good customer service to meet the operations needs of both the SBA and lenders. In this effort, the SBA took proactive steps to inform lenders of the improvements made in its products, technology and processes — such as the dramatic improvement in average processing time on purchase requests (which currently averages less than 30 days for complete submissions), while honoring over 95 percent of requests in full. These achievements were the direct result of more effective communication of program requirements, redesigned workflows and greater lender training. This outreach initiative has increased awareness in the lender community of SBA's product offerings and operational requirements. Meanwhile, the SBA has improved programs' effectiveness by maintaining closer contact with lenders while gathering feedback on their needs and perceptions in order to continually improve.

One example of successfully integrating lender feedback to refine processes is the Small/Rural Lender Advantage initiative to improve access to SBA products for community lenders, and enhance their ability to assist underserved customers. The initiative is not a new product, but rather a streamlined way for lenders with small SBA loan volume to gain experience with regular 7(a) lending. Program features include a streamlined application and eligibility questionnaire to significantly reduce paperwork requirements, making the SBA's products and services more attractive to lenders and borrowers. Small/Rural Lender Advantage is available nationwide to all lenders that approve 20 or fewer 7(a) loans per year.

The SBA also continued an initiative to modernize the standard operating procedures that govern 7(a) and 504 loan processing, servicing and liquidation. The updated SOP 50 10 presents the Agency's policies in a shorter and more user-friendly format and is better organized in web-based, searchable PDF formats. This modernization effort of the basic SOP 50 10 was completed with the release of two refinements, SOP 50 10 5(A) on February 6 and 50 10 5(B) on September 1.

FY 2010 - FY 2011 Planned Performance – 7(a)

For its 7(a) program, the SBA requests $165.4 million of credit subsidy budget authority in FY 2011 to support $17.5 billion in lending authority. This additional support will help the 7(a) program be an important contributor in the marketplace, ensuring that small businesses have accessible and affordable credit that they would not be able to otherwise obtain. The small business lending market is still struggling to recover from the recent credit crisis and the overall economic downturn, as evidenced by the continued tightening of credit standards. Therefore, it is important to keep this critical pipeline of lending open to entrepreneurs who can help put Americans back to work and revive the economy through 2010 and 2011. The budget authority will help to keep loan fees at the traditional level.

As part of the Agency-wide focus on simplifying products, processes and services in FY 2010 and 2011, the SBA will redouble efforts with its Lender Relationship Management initiative. The goal is to make the SBA simpler for lenders to partner with while increasing the number and diversity of points of access to SBA loan products by involving more community development lenders and entities in SBA loan programs, especially 7(a). This effort will target smaller loans, particularly for start-ups and young businesses; loans that support job growth; and more loans that assist small businesses located in underserved markets. Use of technology and better educational tools for interfacing with processing and servicing centers will also be stressed in order to continue improving efficiencies and customer service.

The Standard Operating Procedures modernization initiative also continues into FY 2010 and 2011. The goal is to have a completely revised SOP for liquidation (SOP 50 51, Loan Liquidation and Guaranty Purchase) as a complement to the updated SOP 50 10.

The Recovery Act programs, projects and activities will continue through much of FY 2010. These initiatives will be closely monitored to identify their effectiveness in contributing to economic recovery. In addition, the SBA will monitor performance of these loans against original projections.

The performance and utility of the Dealer Floor Plan pilot initiative will be closely monitored throughout FY 2010 to determine whether the initiative should be extended into FY 2011.

504 Loan Program

504 Loan Program

Performance Indicator [1]	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
Loans Approved ($000) (Non-Recovery)	Output	$5,051,863	$ 5,729,695	$ 6,313,826	$ 5,289,790	$ 1,150,336	Baseline	NM*	$2,300,100	$ 4,400,000
Loans Approved ($000) (Recovery)	***Output***	***N/A****	***N/A****	***N/A****	***N/A****	***$ 2,683,927***	***$ 1,630,000***	***65%***	***1,700,000***	***N/A****
Total Loans Approved ($000)	**Output**	**$5,051,863**	**$ 5,729,695**	**$ 6,313,826**	**$ 5,289,790**	**$ 3,834,263**	**N/A**	**NM***	**4,000,100**	**4,400,000**
SB Assisted (#) (Non-Recovery)	Output	9,022	9,719	10,409	8,675	1,845	5,685	-68%	2,700	7,300
SB Assisted (#) (Recovery)	***Output***	***N/A****	***N/A****	***N/A****	***N/A****	***4,616***	***2,500***	***85%***	***2,900***	***N/A****
Total SB Assisted (#) [4]	**Output**	**9,022**	**9,719**	**10,409**	**8,675**	**6,461**	**8,185**	**-21%**	**5,600**	**7,300**
Recovery)	Outcome	N/A*	118,840	126,069	111,996	22,033	125,522	-82%	99,400	82,000
Jobs Created/Retained (#) (Recovery)	***Outcome***	***N/A****	***N/A****	***N/A****	***N/A****	***52,816***	***32,600***	***62%***	***33,600***	***N/A****
Total Jobs Created/Retained (#) [4]	**Outcome**	**N/A***	**118,840**	**126,069**	**111,996**	**74,849**	**158,122**	**-53%**	**133,000**	**82,000**
USM - SB Assisted (#) [4]	Output	5,364	5,972	6,520	5,613	3,956	3,319	19%	3,500	4,700
Cost per SB Assisted ($)	Efficiency	$ 2,418	$ 2,204	$ 2,394	$ 2,894	$ 13,317	-	-	$ 15,191	$ 5,525

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 20009 Actual		FY 2010 Request	FY 2011 Request
Total Administrative Resources ($000)	$ 21,812	$ 21,424	$ 24,915	$ 25,106	$ 86,041		$ 85,068	$ 40,329
Administrative Resources ($000) (Non-Recovery) [2]	$ 21,812	$ 21,424	$ 24,915	$ 25,106	$ 31,889		$ 36,049	$ 40,329
Administrative Resources ($000) (Recovery) [3]	***$ -***	***$ -***	***$ -***	***$ -***	***$ 54,152***		***$ 49,019***	***$ -***

*N/A - Not Available

*NM - Not Measurable

(1) 504 results supported by Recovery Act provisions are segregated from total program performance. Recovery targets and results include all eligible activity since 2/17/2009 using Recovery Act funds.

(2) Non Recovery Funds - includes allocated overhead costs.

(3) Recovery Funds - does *not* include overhead costs.

(4) A more precise methodology was developed in FY 2009 to calculate "Jobs Created/Retained", "Small Businesses Assisted", and "USM SB Assisted". Prior year results have been restated to reflect this change.

Variance Explanation

Loans Approved ($000) (Recovery)(65% over Target) - Recovery loan actuals exceeded goals by more than 10% because of three factors. (1) The SBA was able to get the section 501 fee relief guaranty to market in less than 30 days. It normally takes months to implement a statutory change. (2) Fee relief acted like having a 'sale' on SBA loans which spurred economic activity by affecting borrower demand. (3) The creation of the Term Asset-backed Securities Loan Facility (TALF) and the Treasury Department's commitment of $15 billion in TARP funds as a source of stand-by liquidity for SBA's secondary markets helped restore investor confidence. This resulted in near record low long-term fixed 504 interest rates that increased borrower demand and made more projects viable.

SB Assisted (#) (Non-Recovery) (-68% under target) - The -69% shortfall was a result of the significant decline in the nation's economy and the banking crisis. Many of the major banks are also major lenders with the Certified Development Companies/504 (CDC/504). As a result of these lenders significantly decreasing lending in general, the CDC/504 loan volume also dropped significantly. This not only effects the number of loans approved, but also had a corresponding effect on the small businesses assisted, jobs created and retained, and Underserved Markets - SB assisted as they are all interdependent.

SB Assisted (#) (Recovery) (85% over target) - Recovery loan actuals exceeded goals by more than 10% because of three factors. (1) The SBA was able to get the section 501 fee relief guaranty to market in less than 30 days. It normally takes months to implement a statutory change. (2) Fee relief acted like having a 'sale' on SBA loans which spurred economic activity by affecting borrower demand. (3) The creation of the Term Asset-backed Securities Loan Facility (TALF) and the Treasury Department's commitment of $15 billion in TARP funds as a source of stand-by liquidity for SBA's secondary markets helped restore investor confidence. This resulted in near record low long-term fixed 504 interest rates that increased borrower demand and made more projects viable.

Jobs Created/Retained (#) (Non-Recovery) (-82% under target) - The negative variance being greater that 10% was as a result of the significant decline in the nation's economy and the banking crisis. Many of the major banks are also major lenders with the CDCs. As a result of these lenders significantly decreasing lending in general, the CDC/504 loan volume also dropped significantly This not only affects the number of loans approved, but also had a corresponding affect on the small businesses assisted, jobs created and retained, and USM - SB assisted as they are all interdependent.

Jobs Created/Retained (#) (Recovery) (62% over target) - Recovery loan actuals exceeded goals by more than 10% because of three factors. (1) the SBA was able to get the section 501 fee relief guaranty to market in less than 30 days. (2) Fee relief on SBA loans spurred economic activity by affecting borrower demand. (3) The creation of the Term Asset-backed Securities Loan Facility (TALF) and the Treasury Department's commitment of $15 billion in TARP funds as a source of stand-by liquidity for SBA's secondary markets helped restore investor confidence. This resulted in near record low long-term fixed 504 interest rates that increased borrower demand and made more projects viable.

USM - SB Assisted (#) (19% over target) - Recovery loan actuals exceeded goals by more than 10% because of three factors. (1) The SBA was able to get the section 501 fee relief guaranty to market in less than 30 days. It normally takes months to implement a statutory change. (2) Fee relief acted like having a 'sale' on SBA loans which spurred economic activity by affecting borrower demand. (3) The creation of the Term Asset-backed Securities Loan Facility (TALF) and the Treasury Department's commitment of $15 billion in TARP funds as a source of stand-by liquidity for SBA's secondary markets helped restore investor confidence. This resulted in near record low long-term fixed 504 interest rates that increased borrower demand and made more projects viable.

FY 2009 Accomplishments – 504

The Recovery Act included four initiatives specific to the 504 loan program: (1) the temporary elimination of two 504 program fees (the third party lender participation fee and the CDC processing fee usually paid by the borrower to the SBA); (2) the permanent modification of the job creation and retention requirements; (3) permanent option for refinancing existing debt in certain circumstances in connection with a 504 expansion project which was not previously permitted, and; (4) the providing of SBA guaranties for pools of third party first mortgages related to the 504 program.

The SBA worked diligently to implement these initiatives and, by the end of FY 2009, supported nearly $6 billion in small business lending though the approval of over 4,700 loans in the 504 program. Through the end of September 2009, the 504 average weekly dollar loan volume had increased over 60 percent as compared to the weeks before the Recovery Act.

FY 2010 - FY 2011 Planned Performance – 504

The SBA requests $7.5 billion in lending authority for the 504 program. This lending authority will help ensure that the 504 program remains competitive in the marketplace, while making accessible and affordable credit available to small businesses that they would not be able to obtain otherwise. Therefore, it is important to keep this critical pipeline of lending open to entrepreneurs who can help put Americans back to work, and revive the economy through 2010 and 2011.

In FY 2010 the SBA plans to evaluate the corporate governance provisions of the 504 loan program as well as the current framework for CDC approval, renewal and expansion requests. The objective will be to simplify CDC governance structure and provide greater focus on board responsibilities in the areas of accountability for community development objectives, risk management and executive compensation. The SBA plans to complete this restructuring during FY 2011. As a complement to this simplification effort and consistent with the re-engineering of the servicing centers, processes will be reviewed so that non-value-added practices can be eliminated while maintaining program integrity.

In FY 2010 and FY 2011, the SBA will continue to expand ETran for 504 loans from the Sacramento processing center to its servicing centers in Fresno and Little Rock, and will increase the number and type of transactions that CDCs can process through this streamlined process. This will allow the Agency to reallocate its resources to more value-added activities within the center.

Microloan Program

Microloan Program

Performance Indicator (1)	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
SB Assisted (#) (Non-Recovery)	Outcome	2,436	2,395	2,427	2,682	2,722	2,030	34%	0	4,600
SB Assisted (#) (Recovery)	***Output***	***N/A****	***N/A****	***N/A****	***N/A****	**-**	470	100%	***4,200***	***N/A****
Total SB Assisted (#)	**Output**	**2,436**	**2,395**	**2,427**	**2,682**	**2,722**	**2,500**	**9%**	**4,200**	**4,600**
Jobs Created/Retained (#) (Non-Recovery)	Outcome	9,626	10,247	10,499	9,985	34,676	Baseline	NM*	0	14,500
Jobs Created/Retained (#) (Recovery)	***Output***	***N/A****	***N/A****	***N/A****	***N/A****	**-**	1,600	***100%***	***13,500***	***N/A****
Total Jobs Created/Retained (#)	**Output**	**9,626**	**10,247**	**10,499**	**9,985**	**34,676**	**N/A***	**NM***	**13,500**	**14,500**
Loans Approved by Microlenders ($000) (Non-Recovery)	Output	$ 32,633	$ 33,100	$ 32,300	$ 31,100	34,515	Baseline	NM*	0	$ 65,000
Loan Approved by Microlenders ($000) (Recovery)	***Output***	***N/A****	***N/A****	***N/A****	***N/A****	**-**	***$ 5,500***	***100%***	***$ 60,000***	***N/A****
Total Loans Approved by	**Output**	**$ 32,633**	**$ 33,100**	**$ 32,300**	**$ 31,100**	**$ 34,515**	**N/A***	**NM***	**$ 60,000**	**$ 65,000**
Businesses Counseled (#) (Non-Recovery)	Output	2,506	2,545	2,489	2,682	2,757	Baseline	NM*	0	6,500
Businesses Counseled (#) (Recovery)	***Output***	***N/A****	***N/A****	***N/A****	***N/A****	**-**	***470***	***-100%***	***6,000***	***N/A****
Total Business Counseled (#)	**Output**	**2,506**	**2,545**	**2,489**	**2,682**	**2,757**	**N/A***	**NM***	**6,000**	**6,500**
Cost per SB Assisted ($)	Efficiency	$ 7,590	$ 6,626	$ 7,126	$ 6,855	$ 10,983	-	-	$ 9,509	$ 4,188

Budgetary Resources	Budgetary Obligations Incurred					Budget Requests	
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Request	FY 2011 Request
Total Resources ($000) (2)	$ 18,489	$ 15,870	$ 17,294	$ 18,385	$ 29,895	$ 39,936	$ 19,266
Administrative Resources ($000) (Non-Recovery) (3)	$ 18,489	$ 15,870	$ 17,294	$ 18,385	$ 29,895	$ 35,436	$ 19,266
Administrative Resources ($000) (Recovery) (4)	***$ -***	***$ -***	***$ -***	***$ -***	***$ -***	***$ 4,500***	***$ -***

*N/A - Not Available

*NM - Not Measurable

(1) Microloan results supported by Recovery Act provisions are segregated from total program performance. Recovery targets and results include all eligible activity since 2/17/2009 using Recovery Act funds.

(2) Prior to this year Prime Technical Assistance costs w ere not inlcuded in the Microloan Program. Prime Technical Assistance costs are now included in the Microloans Program costs. The prior years have been restated to reflect this.

(3) Non Recovery Funds - includes allocated overhead costs.

(4) Recovery Funds - does <u>not</u> include overhead costs.

Variance Explanation

<u>SB Assisted (#) (Non-Recovery) (34% over target)</u> - Small business loans are in greater demand and the microenterprise industry is thriving. Based on this industry revitalization, our Intermediaries are providing an increased number of microloans, training and counseling to small businesses.
<u>SB Assisted (#) (Recovery) (100% under target)</u> - No Recovery loans w ere issued in FY 2009.
<u>Jobs Created/Retained (#) (Recovery) (100% under target)</u> - No Recovery loans w ere issued in FY 2009.
<u>Loan Approved by Microlenders ($000) (Recovery) (100% under target)</u> - No Recovery loans w ere issued in FY 2009.
<u>Businesses Counseled (#) (Recovery) (100% under target)</u> - No Recovery loans w ere issued in FY 2009.

<u>FY 2009 Accomplishments – Microloan</u>

The Microloan program grew in FY 2009, totaling nearly 2,700 loans as it became increasingly difficult for small and micro-sized businesses to obtain conventional bank financing during the credit crisis. Most of the growth occurred in the third quarter of the year, and since then the program volume has continued to increase. The program was given another significant injection in the final quarter of FY 2009 with the release of $50 million of new Microloan program authorization from the Recovery Act.

The program continued to be an important resource for entrepreneurial development and financing, especially among underserved communities, including women and minorities. Approximately 48 percent of microloans go to businesses owned by women, and about 53 percent go to minority-owned firms.

An operational assessment of the Microloan program was completed in FY 2009. The assessment includes a strategic plan for increased staffing, enhanced marketing, and proposed legislative changes for the program. The assessment also provides operational improvements for automating the current paper-based system, establishing program performance metrics, addressing compliance and risk management concerns, and developing specific training for new and existing intermediaries.

FY 2010 - FY 2011 Planned Performance – Microloan

The SBA requests $3.8 million in credit subsidy budget authority to support a microloan direct loan program level of $25 million. Due to recent credit conditions, the Microloan program has experienced a significant increase in inquiries, from both prospective intermediaries and borrowers. The Recovery Act provided additional funding for both microloans ($6 million) and for technical assistance ($24 million) for microloan borrowers, the latter of which will be awarded in FY 2010. In FY 2010, the number of microloan intermediaries is expected to increase from approximately 160 to 190, and the Recovery Act-provided funding will support additional volume. The SBA estimates that roughly 10,000 jobs will be created or retained in FY 2011.

The SBA is also strengthening the management of the Microloan program by conducting a comprehensive review to identify opportunities for improvement. Additionally, the Agency is seeking to create greater transparency in the accounting and portfolio management of the loans to the program's intermediaries.

Loan Processing Centers

FY 2009 Accomplishments – Loan Processing Centers

FY 2009 was a productive year for the six processing centers that originate, service, and liquidate 7(a) and 504 loans and the three centers that service and liquidate disaster loans.

The first half of the fiscal year saw defaults and guaranty purchase requests in both 7(a) and 504 increase to new highs at a pace much faster than predicted. Fortunately, reengineering efforts in 7(a) and 504 liquidation and guaranty purchase from FY 2007 and FY 2008 had taken effect and many of the efficiencies and improved processes were in place prior to the increased workload. Staffing and other resources were added to the liquidation processes to handle the increased workload.

The second half of FY 2009 was focused on Recovery Act implementation in the loan application processing centers. A large number of new temporary Recovery Act staff was added to the loan application processing centers, and a smaller number to the servicing and liquidation centers. In order to review the higher volume of Recovery Act loans, the centers hired, trained and managed additional staff. At the same time, the centers received communications upgrades to help increase efficiency and improve customer service. In sum, the loan processing and servicing centers were critical in restoring access to capital through the Recovery Act programs.

FY 2011 Planned Performance – Loan Processing Centers

The centers established a Quality Assurance Program during FY 2009 and are continuing the process in FY 2010. Anticipating growing levels of defaults in 7(a) and 504 loans, additional quality assurance metrics are being developed at the centers to help assure internal loan processes are performed with consistency and accuracy. Status reporting of the top lenders and CDCs covering liquidation and charge off activities is being enhanced to assure greater control of the growing loan defaults. Center activities are under periodic reviews and studies for re-engineering opportunities to reduce cycle and response timing and improve quality.

The disaster loan centers have become fully compliant with Debt Collection Improvement Act (DCIA) requirements. The centers have received communications upgrades to T-3 capability, increasing center efficiency and customer service response. Many of the improvements are driven by staff suggestions that also result in reduced cycle and response time as well as improved quality.

In FY 2010 and FY 2011, the SBA will continue the re-engineering projects in Sacramento, Little Rock and Fresno. Through continuous process improvement, and by leveraging technology, the centers will shorten cycle times, improve quality, and automate actions that currently require staffing resources. The primary beneficiary of such activities will be the small business borrower, as the cost of the program is lowered and ease of use is improved.

Credit Risk Management

The SBA works to maximize the efficiency of its lending programs by effectively managing program credit risk, monitoring lender performance, and enforcing lending program requirements. The Agency conducts a continuous risk-based, off-site analysis of lending partners through the Loan/Lender Monitoring System (L/LMS), a state-of-the-art portfolio monitoring system that incorporates credit scoring metrics for portfolio management purposes. In February 2006, a study sponsored by Deloitte & Touche (Thomas H. Stanton, "Managing Information and Risk: Promising Practices of Federal Financial Systems") recognized this system as a promising practice in federal credit management.

The Loan/Lender Monitoring System focuses on 7(a) lenders, certified development companies and microloan intermediaries that pose the most risk to the SBA. In addition to overseeing lenders, the L/LMS provides policy, portfolio and program analysis. The Office of Credit Risk Management (OCRM) is divided into four teams: large lender oversight, small lender oversight, lender transaction, and program and policy analysis. The differentiation of lender oversight by lender size reflects the different forms of oversight needed for large lenders versus small lenders.

The OCRM also assesses the quality of the overall SBA 7(a), 504, microloan, and disaster loan portfolios, helping protect the interests of taxpayers while helping SBA lenders better understand how best to meet program requirements and work effectively in partnership with the SBA.

The OCRM is continually enhancing and updating oversight programs and practices to provide a more robust and responsive system. Enhancements include: (1) better integration of delegated lending decisions into oversight practices; (2) addition of different types of lender reviews (targeted, desk, agreed upon procedures, etc.) to provide more options to obtain information in the most timely and efficient manner possible; (3) assessment of current on-site review practices to customize them based on risk factors and consider credit decisions made by lenders; (4) development of a lender certification program (particularly for community lenders); (5) quarterly reporting for non-bank lenders; (6) identification/ monitoring of risk related red flags and triggers; and (7) training for OCA staff, district office staff and lenders in the new process. In addition, OCRM will develop a credit risk management model by consolidating lender information to be linked in one place allowing for both analysts and managers to access a comprehensive set of information on each individual lender and enhance its watch list of those lenders of most concern to the SBA for more intensive monitoring and oversight. The SBA is requesting $2 million in its FY 2011 budget to design and implement these initiatives.

FY 2009 Accomplishments – Credit Risk Management

Published the interim final rule for lender oversight — The Agency incorporated SBA's risk-based lender oversight program into interim final SBA regulations, established the role and responsibilities of the Office of Credit Risk Management, and consolidated existing SBA enforcement actions. This rule was necessary to provide coordinated and effective oversight of financial institutions that originate and manage SBA-guarantied loans.

Eliminated five management challenge recommendations — The Office of Credit Risk Management successfully eliminated five management challenges.

Increased the number of on-site reviews — The implementation of the lender fee regulations assisted the Agency in continuing to perform over 200 risk-based reviews in FY 2009.

Awarded the Lender Loan Monitoring System Contract — The contract was awarded to Dun and Bradstreet Inc. The new contract will enable the Agency to increase transparency by providing additional performance data to lenders through the lender portal. Additional enhancements will follow.

Improved portfolio analytics — The Agency undertook several initiatives to further strengthen portfolio analytics to support lender oversight operations. First, an agreed-upon procedures process was developed to improve the Agency's oversight of high risk small lenders with portfolios between $4 million and $10 million to maintain adequate oversight of those high risk small lenders. Second, the Office of Credit Risk Management improved the Preferred Lender Program (PLP) assessment to incorporate L/LMS business process improvements and other electronic risk management tools. The Agency was able to complete over 650 PLP assessments. Lastly, with the new enhancements to L/LMS and process improvements, OCRM provided monthly enhanced portfolio reports to SBA senior management.

Developed and awarded a disaster portfolio analysis contract — A contract was developed and awarded to improve analytics on the disaster portfolio. With the new contract, the Agency has been able to track and provide senior management month-to-month reporting on the disaster portfolio.

Transferred the lender transaction team — The Agency transferred the lender transaction team from the Office of Financial Assistance to the Office of Credit Risk Management, and OCRM has been working on streamlining the delegated authority approval process. The transfer provided additional oversight and risk management of lenders, and the Agency completed over 2000 delegated authority nominations and renewals.

Redeveloped and awarded the risk-based review contract — The Agency redeveloped the risk-based review contract and incorporated targeted reviews as an effort to improve targeting of risk management efforts and provide additional flexibility in the performance of lender reviews.

Addition of loan level credit data to the Lender Portal — The SBA added loan level credit quality data to its Lender Portal. The Lender Portal will include for each 7(a) lender and 504 Certified Development Company, or ("SBA lenders"), a list of nearly all of each lender's outstanding loans. Credit quality data is indicated by each loan's Small Business Predictive Score (SBPS). This information will assist SBA lenders to proactively monitor, manage, and mitigate the risk in their SBA loan portfolios and increase the Agency transparency.

Awarded the safety and soundness contract — The contract to perform safety and soundness examinations of Small Business Lending Companies (SBLCs) and large non-federally regulated lenders was awarded to a small business.

Recovery Act — Developed additional risk management and assessment tools to effectively and efficiently monitor and provide oversight of the new programs resulting from the Recovery Act.

FY 2010 - FY 2011 Planned Performance – Credit Risk Management

Maintain reasonable level of credit risk — The SBA will continue expanding upon its goal of ensuring stewardship and accountability over taxpayer dollars through financial portfolio management and prudent oversight. The Agency will achieve this goal by: (1) continuing to perform on-site lender reviews with the objective of reviewing all large and mid-size lenders and community development companies generally on a bi-annual basis and ensure that those lenders and CDCs whose portfolios comprise more than 80 percent of the Agency's guarantied dollars outstanding are accountable for managing their portfolios in a prudent manner, thus reducing SBA's overall credit risk; and (2) continuing to monitor its smaller lenders and CDCs, generally through its off-site monitoring process. All of this oversight will be performed at minimal cost to the SBA, since most of the on-site and off-site review costs will be paid through review and examination fees paid by the lenders. In addition, the SBA will expand its oversight efforts to the Microloan program by applying its off-site monitoring approach to microloan intermediaries.

Enhance program management by issuing guidance and conducting analysis — The SBA also plans to issue guidance with regard to the use of loan agents by lenders to originate SBA-guarantied loans. In addition, as L/LMS continues to be leveraged for oversight and portfolio management purposes, more involved data analysis of performance trends will be conducted. The results of these analyses will be used for more effective management of SBA loan portfolios, as well as to assist in identifying irregularities that may be an indication of inappropriate lending activities.

Development of enforcement action guidance — The SBA plans to issue guidance to lenders regarding grounds for enforcement actions and the types of enforcement actions that may be taken by the SBA against lenders. This guidance will increase Agency transparency with its lending partners.

Redevelopment of L/LMS — This interim final notice will be implemented through enhancements to SBA's lender Risk Rating System. The Risk Rating System is an internal tool to assist SBA in assessing the risk of each active 7(a) lender's and CDC's loan operations and loan portfolio. As part of the L/LMS contract award, the Office of Credit Risk Management commissioned a redevelopment of L/LMS. The redevelopment was consistent with industry best practices to ensure the Risk Rating System remained current and predictive as technologies and available data evolved.

Surety Bond Guarantee Program

Under the Surety Bond Guarantee program, the SBA guarantees bid, payment, and performance bonds on contracts up to $2 million for small and emerging contractors who cannot obtain surety bonds through regular commercial channels. The Recovery Act temporarily increased the $2 million ceiling to $5 million, and in some cases up to $10 million, through September 30, 2010. The SBA guaranty gives sureties an incentive to provide bonding for eligible contractors and thereby increases a contractor's access to contracting opportunities. Under the surety guaranty, an agreement between a surety and the SBA, the Agency assumes between 70 percent and 90 percent of the loss in the event of contractor default.

Surety Bond Guarantee Program

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
Value of Final Bonds Issued less than $2 Million ($000)	Output	$488,405	$ 529,016	$ 552,606	$ 537,971	$ 427,598	Baseline	NM*	$ 695,850	$ 537,900
Value of Final Bonds Issued over $2 Million ($000) (Recovery)	*Output*	*N/A**	*N/A**	*N/A**	*N/A**	*$ 42,570*	*$ 12,000*	*255%*	*$ 21,000*	*N/A**
Value of Bid Bonds Issued less than $2 Million ($000)	Output	$1,262,879	$1,203,367	$1,702,293	$1,920,484	$2,176,571	Baseline	NM*	$1,623,650	$ 1,920,400
Value of Bid Bonds Issued over $2 Million ($000) (Recovery)	*Output*	*N/A**	*N/A**	*N/A**	*N/A**	*$ 119,380*	*$ 42,000*	*184%*	*$ 72,000*	*N/A**
Jobs Created/Retained (#)	Outcome	$4,210	4,560	4,764	4,638	$ 3,850	Baseline	NM*	5,600	4,600
Jobs Created/Retained (#) (Recovery)	*Output*	*N/A**	*N/A**	*N/A**	*N/A**	*203*	*80*	*154%*	*300*	*N/A**
Total Jobs Created/Retained (#)	**Output**	**$4,210**	**4,560**	**4,764**	**4,638**	**4,053**	**N/A***	**NM***	**5,900**	**4,600**
Cost per Jobs Created/Retained ($)	Efficiency	1,160	1,536	1,454	951	1,274	-	-	868	1,281

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual		FY 2010 Request	FY 2011 Request
Total Administrative Resources ($000) (1)	$ 4,882	$ 7,006	$ 6,926	$ 4,413	$ 4,904		$ 5,121	$ 5,892

*N/A - Not Available

*NM - Not Measurable

(1) Administrative resources does not include funds appropriated for the contingent liability in the revolving fund.

Variance Explanation

Value of Final Bonds Issued over $2 Million ($000) (Recovery) (255% over target) - The Recovery Act goal was set at an approximate level, based on actual performance shortly after implementation of its provisions.

Value of Bid Bonds Issued over $2 Million ($000) (Recovery) (184% over target) - The Recovery Act goal was set at an approximate level, based on actual performance shortly after implementation of its provisions.

Jobs Created/Retained (#) (Recovery) (154% over target) - The Recovery Act goal was set at an approximate level, based on actual performance shortly after implementation of its provisions.

FY 2009 Accomplishments – Surety Bonds

In FY 2009, the SBA guaranteed 6,135 bonds, which is approximately 1.3 percent above the previous year's bond activity, and 2.3 percent above the program goal of 6,000 bonds. This increase was accomplished despite an average 20 percent downturn in bond activity across the surety industry.

The SBA implemented regulations, developed forms, and automated technology systems to implement temporary changes to the Surety Bond program created in the Recovery Act. These changes included an increase in the maximum surety bond guaranty amount to $5 million on public and private contracts, and $10 million on federal contracts. In FY 2009, the SBA guaranteed 38 bid bonds for a total estimated contract amount of $119.38 million and 15 final bonds amounting to $42.57 million.

Also, the SBA signed a memorandum of understanding with the California Department of Transportation to promote increased government contracting opportunities for small businesses. The SBA has been working to reach and support the maximum number of small businesses, especially those in underserved areas.

A comprehensive study was conducted to determine the feasibility of developing and implementing a restructured Surety Bond Guarantee program that would adopt best practices used across the reinsurance industry, including performance based metrics and sound risk management practices. The revised program would result in reduced paperwork burden for small businesses and participating sureties.

The SBA also completed negotiations with the City of New York concerning the city's bond form terms and conditions. The new form was approved by the city for use on SBA-guarantied bonds, and is expected to result in increased contracting opportunities for small businesses.

The SBA entered into discussions with the Department of Agriculture for the purpose of assisting small businesses in obtaining surety bonds for the department's timber sales contracts. Implementation is planned during FY 2010.

FY 2010 - FY 2011 Planned Performance – Surety Bonds

During FY 2010 – FY 2011, the SBA will continue to support the provisions the Recovery Act by working with the surety industry and SBA field offices to provide bonding for more small businesses. The Agency will also explore opportunities to improve and expand the reach of the Surety Bond Guarantee program.

The Agency will market the program to federal agencies and work with sureties to reach underserved geographical areas of the country. Area office staffs will visit participating surety companies and agents to strengthen working relationships. Headquarters and area offices will work to enlist more participating sureties and help ensure the maximum number of small businesses are being assisted with bonding needs.

International Trade Program

The SBA views exports as central to small businesses' long-term sustainable prosperity, and is committed to executing the Administration's plans to increase exports. In recent months, the Agency has been leading the Small Business Working Group of the Trade Promotion Coordinating Committee. SBA's leadership in this group supplements existing SBA partnerships and efforts that are targeted across a broad range of small business needs.

According to U.S. Department of Commerce data, 97 percent of all U.S. exporters are small businesses. The SBA estimates that in FY 2010 these businesses will account for over $600 billion in exports, equivalent to 29 percent of the dollar value of all U.S. anticipated exports. SBA's Office of International Trade (OIT) involves a field-based export promotion and finance network of senior international trade and finance specialists working in U.S. Export Assistance Centers (USEAC). It also involves SBA field staff and resource partners who are involved in counseling small businesses with exporting. In addition, the Agency is involved in policy-oriented collaboration across federal government agencies in order to strengthen U.S. small business exporting and to advance U.S. international commercial, economic and diplomatic objectives.

The SBA helps represent and advance U.S. interests with international organizations concerned with small business development, and it supports trade capacity building efforts as part of U.S. international trade agreements. The SBA also engages small business agencies in other countries to facilitate opportunities for small business linkages and exports.

The SBA provides small businesses and lenders with training and technical assistance to support export financing. Its network of counselors, including export specialists at 18 U.S. Export Assistance Centers, works closely with businesses and lenders to deliver trade promotion and finance services.

International Trade Program

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
Loans Approved ($000)	Output	$ 1,099,841	$ 1,295,809	$ 1,068,924	$ 1,178,868	$ 618,439	Baseline	N/A*	$ 320,500	$ 1,100,000
SB Assisted (#)	Outcome	3,039	3,508	3,200	3,167	1,393	2,652	-47%	950	2,300
Cost per SB Assisted ($)	Efficiency	$ 1,777	$ 1,227	$ 1,643	$ 1,312	$ 3,345	-	-	$ 5,701	$ 2,436

Budgetary Resources	Budgetary Obligations Incurred					Budget Requests	
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Request	FY 2011 Request
Total Administrative Resources ($000)	$ 5,400	$ 4,304	$ 5,258	$ 4,154	$ 4,660	$ 5,416	$ 5,602

*N/A - Not Available

Variance Explanation

SB Assisted (#) (-47% under target) - OIT was only able to support 1,393 loans, which was 47% of its goal. This performance shortfall is because banks stopped making loans available to small business exporters due to the economic downturn. It is expected that as the economy improves, banks will issue more loans to exporters. OIT has reduced its 2010 loan goal to realistically reflect expectations.

FY 2009 Accomplishments – International Trade/Exporting

In FY 2009 the SBA, through its Office of International Trade, approved about 1,500 loans to support small business exporters that generated export sales of approximately $1.6 billion; trained over 3,086 lenders and 5,830 small businesses; and counseled over 2,839 lenders and 5,094 small businesses. The SBA focuses its efforts on four stages of the small business export process: identifying small businesses interested in exporting; preparing small businesses to export successfully; connecting small businesses to export opportunities; and supporting small businesses once they find opportunities.

First, the SBA continued to identify small businesses interested in exporting. The Agency coordinated its second Small Business International Trade Symposium, which took place in Washington DC and hosted over 400 participants. Additionally, through its USEAC network, the SBA participated in approximately 170 conferences and outreach events to identify potential exporters, which reached approximately 20,000 potential exporters.

Second, the SBA prepared small businesses to export successfully through its partnership with U.S. Export Assistance Centers, SBA resource partners, and the Export Trade Assistance Partnership (ETAP). The SBA partnered with Department of Commerce trade specialists located in 18 USEACs across the country. These USEACs trained over 5,800 small businesses and counseled 5,100 small businesses in FY 2009. In addition, SBA's resource partners, particularly SBDCs and SCORE, trained over 5,000 small businesses interested in exporting. Another 1,023 participants were trained through the Export Trade Assistance Partnership, which is a structured multi-session international trade course for small businesses. Since 2007, the number of ETAP participants has increased by 33 percent. Furthermore, during the Association of Small Business Development Centers' annual conference, the Office of International Trade and the Trade Promotion Coordinating Committee conducted a six-hour training session for international trade technical assistance personnel from the SBDC network.

Third, the SBA connected small businesses to export opportunities by referring small business exporters to USEACs. The SBA participated in four Department of Commerce-led trade shows and participated in the Americas Competitiveness Forum, which focused on highlighting best practices to prepare micro, small, and medium-sized businesses for exporting.

Fourth, the SBA continued supporting small businesses once they found opportunities through its financing programs, which include both general loan programs (i.e., 7(a), 504, SBA Express) and those targeted towards exporters (i.e., Export Working Capital program and the Export Express program). In FY 2009, the SBA provided over 1,500 loans totaling over $600 million to exporters. However, this was approximately half the average number and dollars of loans in FY 2005 to FY 2008. Despite the downturn, in FY 2009, SBA's exporter loan programs were estimated to support over $1.6 billion in export sales.

The USEACs' SBA trade specialists also trained and counseled lenders so that they can more effectively provide capital to small business exporters. In FY 2009, USEACs trained over 3,000 lenders and counseled nearly 2,800. In addition, OIT has piloted Community Bank Training on International Trade in Baltimore, Maryland and Washington D.C. and has developed a comprehensive curriculum designed to bring more community banks into export lending. Additionally, the Agency took important steps to improve its international finance products. In this effort, the SBA implemented a new policy designed to encourage preferred lender processing of Export Working Capital loans, updated the EWCP loan authorization wizard for issuance, and conducted an international trade finance lender roundtable.

Finally, the SBA continues to collaborate with other federal agencies that have special initiatives focusing on small business exports. The Agency has been called upon by the Department of Commerce (International Trade Administration), Department of the Treasury (Office of Technical Assistance), Department of State (providing technical assistance on small business development and public and private sector assistance programs), Office of the U.S. Trade Representative, the U.S Export-Import Bank, U.S. Trade Development Agency, and the Overseas Private Investment Corporation on an "as-needed" basis, to provide SBA program information and share best practices that may be used as models for international economic development projects in which those agencies participate.

FY 2010 - FY 2011 Planned Performance – International Trade/Exporting

Export promotion and finance — The SBA will continue to collaborate with Trade Promotion Coordinating Committee agencies, state and local resources, SBA-affiliated resource partners and stakeholders in trade promotion and finance, and national and community banks to ensure that small business exporters receive support to drive U.S. innovation and global competitiveness.

The Agency will heighten awareness of its programs, services, and resource partners among small business exporters and lenders who might engage in small business export financing. Performance metrics to track production, outputs and outcomes, and additional training for SBA staff will be further refined to ensure success.

Export Express is a key loan program that provides access to capital to experienced exporters as well as to those who are new to export markets. The Export Express loan product will be modified to accommodate faster and easier processing by lender partners, including reducing certain documentation. The Export Express pilot loan program was extended to December 31, 2010.

A finalized Export Working Capital Program SOP and updated EWCP Wizard Authorization will be released Agency-wide and nationally to all SBA lenders.

The SBA will work with resource partners to conduct small business international trade symposiums focused on stimulating interest and enthusiasm for international trade and recent trade agreements. They will also inform small businesses of programs and services that can help facilitate their effective participation in trade.

The Agency will continue to collaborate with the Trade Promotion Coordinating Committee to provide training to the SBDC network's international trade technical assistance personnel during the Association of Small Business Development Centers' annual conference.

International commercial, economic and diplomatic agenda — The SBA will continue to contribute to the President's Export Council and as a core member of the interagency Trade Promotion Coordinating Committee and as the leader of its Small Business Working Group which is developing plans to increase the number of small business exporters as well as expand their reach across the globe. The SBA will also focus on strategic alliance initiatives with countries that have negotiated free trade agreements with the United States and/or other countries that are determined priority markets by the U.S. government.

The SBA will support Presidential initiatives such as the Summit of the Americas by continuing to advance the summit deliverable, *Small and Medium Enterprises Congress of the Americas on International Trade*.

The SBA will again participate in the Americas Competitiveness Forum to prepare micro, small and medium-sized businesses to effectively engage in international trade.

The Agency will support U.S. engagement with African nations. The SBA plans to arrange for training and to participate in the trade and investment framework agreements, which are lead-ups to full trade agreements between the U.S. and countries in Africa. The SBA will continue efforts to provide entrepreneurial development assistance to governments in the Middle East and North Africa under an interagency agreement with the Department of State/Middle Eastern Partnership Initiative. The SBA will continue to represent the U.S. government in small business dialog with multi-lateral organizations such as the Asia Pacific Economic Cooperation and the Organization for Economic Development and Cooperation.

Small Business Investment Company Program

The Small Business Investment Company (SBIC) program provides private equity capital and long-term loans to small businesses, especially those with potential for substantial job growth and economic impact. SBICs are privately owned and managed investment funds that are licensed and regulated by the SBA. They use their own private capital plus funds borrowed with an SBA guaranty to make investments in qualifying small businesses. For FY 2011 the SBA requests $3 billion in authority for the SBIC debenture program.

By increasing availability of venture capital to small businesses, the SBA is able to assist entrepreneurs during critical business phases from establishment through growth. SBICs make investments in small businesses that have exceeded the personal resources of the founder or the capacities of angels (private investors) but are often too small to merit the attention of the larger venture funds or obtain other types of financing. This is commonly known as the “Valley of Death.” In addition, unlike typical “angel” investors, SBICs provide strategic guidance to small businesses.

SBIC Program

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
SB Assisted (#)	Outcome	2,298	2,121	2,057	1,905	1,481	1,328	12%	1,150	1,150
USM - SB Assisted (#)	Outcome	781	729	721	632	441	398	11%	345	345
Cost per SB Assisted ($) (1)	Efficiency	$ 6,908	$ 7,152	$ 7,656	$ 8,975	$12,941	-	-	$ 18,643	$ 21,896

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual		FY 2010 Request	FY 2011 Request
Total Administrative Resources ($000)	$ 15,874	$ 15,169	$ 15,749	$ 17,097	$19,166		$ 21,439	$ 25,180

(1) The formula for calculating the Cost Per Small Business Assisted was revised in FY 2006 to include only the cost of loan making. Previously, this measure was calculated using Total Administrative Resources.

Variance Explanation

SB Assisted (#) (12% over target) - Actual performance exceeds the goals for FY 2009 by slightly more than 10%. The projected goals were based upon the assumption the financings by participating securities licensees would decline somewhat more quickly than has occurred. This may be a reflection of the economic environment, which may be limiting exit opportunities for the funds thereby requiring more support from them than in the form of additional funding was anticipated.

USM - SB Assisted (#) (11% over target) - Actual performance exceeds the goals for FY 2009 by slightly more than 10%. The projected goals were based upon the assumption the financings by participating securities licensees would decline somewhat more quickly than has occurred. This may be a reflection of the economic environment, which may be limiting exit opportunities for the funds thereby requiring more support from them than in the form of additional funding was anticipated.

FY 2009 Accomplishments – SBICs

Small Business Investment Companies provided approximately $1.85 billion in financing to almost 1,500 companies in FY 2009. This capital was provided at various stages of the companies' life cycles and included both venture and mezzanine financing. The funding provided by SBICs serves small businesses across the country, is less geographically concentrated, and serves a broader spectrum of industries than is typical in the traditional private equity market.

During FY 2008, the SBA invested heavily in improving the liquidation process and achieved record totals in recoveries. During FY 2009 the focus was turned to the licensing process and significant increases were realized. The number of new licenses issued almost doubled, increasing from 6 to 11. Significant attention was also focused on decreasing the time to license, and a substantive improvement was made for the newer applications. The Agency also implemented an accelerated leverage commitment process for repeat licensees during FY 2009.

The SBA also implemented the Recovery Act provisions relating to the SBIC program, which were incorporated into regulations published during the last quarter of FY 2009. The permanent changes increased the amount of leverage available to both single licensees and to a family of funds under common control. Additionally, over line limits were increased. The changes make the program more attractive to private managers and investors and reduce the administrative burden on both SBICs and SBA personnel. As part of a continued educational effort to attract qualified management teams to the program, the SBA has increased its outreach efforts and issued guidance for business development companies interested in applying for a license.

FY 2010 - FY 2011 Planned Performance – SBICs

The SBA intends to continue focusing on improving customer service, particularly in the areas of licensing, and the ongoing operation of funds on a daily basis. Goals are to reduce processing time for new applications with a particular attention paid to repeat applications. In this respect, the SBA initiated a "fast track" licensing process for subsequent funds from existing licensees. More attention will be paid to reducing the time for new leverage commitments. During FY 2010 and 2011, the SBA will continue to seek methods of contributing to the economic recovery through the SBIC program. In this respect the Agency will consider requests for fund extensions so that licensees can continue to invest beyond their normal investing life. Additionally, the Agency will issue guidance on how previous equity-oriented managers may access the debenture program to enhance their investing activities. With the authority to issue up to $3 billion in leverage commitments, the SBA will seek to enhance program acceptance in the marketplace and increase the number of funds licensed and the amount of leverage issued so as to improve capital access for small businesses.

New Markets Venture Capital Program

The New Markets Venture Capital (NMVC) program combines equity investing and hands-on technical assistance to foster new business growth and job creation in low-income areas. Businesses in these areas have traditionally lacked access to equity capital, and the program is helping to address this need. Through its unique combination of equity capital and no-cost technical assistance, new markets venture capital companies offer entrepreneurs in low-income areas an enhanced opportunity to succeed.

Selected by the SBA through a competitive process, eligible companies are privately owned and managed for-profit entities with a unique perspective regarding the geographic areas in which they invest. They use their own private capital plus debentures obtained at favorable rates with SBA guaranties for investing. They also provide technical assistance to the enterprises in which they invest or intend to invest, using private resources matched by the SBA in the form of operational assistance grants.

FY 2009 Accomplishments

During FY 2009, NMVC companies extended approximately $4.2 million in financing to 24 companies. The continuing reduction in the number and amount of financings reflects the fact that all the NMVC companies are beyond their initial investing periods and are engaged only in follow-on financings and exiting their portfolio.

FY 2010 - FY 2011 Planned Performance

As the NMVC companies have completed their investing period, their focus will be on harvesting their investments. The ultimate success of the program will be greatly determined by the performance of the portfolio companies over the next two to three years. It is too soon to tell how significantly the current economic environment will impact this performance. The SBA will focus its efforts on monitoring the financial health of the NMVC companies and their underlying portfolio.

Management and Technical Assistance

Each year, over a million entrepreneurs and small business owners use the expertise of the SBA and its resource partners - the Small Business Development Centers, the Women's Business Centers and SCORE - to establish or grow a small business. This assistance includes support for developing business and strategic plans, conducting market studies, implementing new technologies, accessing capital, and much more.

In FY 2010 and FY 2011, the SBAs Office of Entrepreneurial Development will continue a customer-focused approach to improving the effectiveness of its management, technical assistance, and counseling programs at all stages of the small business cycle, and referring qualified small businesses to SBA lending and contracting programs.

Small Business Development Center Program

As the SBA's largest non-financing program, Small Business Development Centers meet the counseling and training needs of more than 600,000 business clients annually. SBDCs deliver management and technical assistance to small businesses using an extensive business education network comprised of 63 lead centers that manage nearly 900 service center delivery points throughout the U.S. and the territories. Special emphasis areas include technology transfer and other assistance to high growth companies, defense economic transition assistance, disaster recovery assistance, energy efficiency, veterans' assistance, manufacturing, technology, international trade, and market research and development.

Small Business Development Centers demonstrate a unique mix of SBA funding along with state and private sector resources. By providing grant funding to SBDCs across the country, the SBA fosters the economic growth of small businesses. These small businesses in turn foster local and regional economic development through generation of business revenues, job creation and job retention.

SBDC Program

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
Multi-Year Extended Engagement Clients (#)	Output	N/A*	N/A*	44,242	50,807	55,936	55,000	2%	60,000	60,000
SB Created (#) (1)	Outcome	N/A*	N/A*	7,331	12,730	12,543	6,500	93%	7,500	7,500
Capital Infusion ($ Billion)	Outcome	N/A*	N/A*	3.40	3.60	3.49	2.50	40%	2.50	2.50
Cost per SB Created ($) (2)	Efficiency	N/A*	N/A*	$ 13,810	$ 4,992	$ 5,287	-	-	$ 9,837	$ 9,891

Budgetary Resources	Budgetary Obligations Incurred FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	Budget Requests FY 2010 Request	FY 2011 Request
Total Administrative Resources ($000)	$105,593	$103,007	$101,241	$ 111,481	$ 130,020	$129,428	$ 130,139

*N/A - Not Available

Variance Explanation

Multi-Year Extended Engagement Clients (#) (2% over target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

SB Created (#) (93% over target) - The original projection for Small Businesses Created was implemented before it was measured using the Entrepreneurial Development Management Information System (EDMIS). The FY 2008 and FY 2009 goals were reduced to reflect a more realistic goal based on the data analysis from EDMIS.

Capital Infustion ($ Billion) (40% over target) - Prior to FY 2008, the SBDC program used full program budget dollars to calculate this metric. To better represent the program results, only program funding attributable to assisting nascent entrepreneurs is used in the calculation. This percentage is determined annually by the percentage of the client base that consists of nascent entrepreneurs. In FY 2008, the percentage of nascent entrepreneurs was 57 percent, which has also been applied in developing the FY 2009 and FY 2010 targets. In FY 2009 the percentage of nascent entrepreneus 51

FY 2009 Accomplishments- SBDCs

SBDCs clients started more than 12,700 new businesses in FY 2009. During the same year, SBDC clients invested nearly $3.5 billion of capital in their businesses. SBDC counselors are continually focused on providing greater value to clients by providing quality long-term counseling. In FY 2009, the results from SBA's Longitudinal Entrepreneurial Development Impact Study showed that SBDC clients receiving more than 5 hours of counseling attributed SBDC counseling support to increases in sales, profit margins as well as the hiring and retention of staff.

In FY 2009, the Office of Small Business Development Centers fully implemented the risk management model for financial oversight of the SBDC network. Statutorily, the SBA is required to perform financial and programmatic reviews on a biennial basis. An SBDC's score on the model determines its level of risk and the appropriate extent of oversight necessary, ranging from limited documentation submissions to complete, onsite examinations. The new process is intended to reward those networks that demonstrate good financial management of their funding and encourage others to achieve a higher level of financial performance.

The full implementation of the new financial review process enables the SBA to use its resources more efficiently and focus on the organizations that need additional guidance and/or oversight.

The SBA continues to focus on programmatic oversight re-engineering to monitor the SBDCs with an increased attention on performance management. In FY 2009, site reviews were based more on need, service delivery, and level of performance than on traditional compliance factors.

SBA's Office of International Trade, in concert with OSBDC, conducted the second annual international trade training for SBDC Counselors at the ASBDC Conference. The training focused on improving SBDC counselor's abilities to recognize companies that are ready to export to familiarize them with available assistance resources.

During FY 2009, the SBA successfully implemented two new competitive grant programs required in the legislation: Veterans Services and Assistance; and the Energy Efficiency, Small Business Sustainability initiative. As a result, SBDCs in Nevada, Idaho, New York and Nebraska have developed programs to provide energy audits and train small businesses in achieving energy efficiencies. Small businesses were assisted with: energy usage reports; recommendations to reduce energy use; building audits; return on investment and payback information; securing financing; information on utility incentive programs and other financing options and workshops on green and energy efficiency.

In support of the veteran's business community, the SBA awarded grants to SBDCs in Arkansas, Kentucky, San Antonio, New York and Virginia. These grants have expanded the resource support available to veterans. Recipients have developed websites that link to all available veterans' resources within their respective states and provide online training and webinars targeted specifically to issues that veteran business owner's face.

The SBA continued to provide grants under the portable assistance program. This year grants were provided to 17 SBDCs. These SBDCs created new programs to help entrepreneurs refocus their business efforts and redefine their markets to adapt to the downsizing of major employers or significant job loss as a result of the current economic climate within their existing market area.

In FY 2009, SBA obligated almost $10 million to SBDCs to counsel and train small businesses affected by the unusual severity of disasters in FY 2008. This was in addition to $106 million of regular SBDC grants, bringing the total FY 2009 grant expenditure to $116 million, which is shown on budget table 6.

In FY 2009, the SBA initiated a collaborative effort with two agencies of the Department of Agriculture to support small businesses in rural communities. Concurrently, the Agency began a "business counselor core competency" initiative. Core competencies are being developed and defined in collaboration with the Association of Small Business Development Centers. When completed, this project will address quality assurance across the national network of SBDCs regarding the level of counselor capability and services being delivered to clients

FY 2010 - FY 2011 Planned Performance – SBDCs

FY 2010 – FY 2011 will see improved performance monitoring from the new quality standards for programmatic reviews and financial examinations that were developed and/or implemented during FY 2009. Reviews will assess the economic impact to businesses, i.e., access to capital, assistance provided to businesses leading to an increased number of new business starts, as well as evaluate how the financial deficiencies within the SBDC are addressed and improved.

Recognizing the catalytic role of technology-based and high-growth small businesses, the SBA will encourage SBDCs to attain the status of Small Business Technology Development Center to meet the increasing management assistance needs of this business sector. Additionally, the SBA will increase support to SBDCs seeking to expand their capacity to provide exporting assistance to small businesses.

SBDC networks will be encouraged to increase collaboration with local ethnic groups, immigrant organizations and other stakeholders, as well as to support economic growth of low-and moderate-income communities and rural and underserved populations. Participation at Association of Small Business Development Center conferences and special interest meetings focusing on technology, strategic planning, and service delivery through online resources will highlight this effort.

During FY 2007, new goals were established that center on economic impact rather than program output. FY 2010 will be the year to assess and analyze the program performance measurements, particularly the data on the number of multi-year extended engagement counseling clients (five hours or more), and appraise the value of these measurements as leading indicators of greater economic impact for the program. In its continual evaluation of performance metrics, OSBDC may make adjustments to the performance measures used to drive program results and create greater alignment and cascading of objectives throughout the SBDC program. As a result, new goaling and tracking measures may be established beginning in FY 2011.

The SBA will continue to evaluate the work performed through the special grants for Portable Assistance, Defense Economic Transition Assistance Veterans Services and Energy Efficiency to identify areas of improvement to ensure that they are administered most efficiently. SBA plans to continue its collaborative efforts with other federal agencies such as the United States Department of Agriculture (USDA), Department of Commerce, Department of Energy, and the Department of Labor to provide services to small businesses, promote the most efficient and best use of resources and eliminate or avoid duplication of services.

In FY 2010, the SBDC program will be funded at $116 million, an increase from $113 million in FY 2009. As the ability to obtain credit for small businesses has diminished the past several years, more clients are seeking counseling from SBDCs related to financing, which has stretched the capacity of the SBDC counselor network. The additional $3 million in funding along with the requisite matching funds will provide additional staffing capacity at SBDCs to meet the rising demand for SBDC services.

Drug Free Workplace Program

The Drug Free Workplace program within the Office of Small Business Development Centers requires the SBA to award grants to eligible intermediaries to provide financial and technical assistance to small businesses seeking to establish drug free workplace programs. The grantees are also expected to educate working parents on how to keep their children drug free. As part of the program, the SBA also awards contracts to small business development centers to provide information and assistance to small businesses with respect to establishing drug free workplace programs.

Drug Free Work Place Program

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
SB Educated (#)	Output	5,150	531	2,731	2,280	1,564	1,450	8%	1,500	1,500
Programs Implemented (#)	Output	1,029	62	453	363	356	165	116%	170	170
Cost per SB Educated ($)	Efficiency	$ 201	$2,194	$ 311	$ 476	$ 666	-	-	$ 703	$ 724

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual		FY 2010 Request	FY 2011 Request
Total Administrative Resources ($000)	$ 1,033	$1,165	$ 849	$ 1,085	$ 1,042		$ 1,054	$ 1,086

Variance Explanation

SB Educated (#) (8% over target) - The performance goal w as set at an approximate target level, and the deviation from that level is slight. There w as no effect on overall program or activity performance.
Programs Implemented (#) (116% over target) - It is difficult to predict the number of small businesses that w ill implement a DFWP because a grantee can not force a company to do so. The grantee encourages the company to do so w ith data and anecdotal information.

FY 2009 Accomplishments – Drug Free Workplace

During fiscal year 2009, the DFWP grantees have:

- Financially assisted 1,436 small businesses;
- Technically assisted 1,498 small businesses;
- Assisted small businesses to implement 112 complete drug free workplace programs;
- Assisted small businesses to implement 264 partial drug free workplace programs; and
- Educated 1,564 small businesses.

FY 2010 - FY 2011 Planned Performance – Drug Free Workplace

In FY 2010 and FY 2011 DFWP grantees are expected to educate 1,500 small businesses on maintaining their programs, and SBA anticipates that 170 programs will be implemented.

The SBA will broaden the Drug Free Workplace Program to include preventing illegal drug use in the workplace by identifying those in need of assistance, facilitating access to treatment and providing help to employees re-entering the workforce after treatment.

Additionally, the SBA will encourage grantees: to leverage resources of the workplace for prevention education; to use both public and private workplaces more effectively as education conduits for information about substance abuse prevention; and to disseminate useful prevention information to and through small businesses.

Further, the SBA will collaborate with other agencies (Department of Transportation and Department of Health and Human Services, etc.) with similar targets to leverage resources and minimize competition and duplication of efforts.

Women's Business Ownership

The Office of Women's Business Ownership has management and oversight authority of the Women's Business Center program. The program's mission is to provide quality counseling and training services to all entrepreneurs, primarily women, especially those who are socially and economically disadvantaged. The program does this by reaching out to targeted populations of would-be entrepreneurs through more than 110 local organizations that host the WBCs. Located throughout most of the U.S. and its territories, the WBCs exist to help start and grow small firms in the local area in which they serve and to stimulate economic growth. The WBCs provide training and counseling on a vast array of topics, from how to write a business plan to programs specifically for veterans. Many WBCs provide multilingual services and a number offer daycare services, allowing for mothers with children to attend training classes. The WBC program also accommodates the needs of women by maintaining business hours on weekends and evenings.

The WBC program provides initial grants for a five-year period to non-profits and other organizations that can demonstrate capability to operate a successful WBC project and that can provide a match for the federal funds received. The program previously gave those entities, which successfully completed this initial funding phase, an opportunity to receive what were called sustainability grants for an additional five years. However, in 2007, Congress passed a law providing for permanent three-year renewable funding for all WBCs that have successfully completed the initial phase or the sustainability phase. Because of the permanent three-year funding, the sustainability grants will be phased out in two years, leaving the initial five-year grants and the continuous three-year renewable option.

WBC grants are awarded depending on the availability of federal funds and on recipients' ability to demonstrate real success, including milestone achievement, sound grant management practices (both financial and programmatic), sound financial systems, ability to meet match requirements, successful market penetration in their target market, alignment with their host organization's mission, and being in compliance with their cooperative agreement as outlined by the Office of Women's Business Ownership.

WBC Program

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
SB Assisted (#)	Output	144,316	129,373	146,828	159,879	155,383	135,000	15%	135,000	135,000
SB Created (#) [1]	Outcome	N/A*	N/A*	618	727	727	618	18%	618	618
Cost per SB Assisted ($)	Efficiency	$ 163	$ 170	$ 139	$ 142	$ 143	-	-	$ 174	$ 177

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual		FY 2010 Request	FY 2011 Request
Total Administrative Resources ($000)	$ 23,555	$ 22,033	$ 20,432	$ 22,744	$22,166		$ 23,525	$ 23,957

[1] Prior to FY2007, the SBA collected the number of Jobs Created/Retained from the WBCs through annual reports for which SBA had no way to verify the data. The SBA now collects the information through EDMIS which is tied to the form 641 counseling records for each counseling session. While this number does not include impact data from training, it is an accurate reflection of the impact from counseling.

Variance Explanation

SB Assisted (#) (15% over target) - WBCs report that the current economic climate has prompted more women to seek assistance to start/manage their own businesses. The WBC program exceeded its 2009 goals for SB assisted and SB created due to this increase in demand.

SB Created (#) (18% over target) - WBCs report that the current economic climate has prompted more women to seek assistance to start/manage their own businesses. The WBC program exceeded its 2009 goals for SB assisted and SB created due to this increase in demand.

FY 2009 Accomplishments – WBCs

Increased compliance — In FY 2009, the SBA determined that an unacceptably high level of non-compliance was prevalent among the existing WBCs. To remedy this situation, the Agency planned and executed nine SBA regional retreats for WBC and SBA field staff, providing comprehensive training and procedural review. These two-day trainings were held in Seattle, Atlanta, New York, Philadelphia, Denver, San Antonio, Chicago, and Los Angeles. The training retreats were vital to addressing the non-compliance issues. The result was an across-the board communication of requirements and expectations for the organizations that obtain a WBC grant.

The SBA began a thorough financial examination of the WBC portfolio. In 2009, 11 WBCs were reviewed by an independent accounting firm to assess financial risk and to take corrective actions. These actions will enable centers to have a strong financial base upon which to manage growth in service delivery.

Managed growth — The SBA positioned itself to continue a strategy of managed growth for the WBC projects in order to bring about compliance to strengthen those WBCs already in existence. The economic downturn caused several WBCs to close in FY 2009, while a number of others had their host organizations dissolve or were terminated for financial mismanagement. In total, 10 WBCs left the program for these reasons in FY 2009. Due to the availability of funds related to these closures, as well as a slightly larger appropriation, the SBA issued an RFP for new WBC projects in all eight states and territories that did not have such services. The new organizations that host WBCs were required to undergo a financial examination upon completion of programmatic and cost reviews of their proposals before they were incorporated into the program. This is the first time that the SBA has had funds available for the legislated mandate to conduct pre-award financial reviews of the applicants.
The SBA issued a work plan for continued funding of over 80 existing WBCs, which are in option years that were received on July 1, 2009. Each work plan consisted of a new detailed budget for the upcoming year as well as program milestones to be achieved, among other items. The SBA instituted an overall goal of 135,000 business clients to be counseled and trained in FY 2010. Goals were initially negotiated between each WBC and their local SBA district office. These were submitted to OWBO for review and analysis and then incorporated with the proposals and work plans for the WBC projects.

Grant management — The SBA completed the migration to the Department of Health and Human Service's payment management system for optimizing grant and disbursement payment management and transparency. This system enables each WBC to request quarterly advances of grant funds, except the fourth quarter which was a reimbursement. The structure allows for overnight payments with proper reconciliation of all accounts after each of quarter.

FY 2010 - FY 2011 Planned Performance - WBCs

In FY 2010 - FY 2011, the SBA intends to continue its efforts to ensure that the WBC portfolio retains the highest of performance standards. The Agency will use the requested funds for numerous financial examinations to be conducted by a contracted CPA firm. The funds requested in the budget will be used to continue these exams that will ensure the SBA's ability to guarantee the soundness of the WBC system.

In FY 2011, the HHS system will begin its third full year of operation, which should greatly reduce the knowledge gap and training needs of WBCs. This will allow staff to better focus on the performance management and oversight of the WBCs, building relationships with the WBC program directors as well as the SBA's district office technical representatives. The overall objective is to put the grants function aside as an operational system and to once again become more focused on delivery of services.

Also in FY 2011, the Office of Women's Business Ownership will be integrally involved with initiatives such as the President's Council on Women and Girls. Because of the compliance work done in the past three years, the WBCs should be in a position of accelerated visibility. The SBA will be able to lead all other federal agencies as the hub for business resources for women.

The SBA will continue to augment its WBC secure website with improved functionality for forms, worksheets and other necessary information for compliance for both WBCs and district office technical representatives, as well as structured guidance on how to use each. The site will be further enhanced as a grants management clearinghouse for information from the SBA, including recordings of conference calls, information notices and others items of interest.

For FY 2010-2011, Congress allocated $14 million for the Women's Business Center program. This modest increase will move the WBCs closer to the full level of funding for all the centers.

Regional Innovation Clusters

Creating sustainable job growth is a critical priority for the Administration. The development of regional innovation clusters, "a geographic concentration of interconnected businesses, suppliers, service providers and associated institutions in a particular field" has been identified as an innovative, "bottom-up" approach to building entrepreneurial and sustainable industries throughout the U.S.

Small business communities often struggle to find, understand and leverage the myriad of potential research partnerships, public programs, and industry opportunities that could jump-start or catalyze their growth to greater profitability. Concurrently, these same communities struggle to support, retain and grow specialized entrepreneurial talent that results in prosperity, job creation and economic growth.

FY 2009 Accomplishments – Regional Innovation Clusters

The SBA successfully partnered with small business suppliers working in the field of robotics in Michigan's hard-hit automotive industry. This cluster created a roadmap and has begun to review proposals to develop new technologies in fields such as unmanned vehicles. This cluster's development also involved bringing together these small business owners with procurement officers from the Department of Defense in order to help meet the military's robotics needs.

In FY 2010, the SBA has also been involved in the rollouts of two additional clusters: another robotics cluster in Southeast Virginia and a cluster involving a partnership with the Department of Energy and several other federal agencies with the goal of developing a regional cluster in energy efficiency for homes and businesses.

FY 2010 – FY 2011 Planned Performance – Regional Innovation Clusters

Building on SBA's experience in helping establish clusters in FY 2009 and FY 2010, the SBA requests $11 million for a public-private partnership entrepreneurial education initiative that will develop successful public private partnerships to create regional innovation clusters that create and sustain an environment for small business growth.

This funding will be used to establish a competitive grant program that will provide incentives for self-organized, market-driven regional cluster projects. Successful proposals will include public-private partnerships made up of economic and entrepreneurial development programs, business and industry partners and training initiatives that demonstrate high growth potential through industry-specific collaborations and focus.

These projects will ultimately create an environment and roadmap for entrepreneurial education and support that eliminates resource silos and creates a path for targeted small business innovation, investment and growth.

Entrepreneurship Education

The Office of Entrepreneurship Education is the learning, information and outreach office for the Office of Entrepreneurial Development. It manages the national SCORE program, the Small Business Training Network, and other specialized initiatives including annual oversight of the *Impact Study of Entrepreneurial Development Resources*. The SBA conducted the sixth year of this longitudinal impact study to assess the continued impact of resource partner (Small Business Development Centers, SCORE, Women's Business Centers) counseling services.

The study examined three key indicators of success: (1) client value-added measures which measure the client's perception of the service provided; (2) managerial and marketing operations/implementation measuring the extent the client implemented changes to their managerial and marketing operations; and (3) economic impact measuring the change in the client's business revenue and employment based on the face-to-face counseling received, and new business starts.

Findings show that SBA resource assistance positively impacts business growth with increases in profit margins, retention of current staff, and increase in sales of 26 percent. Further, survey respondents noted that assistance improved management practices in three critical areas of business growth and sustainability: business plan, marketing plan, and cash flow analysis.

SCORE

According to the SBA's FY 2007 and FY 2008 Annual Performance Reports, SCORE's cost to assist an individual business was $29, representing a return on investment leveraged by over 1 million donated service hours by nearly 11,000 working and retired volunteer business professionals. SCORE serves entrepreneurs with in-person mentoring and nearly 7,000 local training workshops. Online, there have been over 2 million web visitors to www.score.org.;

The SCORE volunteers provide experience, expertise and commitment to specific management topics and local workshops meeting market needs. The annual appropriation provides the infrastructure such as equipment and leases; technology; management systems; volunteer recruitment, training and support; and marketing materials and course development necessary for a successful online volunteer provider network.

All SCORE chapters must meet standards for leadership and planning, community relationships, and chapter excellence based on quality of counseling and professionalism of workshops and seminars. Volunteers must sign a Code of Ethics and Conduct renewable annually. All volunteers undergo training tailored to the specific skills for which they are recruited.

SCORE

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
SB Assisted (#) [(1)]	Output	403,724	308,710	336,411	360,559	380,357	349,867	9%	349,867	349,867
SB Created (#) [(2)]	Outcome	N/A*	N/A*	1,082	943	931	1,082	-14%	1,082	1,082
Cost per SB Assisted ($)	Efficiency	$ 46	$ 55	$ 29	$ 29	$ 23	-	-	$ 32	$ 32

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual		FY 2010 Request	FY 2011 Request
Total Administrative Resources ($000)	$ 18,507	$ 16,932	$ 9,799	$ 10,586	$ 8,922		$ 11,135	$ 11,209

*N/A - Not Available

(1) In FY 2006 SCORE implemented new ED client definitions. The number of distinct clients counseled and trained in FY2006 w as the baseline for future goals. The elimination of reporting ongoing clients resulted in few er reported counseling and training activities.

(2) In the FY 2009 CBJ and the FY 2010 OMB Submission, the target (for the FY 2007 Actual and the FY 2008 Goal) w as incorrectly identified as 19,732. That number did not represent Small Businesses Created. Corrections have been made to the FY 2007 Actual and the FY 2008 Goal to reflect the correct actual and goal of 1,082.

Variance Explanation

SB Assisted (#) (9% over target) - The performance goal w as set at an approximate target level, and the deviation from that level is slight. There w as no effect on overall program or activity performance.

SB Created (#) (-14% under target) - The SBA continues to examine this goal based on acheivements since it w as first established in FY2007. Economic conditions during FY2009 also impacted a number of aspiring entrepreneurs w ho decided against starting their ow n business. The SBA is w orking w ith SCORE to increase outreach and assistance to potential start-up firms.

FY 2009 Accomplishments - SCORE

SCORE continues to meet and exceed expectations for client delivery and volunteer excellence. In addition to its core competency of face-to-face counseling, SCORE has introduced several innovative resources for business owners. Small business disaster preparedness was addressed in disaster planning workshops in 8 locations across the country. Additions to the website include: a feature titled "Small Business Community," an online advice and networking resource with new experts monthly; a new workbook in English and Spanish titled "How to Really Start a Business,"; and continued in 2009 the national Speed Coach Test Drive series in communities across the country for coaching, networking, tools, advice and resources.

SCORE's Women's Success blog won the 2009 Interactive Media Award for Outstanding Achievement. In addition to a presence on the Twitter and Facebook networks and adding its own "Small Business Community" network, SCORE's website introduced new features to help small businesses combat the economic down turn. These included "Accelerate your Small Business," and "Live Your Dream: Start Your Biz."

FY 2010 - FY 2011 Planned Performance - SCORE

The Office of Entrepreneurship Education is working with SCORE to review their FY2010 performance indicators and goals. The budget will allow SCORE to aggressively focus on client service and expansion, market penetration, quality client metrics and measures. The agency will develop new technologies to enhance services to both the small business client and the SCORE volunteer business advisor such as: website redesign to provide more online counseling and training workshops a single portal for clients to track their business progress and centralized access to all SCORE services; client management system modernization which would track clients across multiple services and geographic locations and begin the development of a national online client scheduling system for mentoring services. SCORE will also begin the development of a counselor certification process and creation of a standardized counseling methodology.

Emerging Leaders (formerly Emerging 200)

FY 2009 Accomplishments - Emerging Leaders

In FY 2009 the Office of Entrepreneurship Education developed, implemented and directed the active participation of multiple program and field offices to expand the Emerging 200 underserved initiative in five new cities, to provide intensive and comprehensive executive training over a six month period. This prototype focused on next level growth in the area of increased revenue, business sustainability, access to government contracting and peer-to-peer mentoring for senior level executives of emerging firms located in inner cities.

Additionally, the office delivered a second round of training for new participants in each of the 10 original FY 2008 sites, for a total of 15 cities nationwide. Social and economic impact indicators for the graduated class of FY 2008, composed of businesses in Boston, Atlanta, Memphis, Albuquerque, Chicago, Baltimore, Milwaukee, Des Moines, New Orleans and Philadelphia, show that 63 percent of the companies hired new employees of which 43 percent were hired from the local inner city community; 55 percent of the businesses increased revenue; and 36 percent obtained government contracts. Demographics show 62 percent of participants were minorities and 12 percent were first generation Americans.

FY 2010 – FY 2011 Planned Performance - Emerging Leaders

To continue this program and build on its success, $3 million is requested for a broader “Emerging Leaders” program, based on the e200 success. This program will involve establishing a consistent and proven training program based on the best practices that have been under development. Also, it will involve strategic recruitment of firms that are poised for growth, innovation, job creation, and economic impact, including those involved in SBA’s Business Development programs.

The Emerging Leaders curriculum will be led by expert trainers, counselors and mentors who help entrepreneurs explore a number of strategies for growth, such as opportunities in exporting, opportunities in government contracting, leveraging new technologies, business-to-business networking, venture capital opportunities, and more.

Small Business Training Network

The Small Business Training Network (SBTN) improves the economic environment for small businesses by using the Internet and other electronic applications to serve customers efficiently and effectively. SBTN works with multiple program offices to offer targeted online training. Such collaborations have been very effective in increasing the number of SBTN training clients and supporting specific offices.

FY 2009 Accomplishments – SBTN

The Small Business Training Network exceeded its internal performance goals for the number of registrations for online courses, with over 600,000 participants. This represents an increase of greater than 10 percent from the 542,638 participants using SBTN in FY 2008. Six new courses/briefings were added to the catalog of offerings, and multiple other offerings were improved. New courses included focused training to help small businesses in the slowing economy. Other new training helps users to understand and benefit from Recovery Act initiatives, such as revisions to SBA financing programs and new contract opportunities. In addition, SBTN assessment tools, designed to evaluate needs and direct clients to appropriate training and resources, continue to grow in popularity with approximately 1,000 entrepreneurs using the online tools each day.

FY 2010 - FY 2011 Planned Performance – SBTN

SBTN will continue to feature targeted training to support SBA program offices, resource partners, and most importantly, small business clients. Continuous electronic improvements are planned, especially in the area of client assessments, use of the social web and the development of focused training to support industry and demographic clusters. In addition, the expanded training environment will include a coordinated online library that will feature electronic workbooks that support the training.

Financial Literacy

FY 2009 Accomplishments – Financial Literacy

The Office of Entrepreneurship Education serves as the Agency's representative on the Federal Financial Literacy and Education Commission. The SBA supported the principal duties of the commission by encouraging government and private sector efforts to promote financial literacy through strategic partnerships. The Agency launched a national financial education website to provide a point of entry for small businesses on financial literacy resources and which is linked to the FLEC MyMoney.gov website.

FY 2010 - FY 2011 Planned Performance – Financial Literacy

In FY 2010 – FY 2011 a webinar series, targeted to assisting small businesses retain workers in a down economy utilizing financial literacy education, will be launched. The SBA will also engage finance education organizations in strategic alliances to develop new content geared toward entrepreneurs. The Agency's continued representation on the Financial Literacy commission will also leverage inter-governmental resources and materials to assist small businesses with money management issues.

7(j) Program

The SBA is authorized, under Section 7(j) of the Small Business Act, to enter into grants, cooperative agreements or contracts with public or private organizations that can deliver management or technical assistance to individuals and enterprises eligible for assistance under the Act. This assistance is delivered through the 7(j) Management and Technical Assistance program to 8(a) certified firms, small disadvantaged businesses, businesses operating in areas of high unemployment, or low income or firms owned by low income individuals.

Under the 7(j) program, grants, cooperative agreements or contracts are awarded to qualified service providers who have the capability to provide business development assistance to eligible clients. Program funding is not available to finance a business, purchase a business or use as expansion capital for an existing business.

Assistance under the 7(j) program may be given for projects that respond to needs outlined in a solicitation announcement or for an unsolicited proposal that could provide valuable business development assistance for 8(a) and other socially and economically disadvantaged small businesses. Assistance may include accounting and marketing services, feasibility studies, marketing/presentation analyses and advertising expertise, loan packaging, proposal/bid preparation, industry specific technical assistance, and other specialized management, training and technical services. Additionally, an executive education program is offered for owners and senior officers of 8(a) firms to take part in intensive week-long training sessions.

7(j) Program

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
SB Assisted (#)	Output	2,107	2,317	2,486	2,021	2,865	2,289	25%	2,400	2,400
Cost per SB Assisted ($)	Efficiency	$ 1,479	$ 988	$ 1,344	$ 2,356	$ 1,703	-	-	$ 2,742	$ 2,801

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual		FY 2010 Request	FY 2011 Request
Total Administrative Resources ($000)	$ 3,116	$ 2,289	$ 3,340	$ 4,761	$ 4,880		$ 6,580	$ 6,723

Variance Explanation

SB Assisted (#) (25% over target) - The variance is a direct result of the acquisition strategy used that resulted in a more successful course enrollment.

FY 2009 Accomplishments – 7(j) program

During FY 2009, the SBA continued to provide technical assistance to over 2000 8(a) firms and other 7(j)-eligible businesses. The individual training provided business management development so the firms can be more competitive in the federal marketplace. The classroom training included: Cost Pricing Levels I and II; Financial Management for Small Businesses; and Managing Success in the 8(a) Business Development Program, Parts 1 and 2. In addition, 100 8(a) firms received active international trade leads and the necessary technical assistance to negotiate international trade contracts.

FY 2010 – FY 2011 Planned Performance – 7(j) program

During FY 2010 and FY 2011, the SBA will provide business management technical assistance to 8(a) firms and other 7(j)-eligible firms. The SBA will ensure that 7(j) funds are used to provide targeted training to 8(a) firms in both the developmental and transitional stages of the program. As has been the case for several years, 7(j) training continues to be conducted by contractors at locations throughout the country to ensure the training is available to as many program participants as practicable. In 2010 the number of firms participating in the international trade initiative will be expanded from 100 to 200 8(a) firms in order to increase the competitiveness of those firms interested in exporting opportunities. Firms will be able to access real time international trade leads and, with 7(j) international trade technical support transitions, leads to contracts.

In 2010 the Agency will provide a publication that will be given to approximately 4000 7(j) eligible firms that did not receive a federal contract in FY 2009. This publication will increase the knowledge of how to do business with the federal government in order to optimize their contracting opportunities.

In 2010, the Agency will establish a web conferencing series that will provide an online resource to obtain direct business development advice from key business development resources including the Office of Government Contracting and Business Development's management team.

In addition, the Agency intends to expand technical assistance by providing individualized counseling for 8(a) firms that have unique business development requirements. The purpose of this training is to ensure that all of the 8(a) firms receive the needed training in order to maximize their individual business management development needs.

Native American Affairs

The Office of Native American Affairs (ONAA) is charged with assisting American Indians, Alaska Natives, Native Hawaiians and the indigenous people of Guam and American Samoa. SBA loan guaranties and technical assistance services are available to members of these groups living in urban areas and certain rural communities. For Native Americans living in much of Indian Country, actual reservation communities where the land is held in trust by the U.S. federal government, SBA loan guaranties and technical assistance services are not available.

ONAA's goals are: (1) to increase financial literacy across a broad section of the community and to educate internally on the roles of tribal governments; (2) to formulate an SBA-specific tribal consultation policy to engage with tribally run economic development branches; (3) to conduct a Native American veterans' outreach initiative to increase the utilization of patriot express and counseling services, and; (4) to conduct an in-depth market research analysis to fine tune marketing efforts ending in a comprehensive communications plan to reach the target market with the end goal being a measurable increase in the use of all SBA tools with particular emphasis on loans and contracting.

FY 2009 Accomplishments – Native American Affairs

Tribal Self Assessment Tool —- The Office of Native American Affairs worked with a contractor to help develop and pilot a Tribal Self Assessment Tool (TSAT). The SBA completed the final phase of TSAT training. The tool has been developed from numerous resource partners including federal agencies, not-for-profits, tribes and tribal organizations. Continuing initiatives include conducting TSAT workshops to train designated tribal members across Indian Country.

Interagency agreement —- The Office of Native American Affairs entered into an interagency agreement supported by a memorandum of understanding with the Environmental Protection Agency for the purpose of developing a training program for SBA employees on working effectively with tribal governments.

Co-sponsorship agreement —- ONAA also entered into a co-sponsorship agreement with the American Indian Alaska Native Tourism Association for the purpose of supplying information on SBA programs and services to Native American entrepreneurs during the 10th Annual American Indian Tourism Conference.

FY 2010 – FY 2011 Planned Performance – Native American Affairs

The Office of Native American Affairs will continue outreach to American Indians, Alaska Natives, and Native Hawaiian groups and individual entrepreneurs. Outreach will continue to promote entity-owned and individual 8(a) certification, government contracting, entrepreneurial education, and capital access. ONAA will advance a pilot for tribal college "technology transfer," kick-off a Native American-focused iteration of the successful e200 (now "Emerging Leaders") program and solicit additional projects to assist start up entrepreneurs. ONAA will also focus on Native American Veteran entrepreneurship through training and education projects.

ONAA plans to engage shareholders on next steps for the complete delivery of the TSAT to the tribal community for utilization and ownership of the pilot to the private sector for further development evaluating various organizations including non-profits, universities, and the private sector that can further refine and train tribal communities on the use of the tool.

ONAA will be entering into interagency agreements with the Department of Interior's Office of Indian Energy and Economic Development to assist in Native procurement and technical assistance training throughout 2010. Additionally, the SBA will enter into an interagency agreement with the Department of Treasury's Native CDFI program to align and coordinate the delivery of Agency products and services.

This year ONAA will be cosponsoring a variety of events including the well-attended Reservation Economic Summit. ONAA will also engage dialogue with the Native constituency regarding tribal consultation policies and will update the Agency's standard operating procedure to ensure full and open dialogue with tribal leadership.

With the increase in funding for FY 2010, ONAA will be able to cosponsor five additional events, up from one in FY 2009, and expand the technology transfer program to additional tribal colleges and technical serving institutions (from two to four).

Veterans Business Development

Through its Office of Veterans Business Development (OVBD), the SBA promotes veterans' small business ownership by conducting comprehensive outreach, through program and policy development and implementation, ombudsman support, coordinated Agency initiatives, and direct assistance to veterans, service-disabled veterans, Reserve and National Guard members, and discharging active duty personnel. This is accomplished through: SBA district offices; OVBD-developed and distributed materials; websites; partnering; management of regional Veterans Business Outreach Centers; direct guidance and assistance to Agency veteran customers; inter-agency assistance with federal partners; and through enhancements to intra-agency programs used by the military and veteran communities.

Veterans Affairs

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
Veterans Assisted (#)	Output	26,145	26,597	66,045	93,545	122,901	75,000	64%	80,000	80,000
Customer Satisfaction (%)	Outcome	88%	88%	84%	85%	89%	89%	0%	89%	89%
Cost per Veteran assisted ($)	Efficiency	$ 74	$ 135	$ 63	$ 54	$ 43	-	-	$ 96	$ 98

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual		FY 2010 Request	FY 2011 Request
Total Administrative Resources ($000)	$ 1,943	$ 3,590	$ 4,181	$ 5,012	$ 5,230		$ 7,644	$ 7,849

Variance Explanation

Veterans Assisted (#) (64% over target) - OVBD exceeded its FY 2009 goal of assistance to veterans by 64%. This increase is attributable to several factors, w hich included adding three Veteran Business Outreach Centers (38% increase), expanding the District Office Outreach Initiative, and special initiatives w ith the Department of Defense and the Department of Labor regarding veteran entrepreneurship. In general; how ever, our continued aggressive program approach to comprehensive outreach appears to be generating improved performance metrics.

FY 2009 Accomplishments - Veterans

OVBD enhanced veteran, service member and reservists' business ownership opportunities through a variety of activities. The total number of veterans counseled and trained during FY 2009 was 184,140 of which 122,901 resulted from OVBD-directed program initiatives and activities. The associate administrator conducted 35-40 major media interviews to increase public awareness of SBA programs and services. E-based assistance was provided to an additional 3,326 veterans and reservists seeking entrepreneurial, financial and procurement guidance and direction. Email requests are instrumental in identifying specific assistance needed by veteran, service-disabled veteran and Reserve component members. In response, the Agency developed a PowerPoint module on DOD Procurement Technical Assistance Centers for use in presentations and district office outreach and training events, and OVBD developed a service-disabled veteran federal procurement officer "letter packet" for use in securing enhanced procurement opportunities in the federal marketplace. OVBD provided 207 public presentations and training events to enhance veterans' understanding of and access to SBA programs and partners to improve access to broader federal procurement opportunities, initiatives, and programs for veterans and for service-disabled veterans. The SBA also referred veterans to SBA district offices and resource partners for locally based training, workshops and assistance.

OVBD continued distribution of requested veteran's entrepreneurial resource material "kits" to state offices of the DOD National Committee for Employer Support of the Guard and Reserve, to DOD military family support centers, to state National Guard Adjutants Generals, to state departments of veterans affairs, to all SBA program and partner offices, and to 71 veterans service organizations. In FY 2009 more than 50,000 "kits" were requested by and distributed to resource partners nationwide.

OVBD produced and distributed the *VETGazette* to more than 8,100 veterans, Agency employees and veteran's organizations. These publications provide timely information on federal procurement opportunities and other programs for veterans and transitioning active duty personnel.

OVBD expanded its district office veterans outreach initiative whereby the Agency assists district offices to pay costs associated with various outreach activities, training events and conferences for veterans to start, grow or restart small business concerns. In FY 2009, OVBD provided $62,713 to 26 SBA district offices for this targeted outreach, coordination and assistance. Through this initiative, and through OVBD material-supported (but not funded) initiatives, the veteran business development officers build relationships with and coordinate outreach and training with hundreds of local partners. With an anticipated investment of less than $2 per veteran, in FY 2009, the SBA reached 36,031 veteran entrepreneurs or a 94.3 percent increase over the FY2008 accomplishment through this initiative.

OVBD hosts, funds and manages the Advisory Committee on Veterans Business Affairs which serves as an independent source of advice and policy recommendations to Congress, the President, the SBA Administrator, the Associate Administrator for Veterans' Business Development and other U.S. policymakers.

The OVBD-funded Veteran Business Outreach Centers conducted their fifth annual Customer Satisfaction Survey in FY 2009. The centers surveyed two percent of the total veteran customer population. The FY 2009 survey revealed that 89.3 percent of the clients using the centers were satisfied or highly satisfied with the quality, relevance and timeliness of the assistance provided. Clients evaluating the centers gave 89.3 percent ratings for the training programs provided and 89.3 percent ratings for program evaluation. In FY 2009, the number of centers was increased from five to eight and provided counseling assistance, training and directed referrals to veteran and reservist entrepreneurs nationally.

In FY 2009, OVBD continued to dedicate resources to enhance procurement opportunities across the federal marketplace, especially for service-disabled veteran-owned small business and veteran-owned small business. In implementing the requirements of the Presidents Executive Order No.13360, OVBD provided 165 one-on-one counseling to veteran-owned businesses and 1,905 group training sessions to SDVOSB's and other agency contracting officers to increase procurement opportunities for SDVOSB's.

OVBD outreach, coordination, ombudsman responsibility and program and policy development resulted in near record numbers (approximately 200,000) of veterans, service-disabled veterans, reservists, discharging service members, their family members, and external program partners using SBA services and programs in FY 2009.

FY 2010 - FY 2011 Planned Performance

For FY 2010 – FY 2011, the SBA plans to continue making special efforts to reach and inform veterans, service-disabled veterans, Reserve component members, and discharging service members about the availability of all business counseling, training, lending and contracting programs available from federal and state governments, and from private sector partners. An integral part of the operating and performance plan will be implementing Public Law 110–186, the Military Reservist and Veteran Small Business Reauthorization and Opportunity Act of 2008. This public law is designed to improve and expand small business assistance for veterans of the armed services, including military reservists. In addition, during FY 2010 and FY 2011 OVBD will continue to develop and distribute information guides and educational packages such as the veteran's resource guides, service-disabled veteran-owned business owners' procurement fact sheets, pre- and post mobilization business planning guides, women veteran resources, Military Reservist Economic Injury Disaster Loan fact sheets and other targeted program fact sheets, PowerPoint presentations, and the *VETGazette* electronic newsletter.

The Agency is continuing to implement Public Law 110-186, which was passed in February 2008 to expand outreach and develop small business assistance programs for veterans of the armed forces and military reservists. Implementation actions include:

- A plan to expand the number and location of Veteran Business Outreach Centers in FY 2010, as well as their scope of assistance and services.

- Working to establish an interagency task force comprised of federal agencies and veteran organizations and military organizations to coordinate administrative and regulatory activities to improve access to capital, improve capacity, improve training and counseling services and improve federal contracting goal achievements for veterans and service-disabled veterans. This mandate will be initiated in FY 2010 and continued in FY 2011.

- Working with the SBA Advisory Committee on Veteran Business Affairs in FY 2010 to develop a long-term strategic plan to support veteran and reservist small business owners for FY 2011.

- Developing a site on Business.gov to provide comprehensive access to any veteran or reservist seeking information regarding the full range of government related resources supporting successful veteran entrepreneurship, including Department of Labor transition assistance programs and workshops nationwide.

- Coordinating with and continuing to assist the Office of Small Business Development Centers to implement their grant-based veterans' assistance and services program and the Office of Native American Affairs to implement Native American veterans outreach.

- Continuing and expanding the SBA district office veterans outreach initiative in FY 2011 to more district offices, using OVBD-developed materials and expanding OVBD funding to this highly successful initiative.

- Developing and distributing more "program tools" in FY 2011 in support of achieving the three percent federal procurement goal for service-disabled veteran owned small businesses and best efforts goal for veteran owned small businesses.

- Working with Agency partners in FY 2011 at the Departments of Defense, including coordination with the Secretary of Defense Yellow Ribbon Reintegration Program, the National Committee for Employer Support of the Guard and Reserve, the Department of Labor Assistant Secretary for Veterans Employment and Training Advisory Committee on Veterans Employment, Training and Employer Outreach, the Department of Veterans Affairs Vocational Rehabilitation and Employment and Office of Small Disadvantaged Utilization to ensure that veterans, disabled veterans, reservists, service members and their spouses are aware of and have access to the full range of SBA programs and services and the Department of Veterans Affairs "Vets First Contracting Program".

- Expanding SBA's outreach in FY 2011 to and in cooperation with university-based veteran's entrepreneurial training programs, student veteran groups and emerging networks of recently discharged veterans using GI Bill benefits. For instance, in early FY 2010, the Agency entered into a cooperative agreement with Syracuse University for *The Entrepreneurship Bootcamp for Veterans with Disabilities*, which is designed to leverage the skills, resources, and infrastructure of higher education to offer cutting edge experiential training in entrepreneurship and small business management.

- Expanding the VBOC program and conducting a study on the gaps in availability of VBOC's consistent with PL 110-186. For instance, the FY 2010 non-credit appropriation for OVBD was $2.5 million, which represented an increase of $1.2 million above the FY 2009 funding level. Accordingly, consistent with the FY 2010 Omnibus Budget and the mandate of PL 110 186, Section105, a program announcement will be posted in grants.gov during the second quarter of FY 2010 to solicit proposals from interested parties to participate in the VBOC Program. In FY 2011, it is expected that the VBOC program will remain at the $2.5 million level

OVBD will continue to use and explore potential strategic alliances with other federal government, state government, private and not-for-profit partners to help reach the millions of veterans, reservists, active military personnel and their spouses, including already successful veteran business men and women.

Contracting Assistance

The strength of the nation's economy is fortified when competitive and innovative small businesses are able to participate in the federal marketplace and provide solutions to the many challenges facing the federal government. The SBA works to increase the breadth and strength of the national industrial base and the number of jobs supported by the small business sector through its federal contracting programs. The Agency assists other agencies in utilizing the skills and capabilities of small business, while helping small businesses to grow stronger through federal contracting opportunities. The SBA works with federal agencies to help ensure that 23 percent of all eligible federal government prime contracting dollars go to small businesses. The SBA works with federal agencies to help ensure that 23 percent of all eligible federal government prime contracting dollars go to small businesses.

The SBA provides contracting assistance through its prime contracting and subcontracting assistance programs, as well as its business development program. While each GCBD program has a very different objective, the programs' missions complement one another.

8(a) Program

The SBA 8(a) Business Development program was created to assist eligible small disadvantaged business concerns to compete in the American economy through business development. An applicant firm must: (1) be a small business; (2) be unconditionally owned and controlled by one or more socially and economically disadvantaged individuals who are of good character and citizens of the United States; and (3) demonstrate potential for success.

8(a) Program

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
SB Assisted (#)	Outcome	9,458	9,600	9,536	9,122	8,854	9,363	-5%	9,457	9,457
Cost per SB Assisted ($)	Efficiency	$ 3,319	$ 3,081	$ 4,320	$ 5,678	$ 5,925	-	-	$ 6,531	$ 7,024

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual		FY 2010 Request	FY 2011 Request
Total Administrative Resources ($000)	$ 31,387	$ 29,582	$ 41,191	$ 51,795	$ 52,458		$ 61,765	$ 66,423

Variance Explanation

SB Assisted (#) (-5% under target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

FY 2009 Accomplishments – 8(a)

The Agency's Strategic Goal One was enhanced with the deployment of the 8(a) Business Development program. The average application processing time for the 8(a) program has been reduced to 74 days, which is within the statutory requirement of a 90-day turnaround.

As part of the Agency's Strategic Goal Four, the Agency submitted to the Office of Management and Budget 8(a) regulation improvements which would make a number of changes in the operations of the 8(a) program.

In an effort to ensure greater oversight as it relates to 8(a) contracts awarded by procuring agencies, the Office of Business Development executed revised partnership agreements between the SBA and 41 procuring agencies to clarify roles and responsibilities.

FY 2010 - FY 2011 Planned Performance – 8(a)

The SBA will continue to ensure that small businesses continue receiving long-lasting business development opportunities, ensure that internal controls and processes are in place to optimize program efficacy, and to provide training opportunities using both internal and external resources to develop skills which increase quality and productivity of staff and management capabilities of managers.

During FY 2010 and FY 2011 the Agency will expand and improve the delivery of business management development assistance to 8(a) program participants by enhancing the Business Development Management Information System to track business development assistance provided to individual 8(a) firms.

The SBA will also provide training to all business development field staff to ensure they have the tools available to service their 8(a) portfolio. The training is coordinated with the Office of Field Operations and is conducted on a monthly basis.

Prime Contracting and Subcontracting Assistance

The SBA works to create an environment in which small businesses – including businesses owned and controlled by socially and economically disadvantaged individuals, women, veterans (including service-disabled veterans), and small businesses located in HUBZones – can maximize participation in federal government prime and subcontracting. The SBA advocates on behalf of small business in the federal contracting world and administers several programs and services that assist small businesses in meeting the requirements to receive government contracts, either as prime contractors or subcontractors.

Prime Contracting Program

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual (1)	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
Fed Contract Dollars Awarded to SB ($ Billion)	Output	$ 75	$ 78	83	$ 93	N/A*	$ 90	N/A*	$ 90	$ 90
Fed Contract Dollars Awarded to SB (% of Total Applicable Federal Contract Dollars)	Output	23.4%	22.8%	22.0%	21.5%	N/A*	23%	N/A*	23%	23%
Jobs Created/Retained (#)	Outcome	562,000	612,000	605,000	654,114	N/A*	643,293	N/A*	637,156	637,156
Cost per Job Created/Retained ($)	Efficiency	$ 27	$ 31	$ 33	$ 37	N/A*	-	-	$ 50	$ 53

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual		FY 2010 Request	FY 2011 Request
Total Administrative Resources ($000)	$ 15,384	$ 18,853	$ 19,842	$ 24,164	$ 24,230		$ 31,967	$ 33,975

*N/A - Not Available

(1) FY 2009 data will not be available until 3rd third quarter FY 2010.

FY 2009 Accomplishments – Prime Contracting and Subcontracting

During FY 2009 the SBA continued to make improvements to the small business procurement scorecards for tracking the statutory goals and federal agencies' plans for meeting their proposed goals. The Agency is working closely with the other federal agencies to improve the accuracy of the data they enter into the Federal Procurement Data System-Next Generation database. The SBA developed and provided agencies with "Anomaly Reports" of potentially miscoded procurement actions. These accomplishments increased accuracy, transparency and accountability as well as the sharing of best practices for all to review and use.

The SBA provided training to small businesses interested in contracting with the federal government, both in-person and through a web-based course. In addition, the SBA provided necessary training for its staff to maintain and develop proficiency and certifications.

The SBA streamlined and enhanced its "Size Standards Methodology" to detail how the Agency determines, evaluates and modifies (when appropriate) small business size standards. The "Size Standards Methodology" was published and is being used in the comprehensive review of all small business size standards.

FY 2010 - FY 2011 Planned Performance - Prime Contracting and Subcontracting

During this period the SBA will continue to work with the Office of Federal Procurement Policy and federal agencies on improving data quality, minimizing of fraud, waste and abuse and in general ensuring that small businesses get their fair share of government contracting opportunities.

The SBA will develop new tools and enhance existing tools to assist federal agencies in meeting the federal government-wide prime and subcontracting small business statutory procurement goals, which is one of the Agency's high-priority performance goals. For example, the SBA will begin piloting an electronic procurement center representative (EPCR) process which would eventually ensure that virtually all procurement opportunities would be evaluated for small business contracting opportunities.

The Agency will continue to refine the Small Business Procurement Scorecard to be a more meaningful tool and transparent vehicle to measure Agency progress on plans to meet goals. Continued analysis and improvements will be conducted.

The comprehensive review of all small business size standards will continue during this period to ensure that small business size standards are in line with marketplace and economic conditions. Inflationary concerns will be addressed as a separate issue and not included in the comprehensive review. Monetary based size standards will be reviewed to determine if they need to be adjusted for the effects of inflationary changes on the economy.

Small Business Innovative Research Program

SBA's Small Business Innovation Research (SBIR) program has helped small businesses develop innovations to meet the research and development needs of the federal government (about $2 billion annually), and then commercialize those innovations in the marketplace. In addition to helping meet federal research and development needs, the SBIR can advance American innovation and competitiveness in the broader economy.

In order to fulfill a high-priority performance goal (#4) for the SBA, the budget provides $2 million to improve data collection of SBIR projects, which will allow the Agency to continue to refine performance metrics for the SBIR program. The SBA will implement performance measures in FY 2010. In addition, the increased funding will strengthen oversight, and help develop best practices that maximize commercial potential of new innovations.

HUBZone Program

The HUBZone contracting program is a community-based program that encourages economic development in historically underutilized business zones, HUBZones. The program assists with the nation's job creation and increased capital investment in economically distressed areas.

HUBZone Program

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
SB Assisted (#)	Output	2,960	5,044	2,833	3,218	N/A*	3,900	N/A*	4,000	4,000
Annual Value of Federal Contracts ($ Billion)	Output	$ 6.1	$ 7.2	$ 8.5	$ 10.3	N/A*	$ 9.4	N/A*	$ 12.0	$ 12.0
Cost per SB Assisted ($)	Efficiency	$ 2,625	$ 1,486	$ 2,389	$ 2,686	-	-	-	$ 2,914	$ 3,025
Cost per Federal Contract Dollar ($)	Efficiency	$ 0.0013	$ 0.0010	$ 0.0008	$ 0.0008	-	-	-	$ 0.0010	$ 0.0010

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual		FY 2010 Request	FY 2011 Request
Total Administrative Resources ($000)	$ 7,769	$ 7,496	$ 6,767	$ 8,644	$ 12,936		$ 11,654	$ 12,101

*N/A - Not Available (FY 2009 data will not be available until 3rd quarter.)

FY 2009 Accomplishments – HUBZone

The HUBZone Program Office met its primary goal during FY 2009, reengineering business processes to reduce fraud and abuse within the program. The focus of this effort was the implementation of a new business process for certifying applicant firms. The new process now requires all firms to submit supporting documentation verifying the information and statements made in their application. Previous practice required firms only to submit an electronic application.

In addition, the Program Office implemented a new business process for recertifying HUBZone firms which requires all firms that are due for recertification to certify via wet signature that they still conform to the eligibility requirements. Previous practice required firms only to submit an electronic verification.

The Program Office also performed more than 800 site visits of HUBZone firms which received contracts in the recent past to enhance the program's integrity by removing active firms from the portfolio who do not meet the Program's eligibility criteria.

A methodology for measuring the economic impact of the HUBZone program was developed in order to provide for the continuous study and monitoring of the program's effectiveness in terms of its economic goals.

Version six of the HUBZone Certification Tracking System was deployed. The new version gave the program office increased functionality by providing a statistical reporting module.

FY 2010 - FY 2011 Planned Performance – HUBZone

During FY 2010 and FY 2011 the HUBZone office will streamline the initial application certification process and incorporate risk-based mechanisms for monitoring the portfolio of certified firms, including site visits, re-certifications, and collection and review of documentation demonstrating eligibility. The office will also develop and implement process workflow guidelines to achieve improvements in efficiency and consistency and will determine and track metrics for ensuring the productivity and output quality of staff.

In addition, in FY 2010 and FY 2011 the Program Office will assess the Program's effectiveness by implanting the research methodology developed in FY 2009.

Office of Field Operations

The Office of Field Operations represents SBA field offices at headquarters. The OFO provides policy guidance and oversight to regional administrators and district directors in implementing Agency goals and objectives. The office establishes and monitors performance goals for district offices, provides feedback to headquarters on the performance of major programs, and manages resources in an open and transparent manner. In addition, OFO ensures that field offices have adequate input to policy formation and deliberations at headquarters, organizes reviews of field activities, and regularly informs the SBA Administrator and senior leadership on field activity.

SBA district office staff members foster solid, long-term relationships within their communities by providing assistance to individuals and businesses in the formation, management, financing, and/or operation of a small business; by identifying government contracting opportunities for small businesses; and by working with lenders to encourage and facilitate small business lending. The district office staffs promote SBA programs and services through marketing and outreach, training seminars and one-on-one counseling. District offices also provide programmatic support to and review of their local resource partners such as the Small Business Development Centers and Women's Business Centers.

Office of Field Operations

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
Annual 8(a) Review s (%)	Output	77%	82%	100%	100%	100%	100%	0%	100%	100%
Lending Officers Trained (#)	Outcome	N/A*	N/A*	N/A*	N/A*	N/A*	Baseline	N/A*	N/A*	N/A*
HUBZone site visits (%)	Output	N/A*	N/A*	N/A*	N/A*	100%	Baseline	N/A*	N/A*	N/A*
SB Assisted - C&T (#) (1)	Outcome	409,276	315,665	348,855	305,755	N/A*	350,000	N/A*	N/A*	N/A*
Cost per SB Assisted - C&T ($)	Efficiency	$ 72	$ 49	$ 92	$ 58	-	-	-	N/A*	N/A*

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual		FY 2010 Request	FY 2011 Request
Total Administrative Resources ($000)	$ 29,563	$ 15,509	$ 32,159	$ 17,830	$ 16,267		$ 18,365	$ 19,215

*N/A - Not Available
(1) This indicator is in the process of being redefined. Once this has been redefined, SBA w ill determine the methodology for forecasting this indicator.

FY 2009 Accomplishments – Field Operations

Compliance — The district offices, under the direction of the OFO, contributed to ensuring program integrity by conducting a variety of compliance and oversight activities. These activities, which are appropriately carried out at the local level, constitute significant work by field staff. They include:

- 8(a) Program Annual Reviews — Review annually every 8(a) participant in the district portfolio for continuing eligibility; visit annually every 8(a) participant in the district portfolio to verify validity; and conduct exit interviews for each firm graduating from the 8(a) program to determine the benefits derived from participation.
- Women's Business Center Examinations — examine each WBC twice a year for compliance with program requirements.
- Lender/Community Development Corporation Oversight — Review of CDC annual reports to determine compliance with membership distribution, job creation/retention, contractual arrangements, financial management, etc.; review of special lending designations (i.e. Community Express, SBA Express, and Patriot Express) and applications/renewals; review and approve/disapprove credit unions for participation in the 7(a) loan program.
- Small Business Development Center Reviews — Examine and negotiate contract terms on an annual basis.
- Borrower Background Investigation — Process, recommend and/or approve SBA Form 912 (Statement of Personal History) for loan applicants and management.
- HUBZone Reviews — Review selected firms annually to determine continuing eligibility.

Program-Related Activities

Capital access/lender relations management — The OFO participated in SBA's Lender Relations Management initiative to improve relationships with the Agency's lending partners by listening to their concerns. Approximately 2,300 current and prospective lenders were contacted by district offices, and the collected information was sent to headquarters for analysis. This information is being used to improve policies and procedures, to tailor lending programs when possible, and to attract new and more active lending partners. One of the findings revealed an opportunity to enhance lender training to improve knowledge of the benefits and use of the Agency's loan products.

Brand Promise Management Restored Campaign — The OFO partnered with the Office of Capital Access in working with lending partners at the district office level to ensure that loan purchase packages conformed to Agency requirements, thereby helping to facilitate a more timely and efficient process. The district offices contributed to eliminating the backlog of loan purchases.

Entrepreneurial Development — Fifteen district offices were selected to participate in the Emerging 200 (now "Emerging Leaders") initiative. Under district office direction, 200 inner city businesses in several metropolitan areas ($400,000 in annual revenues and minimum three years in business) were identified and provided in-depth training and assistance to foster their growth. To date, participating cities have included: Boston, Baltimore, Philadelphia, Atlanta, Memphis, Chicago, Milwaukee, New Orleans, Albuquerque, Des Moines, Dallas, Detroit, Denver, Jacksonville, and Portland.

Technical assistance production — District offices provide one-on-one counseling and group training for existing businesses and/or potential business owners. District employees provided direct assistance to clients as well as in partnership with Agency lending and program partners.

Government contracting/business development/increasing small business federal procurement — For the second consecutive year, the district offices, in coordination with the Office of Government Contracting/Business Development, were tasked with increasing awareness by small businesses of federal procurement opportunities and educating them in the procurement process. This included:

- Conducting business matchmaking events;
- Conducting or participating in events geared at women-owned, HUBZone and service-disabled, veteran-owned small businesses;
- Working to identify contracting opportunities for small businesses;
- Working with federal, state, and local entities and resource partners to increase the focus on government contracting;
- Increasing mentor-protégé agreements;
- Conducting procurement-related technical training under the 7(j) program;
- Planning training for staff on contracting and small business/socio-economic procurements; and
- Participating in monthly conference calls with procurement center representatives to discuss procurement opportunities in their respective areas.

FY 2010 – FY 2011 Planned Performance – Field Operations

For FY 20010-FY 2011, the OFO will work closely with program offices to ensure the achievement of SBA's overall goals and greater engagement with the small business community. In addition, the office will work with district offices to ensure the integrity of SBA programs through effective oversight of resource partners and program participants and their compliance with internal control requirements.

From a programmatic standpoint, the OFO will continue to ensure district offices are conducting all compliance functions. Also, the office will continue to lead efforts to enhance lender relations, expanding the progress made in FY 2009; continue to work with the Agency's resource partners, and; increase the participation of small businesses in the federal procurement arena. The office will also facilitate cooperation and participation by the district offices in disaster assistance activities.

As part of SBA's continuing efforts to head off fraud, waste and abuse, $5 million will be used to oversee that 8(a), HUBZone and small business contract awards are used by certified and in-compliance small business firms.

FY 2010 Planned Performance for District Offices

In the second quarter of FY 2009, the OFO initiated a dialogue with senior Agency officials and district office staffs to review the district office goals to determine whether the Agency had the correct metrics, whether the goals were outcome driven, and whether they aligned with the Agency's mission. After months of analysis and input from numerous field and headquarters' program officials, a revised set of goals was established. Many of these goals now have shared ownership between the field and headquarters.

Capital Access — Under the direction of the OFO, and in coordination with the Office of Capital Access, district offices will work on strategies to help the Agency achieve its loan-making goals. In addition, district offices will continue to build on the lender relations management efforts begun in FY 2009. They will also work with the OCA on conducting the required compliance activities. In FY 2010 the total loans, veterans loans, and underserved markets loans will be the total number in dollars realized in FY 2009. The Agency is also developing a Service Quality Index goal which would measure the improvement of a lender's loan portfolio reconciliation, E-Tran usage, lender portal usage, screen out rates, 1502 reporting, and purchase package first pass rate, etc. The intent would be to improve the lender interaction with the SBA, create greater efficiency, and improve service to customers.

Entrepreneurial Development — Under the direction of the OFO and in coordination with the Office of Entrepreneurial Development, district offices will continue to work on strategies to make available to small businesses the full complement of technical assistance, training and counseling resources offered by the Agency and its resource partners. The OFO will continue to coordinate the implementation of the Emerging 200 initiative, and the district offices will also work with the OED to ensure all the required compliance activities are completed.

Government Contracting/Business Development — Under the direction of the OFO and in coordination with the Office of Government Contracting/Business Development, district offices will perform required compliance activities such as 8(a) program annual reviews. District offices will continue the work from FY 2009 to create more awareness of, and participation by, small business in federal procurement. In FY 2010, in addition to the compliance requirements, district offices will be goaled on the growth in revenue of the 8(a) firms in their portfolios. As the 8(a) program is a business development program, measuring a firm's revenues is one way to reflect the impact the SBA has on assisting these firms. The FY 2010 goal will be to maintain the FY 2009 average.

FY 2011 Planned Performance for District Offices

Capital Access — The district offices will build upon their lending-related activities in FY 2010. In FY 2011, the total, veterans and underserved market loan, goals for district offices will be increased from the achievements (in dollars) realized in FY 2010. In this year alone, with plans for further increase, the SBA has added over 1,200 lenders to its program participation, thus requiring additional training of bankers and non-traditional lenders across the country. In order to meet this new and aggressive need the Agency must train the trainers (SBA Lender Relations Specialists).

Entrepreneurial Development — The district offices will build upon their entrepreneurial development activities in FY 2010. The Office of Field Operations (OFO) will be using a new methodology for reporting field office counseling and training numbers. The change to the new reporting method will not allow tracking more than two previous fiscal years for the current reported numbers. For those years a zero will be reflected. The FY 2010 and FY 2011 measures were adjusted to reflect the changed reporting method.

Government Contracting/Business Development — The district offices will execute their roles in two ways: 1) The offices will continue to increase avenues for greater small business participation in federal procurement and 2) Compliance activities as required by the Government Contracting/Business Development programs. In 2009 the Agency moved from verifying a sample of HUBZone firms to verifications of 100 percent of HUBZone firms receiving contracts in the previous fiscal year. The field office travel expenses required for site visits have increased tremendously causing the need for additional budget dollars to meet verification expectations.

Strategic Goal Two — Provide timely financial assistance to homeowners, renters, nonprofit organizations and businesses affected by disaster

The SBA plays a vital role in the aftermath of disasters. The Agency is responsible for providing affordable, timely, and accessible financial assistance to homeowners, renters, businesses of all sizes, and nonprofit organizations affected by disaster.

Strategic Goal Two is implemented according to the following Long-Term Objective:

LTO 1 — Respond quickly, efficiently and effectively to disaster applicants.

Disaster Assistance

To assist victims of physical disasters, the SBA operates a direct loan program and supports the servicing and collection of these loans after they have been made.

The disaster loan program is the only form of SBA assistance that is not limited to small businesses. Disaster loans help homeowners, renters, businesses of all sizes, and nonprofit organizations to fund rebuilding and recovery efforts. The Agency does this by focusing on the restoration of real and personal property and assisting businesses to return to operations as quickly as possible.

The SBA offers two types of disaster loans to respond to the long-term recovery needs of disaster victims: (1) physical disaster loans, which provide funds to repair or replace disaster damaged uninsured or underinsured real and personal property belonging to homeowners, renters, businesses of all sizes, and nonprofit organizations; and (2) economic injury disaster loans, which provide necessary working capital to small businesses, small agricultural cooperatives and private, nonprofits adversely impacted by the declared disaster until normal operations can be resumed.

In a Presidential disaster declaration, individuals who are homeowners or renters register first with the Federal Emergency Management Agency (FEMA). FEMA refers qualified individuals to the SBA. Businesses may apply directly to the SBA for disaster assistance. SBA disaster loans have lower interest rates and longer terms than conventional lending offers. By providing disaster assistance in the form of loans, which are repaid to the Treasury, the SBA disaster loan program helps reduce federal disaster costs compared to other forms of assistance, such as grants. The disaster loans are a critical source of economic stimulation in disaster-ravaged communities and help generate employment and stabilize tax bases by protecting jobs. Small businesses in particular are helped by a stronger customer base and revitalized communities. Communities that have been devastated by disasters lack the customer base necessary for small businesses to become functional again. By providing integrated assistance, the SBA increases the effectiveness of this federal assistance.

On average, the Agency makes disaster loans totaling approximately $1 billion each year and has an active portfolio of about $8.4 billion.

Loan Volume Over 4 Years	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Loan Applications Processed (#)	Output	153,072	441,631	34,401	50,184	96,643
Loans Approved (#)	Output	41,651	137,803	13,716	15,128	21,780
Cost per Loan Application Processed	Efficiency	$ 2,574	$ 4,005	$ 16,985	$ 4,516	$ 3,230
Cost per Loan Approved	Efficiency	$ 9,459	$ 12,835	$ 42,600	$ 14,980	$ 14,333

Disaster Assistance

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
Disasters Having Field Presence Within 3 Days (%)	Output	100%	100%	100%	100%	100%	95%	5%	95%	95%
Loans With Initial Disbursements Within 5 Days of Loan Closing (%)	Output	97%	55%	94%	99%	100%	95%	5%	95%	95%
Time to Process 85% of Home Applications (Days)	Output	25	74	7	6	6	14	57%	14	14
Time to Process 85% of Business Physical Applications (Days)	Output	35	66	11	11	14	18	22%	18	18
Time to Process 85% of EIDL Applications (Days)	Output	24	29	12	12	14	18	22%	18	18
SB Sustaining Economic Injury That Remain Operational 6 Months After Final Disbursement (%)	Outcome	93%	77%	80%	92%	90%	77%	17%	77%	79%
SB Sustaining Physical Damage Restored Within 6 Months After Final Disbursement (%)	Outcome	72%	74%	62%	69%	57%	60%	-5%	60%	65%
Homeow ners Restoring Their Homes Within 6 Months of Final Disbursement (%)	Outcome	75%	61%	58%	71%	70%	77%	-9%	77%	79%
Renters Restored Within 6 Months After Final Disbursement (%)	Outcome	70%	65%	68%	73%	70%	84%	-17%	84%	84%
Customer Satisfaction Rate-Approvals (%)	Outcome	66%	57%	66%	65%	72%	71%	1%	71%	71%
Customer Satisfaction Rate-Declines (%)	Outcome	N/A	N/A	N/A	N/A	41%	Baseline	N/A*	41%	41%

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual		FY 2010 Request	FY 2011 Request
Total Resources ($000)	$ 424,748	$ 1,795,488	$ 613,825	$ 260,496	$ 312,174		$ 252,606	$ 242,929

*N/A - Not Available

Variance Explanation

Disasters Having Field Presence Within 3 Days (%) (5% over target) - The performance goal w as set at an approximate target level, and the deviation from that level is slight. There w as no effect on overall program or activity peformance.

Loans With Initial Disbursements Within 5 Days of Loan Closing (%) (5% over target) - The performance goal w as set at an approximate target level, and the deviation from that level is slight. There w as no effect on overall program or activity peformance.

Time to Process 85% of Home Applications (Days) (57% over target) - Limited disaster activity allow ed the Office of Disaster Assistance to meet loan processing goals.

Time to Process 85% of Business Physical Applications (Days) (22% over target) - Limited disaster activity allow ed the Office of Disaster Assistance to meet loan processing goals.

Time to Process 85% of EIDL Applications (Days) (22 over target) - Limited disaster activity allow ed the Office of Disaster Assistance to meet loan processing goals.

SB Sustaining Economic Injury That Remain Operational 6 Months After Final Disbursement (%) (17% over target) - Limited disaster activity allow ed the Office of Disaster Assistance to exceed loan processing goals.

SB Sustaining Physical Damage Restored Within 6 Months After Final Disbursement (%) (-5% under target) - The performance goal w as set at an approximate target level, and the deviation from that level is slight. There w as no effect on overall program or activity performance.

Homeowners Restoring Their Homes Within 6 Months of Final Disbursement (%) (9% under target) - The performance goal w as set at an approximate target level, and the deviation from that level is slight. There w as no effect on overall program or activity performance.

Renters Restored Within 6 Months After Final Disbursement (%) (-17% under target) - The loan limit restrictions did not allow disaster victims a full recovery due to their lack of insurance coverage.

Customer Satisfaction Rate-Approvals (%) (1% over target) - The performance goal w as set at an approximate target level, and the deviation from that level is slight. There w as no effect on overall program or activity peformance.

FY 2009 Accomplishments – Disaster Assistance

Through September 30, 2009, the SBA approved nearly 22,000 disaster loans for more than $1.1 billion.

The Office of Disaster Assistance launched an ELA website in August 2008 to expand its outreach. Disaster victims now may apply for disaster loan assistance online through Sba.gov. This simplifies the application process and speeds delivery of assistance to disaster victims. As of September 29, 2009, the SBA had accepted 44,116 applications electronically, which equates to 29 percent of the total applications.

The Office of Disaster Assistance continued its comprehensive campaign to improve responsiveness and efficiency in the following areas: loan application, loan approval, loan disbursement, technology services, administrative services, and personnel services. The goal is to re-engineer and enhance the consistency and responsiveness of the Agency's end-to-end disaster loan process, as well as improve the productivity and quality of service to disaster survivors. The SBA is currently reviewing the application processing function to streamline the process and introduce additional automation. Additionally, the SBA is continuing with the business process reengineering of the administrative and human resource functions to ensure that best practices are implemented in the new structure of centralized management of common functions. ODA completed the remaining six AS and five PS action projects in FY 2009. The Disaster Credit Management System continued with staged implementation dates through 2009 on process improvements.

The SBA met the goals set by Executive Order 13411 to create a Disaster Assistance Improvement Plan involving a single application that fulfills the information requirements of all applicable federal disaster assistance programs throughout federal agencies. As a federal partner included in the requirement, the SBA provided program application content, data elements, identification of funding requirements and sources, modified disaster assistance systems to interface with the DAIP, and ongoing program and technical support.

FY 2010 - FY 2011 Planned Performance – Disaster Assistance

In FY 2010 and FY 2011, the SBA will continue to build on the lessons learned as a result of past disasters. The Office of Disaster Assistance will continue to reevaluate and re-engineer business processes to meet the ever changing needs of the disaster victims it serves. The implementation of changes to office operations will be ongoing, and the changes will result in a more efficient operation to process major disaster declarations and enhance customer service.

Additional funding is requested in the FY 2011 budget to continue with the development of the target architecture. The target state architecture is based on performance improvement opportunities identified in the current state (FY 2009) and the principles of the SBA enterprise architecture. The Disaster Assistance Segment Architecture is a requirement of OMB.

The SBA is creating a Disaster Assistance Segment Architecture in accordance with the Federal Enterprise Architecture guidance. The disaster assistance segment executes the portion of the Agency's mission dedicated to assisting the victims of declared disasters. The Agency is currently working on the blueprint for moving from the as-is architecture to the to-be (target) architecture.

Additionally, the SBA will continue to work with its federal partners to coordinate the delivery of disaster assistance available to disaster victims throughout the nation.

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Strategic Goal Three — Improve the economic environment for small business by ensuring their needs are being met

Strategic Goal Three is intended to ensure that all enterprising Americans have the maximum opportunity to succeed. The SBA makes government more responsive to small businesses by:

- Reducing excessive federal regulatory burden;
- Protecting them from excessive federal regulatory enforcement; and
- Providing automated tools and information on how to comply with laws and regulations.

The SBA fulfills these functions through the offices of Advocacy and the National Ombudsman.

Strategic Goal Three is implemented according to the following Long-Term Objectives:

LTO 3.1 — Protect, strengthen and effectively represent the nation's small businesses to minimize the regulatory burden

LTO 3.2 — Advocate for small business across the federal government to ensure that policies and programs foster a small-business-friendly environment

Regulatory Assistance

America's small businesses — some 26.8 million strong[4] — are a major sector of the national economy. They represent 99.7 percent of all employer firms,[5] account for half of the country's gross domestic product,[6] created 60 to 80 percent of net new jobs annually over the last decade,[7] and produce 13 to 14 times more patents per employee than do large firms.[8] Despite their importance to the economy, the cost of government regulation and excessive paperwork disproportionately burden small businesses. For businesses with fewer than 20 employees, federal regulations are estimated by the Office of Advocacy to cost $7,647 per employee each year, an amount which is 45 percent higher than businesses with 500 or more employees.[9]

The regulatory burden imposed by the federal government can affect small businesses when regulations are established and when they are enforced. The SBA works on two fronts to minimize those burdens. The Office of the National Ombudsman helps address the burdens associated with unfair enforcement of existing regulations; and the Office of Advocacy ensures that small businesses have a voice in the regulatory development process.

Office of the National Ombudsman

The SBA ensures equity and fairness in the federal regulatory enforcement and compliance process through the Office of the National Ombudsman by:

- Raising awareness of the regulatory assistance available;

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[4] Source: Office of Advocacy estimates based on data from the U.S. Department of Commerce, Bureau of the Census (Census); and U.S. Department of Labor, Employment and Training Administration.
[5] Source: Office of Advocacy estimates based on data from Census.
[6] Source: Office of Advocacy-funded research by Kathryn Kobe, 2007 (www.sba.gov/advo/research/rs299tot).
[7] Source: Office of Advocacy estimates based on data from Census.
[8] Office of Advocacy-funded research by CHI Research, 2003 (www.sba.gov/advo/research/rs225tot.pdf).
[9] Office of Advocacy-funded research by W. Mark Crain, 2005 (www.sba.gov/advo/research/rs264tot.pdf).

- Providing means to register comments about unfair regulatory enforcement and compliance actions by federal agencies; and
- Acting as a neutral liaison between the parties.

FY 2009 Accomplishments - Ombudsman

The Office of the National Ombudsman conducted 13 RegFair public events, including roundtables, speeches, panel participations and key public meetings. In addition, ONO received and processed 339 small business comments and carried out 520 responses to the public and customer service assistance actions. ONO produced, finalized, published and disseminated the FY 2008 Annual Report to Congress. Among other things, the report includes federal agency ratings of responsiveness to small business comments. The national ombudsman recruited and screened five Regulatory Fairness Board applicants, then recommended candidates to the Administrator for a three-year appointment to the corresponding regional Regulatory Fairness Board.

FY 2010 – 2011 Planned Performance - Ombudsman

ONO will continue to hold hearings and roundtables, give speeches, and participate on panels to comply with its mission to provide a means by which small business concerns may submit comments about unfair and/or excessive federal regulatory enforcement activities or comment about federal agency compliance issues. The national ombudsman will conduct program briefings with federal agency liaisons to ensure that up-to-date information about the Small Business Regulatory Enforcement Fairness Act is readily available. ONO will also produce, publish and disseminate the FY 2009 Annual Report to Congress. As required, the national ombudsman will organize and conduct a National RegFair Board member annual meeting of all 10 regional regulatory fairness boards. The national ombudsman will continue to recruit and screen viable candidates for all the regional boards as the three-year terms necessitate proactive actions to reach and maintain the 50-member Regulatory Fairness Boards (five members for each of the ten regions).

Office of Advocacy

The SBA, through the Office of Advocacy, works to reduce the burdens that federal policies impose on small entities and provides vital small business research that informs policymakers. Simply stated, the mission of the Office of Advocacy is to encourage policies that support the development and growth of American small business by:

- Early intervention within federal agencies in the regulatory process on issues that affect small business;
- Training federal agencies on how to comply with the Regulatory Flexibility Act;
- Producing research to inform policymakers on the impact of federal regulatory burden on small business and on the vital role of small business in the economy; and
- Increasing states' regulatory flexibility toward small business.

Advocacy has five internal goals/measures which guide budget planning and measure effectiveness:

- Achieve one-time and ongoing regulatory cost savings of $5.5 billion, due to Advocacy interventions in FY 2010;[10]
- Through online and classroom training, ensure that at least 100 employees of federal agencies which promulgate regulations that impact small entities have in-house expertise on how to comply with the Regulatory Flexibility Act in FY 2010;

[10] This figure is based on average cost savings over the last 6 years, minus outliers.

- Ensure that there are 10 examples of states either continuing to introduce/improve small business regulatory flexibility laws/executive orders, or demonstrating successful implementation of existing small business regulatory flexibility laws/executive orders in FY 2010;
- Ensure that there are 15 examples of universities/colleges with business/entrepreneurship programs using Advocacy data and reports as a resource for instruction and/or further research in FY 2010 (outcome); and
- Publish annually at least 25 research reports on small business issues.

Advocacy

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
Research Publications (#)	Output	34	28	32	27	25	25	0%	25	25
Regulatory Cost Savings to Small Businesses ($ Billion)	Outcome	$ 6.60	$ 7.25	$ 2.60	$ 10.70	$ 6.99	$ 5.50	27%	$ 5.50	$ 5.50
Regulatory Staff with In-House Regulatory Flexibility Act Expertise (#) (1)	Outcome	19	1	14	151	28	100	-72%	100	100
States Considering Legislative/Executive Regulatory Flexibility Action (#) (2)	Outcome	19	11	12	10	11	10	10%	10	10
Research Publications and Data Reports in Curricula (#)	Outcome	18	16	16	19	15	15	0%	15	15
Cost per $1 Million Savings ($)	Efficiency	$ 1,430	$ 1,292	$ 3,792	$ 854	$ 1,525	-	-	$ 2,030	$ 2,090

Budgetary Resources	Budgetary Obligations Incurred						Budget Requests	
	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual		FY 2010 Request	FY 2011 Request
Total Administrative Resources ($000)	$ 9,439	$ 9,364	$ 9,858	$ 9,133	$ 10,660		$ 11,944	$ 12,392

(1) Beginning in FY 2008, the measure changed from the number of agencies with in-house expertise to the number of employees with in-house expertise. This measure was changed pursuant to Advocacy's new 5-year strategic plan.

(2) Beginning in FY 2008, the measure changed from the number of states considering regulatory flexibility legislation/executive orders to the number of states considering additional legislation/executive orders, and examples of successful implementation. This measure was also changed pursuant to Advocacy's new 5-year strategic plan.

Variance Explanation

Regulatory Cost Savings to Small Businesses ($ Billion) (27% over target) - It is impossible to predict with any degree of accuracy when federal agencies will publish final rules that reflect cost savings resulting from Advocacy's intervention, and it is equally difficult to predict the amount of savings likely to be achieved before action on a rule begins. Cost savings rely on externalities (i.e., it is a regulatory agency's decision to reduce the burden on small entities, not Advocacy's). Advocacy tries to be conservative in its goals and scoring, with the result that in some years, savings can substantially exceed predictions.

Regulatory Staff with In-House Regulatory Flexibility Act Expertise (#) (-72% under target) - Most agencies have preferred to defer new training until the transition in administrations is complete and new personnel in place. As this process continues, interest in RFA training has increased since the end of the fiscal year. RFA compliance training has been provided to new personnel, and additional sessions have been scheduled.

States Considering Legislative/Executive Regulatory Flexibility Action (#) (10% over target) - Advocacy attributes its success in reaching this goal to the work of its regional advocates. The regional advocates work directly with state governments and state stakeholders to educate them about the benefits of regulatory flexibility.

FY 2009 Accomplishments - Advocacy

The Office of Advocacy's activities support SBA's strategic goal of improving the economic environment for small business. Among the most enduring accomplishments are regulatory cost savings for small businesses, savings measured in terms of foregone regulatory costs that are attributable in whole or in part to Advocacy interventions. Advocacy's FY 2009 goal for such savings was $5.5 billion. During FY 2009, Advocacy achieved $6.99 billion in first-year regulatory cost savings and $745 million in annually recurring savings. It is impossible to predict with any degree of accuracy when federal agencies will publish final rules that reflect cost savings resulting from Advocacy's intervention, and it is equally difficult to predict the amount of savings likely to be achieved before action on a rule begins. Cost savings rely on externalities (i.e., it is a regulatory agency's decision to reduce the burden on small entities, not Advocacy's).

Another Advocacy goal during FY 2009 was that 100 regulatory staff at federal agencies gain in-house Regulatory Flexibility Act expertise through the training that Advocacy was directed to provide under Executive Order 13272. During FY 2009, 28 federal employees received such training and Advocacy's goal was not met. This was due to the reluctance of most agencies to participate in such training until the transition in administrations is completed and new personnel are in place. As this process continues, interest in RFA training has increased since the end of the fiscal year. RFA compliance training has been provided to new personnel, and additional sessions have been scheduled.

Advocacy also had a FY 2009 goal that 10 states would formally consider legislative or executive action to increase regulatory flexibility for small businesses, or demonstrate successful implementation of existing small business regulatory flexibility laws. During FY 2009, Advocacy met this goal, with 11 states having formally considered legislative action to increase regulatory flexibility for small businesses, and 2 states having enacted such legislation. Advocacy attributes its success in reaching this goal to the work of its regional advocates. The regional advocates work directly with state governments and state stakeholders to educate them about the benefits of regulatory flexibility.

During FY 2009, Advocacy met its goal that there would be 15 universities/colleges with entrepreneurship programs using Advocacy's data and reports as a resource for instruction and/or further research in FY 2009. The rationale behind this goal is to generate interest in entrepreneurship research among academics and to broaden awareness of existing research.

Advocacy met its output goal of releasing 25 small business research reports in FY 2009. These research reports inform policymakers by providing information on small business demographics, demonstrating the importance of the role of small business in the economy, and highlighting the impact of federal policies and regulations on small businesses.

Advocacy management initiatives continue to improve efficiency and effectiveness, employ current technology to enhance outreach, and make the office's goals and activities transparent.

Web technologies — The office has developed and expanded its own listservs and RSS feeds to make Advocacy products easily accessible, reaching nearly 75,000 subscribers at the end of FY 2009 and reducing printing costs. A "Regulatory Alerts" webpage has been developed and updated on an ongoing basis to alert small entities to regulations that may impact them and to provide links for submitting comments. Advocacy initiated its own blog on regulatory issues and small business research as a forum for the small business community to exchange views and information. An email address, notify.advocacy@sba.gov, was created to allow agencies to notify Advocacy easily when a significant regulation is being proposed. A webpage has been developed for Advocacy's "r3" initiative so that the public can submit information on regulations in need of review or reform, and so that stakeholders and government officials can track progress on nominated regulations.

Leveraging resources — In addition to searching federal regulatory agendas, dockets, the Federal Register, etc., Advocacy continues to employ methods to identify proposed regulations that are a priority for small entities. These include holding issue-based roundtables and trade association outreach. Advocacy has built a strong relationship with OMB's Office of Information and Regulatory Affairs (OIRA) and its staff in order to maximize joint resources and achieve better regulatory results for small entities. Employee details (Advocacy staff to OIRA) and regular meetings have further solidified that strong relationship. Advocacy participates in co-sponsorships with organizations that promote entrepreneurship (e.g., the Ewing Marion Kauffman Foundation) in order to share the costs of organizing small business conferences and to reach a wider audience.

Regional affairs — Regional advocate activity benchmarks ensure that all 10 regional advocates remain focused on Advocacy's mission and expectations.

Quality control and administrative simplification — Advocacy has developed procedures for internal document review and clearance. An employee orientation manual was developed for all new employees; it contains background information on current staff, useful forms, ethics rules, travel procedures, etc. Advocacy's quarterly and annual reporting procedures ensure that the office stays on track with respect to its goals.

Transparency to stakeholders — Advocacy makes every effort to share information on its activities and work products with stakeholders and the public. The office maintains an extensive website at http://www.sba.gov/advo/, where its regulatory comments, research reports, congressional testimony, and much more are posted. Included are archived materials and links to a wealth of regulatory and economic research reference materials. In a special effort, Advocacy published in October 2008 a comprehensive *Background Paper on the Office of Advocacy*. Although this 327-page resource was intended especially for transition purposes and new staff, it is the most comprehensive document ever published on the history, mission, activities and accomplishments of the office. In keeping with Advocacy's belief that good policy requires good information and in the interest of transparency, this document is posted in its entirety on Advocacy's website at http://www.sba.gov/advo/backgr08.pdf.

FY 2010 - FY 2011 Planned Performance - Advocacy

The Office of Advocacy intends to continue to achieve regulatory cost savings and reduced regulatory burden through its regulatory interventions. The office relies on various types of interventions to achieve regulatory cost savings. These include: participating in the Small Business Regulatory Enforcement Fairness Act (SBREFA) panel process for regulations promulgated by the Environmental Protection Agency and Occupational Safety and Health Administration; writing official comments to federal regulatory agencies on their compliance with the Regulatory Flexibility Act (RFA) and other rulemaking activities; testifying before Congress on small business issues; responding to OMB referrals on proposed legislation; working with OMB on paperwork burden issues; working with OMB during the Executive Order 12866 review process and during implementation of Executive Order 13272; and providing technical and RFA compliance assistance to agencies as requested at all stages of the rule development process. In FY 2010 and FY 2011, Advocacy projects it will meet or exceed its goal of achieving $5.5 billion each year in regulatory cost savings. The goal is the same for both years because Advocacy believes that the RFA training that it has provided to agency regulatory and policy staff has helped agencies propose better and less costly regulations.

Advocacy's Office of Interagency Affairs will continue to train federal agencies on RFA compliance. This training is required under Executive Order 13272. Classroom training sessions were conducted by Advocacy staff beginning in FY 2004, and will continue indefinitely. In furtherance of a FY 2008 initiative (the Regulatory Review and Reform or "r3" initiative), Advocacy will provide additional training on section 610 of the RFA specifically. Section 610 requires periodic retroactive review by federal agencies of burdensome regulations. Also based on this FY 2008 initiative, Advocacy will continue to release an annual top-ten list of regulations in need of review or reform, and target those regulations for retroactive review. Agencies have been responsive to the classroom training that their staffs have received, and some have begun to implement better regulatory flexibility practices as a result. As most federal agencies have now received RFA compliance training from Advocacy, in FY 2010 and 2011 Advocacy plans repeat "refresher" training, training of new staff, and training of sub-agency staff.

Advocacy, through its regional advocates, intends to continue educating state small business organizations and state legislators on the benefits of regulatory flexibility at the state level. Because Advocacy's research demonstrates that regulations disproportionately impact small entities and, because of the enormous cost savings generated at the federal level under the Regulatory Flexibility Act, Advocacy continues to prioritize this state regulatory flexibility initiative which has received broad support from governors and state legislatures since its inception in FY 2004. In FY 2010 and FY 2011, Advocacy intends to continue its education of stakeholders in those states that have signed executive orders in the hope that legislation can be enacted instead. Advocacy also plans to target any remaining states that have not already considered regulatory flexibility legislation or executive action. Also, Advocacy will work to achieve examples of successful regulatory flexibility implementation and/or further improved regulatory flexibility legislation.

In recent years, Advocacy has produced an average of 25 new reports or data products each year. However, there is an increasing need for additional work due to: the vital importance of small business in the nation's recovery from economic recession; renewed attention to the areas of health care, workforce education, taxation, and government programs and purchasing; the leading role that small firms play in the emergence of new technologies; and a host of other issues of concern to the small business community. Also, a number of older Advocacy studies are in need of updating so that the maximum utility of investments already made can be realized. The proposed funding level for Advocacy economic research in FY 2010 and FY 2011 will allow for additional data acquisition from other government agencies, new research projects, and updating of older studies in order to meet these needs.

Advocacy's chief economist and regional advocates continue their efforts to place Advocacy's research into the curricula at the top universities with major entrepreneurship programs. It is important that the research get into the hands of individuals with the power to impact policy at the highest levels of government. Policymakers and other stakeholders need to be aware of how important small business is to the nation's economy. To accomplish this objective, Advocacy concluded that it is necessary to broaden interest in small business research through outreach to the academic community. Working closely with schools and their faculties, Advocacy hopes to interest future generations of economists in the study of entrepreneurship and small business. Through its interaction with academia, Advocacy also strives to learn more about data gaps that exist and ways to achieve a broader audience for small business research. Advocacy will continue its efforts to insert its research into university curricula. In FY 2010 and 2011, it is Advocacy's goal that at least 15 universities/colleges with entrepreneurship programs will use Advocacy's data and reports as a resource for instruction and/or further research in each year.

Advocacy has a field component of 10 regional advocates who are on the front line of Advocacy's work. They interact directly with small businesses, small business trade organizations, governors and state legislatures to educate them about the benefits of regulatory flexibility. They testify at state-level legislative hearings on regulatory flexibility when requested to do so. Regional advocates conduct outreach to locate participants for Small Business Regulatory Enforcement Fairness Act panels that require small entity representatives. They share information about regulations with small businesses in their respective regions (e.g., alert businesses that an agency is seeking comment on the small business impacts of a proposed regulation). These efforts by regional advocates contribute to the cost savings realized after a final rule is published. Regional advocates give classroom lectures, provide small business data for use in professors' and students' research, and persuade institutions to link to Advocacy's data and research on their websites.

Strategic Goal Four — Optimize core operations to increase responsiveness to customers, streamline processes, and improve compliance and controls

This Strategic Goal recognizes that SBA's non-programmatic areas of general management and administration and the various other support functions exist primarily for the purpose of supporting SBA program areas in fulfilling their mission objectives. For this reason, the best measure of successful leadership and support is the degree to which these functions help maximize the efficiency and effectiveness of the SBA in achieving its programmatic goals, while also complying with relevant statutory and administrative mandates. This will be accomplished through the following three Long-term Objectives:

LTO 4.1 – **Maximize the Agency's human resources through training and professional development.**

LTO 4.2 – **Maximize operational capacity and efficiency through safe and secure information technology.**

LTO 4.3 – **Provide financial and performance management services to support efficient and effective program delivery and to measure and communicate progress.**

Office of Human Capital Management

Long-Term Objective 4.1 - **Maximize the Agency's human resources through training and professional development.**

The Office of Human Capital Management (OHCM) develops strategic human capital solutions to workforce issues and strives to create a work environment that attracts and retains the talented and high performance workforce the SBA needs to accomplish its mission. The efforts of the OHCM are outcome-driven to support the strategic management of human capital. Effective human capital planning must be dynamic and adaptable to ever-changing mission requirements as significant events, accomplishments, and new major requirements are encountered. The Agency's Strategic Human Capital Plan takes into consideration these expectations and provides an executive framework for effectively improving the Agency's human capital management challenges. The plan establishes a systematic Agency-wide approach to human capital management aligned to SBA's mission, vision and goals. To address these human capital challenges, the Agency's human capital goals and outcome measures for FY 2010 and FY 2011 are:

4.1.1 Refine the number of identified mission-critical occupations and competencies through a more rigid systematic workforce planning process. Design training and strategies to improve competencies within the current workforce.

4.1.2 Invest in employee, manager, and leadership training and development programs as a part of the strategic imperative. The SBA will continue to improve upon its annual employee survey overall employee satisfaction target rating of 68.5 percent for FY 2009, with a goal of 69.5 percent and 70.5 percent, respectively for FY 2010 and FY 2011.

4.1.3 Align human capital plans and use best practice strategies and practices to accomplish SBA program offices' missions. Employ technology solutions to improve operational efficiency and effectiveness. The SBA will continue to meet or exceed the federal government-wide average "Time-to-Hire" standard of 80 days.

4.1.4 Continue assessing and implementing program activities in support of the Administration's Commercial Services Management initiative.

Human Capital Management

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
Annual Employee Survey of Overall Satisfaction Rating (%)	Outcome	N/A	N/A	N/A	66.9%	72.2%	68.5%	5%	69.5%	70.5%
Meet the Federal Government-wide "Time-to-Hire" 80 Day Standard (Days)	Efficiency	N/A	N/A	N/A	75	76	72	-6%	72	72
*N/A - Not Available										

Variance Explanation

Annual Employee Survey of Overall Satisfaction Rating (%) (5% over target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.
Meet the Federal Government-wide "Time-to-Hire" 80 Day Standard (Days) (-6% under target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

FY 2009 Accomplishments – Human Capital Management

Outcome Measures 4.1.1 and 4.1.2

Throughout FY 2009, employees in Agency-specific mission-critical occupations (MCO) were provided a variety of training solutions to address gap closures. Employees in the MCOs of procurement contracting representatives, procurement/contract specialists, information technology specialists, and human resources specialists were also provided with a variety of instructor-led and online training solutions to address gap closures. The SBA provided online training and reading material via SkillSoft's Books 24X7 to complement other online training delivered to mission-critical occupations. The online courses delivered competency and skills training in economics and accounting, technology application, sales and marketing, written communication and financial management. The Agency instituted gap closure training for its acquisition workforce. The acquisition workforce completed targeted mandatory training to ensure the Agency's staff in occupational series GS-1102 completed mandatory program course work required to receive the Federal Acquisition Certification in Contracting. Specifically, contracting specialists exceeded their 25 percent milestone for training requirements. Additionally, all 1,102 vacancies now contain mandatory qualifications, including meeting the Federal Acquisition Certification in Contracting requirement.

To further close MCO gaps during FY 2009, the OHCM implemented succession strategies. The SBA addressed gaps by actively participating in the Presidential Management Fellows program and established partnerships such as the Student Career Experience Program and the Student Temporary Experience program as strategies to attract, recruit, and hire graduates into the workforce. The SBA likewise provided Agency-wide employee development opportunities by offering online and classroom training courses. As part of a Program Manager Certification program, managers completed performance-based training. The Agency continues to implement the e-training initiative focusing on unifying, simplifying, and increasing access to high quality e-learning products and services. SkillSoft, the online training provider, helped employees develop skills across a wide range of business and technology subjects. Technical and other specialized training was provided to employees to fill competency gaps.

To address coming retirements that could result in a loss of leadership continuity, institutional knowledge and expertise, the SBA launched several succession planning initiatives. The revitalized Senior Executive Service Candidate Development Program, with its class of 12 candidates, is a structured approach to recruit and develop qualified GS-14 and GS-15 candidates to assume leadership positions for placement into the SES. Over a period of 18 to 24 months, candidates develop their abilities as leaders while creating strategies for meeting the complex challenges facing their organizations. The SBA participated in the Treasury Executive Institute's developmental seminars and knowledge sharing opportunities for the agency's SES and GS 15 employees. The TEI provides continuous learning and growth opportunities for federal executives, executive development candidates and senior managers. It exposes executives to best practices in leadership models, new technologies and executive competencies. Building on its success in FY 2008, the SBA continued its participation in the Partnership for Public Service's Annenberg Leadership Institute. The Institute gave four rising SBA leaders an opportunity to learn best management practices and apply lessons learned. The Fellows 2009 project focused on integrating the Agency's annual budget funding process with programs/projects accepted into the SBA IT portfolio. The SBA Annenberg Fellows also attended a series of developmental courses lead by the nation's leading public and private sector experts.

During the fiscal year, approximately 100 students participated in the following federal government-wide programs: Presidential Management Fellows, Student Employment, the White House Fellows, and Mayor Fenty's District of Columbia Summer Youth Employment program. These programs provided students the opportunity to experience entry-level positions and career professional developmental opportunities related to the Agency's mission and support functions in headquarters and field offices. In addition to developmental assignments, the students participated in a professional etiquette seminar, brown bag lunches with Agency senior leaders, and more. The SBA nurtures these programs as they position the Agency as a future "employer of choice" for the federal government's next workforce.

The SBA continued to realize positive outcomes from initiatives started in FY 2007 and FY 2008 to improve employee morale. The FY 2008 Federal Human Capital Survey results showed that the SBA had the highest improvement rate among agencies in two categories: leadership and knowledge management, and talent management. In May 2009, the SBA was recognized as recipient of the 2009 Best Places to Work in the Federal Government award for "most improved large federal agency." The SBA also had the second largest gain in "job satisfaction," and the sixth largest gain for establishing a "results-oriented performance culture." The Agency's employees are engaged and are actively participating in providing constructive input for making the SBA one of the best employers. This was indicative by the Agency's 78.5 percent employee participation rate in the survey, which is the highest in the federal government. While these are considerable improvements, the Agency will continue efforts to make the SBA one of the best places to work. During late 2009, the SBA began administering its 2009 annual employee survey from September 1, 2009 to December 1, 2009. The 2009 annual survey contains a subset of the questions posed in the OPM-administered survey in the areas of personal work experiences, recruitment, development and retention, performance culture, leadership, job satisfaction, and demographics.

Outcome Measure 4.1.3

SBA's Executive Development Council continued to provide leadership direction, oversight and support for the development of a strong team of leaders. During this period, the Council helped develop improvement plans for leadership competency gaps and set targets for closure. The Council helped to assess and revise, as appropriate, the organization's structure to ensure that it was in line with the Agency's strategic plan and strategic human capital plan.

The Agency's success in meeting its strategic human capital plan goals are reported to OPM in SBA's Annual Human Capital Management Report. The HCMR provides an annual accountability and assessment of the Agency's existing human capital management policies, programs and operations as they relate to the Agency's overall mission and program performance. The SBA is required to ensure that its human resources operations are working effectively and to ensure human resources decisions, policies, processes and practices comply with the Merit System Principles and related laws, rules and regulations. As part of human capital accountability, the SBA successfully conducted Delegated Examining Unit and Human Resource Office audits of the Agency's personnel offices.

Throughout the year, the Agency implemented activities to improve and maintain a “time to hire” rate that would meet and exceed the 80-day target established by OPM. The SBA achieved an average “hiring time” of 68.5 days and continues to improve. Hiring mechanisms were improved with active use of USA Staffing, a web-based hiring system which maximizes the size and quality of the candidate pool. During FY 2009, the SBA successfully used the Career Patterns Initiative. The Agency has had very positive recruitment results as the CPI increases the quality of candidates, diversity efforts, and broadened the applicant pool. The initiative focuses on students, new professionals, mid-career professionals and retirees. The Agency’s automated USAJobs staffing system incorporates CPI language into vacancy announcement templates. This allows seamless integration of CPI into vacancy announcements which is necessary to hire the best for SBA’s mission-critical occupations vacancies. To further improve the SBA’s “time to hire,” the Agency implemented the End-to-End Hiring Initiative in FY 2009 in an effort to further streamline and enhance the efficiency of the federal hiring process.

The SBA continued its successful transition from paper-based processes to e-tools and automated solutions through active project planning or deployment of technology. This will allow the Agency to streamline processes, reduce errors, modernize workflow processes and achieve compliance with mandated e-gov initiatives. The SBA began implementation of OPM’s e-OPF initiative which provides SBA employees and managers web-based access to digital copies of employees’ personnel records, personnel actions and federal employment history. E-OPF will enable federal agencies’ management to report benefits and transfer human resources data electronically throughout an employee’s lifecycle and will standardize human resources data. It will be a central repository for employee data and an electronic record that employees can access securely via the Enterprise Human Resources Integration portal. The SBA also brought on-line the Automated Labor and Employee Relations Tracking System to enhance the management and monitoring of employee and labor management program activities. The SBA also successfully transitioned to an automated time and attendance system that will save the $60,000 annually while increasing the accuracy, efficiency, and timeliness of the time and attendance and payroll activities.

In FY 2009, the OHCM developed and deployed the Manager’s Toolkit. The toolkit presents information in a question and answer format based on frequently asked questions from managers and supervisors at the SBA. Another e-tool implemented during the fiscal year was OHCM’s Online Orientation which provides new employees with a one-stop shop to obtain information about their security requirements, benefit options, and requisite training. This e-tool also has website links to standard forms so that employees can complete all required appointment documents prior to reporting to work. Concurrently, the Agency continued to monitor and improve its performance management culture through its automated performance management system (GoalOwner).

During FY 2009, the Agency deployed its Emergency Alert System. This web-based emergency alert and accountability system improved the SBA’s ability to protect employees by providing them with timely emergency alerts. The EAS also provides managers with a valuable employee accountability system used to send critical information to employees regarding emergency scenarios involving evacuations, shelter-in-place, and transitioning to a continuity of operations plan. The EAS is also used for emergency training exercises and to convey emergency messages from management.

Outcome Measure 4.1.4

During FY 2009, consistent with Office of Management and Budget guidance, the SBA shifted from active competitions to enhancing post-competition accountability activities. The Agency implemented a new task order to use its commercial services management contractor to provide an independent analysis and review of most efficient organization or contractor performance for work performed pursuant to previously completed competitive sourcing competitions. Three such analyses were completed. Also in FY 2009, the SBA completed the development of its 2009 FAIR Act Inventory and submitted it to OMB by the June 30 deadline. The SBA stands ready to post its 2008 FAIR Act Inventory on the website for public access and review, as soon as that inventory is approved by OMB.

Recovery Act Accomplishments

The Office of Human Capital Management was an active partner in developing a Recruitment Strategy to support of the Agency's Recovery Act activities. Based on Agency Recovery Act initiatives, the Human Capital office provided program offices recruitment consultation to develop effective workforce plans with the right mix of competencies and skills needed in support of achieving the Agency's Recovery Act goals. The office developed and executed focused recruitment strategies, used federal hiring flexibilities and incentives, and collaborated with Agency managers concerning hiring alternatives to effectively target the nation's untapped job market. During 2009, due to these intensive recruitment initiatives, human resources specialists processed more than 1,250 job applications to fill 100 Recovery Act positions. Through its recruitment strategy, the Agency hired the critical talent essential to help reinvigorate the nation's credit markets and the economy by infusing billions of dollars in loans and contracts to small businesses.

FY 2010 - FY 2011 Planned Performance – Human Capital Management

Outcome Measures 4.1.1 and 4.1.2

The OHCM, in partnership with leaders across the Agency, will continually assess and assist Agency leaders in shaping the future workforce. OHCM will analyze future needs based on senior leadership direction. The office will report the Agency's human capital gaps and identify strategies to narrow performance gaps. OHCM will continue to monitor mission-critical occupation performance gaps and periodically evaluate strategies to determine their narrowing or widening respectively, and will make the appropriate adjustments. The Agency will conduct a follow-up survey to measure the progress of gap narrowing and to identify whether additional remedial training is warranted for mission-critical occupations.

The successful execution of SBA's Comprehensive Strategic Annual Training Plan will ensure the Agency guides and provides an effective delivery mechanism to ensure employees and managers receive the targeted training needed for job performance and for meeting the challenges of tomorrow. The Agency is committed to ensuring that all employees receive training and professional development that is relevant and valuable. The SBA will annually assess mission-related training needs and revise as necessary the Agency's strategy and report on its progress. The SBA's training plan will meet these requirements by ensuring an upfront connection to the organization's strategic objectives, targeting training areas of greatest need and biggest payoff, and allowing the use of the best and most cost effective training methods.

The SBA will continue to grow and cultivate internal staff members with demonstrated leadership potential. This is strategically important given the Agency's anticipated critical shortage of non-management staff, supervisors and managers within the next five years. The SBA will accomplish this using a structured approach to talent management and succession planning. The Agency will analyze its workforce skills needed to further develop employee talents and position the Agency for anticipated future workforce changes and demands. Key to SBA's continued success during FY 2010 and FY 2011 are execution of the management development training program, the SES candidate development program, executive coaching, pre-retirement training seminars, and leadership courses for SES staff. Coupled with these is the Agency's evaluation of its current mission-critical and leadership occupations talents. The SBA will develop gap assessment survey tools, measure competency gaps, and complete training curriculum mapping gaps assessments for all mission-critical and leadership occupations.

Outcome Measure 4.1.3

In FY 2010 and FY 2011, the Executive Development Council (EDC) will continue to provide executive direction, oversight, and advocacy for the development of a strong team of leaders within the SBA to meet the challenges of today and to build and lead the organization of the future. This includes identifying individual and organizational training needs and continuously developing managers and employees at all levels of the organization. The council will accomplish this by developing a culture that values continuous learning and leadership, balancing Agency-wide responsibility for leadership development, and ensuring that the framework is aligned with the overall training vision. The EDC will also be active in revising, as needed, the Agency's strategy that supports SBA's mission and strategic goals. The EDC will achieve Agency-wide positive outcomes as the umbrella guiding body that assures the development process meets immediate needs and foresees future requirements, as well as assuring the process is comprehensive and integrated.

In FY 2010 and FY 2011, The SBA will continue implementing its Human Capital Strategic Plan covering a 5-year period, FY 2009 to FY 2013. The revisions to the Human Capital Plan will include workforce planning data by further refining the plan and communicating the revised plan throughout the Agency. The plan's key strategic human capital goals will center around four performance areas: organizational effectiveness, recruitment and diversity, employee retention and employee satisfaction, and technology skills.

The Agency's performance management e-tool, GoalOwner, which was fully implemented in FY 2009, will continue to measure employee performance to demonstrate that it has an effective performance appraisal and awards systems for employees, supervisors, SES employees and managers. By linking employees' performance plans to the Agency mission, goals and objectives, employees will be held accountable and be rewarded for results appropriate to their level of responsibility. Concurrently, the Agency will continue to monitor the performance management culture and administer changes to GoalOwner based on feedback from OPM and from SBA executive management. Depending on the availability of funds, the SBA envisions acquiring and implementing another e-tool, the Workforce Planning System, by the end of 2011. The WPS will be used to conduct workforce analyses to identify and measure competency gaps in mission-critical occupations and will implement an improvement plan on gap analysis for all mission-critical occupations. By late FY 2011, the SBA envisions implementing a WPS which will allow management to measure and compare the current workforce with the future workforce demand. This will provide insight to the best policies and initiatives needed to improve the overall human resources system.

OHCM has project plans for the following e-tools solutions: Learning Management System and a Workers' Compensation Case Management/Safety Incident Reporting System. These two systems will help improve the Agency's performance culture, employee morale, engagement and satisfaction by connecting individual performance to organizational success, including the awards and recognition program.

The SBA will continue to use the Accountability Plan to capitalize on a wide range of measures. This will include employee surveys, focus groups, data and narrative reports, reviews by external parties, and independent on-site reviews conducted by internal teams. Likewise, the SBA will improve internal controls by closely tracking, managing, and auditing employee personnel actions, payroll, time and attendance, and labor/employee relations program issues. Operationally, the SBA will continue implementing human capital accountability activities to include transactional audit coverage for continued efficiency and productivity improvements within its personnel offices.

During FY 2010 and 2011, the SBA will continue to monitor its 80-day hiring model process and adjust program actions to meet and exceed OPM's 80 day model. The Office of Human Capital Management will strive to improve hiring and to attain greater involvement of leaders in the design and implementation of recruitment strategies. To meet these goals, human resources specialists will work directly with hiring managers on the use of hiring flexibilities. The use of hiring flexibilities was instrumental in achieving SBA's goal to recruit and hire a diverse, highly qualified workforce. With these hiring flexibilities, more managers have the resources to compete with other federal agencies and the private sector. The hiring model provides the recommended timeframes for each step in the hiring process, and has proven to be a useful tool for ensuring hiring efficiencies, and reducing the chance of losing high quality candidates due to procedural delays. Average "time-to-hire" will continue to significantly improve the Agency's performance in this area. OHCM will work hand-in-hand with management to continuously track the status of recruitment actions to identify delays in the process and devise solutions to overcome them.

Outcome Measure 4.1.4

Consistent with OMB's guidance and the new emphasis represented by the change in name from competitive sourcing to commercial services management, in FY 2010 and FY 2011, the SBA will continue post competition evaluations.

Office of the Chief Information Officer

Long-Term Objective 4.2 - Maximize operational capacity and efficiency through safe and secure information technology.

The SBA's information technology program provides efficient and secure information systems and technology to Agency staff and customers. IT governance, project management, architecture and capital planning processes ensure that IT investments complement current capabilities. The information technology program is shown here in three sections: IT Infrastructure, IT Security and Privacy, and IT Governance.

Chief Information Officer

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
IT Systems Availability (%)	Output	N/A*	N/A*	99.6%	99.8%	99.8%	99.6%	0.2%	99.6%	99.7%
Unauthorized Network or Data Breaches (#)(1)	Outcomes	N/A*	N/A*	0	4	1	0	-100%	0	0
Wide-Area-Network Optimization (%) (Recovery)	*Output*	N/A*	N/A*	N/A*	N/A*	*2.0%*	*N/A**	*N/A**	*40.0%*	*50.0%*
Customer Satisfaction (%) (Recovery)	*Outcomes*	N/A*	N/A*	N/A*	N/A*	*N/A**	*N/A**	*N/A**	*50.0%*	*55.0%*
Digitized Microloan Operations (%) (Recovery)	*Output*	N/A*	N/A*	N/A*	N/A*	*N/A* (2)*	*N/A**	*N/A**	*40.0%*	*55.0%*

*N/A - Not Available
[1] The SBA is judging itself against the highest CERT Standard for Data Breaches.
[2] No survey results for FY 2009. Survey will be conducted in FY 2010.

Variance Explanation

IT Systems Availability (%) (.2% over target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance. This was a positive outcome, since it means that SBA's IT networks were available even more often than estimated.
Unauthorized Network or Data Breaches (#) (100% over target) - Variance represents one lost agency laptop; data on the device was encrypted.

FY 2009 Accomplishments - CIO

IT Infrastructure

Enhancements to SBA Loan Accounting Systems (LAS) to implement the American Recovery and Reinvestment Act — OCIO coordinated with the Office of Capital Access to define requirements and modify systems to implement the America's Recovery Capital (ARC) loan program, modify the 7(a) loan program for sections 501, 502, and 503 enhancements to increase SBA's guaranty share to 90 percent, eliminate certain lender fees, and initiate a "Dealer Floor Plan" loan program. SBA's online ETran system for lender transactions was upgraded to support these new programs.

Loan Accounting System improvements — OCIO continued to migrate its LAS programs, including the field cashiering system, to SBA-standard Oracle databases.

HUBZone Certification and Tracking System (HCTS) — OCIO implemented a major HCTS enhancement highlighted by migration of a vendor-supplied system to SBA's application framework.

SBA network assessment completed — OCIO worked with an independent source to identify improvements to the SBA wide area network that offer better bandwidth utilization and remove bottlenecks.

Remote access improved with SSL VPN — To support SBA staff for mobile work, telework, and continuity of operations, OCIO implemented a new, secure remote access program based upon Citrix® technology giving employees safe access to email and files from any web browser.

Implementing standards-based IT processes (Enterprise Change Control Board, ECCB) — OCIO began implementing best-practice IT principles by certifying selected technical staff in the Information Technology Information Library (ITIL) and adopting standard processes for incident management, change management, configuration management, and release management through its ECCB.

Enhanced local and web-based IT training opportunities — In FY 2009, OCIO established a new IT training facility in its Washington, D.C. headquarters to provide drop in and scheduled IT training for local SBA employees. SBA field staff and mobile workers participate through web-based conferencing and video training sessions.

Information Security and Privacy

In FY 2009, the SBA implemented a Security Operations Center (SOC) with IT security products that support rigorous technical risk management. These SOC tools expand SBA network vulnerability scanning and enable the Agency to detect significant IT security events that may signal unauthorized activity on critical networked components.

The Agency improved disaster recovery capabilities by procuring hosting services through a new contractor. The vendor will establish a "hot site" and update disaster recovery data in three phases covering service transition, remote disaster recovery testing and eventual migration of all selected systems to the hosted disaster recovery platform.

A new primary IT security and privacy services contract was awarded to provide key support for SBA's overall IT security and privacy protection efforts.

In accordance with directive NCS-310 the Agency finished construction of a "strong room" housing equipment used for secure communications in the event of an emergency. The facility features specialized communications and networking equipment.

Access control was improved by adding devices that enable the SBA to protect its networks by limiting access to SBA-approved devices only. This minimizes potential vulnerabilities that could compromise the Agency's network.

The Agency conducted annual network penetration testing to identify any vulnerabilities and evaluate whether essential systems are susceptible to abuse or unauthorized access. Test results are used to develop remediation strategies.

The SBA also developed a Privacy Impact Assessment webpage with related guidance and produced an Agency "Breach Notification Response Plan" SOP with policy and practices on managing operations, including public notification in the aftermath of a data breach.

Both the resolution of outstanding IT audit findings and IT system certification and accreditation reviews are part of annual IT security operations. As of the fourth quarter of FY 2009 certification and accreditation reviews were current for all 20 major SBA systems; 25 percent of major systems were undergoing scheduled recertification. All minor systems had current certification and accreditation reviews.

During FY 2009, SBA's IT security staff led or assisted in resolving 17 of 44 open audit findings for a net annual reduction of over 38 percent.

Information Technology Governance

In FY 2009 the SBA continued to strengthen IT governance policies and practices in line with requirements of the Clinger-Cohen Act, E-Government Act, and Federal Information Security Management Act. These processes ensure that future IT investments align with and support the Agency's vision, mission, and operating plans. SBA's IT governance program includes IT capital planning and investment control, IT project management and IT enterprise architecture based on policies and practices derived from OMB guidance and best practices.

In FY 2009 the Agency's IT governance team revised primary practice documents for IT investment management to strengthen the oversight process for selecting, controlling and evaluating SBA's IT investments. The team developed new templates and presentation models to achieve more consistent results by the Agency's IT investment review boards.

In partnership with SBA's acquisition and human capital programs, the OCIO IT project management team is leading the development effort for the Federal Acquisition Certification for Program and Project Managers (FAC-PPM) program. The certification program establishes competencies, training and experience requirements for project managers assigned to SBA's major IT investments. The FAC-PPM program is derived from an OMB-led initiative to ensure agencies develop a cadre of project managers assigned to oversee each major IT project in the Agency's portfolio.

To assist SBA project managers and decision makers, OCIO developed a SharePoint portal providing one-stop project management and governance resources. The objective is to offer specialized project management tools, templates and resources for project managers to apply to their assigned IT projects.

The Agency also completed an enterprise segment for IT infrastructure and initiated segment architecture development for disaster assistance and financial management operations. In late FY 2009, the SBA also revised its IT enterprise architecture blueprint..

<u>FY 2010 – FY 2011 Planned Performance - CIO</u>

IT Infrastructure

<u>Wide Area Network enhancements</u> — OCIO will migrate to new higher-capacity telecommunications links to support increased workloads and handle the resulting network traffic between SBA organizations and locales. OCIO is planning this migration within the GSA Networx framework to be compliant with the Trusted Internet Connection guidelines. Many of these selected bandwidth optimization improvements will initially be enabled by Recovery Act funds

<u>SBA Data Warehouse implementation</u> — OCIO will build on its expanded databases and evolving Customer Relationship Management (CRM) platforms, as enabled by Recovery Act investments, to achieve a full data warehouse implementation that supports enhanced decision-making, analysis, and reporting at various user levels. Service oriented architecture principles will underlie this implementation to maximize re-use and cost-sharing. The Agency-specific CRM suite of applications and supporting data will be fully introduced across the Agency by mid FY 2010.

<u>Continued support of transition from a mainframe-based loan accounting system to SBA's new Loan Management Accounting System (LMAS)</u> — As SBA's LMAS follows the blueprint for modernizing loan origination and servicing based on federal-wide standards, OCIO will support the transition of data, reports, and processing activities from the current mainframe-based operations.

Improvement in Steady-State Operations through application of best practice operating standards — In FY 2010 and FY 2011, OCIO will upgrade SBA's standard office software suite and consolidate email infrastructure by merging with the Office of Disaster Assistance to adopt a common IT infrastructure. OCIO will continue to engage with CIO Council efforts to create baseline IT infrastructure measures and implement cost-reduction plans.

Information Security and Privacy

Emerging requirements in IT security and privacy are expected to continue because of changes in SBA's IT environment, and in response to heightened awareness of the importance of protecting personal privacy data.

- OCIO will employ a new federal information security management reporting tool in FY 2010 and update its Computer Security Annual Training module.
- The Agency will build on the results of several projects initiated in FY 2009. Both the network topology study and internal/external penetration tests offered business rationales for improving IT tools and services to close known gaps and add security controls that minimize or counteract probable threats.
- The SBA will examine specialized tools for data loss protection to safeguard private, sensitive information, whether hosted by the SBA or by an associated vendor.
- The IT security team will also review security controls for new or modified systems supporting SBA's Recovery Act initiatives.
- The SBA will continue to implement National Communication Systems directive 3-10, completing any remaining procurement and installation of specialized security equipment.

Information Technology Governance

Capital planning and investment control, IT project management — The SBA will mature its IT governance program during FY 2010 – FY 2011 by customizing enterprise-level project management and capital planning tools, and providing related training for overseeing and managing major IT projects.

During FY 2010 – FY 2011 the Agency will continue to execute the previously developed IT Governance Maturity Model recommendations to improve transparency, oversight and accountability of the IT portfolio.

The OCIO will also create a Quality Assurance Program to develop high standards for SBA projects. The program will institute quality control for current projects to ensure that value expectations are met. The goal is continuous improvement in the means and methods for applying quality assurance practices to SBA's IT projects and operations so that the Agency can maximize the value of its IT expenditures and harvest the expected results from those investments.

Enterprise Architecture — During FY 2010 and FY 2011, OCIO will continue to pursue close integration of IT governance practices between its enterprise architecture, project management and capital planning and investment control programs. The IT governance team will monitor and report using current indicators and measures such as segment architectures and associated updates, the IT investment portfolio, and relevant metrics, as refined by OMB.

Key EA artifacts (Blueprint and Transition Plan) will be reviewed to be sure that Recovery Act initiatives are incorporated into the overall EA framework as needed. The EA transition plan may be revised as a result of that review.

The Agency will finish its remaining segment architectures: *Financial Management, Financial Assistance, Disaster Assistance, Management and Technical Assistance* and *Information Sharing* subject to current OMB guidance. These segment architectures align the core mission and business or enterprise services with applicable IT tools to define the most pressing information technology needs. The *Information Sharing* segment may be a significant unifying element supporting the eventual migration to data warehousing across the Agency.

Office of Communications and Public Liaison

The Office of Communication & Public Liaison (OCPL) develops and implements plans, operating procedures and standards for articulating and communicating the Agency's programs and priorities. OCPL coordinates all of the Agency's public communications and marketing efforts to help maximize its programs and services and serve a voice and advocate for small businesses. The office works to strengthen those efforts through the use of new technology and innovative web tools, as well as all forms of media. OCPL coordinates and collaborates with Agency program and policy staff on these efforts and works with field staff on implementation at the regional and district levels.

Business Gateway

The Business Gateway initiative complements OCPL's overall efforts and the Agency's website. It plays a key role in supporting America's small business community as a tool for effectively and efficiently helping small businesses navigate the resources, regulations and opportunities available through the SBA and other federal agencies. The mission of the Gateway has evolved to serve as an incubator of technologies that improves the delivery of federal information and services for small businesses. As a result, the Gateway is critical in helping foster a more small business friendly environment and has an important role to play in assisting the Agency in achieving its mission and strategic objectives.

Business Gateway

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
Hours Saved (# in Millions)	Outcome	N/A	4.7	3.3	4.0	2.1	2.9	-28%	3.4	3.4
Customer Satisfaction (%)	Outcome	N/A	76.0%	70.0%	72.0%	74.0%	73.0%	1%	74.0%	74.0%
Cost per Hours Saved ($)	Efficiency	N/A	$ 3.48	$ 3.28	$ 1.00	$ 1.55	-	-	$ 1.34	$ 1.43
Budgetary Resources		Budgetary Obligations Incurred							Budget Requests	
		FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual			FY 2010 Request	FY 2011 Request
Total Administrative Resources ($000)		$ 10,780	$ 16,180	$ 10,660	$ 3,969	$ 3,254			$ 4,545	$ 4,874

Variance Explanation

Hours Saved (# in Millions) (-28% under target) - Estimates of hours saved are self-reported by visitors to Business.gov using a customer satisfaction survey. During FY 2009, the frequency at which the customer satisfaction survey was presented to visitors was lowered in direct response to feedback from users. Collecting hours saved information less frequently resulted in a lower aggregated figure than the performance goal. The rate at which the survey is presented has been re-adjusted to help mitigate the risk of not meeting the FY 2010 goal.
Customer Satisfaction (%) (1% over target) - The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.

FY 2009 Accomplishments – Business Gateway

Business Gateway Accomplishments during FY 2009 include the following:

Features and content — The SBA redesigned Business.gov navigation in response to feedback from customers via standard customer service channels, as well as several focus groups over the last two years. It launched the *Business.gov Community*, including discussion forums, idea exchanges and blogs to engage the small business community to participate in an ongoing dialog with other small business owners, and intermediaries representing small business, as well as federal, state and local government employees.

The Business.gov search tool was enhanced with the following offerings:

- Launched a new loans and grants search tool to allow customers to search for financial assistance programs at the federal, state and local level based on various criteria (includes Venture Capital Programs);
- Enhanced the search engine to better analyze a customer's search string and provide the most relevant results;
- Enhanced the licenses and permits tool to leverage the website's search engine; and
- Implemented a new Recommended Sites feature to improve the relevancy of search results by highlighting certain results above the organic search results when keywords in a customer's query match keywords assigned to the URL(s).

Business.gov content was enhanced with the following:

- Rewrote the "10 Steps to Starting a Business" to provide more information on the legal steps entrepreneurs must take to start a business; also included guidance on writing a business plan, choosing a location, and complying with zoning laws;
- Enhanced all of the state small business guides in the state and local section to include specific, state-level guidance on starting a business, operating a business, and training and assistance programs; and
- Published more than 70 blog articles on a wide variety of topics of interest to the small business community.

A social media and networking site (web 2.0) was launched with features including:

- A service that allows customers to sign up for and receive e-mail updates on business management topics such as loans and grants, including pertinent information such as upcoming small business events or new and improved Business.gov resources;
- A new, upgraded YouTube channel covered by the new government-wide agreement;
- A 508-compliant video player; and
- A redesign of the Business.gov toolkit and underlying framework to easily create customized gadgets for multiple platforms

Partnerships — In FY 2009 the SBA, with the IRS, developed the 2009 Tax Center to enhance access to updated small business tax information, including the Economic Stimulus Payment Info Center for Businesses. The Agency also collaborated with the IRS to develop resources for both IRS.gov and Business.gov to promote awareness and understanding of tax deductions available to home-based business owners.

The SBA partnered with the Department of Homeland Security to update Immigration and Employee Verification content to highlight the E-Verify program, and also to promote the Safety Act. The Federal Trade Commission invited Business.gov to partner on a special outreach effort on Work-at-Home Scams. The SBA partnered with the Environmental Protection Agency to raise awareness about its Retail/Merchandising Portal. The Agency collaborated with the Department of Labor's Employee Benefits Security Administration to enhance and promote employee benefits content with important Recovery Act provisions and other updates; and it participated in the National Academy of Public Administration's Collaboration Project.

FY 2010 - FY 2011 Planned Performance – Business Gateway

The Business Gateway program has historically been managed by the SBA in partnership with 21 other federal agencies. Starting in FY 2009, the SBA assumed full responsibility for funding and managing the program. The Business Gateway team implemented a new, non-funding partnership program and will continue to collaborate with federal partners going forward. The new partnership program also encompasses greater integration inside of the SBA, as well as with key resource partners, such as state government and public/private partnerships.

In FY 2010 and 2011, the Business Gateway program will continue to evolve and improve as it maintains its commitment to helping the Agency meet its goals. The program helps protect and strengthen the foundation upon which small businesses operate by providing information services and tools that help small businesses find and understand information faster and easier. Operating principals that include open and transparent operations, collaborative development and innovation in services and tools will enable the Business Gateway Program and the SBA to achieve their strategic goals.

In FY 2010 and 2011, Business Gateway will continue to leverage technology to provide innovative services to the small business community and to build upon the interactive model that was successfully established in FY 2009. Specific plans include:

- Expanding the existing community to effectively harness the collective knowledge of small businesses and their partners and engage them in an ongoing dialog about their successes, pain points, and lessons learned;
- Investigating alternative technologies to most effectively leverage interactive features and to support the proliferation of specialized communities within a broader, small business network;
- Aggressively updating and expanding content for existing search tools to provide the most relevant search results to customers;
- Developing new mechanisms and tools for engaging small businesses that include direct engagement in the development of new content and new models for understanding issues in the community, capturing information, providing answers and soliciting feedback;
- Expanding delivery channels through additional feeds, “gadgets”, videos and blogs;
- Developing a web service model to enable open data and engage small businesses and their partners in the distribution of data;
- Identifying, targeting and developing relationships with key partners that will provide the most benefit to small business users; and
- Collaborating within the SBA on a unified web strategy that enables the Agency to better meet the needs of the small business community and related partners.

The field is needed to support these strategies by partnering with SBA programs and alliances to identify services and information gaps in current operations, and to develop content and tools to best address small business requirements and demands

Office of the Chief Financial Officer and Associate Administrator for Performance Management

Long-Term Objective 4.3 – Provide financial and performance management services to support efficient and effective program delivery and to measure and communicate progress.

The Office the Chief Financial Officer conducts and promotes effective financial management activities for the SBA including budget, credit subsidy, financial operations, financial systems and internal controls. It develops and maintains integrated accounting and financial management systems; directs, manages, and provides policy guidance and oversight of all Agency financial management personnel, activities, and operations; approves and manages financial management systems design and enhancement projects; develops budgets for financial management operations and improvements; implements Agency asset management systems; monitors the financial execution of the Agency budget in relation to actual expenditures; and issues reports on budgetary and financial results.

The Performance Management Office is the driving force behind promoting operational effectiveness, accountability and transparency within the SBA. This mission is accomplished by developing, coordinating, and maintaining Agency efforts to transition into an outcome-oriented, customer-focused, employee-enabled, more accountable and transparent organization. This office is also the leader in the Agency's Performance Improvement initiative. This initiative was designed to develop better performance measures in order to facilitate SBA's continued movement from measuring activity outputs to measuring programmatic and Agency outcomes. The Performance Management Office provides tools and guidance to assist the Agency in expanding its capacity to conduct and make the most of the results of program evaluations. It builds Agency capacity for results-based management through training and outreach to program offices, and supports the Agency's strategic planning. It also prepares annual accountability and/or performance reports.

Chief Financial Officer

Performance Indicator	Type of Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Goal	FY 2009 Variance	FY 2010 Goal	FY 2011 Goal
Unqualified Opinions for Audit Year	Outcomes	Yes	Yes	Yes	Yes	Yes	Yes	0%	Yes	Yes
Number of Material Weaknesses	Outcomes	1	1	0	0	1	0	-100%	0	0

Variance Explanation

Number of Material Weaknesses (-100% under target) - SBA anticipated no material w eaknesses in it's FY 2009 Financial Audit. Unfortunately, the auditors identified one. SBA w ill w ork to remove this material w eakness by the next audit.

FY 2009 Accomplishments - CFO

KPMG, SBA's independent auditor, issued an "unqualified" opinion on the Agency's FY 2009 financial statements issued in November 2009, the fifth year in a row for this result. The auditor, however, reported a material weakness in financial reporting in SBA's internal control over the process to realign the amount of the liability for loan guaranties and the amount of the loans receivable subsidy allowance that has already been rectified. In addition, the independent auditor reported the Agency in conformance with the Federal Financial Management Improvement Act for the third year in a row. Finally, the auditor found the SBA not in compliance with the Debt Collection Improvement Act in the November 2009 report after finding a weakness in the referral of defaulted loans to the Treasury Department for further collection efforts that will be rectified in FY 2010. This was an excellent audit report that is the result of the improvements to SBA's financial management made over the last few years. KPMG also found a continuing "significant deficiency" in the Agency's internal control over its information systems security that the SBA is working to rectify. During the year the Agency maintained the process to provide enhanced internal control over financial reporting as mandated by OMB Circular A-123, bolstering internal control over financial activities in business loans, disaster loans, grants and contracting, administrative activities, budget and the financial reporting process.

For the third year in a row, the SBA received the Association of Government Accountants "Certificate of Excellence in Accountability Reporting" for its Performance and Accountability Report. The award reflects the Agency's continuing dedication and hard work towards the goal of financial and budget integration.

The Agency implemented an enhanced reporting process to track progress against established targets and improved the quality of data used to measure program outcomes. The SBA also achieved greater integration between performance and budget by implementing a budget tool designed to better align the Agency's mission and priorities with funding and performance goals.

The Recovery Act fundamentally changed many of SBA's flagship lending programs and created several new financial programs to address the nation's financial crisis. The Performance Management Office assisted the program offices with implementation of the Agency's Recovery Act programs and financial management requirements to properly manage, account for and report financial activity and performance results for the Agency's Recovery Act initiatives. The Performance Management Office also produced and distributed weekly, monthly and annual Recovery Act financial and performance reports.

FY 2010-FY 2011 Planned Performance - CFO

The SBA is committed to maintaining excellence in its financial management including obtaining an "unqualified" opinion with no repeat material internal control weaknesses in its FY 2010 financial statement audit. During FY 2010, the Agency will continue to improve the usage of financial management data including its prompt payment, obligation management, and credit portfolio management results. Internal controls over financial reporting will be attained through quality assurance activities and continual improvement in the documentation of the financial management and internal control procedures. SBA A-123 internal control activities will be maintained and improved with the addition of one staff member making a staff of five dedicated to this effort. Contractor assistance will continue at a reduced level in FY 2010 and FY 2011 to provide an independent perspective.

FY 2010 and FY 2011 reporting and audit activities will be conducted on a schedule developed with the independent auditor, the Office of the Inspector General, and the Office of the CFO. Action on audit findings will address each item to complete work as soon as possible. Internal control activities over financial reporting will be enhanced based on previous year experience. Finally, additional support will be provided to the development of the Loan Management and Accounting System during the year to develop a new loan receivables management and general ledger system.

The SBA will continue building on its improvements in financial reporting and data quality in FY 2010 and FY 2011. The Agency will also continue to improve the quality of its financial management reporting while meeting all financial/performance/budget deadlines. This is SBA's highest priority in the financial arena. Additional performance priorities include:

- Continue to assess and report performance results at both the program (Recovery Act and non-Recovery Act) and Agency-wide levels and to identify issues and improve programs and policies to ensure that SBA's funding will help small businesses succeed.
- Assess and report progress against the Agency's High Priority Performance Goals.
- Coordinate Agency efforts to develop a Strategic Plan for Fiscal Years 2011 to 2016
- Continue to establish and develop training for performance measures and performance management for both program and administrative managers.
- Continue to improve the measurement of outputs and outcomes to ensure timely reporting of accomplishments. This will include improved verification and validation of the data, as well as methodologies for estimates for end-of-year-data.
- Increase the focus of performance and budget integration in the Agency's support offices and increase their contribution to the success of the programmatic offices and to the efficient management of the Agency. Additionally, the Agency will identify methods to improve performance/cost data availability for supporting performance management.

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Appendices

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Appendix 1 — Appropriations Language

(**Salaries and Expenses**

For necessary expenses, not otherwise provided for, of the Small Business Administration as authorized by Public Law 108-447, including hire of passenger motor vehicles as authorized by 31 U.S.C. 1343 and 1344, and not to exceed $3,500 for official reception and representation expenses, [$433,438,000] *$444,269,000: Provided*, That the Administrator is authorized to charge fees to cover the cost of publications developed by the Small Business Administration, and certain loan program activities, including fees authorized by section 5(b) of the Small Business Act: *Provided further*, That, notwithstanding 31 U.S.C. 3302, revenues received from all such activities shall be credited to this account, to remain available until expended, for carrying out these purposes without further appropriations: *Provided further*, That [$113,000,000] $113,000,000 shall be available to fund grants for performance in fiscal year [2010] *2011* or fiscal year [2011] *2012* as authorized by section 21 of the Small Business Act, of which $1,000,000 shall be for the Veterans Assistance and Services Program authorized by section 21(n) of the Small Business Act, [as added by section 107 of Public Law 110-186,] and of which $1,000,000 shall be for the Small Business Energy Efficiency Program authorized by section 1203(c) of Public Law 110-140: *Provided further*, That [$22,000,000] *$10,000,000* shall remain available until September 30, [2011] *2012* for marketing, management, and technical assistance under section 7(m) of the Small Business Act (15 U.S.C. 636(m)(4)) by intermediaries that make microloans under the microloan program: [*Provided further*, That during fiscal year 2010, the applicable percentage under section 7(m)(4)(A) of the Small Business Act shall be 50 percent:] *Provided further*, That [$11,690,500] *$18,347,700* shall be available for the Loan Modernization and Accounting System, to be available until September 30, [2011: *Provided further*, That $2,000,000 shall be for the Federal and State Technology Partnership Program under section 34 of the Small Business Act (15 U.S.C. 657d)] *2012: Provided further, That notwithstanding the provisions of section 7(e) of the Small Business Act, the Administration may provide financial assistance in the form of grants or cooperative agreements to educational institutions, nonprofit organizations, Federal, State, and local departments and agencies (including Small Business Development Centers operating pursuant to section 21 of the Small Business Act, Women's Business Centers operating pursuant to section 29 of the Small Business Act, and SCORE chapters operating pursuant to section 8(b)(1)(B) of the Small Business Act) for the purpose of providing management or technical assistance and other services to small businesses. (Financial Services and General Government Appropriations Act, 2010.)*

Office of Inspector General

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, [$16,300,000] *$18,000,000. (Financial Services and General Government Appropriations Act, 2010.)*

Disaster Loans Program Account
(including transfers of funds)

[For the cost of guaranteed loans, including the cost of modifying such loans as defined in section 502 of the Congressional Budget Act of 1974, $1,690,000, to remain available until expended, of which $352,357 is for loan guarantees as authorized by section 42 of the Small Business Act, and $1,337,643 is for loan guarantees as authorized by section 12085 of Public Law 110-246.]

[In addition, for] *For* administrative expenses to carry out the direct loan program authorized by section 7(b) of the Small Business Act, [and the guaranteed loan programs authorized by section 42 of the Small Business Act and section 12085 of Public Law 110-246, $76,588,200] *$203,000,000*, to be available until expended, of which $1,000,000 is for the Office of Inspector General of the Small Business Administration for audits and reviews of disaster loans and the disaster loan programs and shall be [transferred to and merged with] *paid to* the appropriations for the Office of Inspector General; of which [$65,278,200] *$193,000,000* is for direct administrative expenses of loan making and servicing to carry out the direct loan program, which may be [transferred to and merged with] *paid to* the appropriations for Salaries and Expenses; *and* of which $9,000,000 is for indirect administrative expenses for the direct loan program, which may be [transferred to and merged with] *paid to* the appropriations for Salaries and Expenses[, and of which $1,310,000 is for administrative expenses to carry out the guaranteed loan programs, which may be transferred to and merged with the appropriations for Salaries and Expenses]. *(Financial Services and General Government Appropriations Act, 2010.)*

Business Loans Program Account
(including transfer of funds)

For the cost of direct loans, [$3,000,000] *$3,765,000*, to remain available until expended, and for the cost of guaranteed loans as authorized by section 7(a) of the Small Business Act, [$80,000,000] *$165,386,000*, to remain available until expended: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: *Provided further*, That subject to section 502 of the Congressional Budget Act of 1974, during fiscal year [2010] *2011* commitments to guarantee loans under section 503 of the Small Business Investment Act of 1958 shall not exceed $7,500,000,000: *Provided further*, That during fiscal year 2010 commitments for general business loans authorized under section 7(a) of the Small Business Act shall not exceed $17,500,000,000 *for a combination of amortizing term loans and the aggregated maximum line of credit provided by revolving loans: Provided further*, That during fiscal year [2010] *2011* commitments to guarantee loans for debentures under section 303(b) of the Small Business Investment Act of 1958, shall not exceed $3,000,000,000: *Provided further*, That during fiscal year [2010] *2011*, guarantees of trust certificates authorized by section 5(g) of the Small Business Act shall not exceed a principal amount of $12,000,000,000. In addition, for administrative expenses to carry out the direct and guaranteed loan programs, [$153,000,000] *$157,000,000*, which may be [transferred to and merged with] *paid to* the appropriations for Salaries and Expenses. *(Financial Services and General Government Appropriations Act, 2010.)*

[Sec. 1006. (a) There is hereby appropriated $125,000,000, for an additional amount for ``Small Business Administration Business Loans Program Account'' for fee reductions and eliminations under section 501 of division A of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5) and for the cost of guaranteed loans under section 502 of such division: *Provided*, That such cost shall be as defined in section 502 of the Congressional Budget Act of 1974.] *(Department of Defense Appropriations Act, 2010.)*

Surety Bond Guarantees Revolving Fund

For additional capital for the Surety Bond Guarantees Revolving Fund, authorized by the Small Business Investment Act of 1958, as amended, $1,000,000, to remain available until expended. *(Financial Services and General Government Appropriations Act, 2010.)*

Administrative Provisions-Small Business Administration
(including transfer of funds)

Sec. 520. Not to exceed 5 percent of any appropriation made available for the current fiscal year for the Small Business Administration in this Act may be transferred between such appropriations, but no such appropriation shall be increased by more than 10 percent by any such transfers: *Provided*, That any transfer pursuant to this paragraph shall be treated as a reprogramming of funds under section 608 of this Act and shall not be available for obligation or expenditure except in compliance with the procedures set forth in that section.

[Sec. 521. All disaster loans issued in Alaska or North Dakota shall be administered by the Small Business Administration and shall not be sold during fiscal year 2010.]

[Sec. 522. Funds made available under section 525 of Public Law 111-8 for the Jackie Joyner-Kersee Center shall be made available to the Illinois Institute of Independent Colleges and Universities.]

[Sec. 523. For an additional amount under the heading ``Small Business Administration--Salaries and Expenses'', $59,000,000, to remain available until September 30, 2011, which shall be for initiatives related to small business development and entrepreneurship, including programmatic and construction activities, in the amounts and for the projects specified in the table that appears under the heading ``Administrative Provisions--Small Business Administration'' in the statement of managers to accompany this Act.]

Sec. *521. Section 7(d) of the Small Business Act (15 U.S.C. 636(d)) is amended in subparagraph 7(d)(5)(D) by striking in the last sentence "three years" and inserting in lieu thereof "seven years".*

Sec. *522. Section 7(a)(3)(A) of the Small Business Act (15 U.S.C. 636(a)(3)(A)) is amended by striking "$1,500,000" and inserting in lieu thereof "$3,750,000" and by striking "$2,000,000" and inserting in lieu thereof "$5,000,000".*

Sec. *523. Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended-*
(a) in paragraph (1)(B)(iii), by striking "$35,000" and inserting in lieu thereof "$50,000";
(b) in paragraph (3)(C), by striking "$750,000" and inserting in lieu thereof "$1,000,000" and by striking "$3,500,000" and inserting in lieu thereof "$5,000,000";
(c) in paragraph (3)(E), by striking "$35,000" each place that term appears and inserting in lieu thereof "$50,000"; and
(d) in paragraph (11)(B), by striking "$35,000" and inserting in lieu thereof "$50,000".

Sec. *524. Section 502(2)(A) of the Small Business Investment Act (15 U.S.C. 696(2)(A)) is amended-*
(a) in clause (ii) by striking "$2,000,000" and inserting in lieu thereof "$5,000,000";
(b) in clause (iii) by striking "$4,000,000" and inserting in lieu thereof "$5,500,000".(Financial Services and General Government Appropriations Act, 2010.)

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Appendix 2 — Internal E-gov Efforts

America's small businesses play a vital role in creating opportunities for individuals, employees, and economic growth. The U.S. Small Business Administration (SBA) maintains its longstanding effort to bridge the competitive opportunity gaps that small entrepreneurs face. To that end, the SBA will continue to use the information technology to simplify the interaction between entrepreneurs, small businesses, lenders, and federal state, local and tribal entities.

SECTION I: TRANSPARENCY, ENGAGEMENT, AND INNOVATION

1. Describe major transparency initiatives undertaken in the past year and major transparency initiatives planned for the coming year.

Driven by the American Recovery and Reinvestment Act (Recovery Act), the SBA Office of the Chief Information Officer has undertaken a number of transparency initiatives in the past year which are described in this document. The two most significant are the *Audit Visibility & Tracking* tool and the SBA *Customer Relationship Management (CRM) tool*.

The *Audit Visibility and Tracking* tool facilitates collaborative and efficient responses to audit requests from external and internal sources. The solution provides the necessary tools to register each recommendation from an audit finding, then track the tasks needed to provide a Response. Apart from an easy-to-use interface that incorporates alerts and notifications for convenience, the tool also provides performance metrics to help SBA manage its resources more effectively.
The SBA *CRM* is an easy to use application that bridges the gap between existing disparate loan and lender databases and partner contact lists. Based on a Microsoft platform, CRM:

- Centralizes customer contact data
- Facilitates consistent service delivery
- Streamlines access to and evaluation of customer information
- Organizes customer communications across the Agency
- Features comprehensive analytical capabilities to support and enable Agency decision-making
  The SBA CRM resides in a user's Microsoft Outlook environment.

2. Do you have an innovation you would like to share with the public and federal workforce on the Innovations Gallery?

The SBA has two new tools that are candidates for inclusion in the Innovations Gallery: The *Audit Visibility & Tracking* tool and the SBA *Customer Relationship Management (CRM) tool*.
Contact the SBA Office of the CIO at eGov@sba.gov to schedule a demonstration of either tool.

3. How many data sets does your agency have on data.gov?

At present, the SBA has published two datasets on data.gov. Six additional data sets will be published by 1/22/10 as part of the efforts to meet the dataset requirements in the Open Government Directive (OGD).

4. Describe your progress in complying with OMB requirements to post all spending data on USAspending.gov.

The SBA is in compliance with OMB requirements to post all spending data on USAspending.gov.

5. What tools is your agency using to advance citizen participation and engagement? Cite examples of how your agency has used citizen feedback.

SBA's Business Gateway (BG) program focuses on reducing compliance and regulatory burden on the nation's small businesses; it provides procedural transparency, plain language resources and contextual information to the small business community. BG has taken a user-centric approach to all planning and execution activities. Content, services, and technology decisions are all filtered through the needs of the small business user. Product management disciplines and commercial best practices are leveraged to align all business and technical functions. In addition, Business Gateway utilizes Web 2.0 technology such as Facebook © and Twitter ™ to engage citizens.

6. Is your agency currently meeting all reporting requirements of M-09-19? If not, what are your plans for becoming compliant?

The SBA is currently meeting all reporting requirements for M 09-19 by posting data to USASpending.gov on a monthly basis.

SECTION II: INFORMATION AND INFORMATION TECHNOLOLGY MANAGEMENT

1. How has the IT Dashboard impacted the investment management process at your agency?

The IT Dashboard has positively impacted the investment management process in the following ways:

- The SBA has implemented a repeatable process for the control and monitoring of all IT investments that will directly feed the IT Dashboard on a monthly basis. This process has added additional rigor to standard control mechanisms by requiring the Agency to automate its internal investment and project health reports by utilizing the Oracle Primavera P6 and ProSight® tools.
- Currently, the SBA is revisiting its internal policies to ensure they incorporate the additional reporting requirements that have been created as a result of the IT Dashboard implementation.

2. Describe your agency's efforts in complying with reporting requirements for the IT Dashboard

SBA's Capital Planning and Investment Control (CPIC) is a dynamic process in which IT initiatives are chosen, then continually monitored and evaluated to ensure each initiative is well managed, cost effective, and supports the Agency's mission and strategic goals throughout its lifecycle. CPIC is SBA's primary process for analyzing IT investment options and making decisions about which IT initiatives and systems it should invest in. The process is supported by the following structure and tools:

- Governance and Decision-making Structure – Is the adherence to Agency processes and standards; staff, program, and field office internal management, two executive review bodies – the Business Technology investment Council (BTIC) and Business Technology investment Advisory Council (BTI-AC); and legislative-driven Agency functional IT investment oversight by the Administrator, Chief Financial Officer (CFO) and Chief Information Officer (CIO).
- Tools – The primary tool for IT portfolio and investment management is Primavera ProSight®. This web-based tool supports SBA initiative decision-making and IT initiative submissions to the Office of Management and Budget (OMB). The OCIO maintains and supports the tool.

3. Describe the process your agency is using to apply CIO evaluations for your major IT investments.

The SBA has created a thorough review process to apply CIO evaluations for all major IT investments that incorporate the use of solid project management (monitoring and control techniques) coupled with project and portfolio management tools. The following steps capture the monthly process:

- Every month project managers (PM) do a detailed assessment of the health of their investments and associated projects. The health assessments that the project managers conduct evaluate several factors that include cost/schedule variance, risks, contracts and performance.
- The PMs then submit their investment and project health reports to the portfolio management (PfM) team. The PfM team then conducts a secondary review of the factors included in the

investment and project health reports. If concerns/issues are identified by the PfM team, they work with the PMs to develop mitigations and possible solutions.

- After the PfM team completes their review of the investment and project health reports, the information is then provided to the IT Project Management Office (PMO) lead for a final review with the Chief Information Officer (CIO). Each investment is reviewed with the CIO, and any concerns or positive observations that are identified and captured are included in the comment form.
- Finally, the CIO provides the final evaluation and the IT Dashboard submission is completed.

4. Provide your agency's Information Resource Management (IRM) Strategic Plan and EA Transition Plan.

- The URL for IRM: http://www.sba.gov/aboutsba/sbaprograms/OCIO/sba_ocio_2007_2011.html
- The URL for the EA Transition Plan: http://www.sba.gov/idc/groups/public/documents/sba_program_office/ocio_ea_it_transition_plan.pdf

5. Outline the progress of integrating the Enterprise Architecture and the Capital Planning and investment Control processes and policies.

SBA's integration of EA into the CPIC process is just one of three facets addressed in SBA's new EA Concept-of-Operations (CONOPS). SBA's EA participation in the CPIC process assures SBA's potentially new and existing investments align with SBA's architecture as part of the Agency's strategic planning process, and is executed through EA's interjection at various points in the CPIC process. As such, potential or actual investments are outputs from the overall EA program and originate from the efforts in completing and maintaining the segment architectures and associated transition plans; thus, assuring that SBA's EA program provides a business value to the Agency. In addition, it focuses on capturing and monitoring select performance measures for each segment and all associated investments within each segment. Accordingly, various EA related activities inserted in SBA's CPIC process during the pre-select, select, and evaluate phases are detailed extensively in SBA's EA CONOPS document. There are additional EA performance measurements and control activities residing independent of the CPIC process too, but ultimately support the CPIC process in an indirect manner. SBA's EA is integrated into the CPIC process and as planned the maturity of this integration is increasing rapidly.

6. Provide the status and maturity of your modernization roadmap (segment architecture) activity including use by major programs and alignment shared target architectures.

The EA program continues to mature with additions to the modernization blueprint. Following a recent reorganization of the segments, three segments are in "complete" status, and four are "in progress." The financial management segment, currently one of the four in progress, will be completed at the end of January 2010. Each major and non-major investment has been aligned with a segment, with completed segments showing how investments fit into the EA transition plan.

7. For each E-Gov initiative, provide the final determinations, priorities, and schedules. Also, include your agency's information dissemination product catalogs, directories, inventories, and any other management tools used to improve the dissemination of and access to your agency's information by the public.

The SBA has 26 IT investments–thirteen are classified as major and non-major respectively. The Agency maintains all information on all investment data at:
http://www.sba.gov/aboutsba/budgetsplans/BUDGET_ADD_REPORT_PLAN.html

8. Provide your agency's Freedom of Information Act (FOIA) handbook, the link of your agency's primary FOIA web site, and the web site link where frequent requests for records are made available to the public.

The link to the *Small Business Administration Guide to Public Information*:
http://www.sba.gov/aboutsba/sbaprograms/foia/FOIA_HANDBOOK.html

9. Describe in brief your agency efforts to comply with Section 508 in regard to information management.

SBA's IT acquisition policy implements Section 508 as prescribed by the Federal Acquisition Regulation (FAR).
All SBA web applications are reviewed for compliance with Section 508.

10. A list of your agency's public Web sites disseminating research and development (R&D) information to the public, and whether or not each web site provides the public information about federally funded R&D activities and/or provides the results of federal research.

The SBA does not receive funding for, and does not participate in, R&D activities. Therefore, the SBA does not have a website dedicated to disseminate or describe such activities or results. However, SBA's Office of Economic Research website, http://www.sba.gov/advo/research/, provides economic research and statistics associated with small businesses.

In addition, SBA's Office of Technology administers the Small Business Innovation Research (SBIR) Program and the Small Business Technology Transfer (STTR) Program. The Office of Technology's website, http://www.sba.gov/aboutsba/sbaprograms/sbir/index.html, provides relevant research regarding information technology for small businesses.

11. Provide an inventory of formal agency agreements (e.g., contracts, memorandum of understanding (MOU), partnerships) with external entities (e.g., partnerships with state and local governments, public libraries, industry and commercial search engines) complementing your agency's information dissemination program, briefly explaining how each agreement improves the access to and dissemination of government information to the public.

SBA's Office of Advocacy Small Business Law Library website,
http://www.sba.gov/advo/laws/law_lib.html, provides the memorandums of understanding and formal agreements available to the public. Not all of the agreements are available for public viewing.

12. Provide an inventory that describes your agency's NARA-approved records schedules(s) or the link to the publicly posted records schedules(s), and a brief explanation of your agency's progress to implement NARA Bulletin 2006-02. For the brief explanation, please report the number of systems for which a record schedule was submitted to NARA in Fiscal Year (FY) 2008 and the number of systems still requiring records schedules.

In accordance with NARA Bulletin 2006-02, the SBA currently lists 59 electronic records schedules in its Electronic Records Management System; of these the "Loan Accounting System" comprises 33 subsystems.
All of SBA's electronic and paper-based schedules can be accessed on the SBA intranet page known as the "Yes" page. To access this system, an employee would:

- Click on *Program Offices*
- Click on *Administration*
- Click on *SBA Electronic Records Management System*
- Click on the office that contains the record schedules you wish to look at

- Choose between *paper and electronic*. The record schedules of each particular office is displayed. This application is currently available to SBA employees only. The SBA is planning a link to the public SBA website in future at http://www.sba.gov/.

SECTION III: IMPLEMENTATION OF E-GOVERNMENT INITIATIVES

The following pages demonstrate the commitment of the SBA to the principles of eGovernment.

1. Describe the initiative, the methodology for identification of the initiative, and how the initiative is transforming agency operations.

The SBA CRM is part of the OMB-approved Recovery Act *Automated and Streamlining Customer Experience* program that will:

- Introduce new technology and revitalize SBA's infrastructure
- Improve the offering of new economic incentives to small businesses and lenders
- Help restart lending and investing in small business

SBA's market research and due diligence team based its selection of the Microsoft Dynamics CRM on low cost, best value, functionality, and its ability to meet the aggressive time-line required to support Recovery Act initiatives.

CRM meets the basic need for providing centralized customer contact data across the entire SBA. Currently, there exists a gap between specific field offices with manual processes, field office with database applications, and several disparate systems, all tasked with maintaining customer contact information for various areas of the Agency.

Beyond merely centralizing contact demographic data, CRM will provide the ability to easily track major performance metrics vital to the SBA such as the number of new lenders established, number of contact efforts made to customers, number of loans issued, and so forth. These reports are quickly available to individual users or they can be automated and standardized as a part of the Agency process.

CRM will support immediate recovery efforts by improving efficiencies of SBA lender, business, outreach and marketing stimulus activities, and provide the foundation for future long-term customer relationship process reengineering and improvement initiatives. The CRM program will enhance productivity and improve the customer experience by centralizing customer contact data, facilitating consistent service delivery and organizing customer communications across the across the SBA.

2. Quantify the cost savings and cost avoidance achieved through implementing the initiative (e.g. reducing or eliminating other investments in information technology).

The CRM tool has not been in place long enough to produce cost savings and avoidance data. SBA's market research and due diligence team based its selection of the Microsoft Dynamics CRM on low cost, best value, functionality, and its ability to meet the aggressive time-line required to support Recovery Act initiatives. The implementation to the final deployment of the CRM tool took approximately five-month. This would be an impressive accomplishment in a corporate environment, let alone the federal space.

To mitigate the risk that its desired fast track approach would cause schedule or cost variances, the SBA developed the CRM project based on a proven COTS product, pilot approach, and realistic schedule. The SBA chose small business partners experienced in developing similar projects on tight schedules. To mitigate possible integration risks, the SBA researched COTS integration capabilities, developed a CRM project proof-of-concept prior to acquisition, and adopted a pilot-based implementation approach to minimize long term performance risks and to rapidly implement continuous enhancements based on user feedback. The approach also included an internal social media community portal to provide a mechanism for the Agency to collaborate on best practices, new feature enhancements, and general process improvements.

3. Explain how your agency maintains an ongoing dialogue with interested parties to find innovative ways to use information technology for the initiative.

Several federal agencies are interested in the CRM application and SBA's accelerated speed to market. At the 90 member Small Agency Council, the SBA shared its example of how small businesses could enable agencies to reduce the procurement cycle for technology deployment, while helping achieve the 23 percent small business set-aside federal procurement goal. Toward this end, the SBA and Microsoft are also exploring how to provide further entrepreneur development opportunities for small businesses.

4. Identify improved performance (e.g., outcome measures, quantifiable business impact) by tracking performance measures supporting agency objectives and strategic goals.

The table below provides a mapping of the strategic goals of the Agency to a measurement indicator for CRM.

Strategic Goal Supported	Measurement Indicator
Ensure that all SBA programs operate at maximum efficiency and effectiveness by providing them with high quality executive leadership and support services	Improved CRM "vision areas"
Ensure that all SBA programs operate at maximum efficiency and effectiveness by providing them with high quality executive leadership and support services	Number of District Directors who participated in either training, discussion, or design sessions for the purpose of maturing requirements for future development efforts
Ensure that all SBA programs operate at maximum efficiency and effectiveness by providing them with high quality executive leadership and support services	Major process design sessions
Ensure that all SBA programs operate at maximum efficiency and effectiveness by providing them with high quality executive leadership and support services	CRM access by SBA staff

5. Explain how this initiative ensures the availability of government information and services for those without access to the Internet and for those with disabilities.

The CRM tool was designed according to federal accessibility standards so it can be used by people with disabilities.

6. Identify external partners (e.g. federal, state or local agencies, industry) who collaborated on the initiative.

The SBA is examining how CRM could be used to coordinate communication and interaction with the public, including responses to FOIA requests and other critical Agency correspondence. In turn, CRM web tools would enable people to effectively locate information about SBA services, programs, partners and resources. In the future, plans include leveraging web technology that will allow the public to interact directly with SBA resource partners and programs.

7. Explain how the project applies effective capital planning and investment control procedures;

The CRM project adheres to all of the Agency's CPIC procedures. Specifically, CRM has participated in the CPIC pre-select, select and control phases. The project has not reached the maturity level to participate fully in aspects of the CPIC evaluate phase as implemented at the SBA.

8. Describe the established process your agency has in place for the continued ongoing process of identification of initiatives.

SBA CRM is more than just an example of exceptional speed to market. It is the centerpiece for revitalizing the Agency's use of information technology. Linking program information to a folder structure within Microsoft Outlook and managing interaction with agencies, councils, and committee are two unique aspects of SBA CRM. It is the foundation technology to consolidate existing stove-pipe systems, as well as enable future systems integration within a holistic approach to information technology enterprise architecture. At the business level, it will unify and standardize how SBA field office staff interacts with lenders, borrowers, businesses and resource partners. CRM also provides the previously unavailable ability to track and report on field office activities, set goals, establish performance metrics and enhance executive decision making through the use of business intelligence tools.

9. Quantify the cost savings and cost avoidance achieved through implementation of new IT programs.

The Customer Relationship Management (CRM) tool has not been in place long enough to produce cost savings and avoidance data.

10. Describe your efforts to consolidate, or collaborate with other agencies, to reduce the number of federal data centers.

The SBA has renewed its focus on consolidation of its infrastructure for effective disaster recovery. In addition the Agency is assessing its strategy for developing a managed services data center for its computer infrastructure. Furthermore, it is open to "cross-governmental cloud computing strategies" and continued efforts in that direction.

11. Describe the telework program at your agency; include your plans to increase your employees' ability to use Web 2.0 tools to work-at-a-distance.

There are three components to Web 2.0 technology:

- Personalization
- Development of rich Internet applications
- Delivery of local dynamic content. SBA employees are able to ensure personalization of their telework environment through the use of a secure, Citrix-based SSL key fob.

Due to IT security concerns, the SBA has not deployed the second and third components of Web 2.0 in a telework environment; however, the SBA complies with OPM's guidance for providing telework opportunities for its employees. Agency telework policy and all associated forms are posted to the intranet site for easy access by employees.

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Appendix 3 — Data Validation and Verification

Managing for results and integrating performance with budget information require valid, reliable and high-quality performance measures and data. The SBA faces many challenges in acquiring high-quality data on both outputs and outcomes. In addition to using output data internally from its own systems, the SBA relies on data from resource partners (such as SBDCs, SCORE, and WBCs) and other federal agencies and local governments to assess its accomplishments and effectiveness. Limitations such as the lack of relevant data for measures, the accuracy and timeliness of data, and the reporting capacity of quality data remain major issues for the Agency. Improving data quality continues to be a high priority for the SBA, as demonstrated by the creation of the Office of Performance Management within the Office of the Chief Financial Officer. The SBA vigorously pursues the following strategies to address the shortcomings of its data quality:

- Ensuring the validity of performance measures and data. The SBA does this through assessing the relevancy of performance measures and data on an annual basis.

- Fostering organizational commitment and capacity for data quality. Achieving data quality through (1) training its managers to make sure they understand the need for quality data, how to develop valid performance measures and how to ensure data quality; and (2) managers attesting to the quality of the data under their management.

- Assessing the quality of existing data. Audits and reviews ensure the quality of its financial data systems. However, the SBA must assess the quality of loan and program data provided by its resource partners and will include data verification in its lender and resource partner oversight.

- Responding to data limitations. It is not enough to identify data quality problems. Where there are data limitations, the SBA is working hard to improve quality. In the meantime, the SBA will recognize where there are data limitations and specify the steps being taken to improve the data.

- Reconciling Finances and Performance Costs. The SBA will continue to ensure the accuracy of this cost-related performance data by reconciling that information with its financial statements. Achieving this important reconciliation means that the Agency has strengthened the integration of its financial and performance information.

- The SBA rates every indicator as to the quality of the data. Every indicator has been subject to critical review and has been rated at least "acceptable". Any indicator that does not meet the standards of acceptability is rejected as an indicator.

All verification and validation forms supporting every indicator presented in this report can be view at http://www.sba.gov/aboutsba/budgetsplans/index.html.

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Appendix 4 — SBA Programs and Offices
(in alphabetical order)

Office of Advocacy

The Office of Advocacy is an independent voice for small business within the federal government. It represents the interests of small entities including small businesses, small organizations, and small governmental jurisdictions. Appointed by the President and confirmed by the U.S. Senate, the chief counsel for advocacy directs the office. The chief counsel advances the views, concerns, and interests of small business before Congress, the White House, federal agencies, federal courts, and state policymakers. Economic research, policy analyses, and small business outreach help identify issues of concern. Regional advocates and an office in Washington, D.C. support the chief counsel's efforts. The Office of Advocacy's economic research, regulatory interventions, and model state legislation initiative reduce regulatory barriers that impede small business growth and development.

Office of Business Operations

The Office of Business Operations plans, directs, and executes all administrative management functions within SBA headquarters, and monitors administrative programs in field offices. It develops policies and procedures for the procurement of supplies, equipment, and non-personnel services. This office also implements and manages approved grants and cooperative agreements.

Office of Capital Access

The Office of Capital Access assists small businesses in obtaining the loans necessary for growth by being a gap lender, providing assistance to small businesses that would otherwise would not qualify for un-guaranteed financing, obtaining equity, or taking advantage of procurement opportunities. Programs include the following:

- The 7(a) loan program requires SBA's lending partners to certify that the applicant was unable to qualify for loans elsewhere on reasonable terms.
- The 504 program, which has a statutorily mandated job creation component, fills another lending gap by providing long term, fixed rate financing for major assets such as real estate and heavy equipment.
- The Surety Bond Guarantee is a program that serves as a gap surety bond credit provider, expanding the bond credit and capacity of small contractors that would not otherwise be able to compete for public and private work.
- Small Business Investment Center financings generally support smaller transactions that may not otherwise receive funding from private venture firms or financial institutions.
- The Office of International Trade enhances the ability of small businesses to compete in the global marketplace; facilitates access to capital to support international trade; ensures the interests of small business are considered and reflected in trade negotiations; and supports and contributes to the U.S. government's international commercial and economic agenda.
- The Office of Credit Risk Management provides risk management based on monitoring, reviewing, and oversight of the 7(a) and 504 lenders and microloan intermediaries; and monitoring and analysis of the 7(a), 504, microloan and disaster portfolios.

Office of the Chief Financial Officer and Associate Administrator for Performance Management

The Office the Chief Financial Officer conducts and promotes effective financial management activities for the SBA including budget, credit subsidy, financial operations, financial systems and internal controls. It develops and maintains integrated accounting and financial management systems; directs, manages, and provides policy guidance and oversight of all Agency financial management personnel, activities, and operations; approves and manages financial management systems design and enhancement projects;

develops budgets for financial management operations and improvements; implements Agency asset management systems; and monitors the financial execution of the Agency budget in relation to actual expenditures.

The Office of the Chief Financial Officer and Performance Management provides tools and guidance to assist the Agency in expanding its capacity to conduct and utilize the results of program evaluations. It also helps the Agency develop better performance measures in order to facilitate SBA's continued movement from measuring activity outputs to measuring programmatic and Agency outcomes. It builds Agency capacity for results-based management through training and outreach to program offices and supports the Agency's strategic planning. The office also prepares annual accountability and/or performance reports, and establishes and implements Agency-wide policies for management integrity and audit follow-up, including internal controls.

Office of the Chief Information Officer

The Office of the Chief Information Officer provides information technology leadership, products, services and operational support for the SBA. The chief information officer is the principal advisor to the Administrator on information technology matters and has overall responsibility for developing, managing and monitoring SBA-wide IT systems, projects, personnel and expenditures. The office provides information technology governance support to the Agency, ensuring that the SBA manages its current and prospective IT investment portfolio in accordance with the laws, regulations and policies applicable across government.

The OCIO manages SBA's functional IT units encompassing systems development, operations, voice and data communications and user support. Directly or through contractors, the OCIO has responsibility for over 80 current, mission oriented IT systems that support SBA program delivery and enable the Agency to equip and outfit its employees with current hardware, software and computing tools, such as email, wireless capabilities and remote access for telecommuters.

The OCIO is also the Agency's lead office for information security, data privacy, electronic identity protection and incident reporting, including information technology aspects of *COOP*, continuity of operations planning.

Office of Communications and Public Liaison

The Office of Communications and Public Liaison has the principal responsibility for developing and implementing effective communications strategies to ensure that SBA's mission, programs, services and initiatives are articulated clearly and consistently to the American public in general and the small business community in specific. It supports field and program offices with planning and implementation of effective communications strategies. OCPL plays the chief role in articulating, explaining and promoting Agency policy and goals to the national news media.

Through Community Relations and the Office of Strategic Alliances within OCPL, the SBA forms alliances with for-profit corporations, small businesses, non-profit organizations, trade and professional associations, academic institutions, and public-sector agencies. The alliances offer opportunities to network on areas of common interest.

This office manages and maintains SBA's web presence on www.sba.gov and is also the federal managing partner for the *Business Gateway*, www.business.gov, a single site resource connecting government to the small business community and entrepreneurs.

Office of Congressional and Legislative Affairs

The Office of Congressional and Legislative Affairs assists in the development of SBA legislative programs and serves as the communications focal point on legislation and congressional activity. The CLA monitors legislation and policies introduced by Congress and government agencies to determine their effects on the SBA and small business. It furthers the goals of the SBA and enables Members of Congress to best serve their small business constituencies by promptly providing accurate, current, and continuous information to Members of Congress, congressional committees, and others interested in SBA programs. It also devises and implements legislative strategy and has primary responsibility for all matters relating to the congressional and legislative functions of the SBA. It provides liaison with legislative personnel at the White House, the Office of Management and Budget, and various federal departments and agencies. It coordinates with program offices and field offices to ensure continuity and consistency in SBA's communications with Congress.

Office of Disaster Assistance

The Office of Disaster Assistance plays a vital role in the aftermath of disasters. Through ODA, the SBA is responsible for providing affordable, timely, and accessible financial assistance to homeowners, renters, and businesses of all sizes affected by disaster. Financial assistance is available in the form of low-interest, long-term loans. SBA's disaster loans are the primary form of federal assistance for the repair and rebuilding of non-farm, private sector disaster losses. For this reason, the disaster loan program is the only form of SBA assistance not limited to small businesses. ODA makes two types of disaster loans:

- Physical disaster loans are for permanent rebuilding and replacement of uninsured or underinsured disaster-damaged privately-owned real and/or personal property. SBA's physical disaster loans are available to homeowners, renters, businesses of all sizes and nonprofit organizations.
- Economic injury disaster loans provide necessary working capital until normal operations resume after a disaster. Economic injury disaster loans are restricted to small businesses and non-profit organizations.

Office of Disaster Planning

The Office of Disaster Planning reports directly to the Administrator and is responsible for maintaining the Agency's comprehensive Disaster Response Plan. The office represents the SBA on various inter-governmental bodies related to disaster response and recovery and works to ensure that the Agency and its resource partners coordinate effectively to help serve disaster victims. The Agency's disaster training operations, exercises and simulation programs also fall under the purview of the Office of Disaster Planning.

Office of Entrepreneurial Development

The Office of Entrepreneurial Development serves the small business community through outreach and public/private sector collaborative ventures and other creative mechanisms, with the purpose of providing counseling and training to America's small businesses that otherwise would not be able to afford this type of assistance. OED provides entrepreneurs with free and low-cost education and training, topical information, and management assistance critical for sound decision-making in the start-up and growth phases of the business cycle. The tools used to accomplish this are OED's SCORE, Small Business Development Center, and Women's Business Center programs; the online Small Business Training Network; and delivery systems such as SBA's district offices.

Office of Equal Employment Opportunity and Civil Rights Compliance

To advance Agency-wide diversity at all levels, and equal access to programs and activities receiving SBA financial assistance, this office works to prohibit discrimination against all SBA employees and applicants based on: race, color, sex, age, religion, disability, national origin, and retaliation for opposition to discriminatory practices or participation in the EEO process. The office of EEO and CRC also works to achieve equal employment opportunity for all qualified employees consistent with the nation's workforce diversity. The office ensures that no person in the United States is denied the benefits of, excluded from participation in, or subjected to discrimination under any program or activity receiving SBA financial assistance, based on race, color, sex, age, disability, national origin, and marital status (extension of credit). In addition, the office ensures that individuals with disabilities have equal access to the SBA conducted or co-sponsored programs and activities.

Office of Executive Secretariat

The Office of the Executive Secretariat works with senior management officials to formulate the Administrator's and Deputy Administrator's written correspondence. Under the leadership of the associate deputy administrator for management and administration, ExecSec reviews, edits, and manages correspondence, rules, and regulations. ExecSec also reports products to and from the Office of the Administrator, Deputy Administrator and chief of staff. Together with CLA, OGC, and program offices, ExecSec ensures that correspondence and written products are delivered in the most timely and efficient manner, while providing useful, reliable information, and advice to Congress, other federal agencies, and small business owners nationwide.

Office of Faith-Based and Neighborhood Partnerships

Faith-based and neighborhood organizations can play an important role in helping the SBA reach, train, and finance the entrepreneurs whose businesses will bring jobs and hope to economically distressed communities all across the nation. The office promotes partnerships with neighborhood organizations to help people receive training and credit assistance. It provides information on grants for training, but does not make the actual funding decisions. Those decisions are made through procedures established by each grant program. There is no grant funding set-asides for faith-based organizations.

Office of Field Operations

The Office of Field Operations represents SBA field offices at headquarters. This office:

- Provides policy guidance and oversight to regional administrators and district directors in implementing Agency goals and objectives, and in solving problems in specific operational areas;
- Establishes and monitors performance goals for district offices;
- Provides associate administrators, program heads and the general counsel with a vehicle for overseeing field office program and policy implementation;
- Provides feedback to headquarters management regarding the performance of their programs;
- Ensures that field offices have adequate input into all policy formation and participate in policy deliberations at headquarters;
- Organizes reviews of field offices;
- Informs the SBA Administrator of field activity; and
- Provides coordination with the Office of Disaster Assistance when necessary.

Office of the General Counsel

The Office of General Counsel provides legal advice in support of all SBA programs and initiatives. The office helps to minimize the Agency's legal risks and costs, reduce litigation exposure, and ensure compliance with the applicable statutes, regulations, Executive Orders and other legal requirements. OGC provides the legal support necessary to defend SBA's interest in judicial and administrative actions, and proactively represent the Agency in all legal matters that arise in the context of its financial assistance, procurement and contracting programs, as well as labor and employment disputes.

Office of Government Contracting and Business Development

The Office of Government Contracting and Business Development promotes increased small business participation in the federal procurement market for goods and services. The office fulfills SBA's statutory mission to ensure that a fair share of federal procurement goes to small businesses.

Working with federal agencies, the SBA negotiates procurement goals, monitors performance, encourages the use of small business sources, provides procurement training and technical assistance to small firms, and provides policy direction and guidance to federal agencies. Several of the government-wide goals are statutory, including small businesses, small disadvantaged businesses, women-owned small businesses, HUBZone small businesses, and service disabled veterans-owned small businesses.

Office of Hearings and Appeals

The Office of Hearings and Appeals was established in 1983 to provide an independent, quasi-judicial appeal of certain SBA program decisions. OHA formally adjudicates disputes rising in numerous jurisdictional areas. These include appeals regarding SBA formal size determinations; appeals from contracting officer designations of North American Industry Classification System codes for procurements government-wide; appeals regarding certain SBA determinations relating to development companies; and appeals from agency and private certifier small disadvantaged business determinations, all of which, by regulation, may be decided either by an Administrative Judge or an Administrative Law Judge. OHA's jurisdiction also includes 8(a) BD program eligibility, suspension, and termination appeals, and salary offset appeals, all of which, by statute, must be decided by an administrative law judge.

Office of Human Capital Management

The Office of Human Capital Management develops and provides innovative human capital strategies. The OHCM advises SBA management with respect to selecting, developing and managing a high-quality, productive workforce. This office sets SBA's workforce development strategy; assesses current workforce characteristics and future needs based on SBA's strategic plan; aligns human resources policies with organization mission, strategic goals, and performance outcomes; develops and advocates a culture of continuous learning to attract and retain employees with superior abilities; identifies best practices and benchmarks studies; and creates systems for measuring intellectual capital and identifying links of that capital to organizational performance and growth. This office also implements laws, rules and regulations governing the civil service.

Office of Inspector General

The Office of Inspector General is an independent office created by law within the SBA to conduct and supervise audits, investigations, and other reviews relating to SBA programs and supporting operations; detect and prevent waste, fraud, and abuse; and promote economy, efficiency, and effectiveness in the administration and management of SBA programs. The inspector general keeps the SBA Administrator and the Congress fully informed of any problems, recommends corrective actions, and monitors progress in the implementation of such actions. The two operating components of the OIG are the Auditing Division and the Investigations Division. The Auditing and Investigations Divisions each administer their respective activities through staff located in various locations around the country. The Management and Policy and Counsel Divisions support both the inspector general and the operating divisions by providing policy, planning, administrative, and legal services, respectively.

Office of the National Ombudsman and Assistant Administrator for Regulatory Enforcement Fairness

The Office of the National Ombudsman fosters a more small-business–friendly federal regulatory enforcement environment by assisting small businesses when they experience excessive federal regulatory enforcement actions, such as repetitive audits or investigations, excessive fines, penalties, threats, retaliation, or other unfair enforcement action by a federal agency. It does this by evaluating how federal agencies treat small businesses during enforcement or compliance actions.

Office of the National Women's Business Council

The Office of the National Women's Business Council undertakes a variety of programs and initiatives in support of women-owned businesses. The council holds two public council meetings and other public roundtable events. It publishes research study reports, *Issue in Brief* reports (which synthesize and summarize federal and other research information for women business owners and policy makers on topics such as health care and federal procurement), and fact sheets on the numbers and growth of categories of women-owned firms. The council manages two web sites, www.nwbc.gov and www.womenbiz.gov, plus a bimonthly e-newsletter, *Engage!*

Office of Native American Affairs

The SBA, through its Office of Native American Affairs, coordinates Native American initiatives and develops policies and procedures to ensure that SBA assistance is made available to American Indians, Native Alaskans, and Native Hawaiians. The initiative consists of two major components: marketing and outreach, and training to enhance business opportunities.

Office of Policy and Strategic Planning

The Office of Policy and Strategic Planning is responsible for evaluating the existing policies and programs of the Small Business Administration as well as translating economic, social and demographic trends that have an impact on small business competitiveness into policy prescriptions that will allow the Agency to be more proactive in addressing the needs of small business.

Office of Veterans Business Development

Statutes direct the Office of Veterans Business Development to conduct comprehensive outreach on behalf of the Agency and to be responsible for the formulation, execution, and promotion of policies and programs of the Administration. To accomplish these tasks, OVBD operates its national outreach initiative and provides direct service delivery through utilization of funding agreements with resource partners, coordination of outreach and service delivery with other federal agency partners, and development of Agency program initiatives.

Appendix 5 — Discontinued Indicators

Program	Performance Indicator	Type	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Goal	FY 2009 Actual	FY 2009 Variance
7(a)	Loans Funded (#)	Output	88,845	90,483	92,553	64,514	66,178	38,307	-42%
7(a)	Under Served Markets - Loans Funded (#)	Output	N/A*	N/A*	33,388	25,119	25,304	14,879	-41%
7(a)	Cost per Loan Funded ($) (1)	Efficiency	$ 559	$ 461	$ 452	$ 861	-	-	N/A*
504	SB Loans Funded (#)	Output	8,974	9,720	10,405	8,630	8,725	6,293	-28%
504	USM - SB Loans Funded (#)	Output	N/A*	N/A*	3,695	3,544	3,538	2,402	-32%
504	Cost per SB Loans Funded ($) (1)	Efficiency	$ 1,581	$ 1,651	$ 1,540	$ 2,095	-	-	N/A*
Int'l Trade	Loans Funded (#)	Output	2,638	3,082	2,767	3,090	2,921	1,508	-48%
Int'l Trade	Cost per Loans Funded (#)	Efficiency	2,638	3,082	2,767	3,090	-	-	N/A*
Int'l Trade	USM Assisted (#)	Outcome	1,007	1,248	1,176	443	443	462	4%
Microloan	Loans Funded (#)	Output	2,436	2,395	2,427	2,500	2,500	2,736	9%
Microloan	Cost per Loan Funded ($) (1)	Efficiency	$1,584	$1,269	$1,536	$1,130	-	-	N/A*
SBG	Final SBG (#)	Output	1,680	1,706	1,617	1,576	1,800	1,220	-32%
SBG	Total Bonds (#)	Output	5,678	5,214	5,809	6,055	6,000	6,135	2%
SBG	USM - Final SBG (#)	Output	N/A*	N/A*	N/A*	668	600	440	-27%
SBG	Cost per Final SBG ($) (1)	Efficiency		$2,906	$4,107	$4,283	-	-	N/A*
SBG	Cost per Total Bid Bonds ($) (1)	Efficiency		$860	$1,344	$1,192	-	-	N/A*
SDB	SB Certified (#) (Discontined Program FY 2008)	Output	968	734	474	789	-	-	N/A*
SDB	Cost per SB Certified ($) (1) (Discontinued Program FY 2008)	Efficiency	$ 1,667	$ 2,414	$ 2,605	$ 1,376	-	-	N/A*
SBDC	Cost per Multi-Year Extended Engagement Clients	Efficiency	N/A*	N/A*	$ 2,288	$ 2,194	-	-	N/A*
WBC	Jobs Created/ Retained (#)	Outcome	$9,442	6,879	632	650	632	1,084	72%
BGatew ay	Referrals to Partner Sites per Month (%)	Outcome	N/A*	9%	9%	28%	25%	22.0%	-12%

*N/A - Not Available

(1) Efficiency measures do not have a variance for FY 2009 because they are calculated based on the fully loaded budget numbers for the program and OMB does not w ant any program budget goaled for the current year.

Discontinued Indicators *(continued)*

Variance Explanation

7(a)	Loans Funded (#)	**-42%**	The FY 2009 goals w ere established in 2007 w hen the nation's economy w as still expanding. The greater than 10% negative variance is the result of the economic recession that began in the second quarter of fiscal year 2009, coupled w ith increasing loan losses for many of the nation's banks that began in 2008 and greatly accelerated in 2009. The declining economy and loan losses forced the vast majority of lenders to significantly increase their credit standards throughout FY 2009 as reported by the Federal Reserve Bank Loan Officer Survey. In addition, the collapse of Bear Sterns in March, 2009 created a banking liquidity crisis that further lessened the availability of capital. The collapse of the secondary market for SBA loan guaranties and the liquidity it provides for SBA lenders near the end of the fiscal year w as a final blow to loan production. As a result of these factors throughout 2009, lenders significantly curtailed lending in general. This not only affects the number of loans approved, but also had a corresponding affect on the small businesses assisted, jobs created and retained, and USM - SB Assisted as they are all interdependent.
7(a)	Under Served Markets - Loans Funded (#)	**-41%**	The FY 2009 goals w ere established in 2007 w hen the nation's economy w as still expanding. The greater than 10% negative variance is the result of the economic recession that began in the second quarter of fiscal year 2009, coupled w ith increasing loan losses for many of the nation's banks that began in 2008 and greatly accelerated in 2009. The declining economy and loan losses forced the vast majority of lenders to significantly increase their credit standards throughout FY 2009 as reported by the Federal Reserve Bank Loan Officer Survey. In addition, the collapse of Bear Sterns in March, 2009 created a banking liquidity crisis that further lessened the availability of capital. The collapse of the secondary market for SBA loan guaranties and the liquidity it provides for SBA lenders near the end of the fiscal year w as a final blow to loan production. As a result of these factors throughout 2009, lenders significantly curtailed lending in general. This not only affects the number of loans approved, but also had a corresponding affect on the small businesses assisted, jobs created and retained, and USM - SB Assisted as they are all interdependent.
504	SB Loans Funded (#)	**-28%**	The negative variance being greater that 10% w as as a result of the significant decline in the nation's economy and the banking crisis. Many of the major banks are also major lenders w ith the CDCs. As a result of these lenders significantly pulling back on lending in general, the CDCs loan volume also dropped significantly This not only affects the number of loans approved, but also had a corresponding affect on the small businesses assisted, jobs created and retained, and USM - SB assisted as they are all interdependent.
504	USM - SB Loans Funded (#)	**-32%**	The negative variance being greater that 10% w as as a result of the significant decline in the nation's economy and the banking crisis. Many of the major banks are also major lenders w ith the CDCs. As a result of these lenders significantly pulling back on lending in general, the CDCs loan volume also dropped significantly This not only affects the number of loans approved, but also had a corresponding affect on the small businesses assisted, jobs created and retained, and USM - SB assisted as they are all interdependent.
Int'l Trade	Loans Funded (#)	**-48%**	The FY 2009 goals w ere established in 2007 w hen the nation's economy w as still expanding. The greater than 10% negative variance is the result of the economic recession that began in the second quarter of fiscal year 2009, coupled w ith increasing loan losses for many of the nation's banks that began in 2008 and greatly accelerated in 2009. The declining economy and loan losses forced the vast majority of lenders to significantly increase their credit standards throughout FY 2009 as reported by the Federal Reserve Bank Loan Officer Survey. In addition, the collapse of Bear Sterns in March, 2009 created a banking liquidity crisis that further lessened the availability of capital. The collapse of the secondary market for SBA loan guaranties and the liquidity it provides for SBA lenders near the end of the fiscal year w as a final blow to loan production. As a result of these factors throughout 2009, lenders significantly curtailed lending in general. This not only affects the number of loans approved, but also had a corresponding affect on the International trade loans.
Int'l Trade	USM Assisted (#)	**4%**	The performance goal w as set at an approximate target level, and the deviation from that level is slight. There w as no effect on overall program or activity performance.
Microloan	Loans Funded (#)	**9%**	The performance goal w as set at an approximate target level, and the deviation from that level is slight. There w as no effect on overall program or activity performance.
SBG	Final SBG (#)	**-32%**	The declining economy has increased the competition for contracts. Larger companies are able to reduce their bids at the expense of small businesses. SBA anticipates that w ith a recovering economy, the small businesses w ill recover.
SBG	Total Bonds (#)	**2%**	The performance goal w as set at an approximate target level, and the deviation from that level is slight. There w as no effect on overall program or activity performance.
SBG	USM - Final SBG (#)	**-27%**	The declining economy has increased the competition for contracts. Larger companies are able to reduce their bids at the expense of small businesses. SBA anticipates that w ith a recovering economy, the small businesses w ill recover.
SDB	SB Certified (#)	**N/A***	Program cancelled FY 2008.
WBC	Jobs Created/ Retained (#)	**72%**	The WBCs had extensive training this past year and w e believe that contributed to better reporting w hich w ould explain an increase.
BGatew ay	Referrals to Partner Sites per Month (%)	**-12%**	In FY 2009, Business.gov w as solely funded by SBA and transitioned aw ay from the partner-funded model follow ed for many years. This change led to a shift by the Business.gov team to focus more on SBA and less on partner agencies. Ultimately, the reduced promotion of partner content reduced the number of referrals to partner sites for the year.

Appendix 6 — Glossary of Acronyms and Abbreviations

(Available at: "Current Agency Financial Report" http://www.sba.gov/aboutsba/budgetsplans/index.html)

504 — **504 Certified Development Loan Program —** Provides small businesses with long-term, fixed-rate financing for the purchase of land, buildings and long-life capital equipment

7(a) — **7(a) Loan Guaranty Program —** SBA's primary loan program. It provides general loan financing for a wide variety of purposes.

8(a) — **8(a) Business Development Program** Assists firms owned and controlled by socially and economically disadvantaged individuals to enter and succeed in the economic mainstream.

A-123 — Designation for OMB Circular on "Internal Control Systems." It prescribes policies and procedures to be followed by executive departments and agencies in establishing, maintaining, evaluating, improving, and reporting on internal controls in their program and administrative activities.

AA — **Associate Administrator**

AFMAC — **Audit and Financial Management Advisory Committee** — Assists the Administrator in overseeing SBA's financial operations

AFR — **Agency Financial Report** — The name of one of the annual PAR reports.

APR — **Annual Performance Report** — A report required by the GPR that presents a federal agency's progress in achieving the goals in its strategic plan and performance budget.

ARC — **America's Recovery Capital Loan Program** — A new temporary guarantied loan program authorized by the American Recovery and Reinvestment Act of 2009.

ARRA — **American Recovery and Reinvestment Act of 2009** — Most often referred to as the Recovery Act in SBA documents.

BATF — **Business Assistance Trust Fund** — A trust fund in the U.S. Treasury maintained to receive and account for donations made by private entities for activities to assist small business.

BD — **Business Development** — The Office of Business Development uses SBA's statutory authority to provide business development and federal contract support to small disadvantaged firms.

BDMIS — **Business Development Management Information System** — The system that automates the certification and annual review process for the 8(a) program.

BLIF — **Business Loan and Investment Fund** Fund operated by the Treasury Department to maintain the accounting records of loans approved prior to 1992.

CA — **Capital Access (**See OCA)

CDC — **Certified Development Company** — Refers to the Section 504 Certified Development Company debenture program.

CFO — **Chief Financial Officer** — The CFO is responsible for the financial leadership of the Agency. This includes responsibility for all Agency disbursements, management and coordination of Agency planning, budgeting, analysis and accountability processes.

CFR — **Code of Federal Regulations** — The codification of the general and permanent rules published in the Federal Register by the executive departments and agencies of the federal government.

CIO — **Chief Information Officer** — The CIO is responsible for the management of information technology for the Agency, including the design, implementation and continuing successful operation(s) of information programs and initiatives.

CLA — **Office of Congressional and Legislative Affairs** — The CLA assists in the development and enactment of SBA legislative proposals and serves as the liaison for SBA's communications on all legislative and congressional activities.

COO — **Chief Operating Officer**

COOP — **Continuity of Operations Plan** — A predetermined set of instructions or procedures that describe how an organization's essential functions will be sustained for up to 30 days following a disaster and then return to normal operations.

CRC — **Civil Rights Center** — The CRC administers and enforces various federal statutes, regulations and Executive Orders that relate to nondiscrimination and equal opportunity.

DAP **Disaster Assistance Plan** — Executive Order 13411 mandates that federal agencies create a single application that fulfills the information requirements of all applicable federal disaster assistance programs.

DCMS **Disaster Credit Management System** The electronic system used by the SBA to process loan applications for all new disaster declarations.

DCIA **Debt Collection Improvement Ac**t — A federal law to maximize collections of delinquent debts owed to the government.

DFP **Dealer Floor Plan** — A small pilot program to make revolving loans to retail dealerships including automobile dealers that began in July 2009

DLF **Disaster Loan Fund** — Assists eligible small businesses impacted by disasters.

ECCB **Enterprise Change Control Board** — The ECCB is in charge of the administration of the centralized network accounts for the SBA.

EEO **Equal Employment Opportunity**

ELA **Electronic Loan Application** — Simplifies the application process by providing electronic loan applications.

FASAB **Federal Accounting Standards Advisory Board** — Promulgates accounting principles for federal government reporting entities.

FBCI **Faith-Based and Neighborhood Partnerships** —p The office promotes SBA partnerships with faith-based and neighborhood organizations to help people receive training and credit assistance.

FCRA **Federal Credit Reform Act** — A law enacted to provide a more realistic picture of the cost of U.S. government direct loans and loan guaranties.

FECA **Federal Employees Compensation Act** Provides compensation benefits to federal civilian employees for work-related injuries or illnesses and to their surviving dependents.

FEMA **Federal Emergency Management Agency** — The agency that is tasked with responding to, planning for, recovering from and mitigating against disasters.

FERS **Federal Employees' Retirement System** A three-tiered retirement plan for federal employees hired after 1984, composed of Social Security benefits, a basic benefit plan, and contributions to a TSP.

FFMIA **Federal Financial Management Improvement Act** — A law that requires each agency to implement and maintain financial management systems that comply substantially with federal financial management systems requirements, applicable federal accounting standards, and the USSGL.

FMFIA **Federal Managers' Financial Integrity Act** — Requires ongoing evaluations and reports on the adequacy of the internal accounting and administrative control systems of executive agencies.

FHCS **Federal Human Capital Survey** — A survey administered by OPM to measure federal employees' perceptions about how effectively agencies have managed their workforces.

FICA **Federal Insurance Contribution Act** — The law establishing a social security tax, a largely self-supporting program for employees.

FMFIA **Federal Managers' Financial Integrity Act** — A law Act that primarily requires ongoing evaluations and reports on the adequacy of the internal accounting and administrative control systems of executive agencies.

FPDS **Federal Procurement Data System**

FT **Fiscal Transfer Agent**

FY **Fiscal Year** — The SBA fiscal year begins October 1 and ends the following September 31.

GAO **U.S. Government Accountability Office** The audit, evaluation and investigative arm of Congress.

GC/BD **Office of Government Contracting and Business Development** — GC/BD works to create an environment for maximum participation by small, disadvantaged and woman-owned business in federal government contract awards and large prime subcontract awards.

GSA **General Services Administration**

GWAC **Government-wide Acquisition Contract**

HUBZone **Historically Underutilized Business-Zone** Encourages economic development by the establishment of federal contract award preferences for small businesses located in historically underutilized business zones.

IP **Improper Payments** (See IPIA)

IPA **Independent Public Accountant** — A firm or person, other than the agency's IG, who meets the independence standards specified in GSA, and is engaged to perform the audit of a federal agency or for other purposes.

IPIA **Improper Payment Infraction Act** — A federal law, enacted in 2002 to identify and reduce erroneous payments in the government's programs and activities.

IT **Information Technology** — Refers to matters concerned with the design, development, installation and implementation of information systems and applications.

L/LMS **Loan and Lender Monitoring System**

LMS **Loan Monitoring System** — Aids the SBA in managing its core loan guaranty programs and serves as one of the building blocks in the overall systems modernization project.

MAS **Multiple Awards Schedule**

MAX **Budget Information System** — OMB uses the MAX Budget Information System to collect, validate, analyze, model and publish budget Information.

MD&A **Management's Discussion and Analysis** The MD&A is considered required supplementary information for federal financial statements and is designed to provide a high level overview of the Agency.

MRF **Master Reserve Fund** — SBA's fiscal and transfer agent maintains this reserve fund to facilitate the operation of the 7(a) secondary market program.

MRA **Master Reserve Account** — SBA's fiscal agent maintains this escrow fund to facilitate the operation of the Certified Development Company program.

NAICS **North American Industry Classification System** — NAICS is the standard used by federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

NGPC **National Guaranty Purchase Center** SBA's centralized loan guaranty purchase processing center.

NWBC **National Women's Business Council** A bi-partisan federal advisory council that is an independent source of advice and policy recommendations to the President, Congress, and the SBA on issues of importance to women business owners.

OCA **Office of Capital Access** — The office responsible for small business program loans, lender oversight, the investment company program, the surety bond program and the international trade program.

OCFO **Office of the Chief Financial Officer** The office responsible for the financial activity of the Agency, including Agency disbursements, management and coordination of Agency planning, budgeting, analysis and accountability processes.

OCIO **Office of the Chief Information Officer** Supports and provides guidance for SBA's nationwide computer automation and information technology efforts.

OCRM **Office of Credit Risk Management** SBA office that manages program credit risk, monitors lender performance, and enforces lending program requirements.

ODA **Office of Disaster Assistance** — SBA office that promotes economic recovery in disaster ravaged areas. SBA loans are the primary form of federal assistance for non-farm, private sector disaster losses for individuals and businesses.

OFA **Office of Financial Assistance** — SBA office that administers various loan programs to assist small businesses.

OFO **Office of Field Operations** — SBA office that represents field offices, including regional and district offices, at headquarters.

OGC **Office of General Counsel** — Provides legal advice for senior management, as well as legal support for all Agency programs, initiatives and administrative responsibilities.

OHCM **Office o f Human Capital Management** Supports the strategic management of human capital in the accomplishment of the Agency's mission.

OIG **Office of Inspector General** — Conducts and supervises audits, inspections and investigations relating to SBA programs and operations.

OMB **U.S. Office of Management and Budget** Presidential office that oversees preparation of the federal budget and supervises its administration in Executive Branch agencies.

OPM **U.S. Office of Personnel Management** The federal government's human resources agency.

The Accounting program used by SBA's

ORACLE Administrative Accounting Division

ORCA **Online Representation and Certification Application** — an e-Government initiative that was designed to replace the paper based Representations and Certifications process.

OSA **Office of Strategic Alliances**

OVBD **Office of Veterans Business Development** — The SBA office that works to enhance and increase successful small business ownership by veterans.

PAR **Performance and Accountability Report** Reporting that presents financial, budgetary and performance information to OMB, Congress and the public.

PART **Program Assessment Rating Tool** An OMB methodology developed to assess and improve program performance

PCECGF **Pollution Control Equipment Contract Guaranty Fund** — Supports costs associated with the credit portfolio of pre-October 1991 pollution control equipment loans and guaranties being liquidated by the SBA.

PCIE **President's Council on Integrity and Efficiency**

PIA **Privacy Impact Assessment** — Part of the Privacy Impact Statement from the Privacy Act.

PLP **Preferred Lender Program** — Covers certified or preferred lenders that receive full delegation of lending authority.

PMA **President's Management Agenda** — A Bush Administration program to improve management of the federal government.

QA **Quality Assurance**

QAR **Quality Assurance Review**

Recovery Act **American Recovery and Reinvestment Act of 2009** — Most often referred to as the Recovery Act in SBA documents, may also be referred to as ARRA.

RFA **Regulatory Flexibility Act**

SAS **Statement on Auditing Standards** Establishes standards and provides guidance on the design and selection of an audit sample and the evaluation of the sample results.

SBA **Small Business Administration** A federal agency whose mission is to aid, counsel and protect the interests of small businesses and help families and businesses recover from disasters.

SBA *Express* Provides selected lenders with a 50 percent guaranty on their loans in exchange for the ability to primarily use their own application and documentation forms, making it easier and faster for lenders to provide small business loans of $250,000 or less.

SBDC **Small Business Development Center Program** — SBDCs deliver management and technical assistance, economic development and management training to existing and prospective small businesses through cooperative agreements with universities and colleges and government organizations.

SBG **Surety Bond Guarantee Program** Provides guaranties, bid, performance and payment bonds for contracts up to $2 million for eligible small businesses that cannot obtain surety bonds through regular commercial channels.

SBGRF **Surety Bond Guaranty Revolving Fund** Provides assistance to small business contractors in obtaining bid, performance and payment bonds for construction, service and supply contracts.

SBIC **Small Business Investment Company** Provides equity capital, long-term loans, debt-equity investments and management assistance to small businesses, particularly during their growth stages.

SBLC **Small Business Lending Company** Non-depository small business lending companies listed by the SBA Office of Capital Access.

SBPRA **Small Business Paperwork Relief Act of 1992**

SBREFA **Small Business Regulatory Enforcement Fairness Act**

SCORE A volunteer organization, sponsored by the SBA that offers counseling and training for small business owners who are starting, building or growing their businesses.

SDB **Small Disadvantaged Business** Small business owned and controlled by individual(s) who are socially and economically disadvantaged.

SMG **Secondary Market Guaranty**

SOP **Standard Operating Procedure** SOPs are the primary source of the Agency's internal control.

SOX **Sarbanes-Oxley Act 2002** — The law introduced major changes to the regulations of financial practice and corporate governance.

SSBIC	**Specialized Small Business Investment Company** — Provides equity capital, long-term loans, debt-equity investments and management assistance to socially or economically disadvantaged small businesses.
TOP	**Treasury Offset Program** — A centralized debt collection program developed by the Treasury Department's FMS to assist agencies in the collection of delinquent debts owed to the Federal Government.
WBC	**Women's Business Center** — WBCs provide long-term training and counseling to women owning or managing a business, including financial, management, marketing and technical assistance, and procurement.

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Office of the Inspector General Budget Request

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U.S. Small Business Administration

Office of Inspector General

Congressional Budget Justification

Fiscal Year 2011

February 2010

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U.S. Small Business Administration
Office of Inspector General

Congressional Budget Justification

Fiscal Year 2011

OIG Overview

Pursuant to the Inspector General Act of 1978, as amended (IG Act), the Small Business Administration (SBA) Office Inspector General (OIG) adds value to Agency programs and operations by providing auditing, investigative, and other services to support and assist SBA in achieving its statutory mission. SBA was established to maintain and strengthen the Nation's economy by protecting the interests of, and assisting, small businesses, and by helping families and businesses recover from disasters. In addition to responsibilities under the IG Act, the OIG carries out other significant statutory responsibilities and Government-wide mandates, including responsibilities under the Small Business Act and the Small Business Investment Act.

The OIG seeks to improve SBA programs and operations by (1) identifying key issues facing the Agency, (2) following up to ensure that corrective actions are taken, and (3) promoting a high level of integrity, with a focus on serving the needs of the OIG's customers and stakeholders and safeguarding SBA resources from waste, fraud, and abuse. The OIG will use the funding requested for Fiscal Year (FY) 2011 to continue to address critical areas and issues, to include the following.

- Working an active caseload of about 250 investigations (many involving multiple subjects) of potential loan and contracting fraud and other wrongdoing, continuing the OIG's successes in prosecuting complex, multimillion dollar fraudulent financial schemes. (During FY 2009, OIG investigations resulted in 50 indictments, 71 convictions, potential recoveries and fines of more than $53 million, and loans/contracts not being approved/canceled of more than $26 million.)

- Conducting audits and reviews of high-risk SBA activities, continuing to focus on systemic programmatic and operational vulnerabilities. (During FY 2009, the OIG issued 19 reports with 120 recommendations for improving Agency operations, reducing fraud and unnecessary losses in SBA programs, and recovering improper payments.)

- Contracting with a certified public accounting (CPA) firm to perform the audit of SBA's financial statements.

- Providing oversight and monitoring of SBA's Information Technology (IT) security and application development activities, including the Agency's Loan Management and Accounting System (LMAS) Modernization Project, other new systems under development, and ongoing efforts resulting from the Federal Information Security Management Act (FISMA).

- Performing required background investigations for SBA employees in order to achieve a high level of integrity in the Agency's workforce and adjudicating SBA employees and contractors for issuance of Personal Identity Verification (PIV) cards pursuant to Homeland Security Presidential Directive 12 (HSPD-12) background investigation requirements.

- Reviewing proposed revisions to regulations, policies and procedures, and other issuances, with an emphasis on strengthening internal controls to preclude wasteful, confusing, or poorly-planned initiatives.

- Promoting the prosecution of civil fraud cases, debarments, and administrative enforcement actions to foster integrity in Agency programs.

- Conducting name checks and, where appropriate, fingerprint checks on program applicants to prevent known criminals and wrongdoers from participating in SBA programs.

FY 2011 Budget Request

For FY 2011, the OIG requests $19 million—$18 million in direct appropriations and $1.0 million to be transferred from SBA's Disaster Loan program account for work on disaster program issues.

Dollars in Millions	FY 2009 Actual	FY 2010 Enacted	FY 2011 Request	FY 2011 Increase/ (Decrease)
New Budget Authority	$16.75	$16.3	$18.0	$1.7
Transfer from Disaster Loan Program Account	0	1.0	1.0	0
Total	**$16.75**	**$17.3**	**$19.0**	**$1.7**

The funding requested for FY 2011 will support OIG activities that are required by various statutes and directives, as well as projects and activities that will further achievement of the OIG's strategic goals. It will enable the OIG to maintain a current level of services after taking into consideration pay raises and other inflationary increases, and will also provide $300,000 for contract services to provide oversight and monitoring of SBA's IT security and application development activities, including the LMAS Modernization Project, and $600,000 for 4 additional full-time positions (Auditors and Criminal Investigators) to enable the OIG to provide enhanced oversight of SBA's loan guaranty and government contracting programs.

The majority of the funds requested for FY 2011 will be used for: (1) salary and benefits, including the required 25 percent Law Enforcement Availability Pay differential for 40 Criminal Investigators (80 percent); (2) the annual audit of the Agency's financial statements by a CPA firm (11 percent); (3) background investigations for SBA employees in public trust and national security positions (2 percent); and (4) IT Security and LMAS Modernization Project oversight (2 percent). The balance of the requested funds (5 percent) must cover all remaining expenses, including required travel, training, and equipment for the OIG's auditors, investigators, and other staff.

Additional Positions

The additional Auditor and Criminal Investigator positions requested for FY 2011 will enable the OIG to more effectively address the growing fraud problem in SBA lending. Over the last two years, OIG investigations have yielded significant results due to an increase in crime related to corrupt individuals employing a variety of schemes to defraud SBA and its lenders. Much of this increase in fraudulent SBA activity correlates not only to the recent spike in crime seen in the mortgage industry, but also to the same root causes: limited oversight, unscrupulous borrowers, and complicit brokers and lenders. This situation has led to significant losses in the lending industry. At SBA, the OIG's rates of indictments and convictions have increased steadily and, in just the last two years, potential recoveries and fines as a result of investigations have increased more than 150 percent—from $20.8 million in FY 2007 to $53.5 million in FY 2009.

As of December 31, 2009, the OIG had 221 open cases, with potential dollar losses exceeding $592 million. In addition, over the last two years, the OIG has administratively closed 212 allegations—with potential losses estimated at $352 million. These allegations may have met prosecutorial thresholds, but could not be further investigated due to a lack of resources. Also over the last two years, the OIG proactively identified over 300 suspect loans—with values estimated at $329 million—that due to limited resources could not be further reviewed to identify indications of fraud or lender deficiencies. These loans contain characteristics that are typical of problem loans. The additional Auditor and Criminal Investigator positions requested for FY 2011 will be used to perform in-depth analyses and conduct criminal investigations to refer suspected fraud for prosecution and/or make recommendations for loan guaranty adjustments.

Additional Funds for Information Security Oversight

The additional funds requested will be used to contract for information assurance services to assess SBA's compliance with its systems development methodology for the LMAS Modernization Project (see additional discussion below under "Critical Risks Facing the SBA"). SBA anticipates undertaking significant LMAS development efforts during FYs 2011 and 2012, which will require a continued high-level of monitoring. Both the magnitude of, and the technical expertise needed for this oversight are beyond existing OIG capabilities.

Critical Risks Facing the SBA

Within available resources, the OIG must necessarily focus on the most significant risks to SBA and the taxpayer, as well as on improving program and operational processes. Some of the key risks and challenges are summarized below. In addition, each year, as required by the Reports Consolidation Act of 2000, the OIG issues a report on the most serious management and performance challenges facing the Agency.

Risks of Financial Losses due to Limited Oversight and Controls in Delegated Lending Programs

The SBA faces a heightened risk of losses and improper payments due to its (1) considerable reliance on financial institutions outside of the Agency, over which the Agency does not always exercise adequate oversight, and (2) expedited processing initiatives of loans managed by SBA. This risk has been exacerbated by Agency budget constraints, streamlining, and centralization in recent years. For example:

- The majority of loans made under the 7(a) loan-guaranty program are made with little or no review by SBA prior to loan approval because SBA has delegated most of the credit decisions to lenders originating these loans. SBA's review of lender requests for guaranty purchases on defaulted loans is, therefore, the Agency's primary tool for assessing lender compliance on individual loans and protecting SBA from making erroneous purchase payments. Furthermore, as lenders are delegated the authority for servicing and liquidating SBA loans, SBA's liquidation process, including the comprehensive charge-off review, is the Agency's last opportunity to identify lender noncompliance. However, OIG audits of defaulted loans and SBA's guaranty purchase and liquidation processes have shown that reviews performed by the Agency have not consistently detected lender inability to administer loans in full compliance with SBA requirements and prudent lending practices. The OIG has identified Management Challenges relating to the Agency's controls over the guaranty purchase process, oversight of lenders, and efforts to deter fraud by loan agents (such as packagers and brokers).

- Over the last several years the OIG has reported a significant number of improper loan disbursements in the 7(a) loan program. Similarly, audits of the 7(a) program between

2006 and 2009 identified approximately $200 million in improper purchases of noncompliant loans. In 2009, the OIG estimated that the rate of improper payments in the 7(a) program was least 10.75 percent. Because the Agency had estimated improper payments to be less than 1 percent, it had not identified sufficient actions to reduce them. As a result, this program remains susceptible to significant improper payments. This was identified by the OIG as a new Agency Management Challenge for FY 2010.

- Under the Small Business Investment Company (SBIC) program, SBA relies on venture capital firms which it licenses to provide financial assistance to small firms. SBA is exposed to significant losses under this program due to the structure of the participating security funding process and the lack of emphasis on cost control when liquidating SBICs. The OIG has identified a Management Challenge relating to the SBA's oversight of the SBIC program.

Risks Affecting SBA's Ability to Fulfill its Statutory Mission of Promoting Small Business Development and Government Contracting

The Small Business Act directs the SBA to promote the award of Federal contracts to small businesses and firms owned by disadvantaged individuals (such as minorities, service-disabled veterans, women, firms from areas of low economic activity, and others) and to provide them with business development assistance. OIG audits and investigations have identified numerous instances where non-disadvantaged entities have improperly benefited from these SBA contracting programs. However, until recommended actions are taken, issues that threaten SBA's ability to ensure small businesses obtain a fair share of Federal contracting opportunities will persist. For example:

- The OIG reported that participation of firms owned by Alaska Native Corporations (ANC) in the 8(a) Business Development program presented oversight challenges to the Agency because of their complex structures and business relationships. The ability of ANCs to receive sole source contracts of unlimited value has also made them attractive business partners to companies that are other than small who are seeking ways to obtain a share of Federal set asides from the 8(a) program. Further, the OIG reported that ANC-owned companies are receiving a disproportionate share of obligations to 8(a) firms, which suggest that 8(a) program benefits are not being equitably distributed among participant firms. For example, ANC firms experienced a 1,386 percent increase in 8(a) obligations between FY 2000 and FY 2008; and in recent years, 8(a) obligations more than tripled from $1.1 billion in FY 2004 to $3.9 in FY 2008. Further, in FY 2008, ANC companies received approximately 26 percent of total 8(a) obligations, although they constituted just 2 percent of companies performing these contracts. Yet, SBA has not performed a review to determine whether such growth is adversely affecting other 8(a) participants.

- GAO has recently identified fraud and abuse in both the Historically Underutilized Business Zone (HUBZone) program, which provides Federal contracting assistance to small firms located in economically-distressed areas, and the Service-Disabled Veteran-Owned Small Business (SDVOSB) program, which provides more opportunities in Federal contracting for Service-Disabled Veteran-Owned Small Businesses. SBA has initiated steps to strengthen its internal controls as a result of GAO's work; however, substantial work remains to effectively mitigate and manage the risk of fraud and abuse.

Risks Associated with the SBA's Information Security Controls and Other Internal Operations

SBA's information systems and related security controls are integral to the Agency's mission of providing small businesses and disaster victims' access to capital. Currently, SBA's loan portfolio is approximately $90 billion and its principal data processing and data collection tool for loan servicing, monitoring and accounting is the Loan Accounting System (LAS), which has been in existence since the 1970's. Moreover, SBA's network environment, which includes multiple hosted applications, must be continually monitored and modified to enhance security controls in order to mitigate risks related to new vulnerabilities and threats. Specific risks in these areas include the following:

- **Antiquated Systems and Applications** – While state-of-the-art when designed more than 30 years ago, the functionality of LAS now adversely impacts SBA's ability to meet the expanding requirements of new initiatives such as the American Recovery and Reinvestment Act (Recovery Act) and reporting requirements of the Credit Reform Act.

- **Ineffective Oversight of IT Systems** – SBA has not fully implemented its System Development Methodology, including the Enterprise Quality Assurance Plan and SBA Earned Value Management Policy for IT Projects. These policies would provide some assurance that SBA's portfolio of development projects and related deliverables meet SBA's requirements and quality standards.

- **Costly Project Delays** – SBA's attempts to migrate its accounting operations off the mainframe earlier this decade were unsuccessful, causing the Agency to renew costly contracts for mainframe and application support services for another 5 years at approximately $6 million per year. Currently, the team managing the LMAS Modernization Project (replacement system for LAS) has not established definitive cost and schedule milestones for migrating all LAS applications off the mainframe before the mainframe contract expires in 2012. This was identified by the OIG as a new Agency Management Challenge for FY 2010.

- **Ineffective Remediation of Security Vulnerabilities** – The past four financial statement audits have identified significant deficiencies in information security controls. Periodic penetration and vulnerability testing performed for these audits indicate that SBA needs to improve its remediation processes to include software change and patch management to prevent exploitation of sensitive data.

Risks Associated with Disaster Assistance

The Disaster Loan Program is a key SBA lending program, which provides direct Federal assistance for non-farm private sector disaster losses. This highly visible program is vulnerable to fraud and unnecessary losses because loan transactions are expedited to provide quick relief to disaster victims. Previous audits have identified potential risks associated with the origination, disbursement, and servicing of disaster loans

- **Loan Origination** – The Agency employs a core group of more experienced disaster loan officers; however, SBA hires new – often less experienced – temporary loan officers after major disasters to handle the increased volume of loan applications. These less experienced loan processing personnel are more likely to make inappropriate decisions when approving disaster loans. Previous OIG audits have identified significant errors in the SBA's determinations regarding borrowers' eligibility, repayment ability, and creditworthiness. As a result, the Agency is consistently at heightened risk of improper loan origination decisions after every major disaster.

- **Loan Disbursement** – The Agency is required to obtain evidence of borrower compliance with loan terms during the disaster loan disbursement process. These compliance issues include the securing of mortgages on collateral properties, the purchase of insurance coverage on collateral properties, and the progress inspection of borrower's receipts to ensure that previously disbursed loan funds have been used properly. SBA is required to monitor these issues to protect itself against default and ensure that property repairs are completed. Previous OIG audits have identified significant deficiencies in the Agency's practice of verifying that these disbursement compliance issues have been met by borrowers.

- **Loan Servicing** – The disaster loan servicing centers handle a large volume of loan activity with a limited amount of staff. High volume servicing activities include tracking all monthly payments and contacting delinquent borrowers, performing duplication of benefits determinations related to insurance reimbursements and grant awards, processing large amounts of insurance related materials, and addressing requests for release and substitution of collateral. OIG audits have identified problems with the centers' loan collection activities and insurance monitoring.

OIG Strategic Goals and Objectives

The OIG's Strategic Plan contains two strategic goals that are aligned with the office's central mission under the IG Act. These two goals are designed to effectively focus and manage the OIG's auditing, investigative, and other activities in the light of SBA's most significant challenges and risks.

Strategic Goal 1: Improve the Economy, Efficiency, and Effectiveness of SBA Programs and Operations

Through audits, investigations and other efforts, the OIG reviews all aspects of SBA's operations to improve Agency efficiency and effectiveness. The subject areas examined are determined in response to legislative mandates or requests from sources outside the OIG, or through OIG assessments of SBA's risks and vulnerabilities. An important aspect of this work is developing and following up on the major Management Challenges facing SBA in accordance with the Reports Consolidation Act. In addition, the OIG increasingly focuses available resources on specific legislative and other mandates.

Objectives

- Identify systemic weaknesses and solutions in critical SBA programs and operations.
- Assist SBA in improving the security over, and accuracy of, SBA accounting and performance information.

Implementation Strategies

- Conduct audits and reviews of high-risk activities and conduct follow-up reviews to assess implementation.
- Periodically analyze audits and reviews, as well as investigations of complaints and program participants, to identify trends and systemic weaknesses.
- Regularly work with the Agency to identify, update, and resolve the top Management Challenges.
- Focus audits and reviews to identify improper payments, unnecessary losses, and questionable expenditures.
- Respond in a timely and effective manner to inquiries, complaints, and clearances.
- Review proposed and existing Agency legislation, regulations and directives, and provide timely and relevant recommendations to Agency decision makers.

Strategic Goal 2: Promote and Foster Integrity in SBA Programs and Operations

The OIG directly supports the Agency's mission by detecting, investigating, and deterring fraud and other wrongdoing in SBA programs and operations. OIG activities help to ensure that SBA employees, loan applicants, and program participants possess a high level of integrity. This is critical to the proper administration of SBA's programs because it helps ensure that SBA resources are utilized by those who deserve and need them the most.

Objective

- Detect and deter fraud and other criminal activity, misconduct and abuse.

Implementation Strategies

- Give priority to investigations with a potentially broad systemic impact.
- Assess trends, target areas of greatest vulnerability and gaps in controls, and recommend systemic control improvements.
- Develop proactive investigations to uncover fraud and other wrongdoing.
- Emphasize the use of debarment and other administrative actions to deter fraud and other wrongdoing.
- Expand outreach with lenders and SBA officials to educate them on how to identify and prevent potential fraud and other wrongdoing.
- Provide Agency decision makers with timely background information about program participants and Agency employees to identify potential risks.
- Respond in a timely and effective manner to complaints and referrals.

OIG Operational Strategies

In addition to the implementation strategies discussed above, the OIG uses the following operational strategies to achieve its strategic goals.

- Attract, develop, and retain a highly skilled OIG workforce, and provide them with the tools, services, and processes necessary to continuously improve productivity.
- Develop an internal work environment that allows OIG employees to understand how their work is important in meeting OIG strategic goals.
- Ensure the integrity and reliability of work products by subjecting OIG operations to internal review, as well as to external "peer" reviews by other Federal OIG's.
- Use the annual planning and budget processes to manage OIG operations effectively and efficiently.
- Ensure effective two-way communication with customers, stakeholders, employees, and interested parties to identify opportunities for improvement.

Key Outcomes

Anticipated outcomes of OIG efforts under the strategic goals include:

- Reduction of risks to, and increased integrity of, Agency programs and operations.
- Resolution of OIG-identified Management Challenges.
- Improvement of efficiency and effectiveness in the delivery of SBA programs.
- Enhancement of internal controls.
- Reduction of fraud and abuse in SBA programs and operations.

FY 2009 Accomplishments

During FY 2009, the OIG issued 19 reports containing 120 recommendations for improving agency operations, reducing fraud and unnecessary losses, and recovering funds. In addition, OIG investigations led to 50 indictments and 71 convictions of subjects who defrauded the government. In all, OIG efforts resulted in almost $90 million in total monetary recoveries and savings from disallowed costs agreed to by management, recommendations that funds be put to better use agreed to by management, court ordered and other investigative recoveries and fines, and loans/contracts not made as a result of investigations and name checks. The OIG's accomplishments during FY 2009 are discussed in more detail in the *Performance Information* section of this document and the OIG's *Fall 2009 Semiannual Report to Congress*.

FY 2010/2011 Planned Activities

During FY 2010 and FY 2011, in addition to conducting audits and reviews that are required by statutes and other directives, the OIG will focus on the most critical risks facing SBA, as discussed previously, and on improving SBA's program and operational processes. Several areas of emphasis are discussed below.

Financial Management

The Chief Financial Officers Act of 1990 requires each Federal agency to have annual audited financial statements. The OIG will continue to oversee the audits of SBA's financial statements, as well as the Federal Information Systems Controls Audit Manual (FISCAM) reviews, which are conducted by KPMG. The OIG anticipates that the scope of financial statement audits will continue to expand as SBA meets the requirements of the Recovery Act and increases the number of programs that are subject to the provisions of the Credit Reform Act. A key Administration initiative is to improve Federal financial management activities, to include providing financial statements and financial performance information more timely.

In FY 2011, the Independent Public Accountant's 5-year contract will expire; therefore, OIG will work with the Division of Procurement and Grants Management to procure a new contract for the financial statements audit. We also plan to work closely with the Office of the Chief Financial Officer, Office of the Chief Information Officer (OCIO) and other key stakeholders throughout the solicitation process.

Information Technology

As threats to disrupt cyber-based systems continue to escalate, the Agency must take steps to improve controls to prevent outages and loss of sensitive data and to ensure the continuity of mission critical operating systems. The OIG will conduct audits to assess the security of SBA's computer operating system and network by performing assurance reviews. The OIG will also review the sufficiency of Agency resources used to manage computer security, maintain systems, provide technical support, and administer security training. The OIG will continue periodic audits of major information systems and new IT initiatives. These audits will determine whether the IT systems meet users' needs and contain accurate data.

With additional funds requested for FY 2011, the OIG plans to extend a current contract for information assurance specialists to monitor the LMAS Modernization Project focusing on the following areas.

- Review of project adherence to SBA and Federal Capital Planning and Investment Controls, including earned value management, risk mitigation processes, quality assurance/independent verification and validation, and integrated baseline review.
- Independent assessment of project baselines, schedule and cost reporting.
- Assessment of user involvement, such as signing off on key project assumptions, participation in testing, and acceptance.
- Communication of cost, risks and status to senior SBA management.
- Role of OCIO in quality assurance and investment tracking.
- Role of the Business Technology Investment Council and various project steering committees in providing project direction.

Financial Assistance

Efforts will focus on determining whether the Agency is reducing improper payments in its purchases of guaranteed loans and properly liquidating loans prior to charge-off. Reviews will also include assessments of SBA's collateral valuations and appraisal oversight. The OIG will continue to conduct audits of business loans and disaster assistance loans that go into default quickly because past work has shown that, frequently, such loans were not properly originated and effective controls and procedures were not in place to prevent improper payments. In addition, the OIG will continue to review the Agency's oversight of the SBIC program, with emphasis on the licensing process.

The OIG will also continue its national initiative to detect fraud committed by loan agents, such as packagers and brokers. A loan agent is sometimes hired by an applicant or lender to assist the applicant in obtaining an SBA loan. Although honest loan agents can help small businesses gain access to capital, some dishonest ones have perpetrated fraudulent schemes involving tens of millions of dollars in loans. These fraudulent loans often default for non-payment, and SBA is forced to use taxpayer funds to purchase the guaranteed portions of the loans.

Government Contracting and Business Development

The SBA directs significant effort towards helping small businesses obtain Federal contracts and providing other business development assistance. SBA's Office of Government Contracting and Business Development is tasked with helping small businesses obtain a fair proportion of Federal contracting opportunities, and helping small, disadvantaged, and women-owned businesses build their potential to compete more successfully in a global economy. During FY 2010 and FY 2011, the OIG will focus on SBA's oversight of, and current issues affecting, Government Contracting and Business Development programs. For example:

- There has been a high level of Congressional interest in ensuring that small businesses receive a fair share of Federal contracts. The OIG will continue to assess whether SBA is taking adequate steps to ensure the integrity of small business contracting, with an emphasis on issues such as the accuracy of reporting small business contract activity, large businesses being classified as small businesses, adherence to regulations to protect small businesses, training of government contracting personnel, deterring fraudulent acquisition of government contracts, and contract bundling.

- Major vulnerabilities within the Section 8(a) program include limited program oversight; inequitable distribution of contracting opportunities among participants; a lack of implemented measurable, consistent, and mandatory criteria pertaining to all aspects of economic disadvantage; a lack of implemented criteria defining business success for purposes of program graduation; inadequate emphasis on business development; a primary database which does not contain the information needed to successfully manage the program; and companies misrepresenting themselves as small, minority-owned or disadvantaged businesses to gain an unfair advantage in the Federal marketplace. The OIG will continue to review these issues and SBA's management of the 8(a) program.

- The HUBZone program provides Federal contracting assistance to small firms located in economically distressed areas, with the intent of stimulating economic development. The SDVOSB program provide more opportunities in Federal contracting for Service-Disabled Veteran-Owned Small Businesses. Recently, GAO identified significant control weaknesses in these programs, which have allowed ineligible firms to receive millions of dollars in contracts. The GAO referred a number of cases involving potential fraud to the OIG. The OIG will investigate these referrals for potential criminal prosecution and work with SBA management to suspend and/or debar the firms from government contracting, if appropriate. The OIG will also evaluate the Agency's oversight of the HUBZone SDVOSB programs.

Disaster Assistance

OIG audits will continue to focus on loan origination, disbursement, repayment, servicing, and liquidation activities related to disaster loans, including whether: loan applications were processed in accordance with SBA procedures; uses of loan proceeds were verified before loans were fully disbursed; duplicate benefits were appropriately identified and recovered; and loan servicing and liquidation activities were appropriately staffed and effectively managed. The OIG will also continue to investigate allegations of unauthorized use of loan proceeds, overstatement of financial losses, material false statements in the application process, false/counterfeit supporting documentation, and false assertions regarding primary residency in affected areas at the times of the disasters.

Agency Management Challenges

As required by the Reports Consolidation Act of 2000, the OIG annually develops a report of the most serious Management Challenges facing SBA. The OIG's report on SBA's top Management Challenges is included in the Agency's Performance and Accountability Report (PAR). The Management Challenges focus on areas that are particularly vulnerable to fraud, waste, error, and mismanagement, or otherwise pose a significant risk, and generally have been the subject of one or more OIG or Government Accountability Office reports. The OIG's reports on SBA's Management Challenges have consistently been praised by the Mercatus Center at George Mason University providing the best example by far of an insightful inspector general assessment that should serve as a model for other inspectors general." In FY 2010 and FY 2011, the OIG will continue to identify serious Management Challenges facing the Agency and will work throughout the year with SBA management to resolve identified issues as quickly and efficiently as possible.

Security Operations

The OIG's Office of Security Operations will continue processing name checks and, where appropriate, fingerprint checks to ensure that applicants meet certain character standards before participating in programs involving business loans, disaster assistance loans, Section 8(a) certifications, surety bond guaranties, SBICs, and certified development companies. Nearly $300 million in loans have been declined during the last 10 years due to character eligibility issues, thereby making credit available to other applicants with no such issues. The OIG also performs required background investigations for covered SBA employees and adjudicates SBA employees/contractors for issuance of PIV cards pursuant to HSPD-12 background investigation requirements.

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Performance Information

Performance Measurement

Performance measurement provides information regarding the value that an organization provides to its stakeholders and customers. The two goals in the OIG's Strategic Plan encompass several key measures to assist in evaluating the OIG's success in achieving its goals and objectives. In addition, critical information regarding the OIG's accomplishments in fulfilling its mission under the IG Act is provided twice yearly in the OIG's *Semiannual Reports to Congress*. Information on the OIG's key performance measures and a summary of the OIG's statistical accomplishments are provided below.

OIG Performance Measures/Indicators

Measures/Indicators[1/] (In addition to the OIG's Semiannual Reports)	**FY 2008 Actual**	**FY 2009 Actual**	**FY 2010 Estimate**	**FY 2011 Estimate**
Quality				
Value of monetary recoveries and savings resulting from audits, other reports, investigations and security checks.	$171.2 million	$89.9 million[2/]	$97.3 million[2/]	$103.8 million[2/]
Percent of all report recommendations agreed to by management within 6 months of report issuance.	84%	93%	79%	80%
Percent of all investigative cases opened during the fiscal year that involve fraud with potential dollar losses of $100,000 or more committed against SBA.	60%	68%	60%	60%
Percent of all investigative cases closed during the fiscal year that were referred for criminal or civil prosecution, or SBA administrative action.	81%	83%	80%	80%
Timeliness				
Percent of audit projects completed within budgeted hours and milestones, or in established timeframe.	68%	84%	75%	75%
Percent of all investigative cases accepted by prosecutors, referred for Agency action, or closed during the fiscal year in which the acceptance, referral or closure occurred within 18 months of case initiation.	81%	86%	75%	75%

1/ Achievement of the OIG's goals is subject to a number of external factors (see the "Performance Measurement Limitations" section of this document).

2/ The out-year estimates for this measure are the averages for the previous five years. This measure includes:

- Disallowed costs agreed to by management;
- Recommendations that funds be put to better use agreed to by management;
- Potential investigative recoveries and fines; and
- Loans/contracts not made as a result of investigations and name checks.

OIG Statistical Accomplishments

During FY 2009, the OIG's efforts resulted in almost $90 million in cost avoidances and potential recoveries and fines, as shown in the following table.

Office-wide Dollar Accomplishments
October 1, 2008 – September 30, 2009

Potential Investigative Recoveries and Fines	$53,516,212
Loans/Contracts Not Made as Result of Investigations	$2,666,400
Loans Not Made as Result of Name Checks	$26,758,256
Disallowed Costs Agreed to by Agency Management	$6,251,693
Recommendations that Funds Be Put to Better Use Agreed to by Agency Management	$683,200
Total	**$89,275,761**

OIG efforts can be broken down into two main categories that are generally aligned with the OIG's two strategic goals: (1) efficiency and effectiveness of SBA programs; and (2) fraud deterrence and detection in SBA programs.

Efficiency and Effectiveness of SBA Programs

During FY 2009, the OIG issued 20 reports with significant recommendations for improving Agency operations, reducing fraud and unnecessary losses, and recovering funds.

Efficiency and Effectiveness Activities
October 1, 2008 – September 30, 2009

Reports Issued	19
Recommendations Issued	120
Dollar Value of Costs Questioned	$7,950,997
Dollar Value of Recommendations that Funds Be Put to Better Use	$46,367,586

Follow-up Activities
October 1, 2008 – September 30, 2009

Recommendations for which Management Decisions were made during the Reporting Period	112
Disallowed Costs Agreed to By Agency Management	$6,251,693
Dollar Value of Recommendations that Funds Be Put to Better Use Agreed to by Agency Management	$683,200
Recommendations without a Management Decision at the End of the Reporting Period	36

Legislation/Regulations/Standard Operating Procedures (SOPs)/Other Reviews
October 1, 2008 – September 30, 2009

Legislation, Regulations, Standard Operating Procedures, and Other Issuances* Reviewed	122

*These include policy notices, procedural notices, Administrator's action memoranda, and other Agency initiatives, which frequently involve the implementation of new programs and policies.

Fraud Detection and Deterrence in SBA Programs

The OIG conducts a nationwide program to prevent and detect illegal and/or improper activities involving SBA programs, operations, and personnel. This function is fulfilled through the performance of criminal, civil, and administrative investigations. OIG staff utilize a full range of investigative techniques including arrest warrants, search warrants, and electronic monitoring. The OIG also performs a deterrent function through educational outreach to lenders and employees.

Fraud Detection and Deterrence Activities
October 1, 2008 – September 30, 2009

Cases Opened	82
Cases Closed	100

Indictments and Convictions
October 1, 2008 – September 30, 2009

Indictments from OIG Cases	50
Convictions from OIG Cases	71

Recoveries and Management Avoidances
October 1, 2008 – September 30, 2009

Potential Recoveries and Fines as a Result of OIG Investigations	$53,516,212
Loans/Contracts Not Approved as a Result of OIG Investigations	$2,666,400
Loans Not Approved as a Result of the Name Check Program	$26,758,526
Total	**$82,940,868**

Performance Measurement Limitations

The achievement of the OIG's goals is subject to a number of external factors. For example, the majority of the OIG's work is in response to referrals of suspected fraud, complaints, requests for auditing and investigative services, and an increasing number of statutory and other requirements. Further, decreases in personnel or funding resources would adversely affect achievement. In addition, implementation of OIG recommendations for program improvements rests with the Agency. The OIG also cannot control the results of judicial or administrative proceedings, or collect monetary sanctions imposed by the courts or the Agency as a result of its reviews or investigations. Due to these and other external factors, actual accomplishments may vary from year to year.

Data Validation and Verification

Designated OIG staff is responsible for collecting, maintaining, and reporting performance data. As appropriate, quantitative data is collected and stored in Management Information Systems. Results are reported in accordance with legislative requirements. OIG management will review reported data for consistency with general performance observations. Each year, the OIG will reevaluate whether measures are effectively designed, useful, and results-oriented. Based on this evaluation, the OIG will determine whether performance measures should be revised for the next planning cycle.

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Organizational Information

The OIG comprises the Immediate Office of the Inspector General and four Divisions: Auditing; Investigations; Counsel; and Management and Policy. The OIG is headquartered in Washington, DC, and also has audit and investigative staff located in the following locations: Atlanta, GA; Chicago, IL; Dallas/Ft. Worth, TX; Denver, CO; Detroit, MI; Herndon, VA; Houston, TX; Kansas City, MO; Los Angeles, CA; Miami, FL; New Orleans, LA; New York, NY; Philadelphia, PA; and Tacoma, WA.

The Auditing Division performs financial, information technology and other mandated audits, program performance reviews, and internal control assessments, and oversees audits by contractors to promote the economical, efficient, and effective operation of SBA programs.

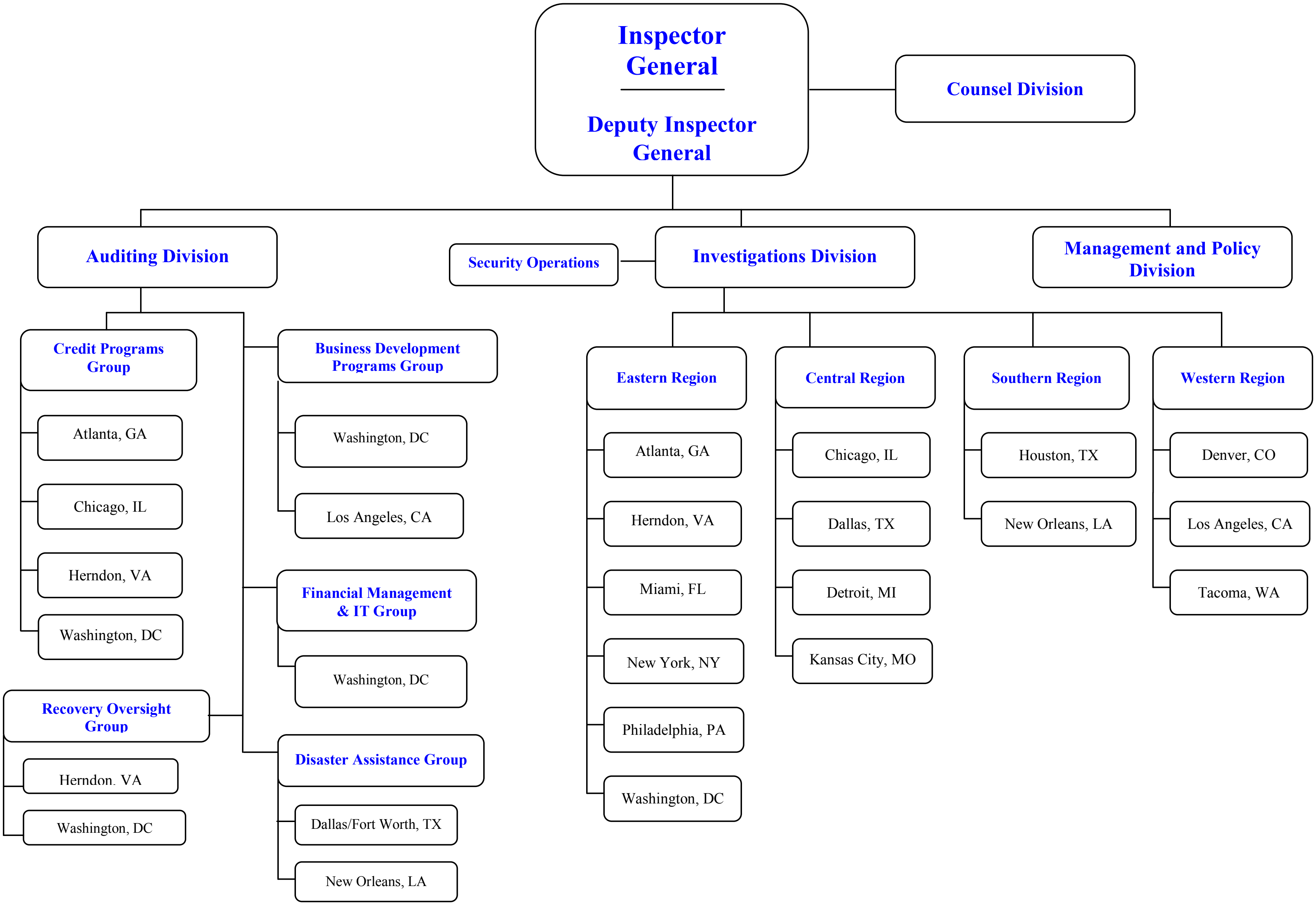
The Investigations Division manages a program to detect and deter illegal and/or improper activities involving SBA programs, operations, and personnel. The criminal investigations staff carries out a full range of traditional law enforcement functions. The security operations staff ensures that all Agency employees have the appropriate background investigations and security clearances for their duties. They also conduct the name check program, which provides SBA officials with character-eligibility information on loan applicants and other potential program participants.

The Counsel Division provides legal and ethics advice to all OIG components, represents the OIG in litigation arising out of or affecting OIG operations, assists with the prosecution of civil enforcement matters, processes subpoenas, responds to Freedom of Information and Privacy Act requests, and reviews and comments on proposed Agency policies, regulations, legislation, and procedures.

The Management and Policy Division provides business support (e.g., budget/financial management, human resources, information technology, and procurement) for the various OIG functions, coordinates the preparation of the Semiannual Report to Congress and the Report on SBA's Management Challenges, and develops OIG strategic and performance plans.

An organization chart for the OIG is provided on the next page.

SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL



U.S. Small Business Administration
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Reporting Requirements for the
Inspector General Reform Act of 2008

The following information is provided in accordance with the Inspector General Reform Act of 2008 (P.L. 110-409.)

Dollars in Millions	**FY 2009 Actual**	**FY 2010 Enacted**	**FY 2011 Initial Agency Submission**	**FY 2011 Request**
New Budget Authority	$16.75	$16.3	$19.2	$18.0
Transfer from Disaster Loan Program Account	0	1.0	1.0	1.0
Total	**$16.75**	**$17.3**	**$20.2**	**$19.0**

The FY 2011 request includes $100,000 for training, which is sufficient to satisfy all OIG training needs for the fiscal year.